

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

PROCEEDINGS

before Mr. Gregory Price, Ms. Mandy Chiles, and  
Ms. Megan Addison, Attorney Examiners, at the Public  
Utilities Commission of Ohio, 180 East Broad Street,  
Room 11-A, Columbus, Ohio, called at 9:00 a.m. on  
Friday, September 4, 2015.

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VOLUME V

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ARMSTRONG & OKEY, INC.  
222 East Town Street, Second Floor  
Columbus, Ohio 43215-5201  
(614) 224-9481 - (800) 223-9481  
Fax - (614) 224-5724

- - -

## 1 APPEARANCES:

2 FirstEnergy Corp.  
3 By Mr. James W. Burk  
4 and Ms. Carrie M. Dunn  
5 76 South Main Street  
6 Akron, Ohio 44308

7 Calfee, Halter & Griswold LLP  
8 By Mr. James Lang  
9 and Mr. N. Trevor Alexander  
10 The Calfee Building  
11 1405 East Sixth Street  
12 Cleveland, Ohio 44114

13 Jones Day  
14 By Mr. David A. Kutik  
15 901 Lakeside Avenue  
16 Cleveland, Ohio 44114

17 On behalf of the Applicants.

18 Bruce E. Weston, Ohio Consumers' Counsel  
19 By Mr. Larry Sauer  
20 Ms. Maureen R. Grady  
21 Mr. William J. Michael  
22 Mr. Kevin F. Moore  
23 Ms. Ajay K. Kumar  
24 Assistant Consumers' Counsel  
25 10 West Broad Street, Suite 1800  
Columbus, Ohio 43215-3485

On behalf of the Residential Consumers of  
Ohio Edison Company, The Cleveland  
Electric Illuminating Company, and The  
Toledo Edison Company.

Ohio Partners for Affordable Energy  
By Ms. Colleen L. Mooney  
231 West Lima Street  
Findlay, Ohio 45840

On behalf of the Ohio Partners for  
Affordable Energy.

## 1 APPEARANCES: (Continued)

2 Bricker & Eckler, LLP  
3 By Mr. Dane Stinson  
4 and Mr. Dylan Borchers  
5 100 South Third Street  
6 Columbus, Ohio 43215-4291

7 Bricker & Eckler, LLP  
8 By Mr. Glenn S. Krassen  
9 1001 Lakeside Avenue East, Suite 1350  
10 Cleveland, Ohio 44114

11 On behalf of the Northeast Ohio Public  
12 Energy Council, Ohio Schools Council, and  
13 Power for the Schools.

14 Earthjustice  
15 By Mr. Shannon Fisk  
16 Northeast Office  
17 1617 John F. Kennedy Boulevard, Suite 1675  
18 Philadelphia, Pennsylvania 19103

19 Earthjustice  
20 By Mr. Michael Soules  
21 1625 Massachusetts Avenue NW, Suite 702  
22 Washington, D.C. 20036

23 Sierra Club Environmental Law Program  
24 Mr. Tony Mendoza  
25 85 Second Street, 2nd Floor  
San Francisco, California 94105

Richard Sahli Law Office, LLC  
By Mr. Richard C. Sahli  
981 Pinewood Lane  
Columbus, Ohio 43230-3662

On behalf of the Sierra Club.

McNees, Wallace & Nurick LLC  
By Mr. Frank P. Darr  
and Mr. Samuel C. Randazzo  
21 East State Street, 17th Floor  
Columbus, Ohio 43215

On behalf of the Industrial Energy Users  
of Ohio.

## 1 APPEARANCES: (Continued)

2 IGS Energy  
3 By Mr. Joseph Olikier  
4 6100 Emerald Parkway  
5 Dublin, Ohio 43016

6 On behalf of IGS Energy.

7 Taft, Stettinius & Hollister LLP  
8 By Mr. Mark S. Yurick  
9 and Mr. Devin D. Parram  
10 65 East State Street, Suite 1000  
11 Columbus, Ohio 43215

12 On behalf of The Kroger Company.

13 Vorys, Sater, Seymour & Pease, LLP  
14 By Mr. M. Howard Petricoff  
15 Ms. Gretchen Petrucci  
16 Mr. Stephen M. Howard  
17 and Mr. Michael J. Settineri  
18 52 East Gay Street  
19 Columbus, Ohio 43215

20 On behalf of Retail Energy Supply  
21 Association, PJM Power Providers Group,  
22 Electric Power Supply Association,  
23 Constellation NewEnergy, and Exelon  
24 Generation, LLC.

25 Mike DeWine, Ohio Attorney General  
By Mr. William L. Wright,  
Section Chief  
Mr. Thomas G. Lindgren  
Mr. Thomas W. McNamee  
Mr. Steven L. Beeler  
Assistant Attorneys General  
Public Utilities Section  
180 East Broad Street, 6th Floor  
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

## 1 APPEARANCES: (Continued)

2 Kravitz, Brown & Dortch, LLC  
3 By Mr. Michael D. Dortch  
4 and Mr. Richard R. Parsons  
5 65 East State Street, Suite 200  
6 Columbus, Ohio 43215

7 On behalf of Dynegy, Inc.

8 Carpenter Lipps & Leland LLP  
9 By Ms. Kimberly W. Bojko  
10 Ms. Rebecca L. Hussey  
11 280 North High Street, Suite 1300  
12 Columbus, Ohio 43215

13 On behalf of the Ohio Manufacturers'  
14 Association Energy Group.

15 Carpenter Lipps & Leland LLP  
16 By Mr. Joel E. Sechler  
17 280 North High Street, Suite 1300  
18 Columbus, Ohio 43215

19 On behalf of EnerNOC, Inc.

20 Boehm, Kurtz & Lowry  
21 By Mr. Michael L. Kurtz  
22 Mr. Kurt J. Boehm  
23 Ms. Jody Kyler Cohn  
24 36 East Seventh Street, Suite 1510  
25 Cincinnati, Ohio 45202

On behalf of the Ohio Energy Group.

Environmental Law & Policy Center  
By Ms. Madeline Fleisher  
21 West Broad Street, Suite 500  
Columbus, Ohio 43215

On behalf of the Environmental Law &  
Policy Center.

## 1 APPEARANCES: (Continued)

2 Stone Mattheis Xenopoulos & Brew, PC  
3 By Mr. Michael Lavanga  
4 Mr. Garrett A. Stone  
5 Mr. Owen J. Kopon  
6 1025 Thomas Jefferson Street, N.W.  
7 Eighth Floor West Tower  
8 Washington, D.C. 20007-5201

9 On behalf of the Nucor Steel Marion, Inc.

10 Barth E. Royer, LLC  
11 By Mr. Barth E. Royer  
12 2740 East Main Street  
13 Bexley, Ohio 43209

14 and

15 Taft, Stettinius & Hollister LLP  
16 By Mr. Adrian D. Thompson  
17 200 Public Square, Suite 3500  
18 Cleveland, Ohio 44114-2300

19 On behalf of the Cleveland Municipal  
20 School District.

21 Spilman, Thomas & Battle, PLLC  
22 By Mr. Derrick Price Williamson  
23 Ms. Carrie Harris  
24 Ms. Lisa Hawrot  
25 1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, Pennsylvania 17050

On behalf of Wal-Mart Stores East, LP,  
and Sam's East, Inc.

Mr. Richard L. Sites  
155 East Broad Street  
Columbus, Ohio 43215

Bricker & Eckler, LLP  
By Mr. Thomas J. O'Brien  
100 South Third Street  
Columbus, Ohio 43215-4291

On behalf of the Ohio Hospital  
Association.

## 1 APPEARANCES: (Continued)

2 Ohio Environmental Council  
3 By Mr. Trent A. Dougherty  
4 and Mr. John Finnigan  
5 1145 Chesapeake Avenue, Suite I  
6 Columbus, Ohio 43212

7 On behalf of the Ohio Environmental  
8 Council and the Environmental Defense  
9 Fund.

10 Mr. Thomas R. Hays  
11 8355 Island Lane  
12 Maineville, Ohio 45039

13 On behalf of the Northwest Ohio  
14 Aggregation Coalition and the Individual  
15 Communities.

16 Ice Miller, LLP  
17 By Mr. Christopher Miller,  
18 250 West Street, Suite 700  
19 Columbus, Ohio 43215-7509

20 On behalf of the Association of  
21 Independent Colleges and Universities of  
22 Ohio.

23 American Electric Power  
24 By Mr. Steven T. Nourse  
25 Mr. Matthew J. Satterwhite  
One Riverside Plaza  
Columbus, Ohio 43215

On behalf of the Ohio Power Company.

Mr. Craig I. Smith  
15700 Van Aken Boulevard #26  
Shaker Heights, Ohio 44120

On behalf of Material Sciences  
Corporation.

Meissner and Associates Law Firm  
By Mr. Joseph Patrick Meissner  
5400 Detroit Avenue  
Cleveland, Ohio 44102

1 APPEARANCES: (Continued)

2           Kegler, Brown, Hill & Ritter  
3           By Mr. Christopher J. Allwein  
4           and Ms. Margeaux Kimbrough  
5           Capitol Square, Suite 1800  
6           65 East State Street  
7           Columbus, Ohio 43215-4294

8                   On behalf of the EverPower Wind Holdings,  
9                   Incorporated.

10                   - - -

## INDEX

- - -

## WITNESSES

## PAGE

Edward B. Stein

Direct Examination by Mr. Kutik 927

Cross-Examination by Mr. Petricoff 930

Cross-Examination by Mr. Moore 949

Cross-Examination by Mr. Olikier 976

Cross-Examination by Ms. Bojko 986

Marybeth Smialek

Direct Examination by Ms. Dunn 1023

Cross-Examination by Mr. Moore 1025

Cross-Examination by Mr. Olikier 1045

Cross-Examination by Ms. Petrucci 1046

Cross-Examination by Mr. Stinson 1060

Cross-Examination by Ms. Hussey 1067

Cross-Examination by Mr. McNamee 1074

Brandon S. McMillen

Direct Examination by Ms. Dunn 1070

Cross-Examination by Ms. Petrucci 1077

Cross-Examination by Ms. Bojko 1093

Cross-Examination by Mr. Moore 1046

- - -

## EXHIBITS

## COMPANIES EXHIBITS

## IDENTIFIED ADMITTED

13 - Testimony of Steven E. Strah IV-698 924

13A - Errata Sheet to Testimony of  
Steven E. Strah IV-698 92414 - Direct Testimony of  
Edward B. Stein 927 102114A- E. Stein Corrections to Master  
Standard Service Offer Supply  
Agreement 927 1021

14B- Declaration of Authority 927 1021

1	INDEX (Continued)		
2	COMPANIES EXHIBITS	IDENTIFIED	ADMITTED
3	15 - Direct Testimony of		
4	Marybeth Smialek	1023	1076
5	16 - Direct Testimony of		
6	Brandon S. McMillen	1076	1116
7	- - -		
8	SIERRA CLUB EXHIBITS	IDENTIFIED	ADMITTED
9	2 - Petition filed by Ginna		
10	Nuclear Power Plant	IV-730	925
11	3 - Rochester Gas and Electric		
12	Corporation's Response To		
13	Order Directing Negotiation		
14	of a Reliability Support Service		
15	Agreement And Petition For		
16	Approval Of Cost Allocation And		
17	Cost Recovery Surcharge		
18	Mechanism	IV-738	925
19	4 - Public Version, Exhibit A,		
20	Reliability Support Service		
21	Agreement Between R.E. Ginna		
22	Nuclear Power Plant, LLC and		
23	Rochester Gas and Electric	IV-740	925
24	6 - New York PSC Order	IV-750	925
25	7 - Document dated 9-2-15	IV-755	1117
	8 - Analysis of Operational		
	Events Market Impacts	IV-773	925
	- - -		
	IGS EXHIBITS	IDENTIFIED	ADMITTED
	1 - PJM 2015 Winter Report	IV-792	925
	- - -		

## INDEX (Continued)

- - -

## OCC EXHIBITS

## IDENTIFIED ADMITTED

2	- 2014 Companies' Annual Report	IV-899	926
---	---------------------------------	--------	-----

- - -

## ELPC EXHIBITS

## IDENTIFIED ADMITTED

5	- Connecticut Department of Public Utility Control, Docket No. 05-07-14PH02, Decision	IV-819	926
---	--	--------	-----

- - -

## OMAEG EXHIBITS

## IDENTIFIED ADMITTED

11	- Excerpt from Companies' Application, 14-927-EL-SSO	1005	--
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1 Friday Morning Session,

2 September 4, 2015.

3 - - -

4 EXAMINER PRICE: Let's go on the record.

5 EXAMINER CHILES: The Public Utilities  
6 Commission of Ohio has called for hearing at this  
7 time and place Case No. 4-1297-EL-SSO, being In the  
8 Matter of the Application of Ohio Edison Company, the  
9 Cleveland Electric Illuminating Company, and the  
10 Toledo Edison Company for Authority to Provide for a  
11 Standard Service Offer Pursuant to Revised Code  
12 Section 4928.143 in the Form of an Electric Security  
13 Plan.

14 My name is Mandy Chiles, and with me are  
15 Gregory Price and Megan Addison, and we are the  
16 attorney examiners assigned by the Commission to hear  
17 this case.

18 Let's take abbreviated appearances from  
19 the attorneys present this morning.

20 MR. BURK: On behalf of the companies,  
21 James W. Burk, Carrie M. Dunn; also on behalf of the  
22 companies James Lang and Trevor Alexander of the  
23 Calfee, Halter law firm; and David Kutik of the Jones  
24 Day law firm.

25 MR. SAUER: Thank you, your Honors. Good

1 morning. On behalf of the Residential Consumers of  
2 the FirstEnergy Companies, Ohio Consumers Counsel,  
3 Larry Sauer, Kevin Moore, Maureen Grady, William  
4 Michael, and Ajay Kumar. Thank you.

5 MS. COHN: Good morning. On behalf of  
6 the Ohio Energy Group, Michael L. Kurtz,  
7 and Jody Cohn.

8 MR. LINDGREN: On behalf of the  
9 Commission staff Thomas Lindgren, Thomas McNamee, and  
10 Steven Beeler, Assistant Attorneys General.

11 MR. STINSON: On behalf of the Northeast  
12 Ohio Public Energy Council, Power for Schools, and  
13 Ohio Schools Council, the firm of Bricker and Eckler  
14 by Glenn Krassen, Dane Stinson, and Dylan Borchers.

15 MS. FLEISHER: On behalf of the  
16 Environmental Law and Policy Center, Madeline  
17 Fleisher.

18 MR. PETRICOFF: Good morning, your Honor.  
19 On behalf of the Retail Energy Supply Association,  
20 the Electric Power Supply Association, Exelon  
21 Generation, Constellation NewEnergy, and P3, Howard  
22 Petricoff, Gretchen Petrucci, Mike Settineri, and  
23 Steve Howard.

24 MR. HAYS: Good morning, your Honor. Tom  
25 Hays on behalf of NOAC and the individual

1 communities. Happy Labor Day.

2 MS. BOJKO: Good morning, your Honors.  
3 On behalf of the Ohio Manufacturers' Association  
4 Energy Group, Kimberly W. Bojko and Rebecca L.  
5 Hussey.

6 MR. MENDOZA: Good morning, your Honor.  
7 On behalf of the Sierra Club, Tony Mendoza.

8 MR. DARR: On behalf of Industrial Energy  
9 Users, Frank Darr, Sam Randazzo.

10 MR. SATTERWHITE: On behalf of Ohio  
11 Power, Matt Satterwhite and Steve Nourse.

12 EXAMINER PRICE: Before we take our first  
13 witness, we have two matters to address. Number one,  
14 at this time we will go ahead and formally grant  
15 Duke's motion for protective order, which I believe  
16 was filed Wednesday. Whatever day it was filed. It  
17 will be granted.

18 And then we have still the issue of the  
19 admission of exhibits which were introduced  
20 yesterday. Mr. Lang.

21 MR. LANG: Thank you, your Honor. The  
22 companies would move Exhibit 3, the Direct Testimony  
23 of Steven E. Strah and Exhibit 3A, his errata.

24 EXAMINER PRICE: Any objection to the  
25 admission of Exhibit 3 and 3A?

1                   Seeing none they will be admitted.

2                   (EXHIBITS ADMITTED INTO EVIDENCE.)

3                   EXAMINER PRICE: Mr. Mendoza.

4                   MR. MENDOZA: I would like to move to  
5 enter Sierra Club -- move for the admission of Sierra  
6 Club 2, Sierra Club 3, Sierra Club 4, Sierra Club 6,  
7 Sierra Club 7, and Sierra Club 8.

8                   EXAMINER PRICE: I think we already  
9 stipulated to the admission of Sierra Club 7.

10                  MR. MENDOZA: The generation mix  
11 document?

12                  EXAMINER PRICE: I think so.

13                  MR. MENDOZA: Okay.

14                  EXAMINER PRICE: Any objection to the  
15 remaining Sierra Club documents?

16                  MR. LANG: Your Honor, the companies have  
17 objection just to Sierra Club Exhibit 3 on the basis  
18 that there was no testimony regarding it, no  
19 foundation established. The document was simply not  
20 discussed. The contract was Exhibit 4 that's  
21 associated with it was discussed in the record.  
22 There was questioning of Mr. Strah about it. We do  
23 not object to the contract coming in.

24                  MR. MENDOZA: And, your Honor, I don't  
25 think we need Sierra Club 3. We provided for the

1 context where the agreement came from. We would be  
2 fine --

3 EXAMINER PRICE: I disagree with both of  
4 you because I think the court -- if somebody happens  
5 to appeal this case, the court may need it for  
6 context to understand that that -- that attachment  
7 where it came from and its role in this case, so we  
8 are going to admit Sierra Club 2, 3, 4, and 6 and 8.

9 (EXHIBITS ADMITTED INTO EVIDENCE.)

10 EXAMINER PRICE: Mr. Olikar is not in the  
11 room.

12 MR. LANG: Your Honor, I did discuss with  
13 Mr. Olikar on his way out last evening that we did  
14 agree to the admission of IGS No. 1, which was a 2015  
15 report.

16 EXAMINER PRICE: Great. At this time we  
17 will admit IGS 1, Exhibit 1.

18 (EXHIBIT ADMITTED INTO EVIDENCE.)

19 EXAMINER PRICE: Ms. Fleisher.

20 MS. FLEISHER: Your Honor, I would like  
21 to move for the admission of ELPC 5.

22 EXAMINER PRICE: Any objection?

23 Seeing none, it will be admitted.

24 (EXHIBIT ADMITTED INTO EVIDENCE.)

25 EXAMINER PRICE: Mr. Sauer.

1 MR. SAUER: Your Honor, OCC would defer  
2 moving OCC Exhibit 2 until such time Mr. Evans takes  
3 the stand and move the admission of OCC Exhibit 3. I  
4 put maybe more legible versions on --

5 EXAMINER PRICE: Did you give one to the  
6 reporter?

7 MR. SAUER: Yes. And I have copies for  
8 the parties now, too.

9 EXAMINER PRICE: Thank you. Any  
10 objection to the admission of OCC Exhibit 3.

11 MR. LANG: No, your Honor.

12 EXAMINER PRICE: Seeing none, it will be  
13 admitted.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 EXAMINER WILLEY: Okay. Mr. Kutik.

16 MR. KUTIK: Yes, your Honor. The  
17 companies call as its next witness Edward B Stein.

18 Your Honors, we have given to the court  
19 reporters and provided to the Bench and parties some  
20 exhibits I would like to have marked at this time.  
21 Company Exhibit 14, the Direct Testimony of  
22 Mr. Stein, Company Exhibit 14A, which was provided  
23 this morning, Edward B. Stein Changes and Corrections  
24 to the Master Standard Service Offer Supply  
25 Agreement, and Company Exhibit 14B, a Declaration of

1 Authority.

2 EXAMINER CHILES: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. KUTIK: Has Mr. Stein been sworn?

5 MS. BOJKO: I'm sorry, was B the errata?

6 MR. KUTIK: Pardon?

7 MS. BOJKO: Was B the errata?

8 MR. KUTIK: No. It's the other way  
9 around.

10 May I proceed, your Honor?

11 EXAMINER CHILES: Yes, you may proceed,  
12 thank you.

13 - - -

14 EDWARD B. STEIN

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

17 DIRECT EXAMINATION

18 By Mr. Kutik:

19 Q. Mr. Stein, could you introduce yourself,  
20 please?

21 A. My name is Edward B. Stein. I am  
22 director of regulated settlements for the FirstEnergy  
23 Service Company.

24 Q. Now, is that a position that's different  
25 than the position you had when you filed your

1 testimony?

2 A. Yes, it is.

3 Q. Could you tell us what -- what difference  
4 your -- what the difference in your position is now  
5 from what you had then?

6 A. So the role I have now is I'm responsible  
7 for a group that's more of a back-office function  
8 dealing with PJM billings and accounting of those  
9 billings. The role I had previously was more of a  
10 front-office function, more of a commodity role  
11 dealing with transactions with PJM and the purchase  
12 of power.

13 Q. Do you have before you what's been marked  
14 as Company Exhibit 14?

15 A. I do.

16 Q. What is that?

17 A. That is my direct testimony and a copy of  
18 the Master Standard Service Offer Supply Agreement.

19 Q. Do you have before you what's been marked  
20 for identification as Company Exhibit 14A?

21 A. I do.

22 Q. What is that?

23 A. These are additional changes to the --  
24 and I am going to refer to it as the MSA going  
25 forward -- since the time that we filed testimony.

1           Q.    And what is Exhibit 14B, marked for  
2           identification?

3           A.    14B is the Declaration of Authority --  
4           the current PJM Declaration of Authority that would  
5           replace the Declaration of Authority in appendix F of  
6           the MSA.

7           Q.    Do you have any additions or corrections  
8           to make your to your direct testimony which was  
9           marked for identification as Exhibit 14?

10          A.    I do. I have three. The first, on page  
11          1, line 4, remove "Manager, Regulated Commodity  
12          Sourcing" and replace that with "Director, Regulated  
13          Settlements."

14                The second is on page 8 line 4, and under  
15          the scheduled date for procurement 1, strike "October  
16          2015," and replace that with "To be determined."

17                And then on page 17, line 11, after  
18          "NMB," remove the period and insert "except those  
19          customers participating in the NMB pilot program."

20          Q.    Could you repeat that one more time,  
21          please.

22          A.    It would be replaced with "except those  
23          customers participating in the NMB pilot program."

24          Q.    With the corrections you just mentioned  
25          and with the amendments that are provided in

1 Exhibits 14A and 14B for identification, would your  
2 answers to the questions that appear in Exhibit 14 be  
3 the same as appear in Exhibit 14 if I asked you those  
4 questions today?

5 A. Yes, they would.

6 MR. KUTIK: Thank you, your Honor.

7 EXAMINER CHILES: Thank you.

8 Whose first? Mr. Petricoff?

9 MR. PETRICOFF: I would be glad to.

10 - - -

11 CROSS-EXAMINATION

12 By Mr. Petricoff:

13 Q. Good morning, Mr. Stein. I'm Howard  
14 Petricoff, and I represent a number of wholesale and  
15 retail suppliers. There's been a great interest in  
16 your testimony. If you can't hear me or if you don't  
17 understand a question, by all means, please stop and  
18 let me know, and I'll try to clarify any questions I  
19 have or speak louder.

20 MR. KUTIK: Actually, I am having trouble  
21 hearing you, so if you could speak louder.

22 MR. PETRICOFF: Okay. Is that better?  
23 Can you hear me?

24 MR. KUTIK: Yes, thank you.

25 Q. (By Mr. Petricoff) I want to ask you a

1 question or two about the Exhibit 14B that was  
2 just -- just presented. In preparation for your  
3 testifying today, did you read the direct prepared  
4 testimony of Lael Campbell from Exelon?

5 A. I read portions of his testimony that  
6 related to the contract and settlement provisions of  
7 PJM.

8 Q. And the first portion of 14B, the  
9 Declaration of Authority, that's in response to his  
10 concern that the latest one -- the latest version was  
11 not incorporated in the MSA that was submitted with  
12 the application or submitted with your testimony?

13 A. That is correct.

14 Q. And if by chance PJM -- first of all,  
15 when you filed your testimony, that was roughly a  
16 year ago?

17 MR. KUTIK: Your Honor, it is what it is.

18 Q. Okay. Let me -- let me approach this a  
19 different way. Is it possible that before the MSA is  
20 executed, that PJM will have come out with a  
21 different or an up -- further updated Declaration of  
22 Authority?

23 A. It is possible for PJM to modify anything  
24 at any time.

25 Q. And I assume if they do, the company when

1       it presents the MSA will use whatever the latest  
2       Declaration of Authority from PJM is?

3               A.     It would be the intention of the  
4       companies to use the most relevant document in  
5       accordance with current PJM practice.

6               Q.     Okay. Now, I want to switch to the  
7       second part of 14B and these are the changes to  
8       the -- to the MSA itself.

9               MR. KUTIK: Well, actually counsel, are  
10      you referring to this document?

11              MR. PETRICOFF: This document.

12              MR. KUTIK: That's Exhibit 14A.

13              MR. PETRICOFF: That's 14A, thank you.

14              Q.     Okay. I want to turn to 14A. And the  
15      first change that's on there is to delete "FE Ohio  
16      Aggregate" and insert FEOHIO\_RESID\_AGG." Is that the  
17      current name for the delivery point?

18              A.     Yes. It changed on June 1 of this year.

19              Q.     Mr. Campbell in his testimony also asked  
20      for the -- to be added to the definition besides  
21      being updated the -- the nodal service number. Could  
22      the company add the nodal service number into the  
23      definition?

24              A.     Can you define what you mean by "nodal  
25      service number"?

1           Q.    That would be the specific price node  
2 identifier assigned by PJM.

3           A.    Can you give me a reference of where you  
4 are at?

5           Q.    Sure.  Actually, I am looking at  
6 Mr. Campbell's testimony page 31, lines 6 and 7,  
7 where he requests that in the definition that there  
8 also be the specific price node identifiers and, then  
9 he puts in paren, and I assume this is the acronyms  
10 or the way it's referred to by operators, the Pnode  
11 IDs.

12          A.    I will take your word that's  
13 Mr. Campbell's testimony.  If you mean the Pnode IDs  
14 that make up the FE Ohio residual aggregate ID, the  
15 one we are referencing now in the contract, the  
16 companies feel that suppliers have ways to manage  
17 that risk, and there is no way for the companies to  
18 pull out or create the specific values that make up  
19 the FE residual aggregate ID based on the individual  
20 p-nodes.

21                   In other words, PJM doesn't provide us  
22 information to be able to do that.  So based on those  
23 two points we would -- we would not agree that there  
24 needs to be contractual language to have the  
25 suppliers only responsible for specific sets of Pnode

1 IDs under the residual aggregate.

2 Q. Okay. So if I understand your answer  
3 correctly, the problem is, one, you may not have the  
4 information from PJM in order to assign the Pnode IDs  
5 and, two, it may be administratively difficult if you  
6 do?

7 THE WITNESS: Your Honor, may I have that  
8 question read back.

9 EXAMINER CHILES: Yes, please.

10 (Record read.)

11 THE WITNESS: May I have it one more  
12 time. Thank you.

13 (Record read.)

14 A. Based on my previous answer, I think both  
15 those fit in my second point of we don't have the  
16 information and PJM doesn't provide it.

17 Q. Are the Pnode IDs necessary for doing the  
18 allocations behind -- doing the allocations for  
19 settling on the load-serving entities' obligations?

20 A. The individual p-nodes that define the FE  
21 Ohio residual aggregate are not required for any PJM  
22 settlement purposes. The delivery point aggregate  
23 LMP and P node ID are what are used for settlements.

24 MR. PETRICOFF: I'm sorry, could I have  
25 the answer read back, please.

1 EXAMINER CHILES: Please.

2 (Record read.)

3 Q. I am going to switch subjects now and  
4 talk to you about the PJM system of charges. You  
5 will agree with me that PJM in order to raise the  
6 revenues to pay for its administering the regional  
7 transmission grid does have specific charges that it  
8 levies on load-serving entities?

9 THE WITNESS: Your Honor, may I have that  
10 question read back, please?

11 EXAMINER CHILES: Yes.

12 (Record read.)

13 A. PJM has a set of tariffs and agreements  
14 that it uses to collect and disperse charges and  
15 revenues to various parties in the RTO for management  
16 of the RTO.

17 Q. And if one looks at that tariff for each  
18 of the individual fees or charges, the formula or the  
19 method for calculating the amount due PJM can be  
20 found in the tariff?

21 A. PJM's tariffs and operating agreements do  
22 provide explanation of the mechanics on how to  
23 calculate the charges.

24 Q. And the list of charges that a load  
25 serving -- well, first of all let's go back. A

1 load-serving entity, could you give me your working  
2 definition of what a load-serving entity is?

3 A. A load-serving entity are those who have  
4 either wholesale or retail load in the RTO and they  
5 are responsible for all the charges or credits  
6 associated with serving that load.

7 Q. And the system that PJM uses to collect  
8 its fees is basically a bill that identifies each of  
9 the charges in its tariff that it's assessing on a  
10 load-serving entity by line item number and name?

11 THE WITNESS: Your Honor, may I have that  
12 question read back.

13 EXAMINER CHILES: You may.

14 (Record read.)

15 A. The PJM bill will contain those charges  
16 that are nonzero, so an LSE may not see every single  
17 charge and line item on their bill if it's either  
18 zero or has been transferred to another party.

19 Q. If you would for reference, just turn to  
20 page 13 and 14 of your testimony. We have lists of  
21 PJM billing line items there by name and number.

22 A. On there, but it actually begins on page  
23 12.

24 Q. That's correct, it does. And when we  
25 were talking about PJM billing line items, these are

1 examples of the kind of line items you would get on  
2 a -- from PJM if you were a load-serving entity  
3 assuming that it wasn't zero for the billing month or  
4 for the billing period?

5 A. Assuming it wasn't zero or was agreed to  
6 by parties to transfer.

7 Q. And so far I have been talking about  
8 billing and the system -- the PJM billing system also  
9 has credits as well, may be getting a credit back  
10 from them?

11 A. Some charges do result in credits. The  
12 billing line item usually has a charge billing line  
13 item number and a credit billing item number.

14 Q. And generally those in the 1000 that  
15 have -- they are on the 1000 billing line item  
16 designations are debits and those in the 2000s are  
17 credits?

18 A. Yes. Unfortunately, at PJM you can't  
19 have a negative charge which can make it a credit,  
20 but generally speaking, the thousands are charges and  
21 the two thousands are credits.

22 Q. Okay. Now, in your testimony,  
23 particularly between pages 12 and 14, you list those  
24 items which the company either has approval or seeks  
25 approval from the Commission to directly bill the

1 customer, even if under the PJM tariffs it would  
2 otherwise be charged to a load-serving entity,  
3 possibly one other than the companies?

4 THE WITNESS: Your Honor, may I have that  
5 question read back, please?

6 EXAMINER CHILES: You may.

7 (Record read.)

8 MR. KUTIK: Your Honor, I object, or  
9 perhaps I seek clarification. Counsel is not  
10 suggesting that the companies' proposal is for PJM to  
11 bill two entities, are you?

12 EXAMINER CHILES: Can you clarify?

13 MR. PETRICOFF: Certainly. I would be  
14 glad to clarify. No. We are just looking to see on  
15 these line item charges who is going to be billed and  
16 the authority to bill directly to the customer. In  
17 fact, your Honor, let me withdraw the question and  
18 break it up because it got -- it got too long.

19 Q. (By Mr. Petricoff) We've identified thus  
20 far that PJM has a series of billings and credits for  
21 its services in running the regional transmission  
22 grid. And I want to know, does your testimony on  
23 pages 12 to 14 list those billing items for load  
24 that's in the service territory of the companies that  
25 the company wishes to directly bill?

1 THE WITNESS: Your Honor, may I have that  
2 question read back?

3 EXAMINER CHILES: You may.

4 THE WITNESS: Thanks.

5 (Record read.)

6 A. The nonmarket-based charges here, the  
7 companies are seeking to not have these charges  
8 levied on the load-serving entities, either CRES,  
9 certified retail electric supplier, or the SSO  
10 suppliers and instead have these charges billed  
11 directly to the companies.

12 Q. And does the company today with the  
13 exception of two of the items on your list directly  
14 bill for these PJM line items?

15 A. Which line items are you referring to?

16 Q. Isn't it true that with the exception of  
17 PJM billing line items -- this would be found on page  
18 13. 1218 and 2218 for planning period congestion  
19 uplift, and on page 14, line items 1375 through 78  
20 for the billing and 2375 through 2378 for the credit,  
21 with those two exceptions all the rest of these  
22 billings items are being directly billed today by the  
23 companies?

24 A. No, that is not true.

25 Q. Okay. Could you give me a list of the

1 new ones? New being new under this application that  
2 the company is not billing now.

3 A. The charges that are above and beyond  
4 what is currently in practice under ESP III would  
5 be -- and I will do this by page and line number.  
6 Page 13, line 17, Item 1250 - "Meter Correction";  
7 page 13, line 20, "Planning Period and Congestion  
8 Uplift"; page 14, line 3, "Emergency Energy"; and  
9 page 14, line 16, the "Balancing Operating Reserves,  
10 balancing Operating Reserve for Load Response and  
11 Reactive Services."

12 On those charges on line 16, page 14, a  
13 portion of those were already included in ESP III due  
14 to deactivated generators.

15 Q. Now, you identified these as  
16 nonmarket-based charges. How do you define  
17 "nonmarket-based?"

18 A. The companies use basically three sets of  
19 criteria to determine nonmarket-based and a fourth to  
20 determine whether it's feasible to -- to put that  
21 charge into rider NMB. The three or four factors, I  
22 will go through each one, are whether there is a  
23 market, meaning is there -- is there an exchange like  
24 an intercontinental exchange or a Chicago mercantile  
25 exchange or a market in PJM where I can buy or sell

1       that explicit product.

2               The second is controllability, whether  
3       there is something at PJM that I can either elect or  
4       select in their various systems, which are called PJM  
5       e-Suites. The third is predictability, when there is  
6       a historical level of charge that has not varied much  
7       over an extended period of time that can be used to  
8       predict the future amount of that charge; and the  
9       fourth, which was whether we can actually transfer  
10      that charge from LSEs back to the companies. Those  
11      were basically the four criteria we looked at.

12             Q.     Let's take a look on page 13, line 20,  
13      and talk about the -- about the uplift charges.  
14      Couldn't a load-serving entity control or affect the  
15      billing items 1218 by entering into arrangements for  
16      firm transportation rights or auction revenue rights?

17             A.     No. And this is why this charge met the  
18      four criteria that the companies use to evaluate  
19      this. Planning period congestion uplift is simply a  
20      one-time allocation of a pot of dollars once a year  
21      at the end of the planning year to those holding  
22      financial transmission rights or auction revenue  
23      rights that may not have been collected what they  
24      expected to collect from the market.

25             When looking at the four criteria I used

1 for this particular charge type, there is no market  
2 or means to purchase this product anywhere. There is  
3 no amount of selections of FTRs or ARRs that I could  
4 have that would affect the level of this charge, and  
5 there's no way to predict its future level based on  
6 history since it's only done once a year. And  
7 there's not a lot of information from PJM in that  
8 annual disbursement of funds that lets you build how  
9 next year's behavior for that charge will occur.

10 Q. Let's go back. So you would agree with  
11 me that the AARs -- the uplift charge is to return  
12 the revenue to the holders of the AARs and the FTRs  
13 that otherwise didn't get compensated for during the  
14 planning period?

15 A. If there happens to be any dollars in the  
16 uplift credit or charge to disburse, that's where  
17 that credit or charge would go.

18 Q. Can I, if you recall, adjust my risk for  
19 this by owning more FTRs or AARs and make financial  
20 arrangements to do such?

21 A. No. It doesn't matter how many FTRs you  
22 own or AARs you own. The shortfall in FTR target  
23 allocations to suppliers has been due to  
24 inefficiencies in the FTR market model and improper,  
25 sometimes, inputs to that market model by PJM. So it

1 wouldn't have mattered which paths or which FTRs you  
2 collected. All FTRs become affected when there is a  
3 shortfall.

4 Q. But I can -- I can control to some degree  
5 my obligation as a payor of this charge by being a  
6 payee?

7 THE WITNESS: Your Honor, could I have  
8 that question read back, please?

9 EXAMINER CHILES: You may.

10 (Record read.)

11 A. Can you define, payor," and "payee"?

12 Q. It will be the load-serving entities who  
13 are making up these charges -- making up these, I  
14 guess we will call them, missing revenues, and that's  
15 what I would call the payee. And the payor would --  
16 I'm sorry, that would be the payor. And the payee  
17 would be the -- the ARR and FTR owners who are going  
18 to receive those funds.

19 THE WITNESS: Your Honor, may I have that  
20 read back, please.

21 EXAMINER CHILES: You may.

22 (Record read.)

23 THE WITNESS: I apologize. May I have it  
24 one more time?

25 EXAMINER CHILES: Yes.

1 (Record read.)

2 A. I think I have a payor and payee now.  
3 May I have the original question that they went to?

4 EXAMINER CHILES: Yes, you may.

5 (Record read.)

6 A. No. The payor is not in control of its  
7 overall position in that market simply from how much  
8 FTRs or AARs it has in its possession. The -- one of  
9 the funding sources of the congestion uplift amount  
10 is overcollection from FTR holders or overcollections  
11 from congestion calculations. Those become the  
12 sources of the funds, so it's not necessarily in the  
13 control of the supplier by virtue of how they are  
14 participating in the market how much PJM's market  
15 model deems overcollection of funds available for the  
16 uplift amount.

17 Q. Let's move on and talk about the PJM  
18 billing line items 1375 to 1378, and I think that's  
19 on page 14, line 16, of your testimony. These are  
20 the balancing operating reserves, balancing operating  
21 reserve for load response and reactive services.

22 A. I'm there.

23 Q. Okay. Good. Now, collectively these --  
24 these charges represent the costs of dispatching  
25 generation and demand responses and I will use the

1 industry term "out of merit" to meet the regional  
2 transmission operating conditions and are allocated  
3 to the load-serving entities based on a deviation  
4 between the actual and the scheduled load?

5 A. It looks like you are reading my  
6 testimony directly so, yes.

7 Q. And in common parlance basically what  
8 this means is these are the -- these are the charges  
9 to make up for the error between what was scheduled  
10 and what was used.

11 A. It's a little more complicated than that.  
12 The day-ahead schedule and the day-ahead market is  
13 -- is used for indications of how much load servers  
14 it expects to have for the next day, but it is also a  
15 place for financial players to participate and engage  
16 in price discovery. So the day-ahead market  
17 collectively is not a direct indication, per se, of  
18 how the retail real-time market is going to perform.

19 Q. But if I am a load-serving entity and  
20 I've got to predict what -- what the load is that  
21 I've got to supply for the upcoming day or upcoming  
22 clock hour, if I do a better job of scheduling, can't  
23 I reduce the amount that I would owe under this  
24 charge?

25 A. No. I will walk through the companies'

1 description of how we arrived at placing this rider  
2 into -- this charge into rider NMB. For these  
3 charges there is -- there is no market for them.  
4 There is no product on exchange anywhere. For  
5 controllability there's no amount of elections I can  
6 make to control the level of charges that may be seen  
7 by them, and what I mean by that is you -- the pot of  
8 dollars that balancing operating reserves comes from  
9 is -- is a function of PJM during times of extreme  
10 stress on the system. They will dispatch generation  
11 out of merit.

12 Those costs can become very high very  
13 quickly. They are not an LMP, and while -- while  
14 suppliers may be able to control their day-ahead  
15 versus realtime deviation, which is the denominator  
16 of that charge, if everybody controlled their  
17 deviation, then you're all -- then all the suppliers  
18 would still get a very large share of those expenses.

19 Q. But if we maintain the current system as  
20 you've indicated -- well, if we maintain the current  
21 system, doesn't it establish an incentive for the  
22 supplier, the load-serving entity, to do the best job  
23 they can in forecasting in order to minimize their  
24 exposure under the PJM line items 1375 to 1378?

25 A. Suppliers' decision making with respect

1 to how much they schedule in the day-ahead market is  
2 not solely dependent on this charge. They may have  
3 other reasons they desire to schedule load in the  
4 day-ahead market, such as how much do I want to lock  
5 in at a day-ahead LMP versus leaving load to be  
6 served at the realtime LMP. So I think the decision  
7 makers of suppliers with respect to this particular  
8 charge and the denominator that's in this charge goes  
9 far beyond them trying to control the outcome of this  
10 charge.

11 Q. But it would be one factor, one incentive  
12 to devote more resources to accurate scheduling.

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

15 EXAMINER CHILES: I am going to overrule  
16 the objection. You can answer.

17 THE WITNESS: Your Honor, may I have the  
18 question read back?

19 EXAMINER CHILES: You may.

20 (Record read.)

21 A. No. And let me explain. From the  
22 perspective of the companies' third test, which is  
23 predictability, suppliers are unable to predict  
24 emergencies or times of extreme stress on the PJM  
25 system a day before they are going to occur. They

1       can't forecast how much generation PJM is going to  
2       dispatch out of merit. So I don't think they are  
3       using their -- their forecast or a look into what  
4       that may be to determine how much load they are going  
5       to put in the day-ahead schedule.

6               Q.     But you don't disagree that it would  
7       have -- the better the scheduling you do, the less  
8       your financial obligation under PJM billing lines  
9       1375 to 78 will be?

10              A.     No. Again, if all suppliers, if all LSEs  
11       do that and they all have small deviations, they will  
12       all share equally in a very large pot.

13              Q.     I am not talking about all suppliers,  
14       just one supplier. Each individual supplier could  
15       lower their exposure to billing lines 1375 to 1378 if  
16       they scheduled more accurately.

17              A.     Only in the case where it's also true  
18       that all of the charges, and there is a very small  
19       amount of generated -- generators being dispatched  
20       out of merit and the pot of dollars to be allocated  
21       is small.

22                   MR. PETRICOFF: I have no further  
23       questions. Thank you very much, Mr. Stein.

24                   THE WITNESS: Thank you.

25                   EXAMINER CHILES: Whose next?

1 MS. BOJKO: I believe OCC was going to go  
2 next.

3 EXAMINER CHILES: Mr. Moore.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Moore:

7 Q. Good afternoon, Mr. Stein, or morning.  
8 My name is Kevin Moore from the Ohio Consumers'  
9 Counsel.

10 I would like to direct your attention  
11 first to page 6, lines 11 through 14. Tell me when  
12 you are there, please.

13 A. I am there.

14 Q. And there it says, The Mark to Market  
15 Credit Exposure in Article 6.5 of the MSA would be  
16 modified but the introduction of a multiplier of 1.1  
17 to the Mark to Market Credit Exposure mechanism,  
18 thereby consolidating the credit provisions of the  
19 MSA into a single volumetric mechanism; is that  
20 correct?

21 A. That's what my testimony says.

22 Q. Why was a multiplier of 1.1 chosen?

23 A. The credit mechanism used in the MSA  
24 today under ESP III has two components: An ICR,  
25 which is a fixed payment that declines over time.

1 It's larger at the beginning of the contract and then  
2 is a smaller amount by the end of the contract; plus  
3 a volumetric calculation to determine the overall  
4 amount of a supplier's credit limit.

5 We moved away from that ICR mechanism to  
6 move towards a completely volumetric approach for  
7 the -- for the credit mechanism in the MSA. In the  
8 current mechanism with the ICR and the volume-based  
9 mechanism, the totality of that credit is to manage  
10 both long-term and short-term exposure should a  
11 supplier default.

12 When we removed the ICR, we were left  
13 with a credit mechanism that was only managing the  
14 long-term risk. The 1.1 is a multiplier on the  
15 volume-based credit mechanism to reflect the  
16 short-term exposure of the companies possibly having  
17 to buy power for a few days until we get the next  
18 default service supplier selected and in place.

19 Q. Is there an industry standard for  
20 multipliers like this?

21 A. Can you give me an idea about what you  
22 mean by "industry standard"?

23 Q. Is there a common multiplier that is used  
24 throughout this industry in a similar situation?

25 A. I would say each company's risk tolerance

1 is their own, so from that perspective I'm not sure  
2 there would be an "industry standard" for how  
3 companies develop and set up their credit mechanisms  
4 for a contract like this.

5 Q. Are there any studies conducted to  
6 determine your multiplier?

7 A. The companies utilized the services of  
8 the service companies' risk and credit management  
9 groups to evaluate and monitor how our credit  
10 mechanisms and contracts should be set up. So from  
11 that perspective, yes, we do have groups monitoring  
12 and developing what the 1.1 should be.

13 Q. How often is this multiplier evaluated by  
14 this group?

15 MR. KUTIK: Well, I'll object, your  
16 Honor.

17 EXAMINER CHILES: Grounds.

18 MR. KUTIK: It assumes that the  
19 multiplier exists. This is a proposal.

20 EXAMINER CHILES: Can you repeat that?

21 MR. KUTIK: I'm sorry.

22 EXAMINER CHILES: Can you repeat your  
23 grounds? I'm sorry.

24 MR. KUTIK: The question assumes facts.  
25 It assumes the multiplier exists. This is a

1 proposal.

2 EXAMINER CHILES: Mr. Moore?

3 MR. MOORE: I withdraw the question.

4 EXAMINER CHILES: Okay.

5 Q. (By Mr. Moore) Ask a new one. As the  
6 proposed multiplier, how many times has it been  
7 evaluated?

8 A. After development of the multiplier,  
9 periodically over the past year I have checked in to  
10 ensure it's still valid, and no changes were  
11 recommended by our credit and risk group to change  
12 the number.

13 Q. When was it first developed?

14 A. The multiplier was first developed with  
15 the totality of the change to the contracts with  
16 credit mechanism.

17 Q. And when was that? Can you give a date?

18 A. It was shortly before we redesigned the  
19 tariff and -- or not the tariff, the MSA credit  
20 mechanism and created and wrote the testimony and  
21 filed the ESP.

22 Q. And how many times since then have you  
23 evaluated the multiplier, the proposed multiplier?

24 A. Once.

25 Q. Did you make any changes?

1           A.    No.  The multiplier stands as is shown in  
2   the contract and the testimony today.

3           Q.    What were your findings when you did the  
4   evaluation?

5           A.    The credit and risk team's findings that  
6   short-term exposure was still managed by the 1.1  
7   multiplier.

8           Q.    So the 1.1 multiply is designed to cover  
9   the companies in case of an SSO supplier default; is  
10  that right?

11          A.    The 1.1 multiplier is part of a total  
12  credit mechanism that is designed to cover the  
13  companies' exposure.  It goes into the determination  
14  and calculation of damages from a supplier default,  
15  but it is not solely part of the entirety of the  
16  calculation.

17          Q.    So what else is involved in this  
18  calculation?

19          A.    Which calculation are you referring to?

20          Q.    The one that you just described.  You  
21  said the 1.1 multiplier was only part of the  
22  calculation.

23                THE WITNESS:  May I have my answer read  
24  back, please.

25                EXAMINER CHILES:  You may.

1 (Record read.)

2 A. So your question is on how do we assign  
3 damages from a supplier default and how does that fit  
4 with that. At a very high level, the credit  
5 mechanism is designed to place in the companies'  
6 hands collateral should a default occur. If a  
7 default does occur, there is a series of calculations  
8 that happen to determine how much those damages are.

9 If the supplier has posted actual cash or  
10 things of that nature for collateral as determined by  
11 the 1.1 multiplier with the volume -- with the volume  
12 calculation for the credit mechanism, those monies  
13 are retained to cover those damages.

14 If -- if the supplier has used unsecured  
15 credit to meet its credit requirement under these  
16 provisions, the company would then levy a charge on  
17 that supplier to -- to determine -- to collect  
18 dollars to cover damages. That's a high level view  
19 of how the whole mechanism works.

20 Q. If I could direct your attention to page  
21 7, lines 12 through 13, you state that "The 1.1  
22 multiplier reflects the intra-day movement of  
23 electricity prices." Do you see that?

24 A. I do.

25 Q. Can you explain how the multiplier

1 reflects the intra-day movement of electricity  
2 prices?

3 A. Understanding that the companies seek to  
4 develop a credit mechanism, that does not hinder  
5 participation in our SSO procurement auctions. The  
6 1.1 multiplier reflects general changes in daily  
7 electric prices and may move -- I will simplify this.  
8 They may move plus 10 percent this way or minus 10  
9 percent that way up or down. And you could have a  
10 very large number in here, but that would mean that  
11 suppliers may be posting collateral.

12 And what I mean by that is you could  
13 create that multiplier to cover your extremes in a  
14 daily price shift where prices may be moving, you  
15 know, 10 times, 100 times. What you may do is create  
16 a mechanism that's got too much -- too much  
17 collateral collected from suppliers and may be a  
18 detriment to the overall SSO process, so the 1.1  
19 multiplier is more of an average daily intra-day  
20 movement of electricity prices seen to keep the -- to  
21 balance all of the factors we are trying to balance  
22 and create a credit mechanism for the MSA.

23 Q. So if electricity prices increase on a  
24 given day, how does that affect the multiplier?

25 A. It affects the historical movement, which

1 is what the average is based on.

2 Q. So how would that affect the multiplier  
3 going forward -- future-looking basis? Simply change  
4 the average?

5 MR. KUTIK: Your Honor, I'll object.

6 EXAMINER CHILES: Grounds?

7 MR. KUTIK: It assumes the multiplier  
8 changes, the multiplier 1.1.

9 EXAMINER CHILES: Could you rephrase your  
10 question, Mr. Moore?

11 Q. (By Mr. Moore) So as electricity prices  
12 change, that affects -- that doesn't affect the  
13 multiplier but affects collateral or affects a  
14 certain mechanism involved in the credit mechanism;  
15 is that correct?

16 THE WITNESS: Your Honor, may I have that  
17 question read back.

18 EXAMINER CHILES: You may.

19 (Record read.)

20 THE WITNESS: May I have the question one  
21 more time?

22 EXAMINER CHILES: You may.

23 (Record read.)

24 A. Am I answering if it affects it or  
25 doesn't affect it?

1           Q.    I am just trying to figure out how  
2 changes in electricity prices affects your proposal.  
3 You said that the 1.1 multiplier reflects the  
4 intra-day movement of electricity prices.

5           A.    The 1.1 multiplier is part of the  
6 collateral mechanism that once these contracts are  
7 entered into -- or let me step back. Once the  
8 totality of the process is approved by the  
9 Commission, the contract would be set. Suppliers  
10 would understand how much collateral they would have  
11 to post under this agreement. It would be based on a  
12 volumetric approach multiplied by the 1.1.  
13 Historical prices were used to create this. There  
14 has been no need to update it.

15                Once it's agreed to, parties have signed,  
16 auctions are completed, and we are in the delivery  
17 period, this 1.1 multiplier would not change or be  
18 updated during the time of that contract.

19           Q.    Okay. If you could look at page 7,  
20 lines -- line 17 -- 16 and 17. Are you there?

21           A.    I'm there.

22           Q.    You state that the ladder-in auction  
23 design smooths out market prices; is that correct?

24           A.    That is correct.

25           Q.    There's no difference between smoothing

1 out market prices and stabilizing market prices,  
2 correct?

3 A. I think there is a difference. For this  
4 procurement and the laddering approach as it relates  
5 to smoothing out market prices and giving more points  
6 to purchase power at, what it means is I am not  
7 purchasing power in very large blocks of it, maybe  
8 one or two times during the period of the ESP.

9 Doing this does not put all of our eggs  
10 in one basket and allows for different periods of  
11 market prices to come in, maybe sometimes lower,  
12 maybe sometimes higher, but it creates an overall  
13 smoothed out and less variable market price going  
14 forward during the term of the ESP.

15 Stabilization to me, that sometimes means  
16 you may have some sort of a target or end place you  
17 desire to be, so this -- this is designed to not  
18 place all of the power procurements, large chunks of  
19 load, in one place and allows it some price diversity  
20 during the term.

21 Q. And these laddering auctions will occur  
22 whether rider RRS is approved or not; is that right?

23 MR. KUTIK: Well, I'll object to the  
24 extent it calls for a legal conclusion as opposed to  
25 one of the aspects of the ESP not being proposed and

1       what the company would do and can do.

2               EXAMINER CHILES: Mr. Stein, you are not  
3       a lawyer, are you?

4               THE WITNESS: No.

5               EXAMINER CHILES: With the notation that  
6       the witness is not a lawyer, he may answer to the  
7       extent he holds an opinion on the subject.

8               A. The companies for the term of the ESP  
9       must purchase power for SSO customers. We've put  
10      forth this mechanism, the competitive bid process, to  
11      purchase that power.

12              Q. So even if rider RRS is not approved, you  
13      will still conduct an auction, a ladder auction,  
14      correct?

15              MR. KUTIK: Same objection.

16              EXAMINER CHILES: Overruled. He may  
17      answer with the notation he is not an attorney.

18              THE WITNESS: For my clarification, do I  
19      need to note I am not an attorney? Thank you.

20              MR. KUTIK: You already have.

21              THE WITNESS: Thank you. May I have the  
22      question again, please?

23              EXAMINER CHILES: You may.

24              (Record read.)

25              A. Nothing you've proposed here is

1 contingent on the approval or disapproval of rider  
2 RRS.

3 Q. Okay.

4 A. Or any other rider.

5 Q. And these laddered auctions would smooth  
6 out pricing even if they were for a longer period  
7 than three years; is that right?

8 MR. KUTIK: Objection.

9 EXAMINER CHILES: Grounds?

10 MR. KUTIK: The proposal is what it is,  
11 the terms that it is.

12 EXAMINER CHILES: Mr. Moore.

13 MR. MOORE: I am simply asking him to  
14 explain how the proposal would work in the future.

15 MR. KUTIK: There's no proposal.

16 EXAMINER CHILES: Mr. Moore, can you  
17 restate your question?

18 MR. MOORE: Sure.

19 Q. (By Mr. Moore) If the -- if the laddered  
20 auction was for a period that was longer than the  
21 three years, it would still continue to smooth out  
22 prices; is that right?

23 A. We've conducted no analysis of extending  
24 the period of the SSO procurements beyond the term of  
25 the ESP.

1           Q.    Do you see any reason why it would not  
2 continue to smooth out prices?

3           A.    Perhaps you could give me an indication  
4 of what you are defining "long term" to be.

5           Q.    Anything longer than three years, let's  
6 say five years.

7           A.    Again, we -- the companies have done no  
8 analysis to understand what kind of impacts we would  
9 be facing in doing a five-year competitive bid  
10 process verse a three.

11          Q.    Okay. That wasn't my question,  
12 Mr. Stein. My question was whether you saw anything  
13 that was -- that would keep you from saying that it  
14 would not smooth out prices.

15               MR. KUTIK: Object, your Honor. Asked  
16 and answered. He has conducted no analysis.

17               EXAMINER CHILES: I'll allow the question  
18 to the extent he holds an opinion on the subject. If  
19 he has no opinion, on it, he can answer that way.

20               Do you need the question reread?

21               THE WITNESS: Please.

22               EXAMINER CHILES: Would you please  
23 reread.

24               (Record read.)

25           A.    We conducted no analysis to understand

1        what new risks we may be imposing on the competitive  
2        bid process five year versus a three-year term.

3                Q.     So you don't know; is that your answer?

4                A.     We've conducted no analysis.

5                Q.     Do you see any reason why it would change  
6        if the auction lasted longer than three years?

7                MR. KUTIK:    Objection.

8                EXAMINER CHILES:    Grounds?

9                MR. KUTIK:    This is about the third time  
10       we have been around this tree.

11               EXAMINER CHILES:    I don't think it's been  
12       answered quite yet so I am going to allow it.    If you  
13       want to ask if the witness holds no opinion, he can  
14       answer that he holds no opinion.

15               THE WITNESS:    Your Honor, may I have the  
16       question read back, please?

17               EXAMINER CHILES:    You may.

18               (Record read.)

19               A.     And remind me, what may be changing in  
20       the context of the question?

21               Q.     Whether prices would be smoothed out.

22               A.     If you are asking would prices be  
23       smoothed out with a five-year auction versus a  
24       three-year auction, I do not know if we would be  
25       better off with a five-year auction or a three-year

1 auction. We did not look at that. That's not the  
2 proposal we've presented.

3 Q. I am not asking which one would be  
4 better. I am simply asking if the effect you were  
5 describing in the three-year auction, electricity  
6 prices would be smoothed out, would continue if the  
7 auction lasted longer than three years.

8 MR. KUTIK: That question has been asked  
9 and answered. He has conducted no analysis of that.

10 MR. MOORE: I am not asking if an  
11 analysis has been conducted.

12 EXAMINER PRICE: Why don't you rephrase  
13 your question in terms of a yes or no answer, and  
14 then you will get the answer you need and we can go  
15 on to the next topic.

16 Q. (By Mr. Moore) Laddered auctions would  
17 continue to smooth out pricing if the auctions were  
18 for a longer period than three years; is that  
19 correct?

20 A. Again, the question is very hypothetical.  
21 We've done no analysis to understand the effects of  
22 five-year contracts, what they expect to introduce  
23 into the product, whether that would continue to  
24 smooth.

25 EXAMINER PRICE: You know of no reason

1       why a five-year auction would fail to smooth out the  
2       prices, do you, sitting here today?

3               THE WITNESS: I'm sorry, sir, say that  
4       one more time.

5               EXAMINER PRICE: Please read the  
6       question.

7               (Record read.)

8               THE WITNESS: It's hard to answer because  
9       when you go further out with auctions and processes  
10      like this, you get in a period where there's less  
11      certainty in the financial forward markets;  
12      therefore, you may get very volatile results where  
13      you are layering in products like this versus keeping  
14      the -- the term of the competitive bid process in a  
15      timeframe where people are laddering in more known  
16      market periods. And that's why I am having trouble  
17      answering it. We've done no analysis to understand  
18      if I have --

19              EXAMINER PRICE: I understand you have  
20      done no analysis; so, therefore, you know of no  
21      reason why it would not work, do you?

22              MR. KUTIK: Objection, your Honor.  
23      That's not what he says.

24              EXAMINER PRICE: Well, if he says he does  
25      know a reason why it would not work, he should tell

1 us -- he should say yes, he does know of a reason.

2 MR. KUTIK: Well, your Honor, with  
3 respect, he has given a reason. Do you want me to  
4 tell you what he said? I will tell what you he said.

5 EXAMINER PRICE: I know what he said. He  
6 says he has done no analysis.

7 MR. KUTIK: He said you have to factor in  
8 when talking about a five-year product, what's going  
9 to happen with a five-year product. We don't know  
10 that.

11 EXAMINER PRICE: Yeah, I am not following  
12 you, Mr. Kutik. I am not following the witness  
13 either.

14 MR. KUTIK: And I am not the witness  
15 either. I hesitate to make that statement because I  
16 don't want to be accused of coaching the witness.

17 MR. HAYS: Too late.

18 MR. KUTIK: Read the previous response.

19 MR. MOORE: I can just move on.

20 EXAMINER PRICE: Pardon me?

21 MR. MOORE: I can move on.

22 EXAMINER PRICE: But before you do, if  
23 you had a five-year ladder auction, irrespective of  
24 whether or not it smooths out or doesn't smooth it  
25 out, at the end of the day the customer is going to

1 pay the same amount in total over the five years,  
2 whatever the auction results are; isn't that right?

3 THE WITNESS: You are asking me to ignore  
4 when the auctions occur, what ladder products we're  
5 using? There's a lot --

6 EXAMINER PRICE: I am trying to get back  
7 to the distinction between stabilizing rates and  
8 smoothing out price increases.

9 MR. MOORE: Never mind. I withdraw my  
10 question.

11 Q. (By Mr. Moore) Okay. Let's move on.  
12 Let's go to page 9, lines 9 through 22. You talk  
13 about qualifying facilities.

14 A. Page 9, 9 through 22?

15 Q. Yes.

16 A. I am there.

17 Q. You are not involved with the buying of  
18 qualifying facility energy in your current position,  
19 are you, Mr. Stein?

20 A. In my current position I am responsible  
21 for the settlement of it.

22 Q. In your previous position you were  
23 responsible for buying qualifying facility energy; is  
24 that correct?

25 A. In my previous position I would have been

1 involved from a different perspective with a team of  
2 folks who have to interact with potential qualifying  
3 facilities.

4 Q. So can you explain what your involvement  
5 is now with buying of qualifying facility energy?

6 A. My involvement is that we settle the  
7 wholesale side sales of the QFs into the market.

8 Q. How many QFs does FirstEnergy currently  
9 purchase energy from?

10 MR. KUTIK: May I have a minute, your  
11 Honor?

12 EXAMINER CHILES: Sure.

13 MR. KUTIK: Off the record.

14 EXAMINER CHILES: Off the record.

15 (Discussion off the record.)

16 EXAMINER CHILES: Let's go back on the  
17 record.

18 Do you need the question reread?

19 MR. MOORE: I can restate it.

20 EXAMINER CHILES: Go okay. Go ahead.

21 Q. (By Mr. Moore) The question was how many  
22 qualifying facilities do the companies currently  
23 purchase energy from?

24 A. We have one.

25 Q. Do you know how much energy?

1 MR. MOORE: Is that confidential?

2 MR. KUTIK: I believe so, your Honor, so  
3 I'll object. Obviously, it is telling one customer  
4 specific information.

5 EXAMINER CHILES: I understand. Can we  
6 reserve that question to the end and we can go into a  
7 confidential portion?

8 MR. MOORE: Very well.

9 EXAMINER CHILES: Thank you.

10 Q. (By Mr. Moore) Do the companies make any  
11 future projections about the expected procurement of  
12 qualifying facility energy?

13 A. We do not. The companies do --

14 MR. KUTIK: Finish your answer.

15 A. The companies do not.

16 MR. KUTIK: Can we go off the record  
17 again?

18 EXAMINER CHILES: Sure.

19 (Discussion off the record.)

20 EXAMINER CHILES: All right. Back on the  
21 record.

22 Q. (By Mr. Moore) So you don't have any  
23 future projections for how much qualifying facility  
24 energy FirstEnergy will purchase during the  
25 three-year term of the ESP, correct?

1           A.     With it being so small currently and  
2     having no indication from customers stepping forward  
3     and indicating they are putting projects in and  
4     seeking QF, no, we do not have a forecast of that  
5     amount and have recommended that it not be a product  
6     or a concern of SSO suppliers.

7           Q.     To your knowledge has -- have any of the  
8     companies ever filed an application with FERC to  
9     terminate its mandatory qualifying facility purchase  
10    obligation?

11          A.     I have no knowledge of that.

12          Q.     I would like to talk a little bit more  
13    about lines 15 through 17 on page 9. The companies  
14    plan to sell any qualifying facility energy straight  
15    into the PJM market; is that correct?

16          A.     Yes, the companies plan to provide the  
17    QFs the market value they desire by selling that  
18    output into the PJM market.

19          Q.     And then if there is a revenue from  
20    those, you will credit the customers; is that right?

21          A.     Who do you mean by "customers"?

22          Q.     The customers of the EDUs.

23          A.     The intent with the QF projects is to  
24    sell their output into the market, collect any of  
25    those revenues, net any penalties that may have been

1       levied on the QF projects, take those dollars and  
2       transfer them to the QF project owner. The design of  
3       this is so that generally customers outside of that  
4       equation won't be affected.

5           Q.     So only the QF owner will be credited; is  
6       that right?

7           A.     Yes. They are the one with the project  
8       seeking market revenue.

9           Q.     Would they also -- it says -- you also  
10      say it would be recovered from customers. Is there a  
11      possibility they could be charged?

12          A.     Any differences in the collections from  
13      PJM versus the payment to the QF would run through  
14      rider GCR. The expectation is that there will be no  
15      differences.

16          Q.     Maybe I need to back up a little bit.  
17      When you are buying energy from an offline facility,  
18      you are paying avoided costs; is that right?

19          A.     Currently the companies have a tariff  
20      where QFs would be paid unavaoided costs. But it's my  
21      understanding -- again, I am going to hang on the  
22      lawyer, I am not a lawyer pronouncement. There is  
23      also approved rule makings that say we will be paying  
24      them LMP, net of cost going forward. So this is --  
25      this is described more in that practice as we move

1 forward, not what the companies' current tariff says  
2 today.

3 Q. Okay. So after you pay avoided costs  
4 and/or LMP for the energy from a qualified facility,  
5 you sell it into the PJM market, correct?

6 A. Yes.

7 Q. And then whatever revenues are generated,  
8 you credit back to the QF owner?

9 A. So we paid the QF owner already. We will  
10 receive a credit from PJM. Both those components go  
11 into rider GCR.

12 Q. Just one minute. Could you turn to  
13 page -- excuse me. Can you turn to page 16, please,  
14 lines 17 and 18. You say, "Inclusion of these costs  
15 in Rider NMB should ultimately result in lower  
16 overall costs to customers." Do you see that?

17 A. I apologize. What was the reference  
18 again?

19 Q. I'm sorry, that is lines -- or page 16,  
20 lines 17 and 18.

21 A. Okay. I'm there.

22 Q. Can you just explain how these changes  
23 will result in lower costs to customers?

24 A. The desire here where we are giving  
25 explicit instruction to potential SSO bidders on the

1 product that they are going to bid on, while also  
2 indicating to them that items such as uplift and  
3 things that are behaving in a nonmarket manner that  
4 they have no control over will not be part of that  
5 process or that product; therefore, there should be  
6 no risk premiums put on that, and those are the  
7 savings we are talking about for customers here.

8 Q. Have you developed any estimates  
9 regarding the impact on rider NMB from these proposed  
10 changes?

11 A. No estimates were developed.

12 Q. Do you plan on developing estimates in  
13 the future?

14 MR. KUTIK: Your Honor, when we talk  
15 about estimates, are we talking about estimates of  
16 the new charges, or are we talking about estimates of  
17 what NMB are going to be?

18 EXAMINER CHILES: Can you clarify your  
19 question, Mr. Moore?

20 MR. MOORE: I can, your Honor.

21 Q. Maybe I should rephrase it. Are you  
22 currently tracking any costs from the proposed  
23 changes to rider NMB?

24 A. We have a historical event, that being  
25 the polar vortex, that highlighted potential impacts

1 allowing these types -- these kinds of charges in a  
2 the SSO price. We held two procurements, one in '13  
3 and '14, where there was no difference in the product  
4 in the timeframe and we saw material increase in  
5 costs due to the effects of the polar vortex.

6 So we've got some historical knowledge of  
7 what these risk premiums can and may look like if  
8 there's perceived risk in participating in the market  
9 where suppliers have to accept these charges.

10 Q. So are you currently tracking these  
11 costs?

12 A. Again, as I alluded to earlier, on a PJM  
13 bill if these costs are not hitting my bill, it will  
14 be a zero dollar line item, so currently the  
15 companies use publications to understand levels of  
16 costs, overall costs, in the market and how they are  
17 behaving. So from that perspective, yes, we are  
18 tracking behavior.

19 Q. But you don't have any specific costs  
20 that have been incurred yet by the EDUs; is that  
21 correct?

22 A. We've done no analysis to understand what  
23 supply -- how much risk suppliers would place on  
24 that.

25 Q. Is that a no?

1 A. No.

2 Q. Are any of these costs including to  
3 recovery -- included for recovery being recovered  
4 elsewhere?

5 MR. KUTIK: I'll object. Elsewhere from  
6 whom?

7 MR. MOORE: Elsewhere from customers.

8 EXAMINER CHILES: Can you clarify?

9 MR. MOORE: I can clarify it.

10 EXAMINER CHILES: Thank you.

11 Q. (By Mr. Moore) Are any of the costs that  
12 may be incurred from the proposed changes from rider  
13 NMB currently being recovered from customers from the  
14 EDUs in any other form?

15 A. Which costs are you referring to?

16 Q. Any costs that may be incurred by the  
17 EDUs.

18 MR. KUTIK: Objection.

19 EXAMINER CHILES: Grounds?

20 MR. KUTIK: It's an incomprehensible  
21 question.

22 EXAMINER CHILES: Could you restate your  
23 question again, Mr. Moore? Be more specific.

24 Q. Sure. You said there is no cost  
25 estimates so far; is that correct, Mr. Stein?

1 MR. KUTIK: And we are talking about the  
2 new charges that the companies' proposed to include  
3 in rider NMB?

4 EXAMINER CHILES: Is that correct?

5 MR. MOORE: Yes.

6 A. The companies have no cost estimates for  
7 those charges, those new charges, for rider NMB.

8 Q. And you are not currently tracking any  
9 costs, correct?

10 MR. KUTIK: Well, your Honor, this is  
11 asked and answered. We have been through this now.

12 EXAMINER CHILES: Sustained.

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

15 EXAMINER CHILES: Thank you. Before we  
16 move on let's go off the record for a minute.

17 (Discussion off the record.)

18 (Recess taken.)

19 EXAMINER CHILES: Let's go ahead and go  
20 back on the record. Mr. Olikier.

21 MR. OLIER: Thank you, your Honor. I  
22 think Ms. Bojko has been kind enough to let me go  
23 next.

24 - - -

25

## 1 CROSS-EXAMINATION

2 By Mr. Olikar:

3 Q. Good morning, Mr. Stein. Just a few  
4 questions for you today. I just want to follow-up on  
5 a few things, first, about qualifying facilities.  
6 Now, if I understand you correctly, does your  
7 proposal modify the existing methodology for  
8 compensating qualifying facilities?

9 A. Today the companies have a tariff that  
10 still has the avoided costs methodology in it. I do  
11 not know when the new rules and regs on LMP go into  
12 effect, but it's expected we would follow that line.

13 Q. Just so I understand, currently the  
14 process is you would take the energy produced by a  
15 qualifying facility and displace the energy  
16 requirements that would otherwise be delivered to the  
17 SSO by the auction winners?

18 THE WITNESS: Your Honor, may I have that  
19 question read again.

20 EXAMINER CHILES: You may.

21 (Record read.)

22 MR. KUTIK: Objection. Misstates his  
23 testimony. He said exactly the opposite.

24 EXAMINER CHILES: Mr. Olikar.

25 MR. OLIKER: I am just trying to

1 understand. I would like the witness to explain to  
2 me the process that's currently in place if what I  
3 said is not true.

4 EXAMINER CHILES: Overruled.

5 THE WITNESS: May I have the question  
6 again?

7 EXAMINER CHILES: You may.

8 (Record read.)

9 A. No, that is not the process that is in  
10 place today, for two reasons. One, the -- I guess I  
11 will call it a product. The product the QF is --  
12 that's being purchased by the companies is  
13 essentially an energy-only's product, whereas SSO  
14 supply is a full-requirements product. So it's not a  
15 one-to-one offset of the total -- of what is required  
16 to be delivered for SSO supply.

17 Second, we are selling the QF energy into  
18 the market. Today it is under the current company  
19 tariff being paid the avoided cost.

20 Q. Can -- that's what I am trying to figure  
21 out, on line 13 of page 9 of your testimony, why the  
22 statement is in there that "The Companies do not plan  
23 to use the power purchased from the QFs, if any, to  
24 serve the SSO load." Have you ever used the QF  
25 energy to serve the SSO load?

1           A.    I apologize. Can you repeat where you  
2 were?

3           Q.    It's on page 9, line 13, at the end of  
4 line 13.

5           A.    This line is intended to give clear  
6 indication to potential SSO bidders that they will  
7 not have to manage any energy offsets to the SSO  
8 load, so they are -- the SSO suppliers would serve  
9 all the SSO load and not have to factor if there is  
10 any offsetting QF energy to it.

11          Q.    And so I'm clear have -- has there ever  
12 been an offset to the SSO load for energy produced by  
13 qualifying facilities?

14          A.    No, there has not.

15          Q.    Okay. Thank you. If FirstEnergy, just  
16 assume for a second, was to displace the SSO load and  
17 compensate qualifying facilities at the SSO rate,  
18 would that be a higher level of compensation than is  
19 proposed to be paid to qualifying facilities?

20          A.    If you are asking if a customer that has  
21 a QF now the companies would put in the position of  
22 being a load server delivering SSO supply where that  
23 customer would have to go purchase other things such  
24 as capacity and ancillaries and other things to  
25 deliver SSO supply, that's -- that's not what we are

1       proposing here.

2               Q.     And just so I understand -- I am sorry if  
3     I interrupted you. Please let me know. I'm just  
4     referring to the compensation level, not necessarily  
5     any obligations that you just referenced in your  
6     answer.

7               A.     And where I am going with my answer was  
8     if I'm compensating them for something they need to  
9     be delivering, something to us.

10              Q.     Do you have an answer to the question,  
11     the compensation then?

12              MR. KUTIK:  Objection, your Honor. He  
13     did answer it.

14              MR. OLIKER:  It's not really a response  
15     to my question, your Honor, which is merely focused  
16     on the level of compensation.

17              EXAMINER CHILES:  Could I have the  
18     question and answer read back, please.

19              MR. KUTIK:  And I also object, your  
20     Honor, the Commission's rules dictate the amount of  
21     compensation, which is LMP.

22              EXAMINER CHILES:  Mr. Olikier, could you  
23     please rephrase your question?

24              MR. OLIKER:  Sure. I can come at this  
25     from another angle, your Honor.

1 EXAMINER CHILES: Thank you.

2 Q. (By Mr. Olikier) Would you agree,  
3 Mr. Stein, that if you were to compensate a  
4 qualifying facility for energy and capacity, that  
5 would be a higher level of compensation than avoided  
6 cost?

7 MR. KUTIK: Same objection. Compensation  
8 level right now is LMP. What they could otherwise do  
9 in a different situation is irrelevant. It's not  
10 part of this case.

11 MR. OLIER: Your Honor, Commission rules  
12 can be waived.

13 EXAMINER CHILES: Overruled.

14 THE WITNESS: Your Honor, may I have that  
15 again?

16 EXAMINER CHILES: You may.

17 (Record read.)

18 MR. KUTIK: I further object because  
19 that's again, not part of the proposal. The proposal  
20 has nothing to do with avoided cost. The rules  
21 require LMP. Comparison to avoided costs is  
22 irrelevant.

23 EXAMINER CHILES: If you want to go ahead  
24 and restate it.

25 Q. Put it simply, taking Mr. Kutik's

1 objection, would you agree that energy and capacity  
2 is a higher level than just energy or LMP?

3 A. If you are assuming the energy in your  
4 example is at LMP and there is a capacity price and  
5 you are comparing that to LMP, then, yes, I would say  
6 energy plus capacity is higher than LMP.

7 Q. Okay. Thank you. Going to your  
8 discussion previously about balancing and operating  
9 reserves that you had with Mr. Petricoff, I would  
10 like to first focus on the deviations aspect because  
11 you agree there are several different elements to  
12 uplift, right, with deviations being one of them?

13 A. Can you define "uplift"?

14 Q. Okay. Well, can you -- what's your  
15 definition of uplift?

16 A. If we're focused on balancing operating  
17 reserves, uplift is the amount of cost created by PJM  
18 dispatching generation out of merit for reliability  
19 purposes. That's the amount of uplift.

20 Q. And a subset of that is the -- is for  
21 deviations between the day-ahead and realtime load,  
22 correct?

23 A. That's part two where PJM then takes the  
24 total pot of uplift dollars and allocates it to  
25 load-serving entities.

1           Q.    Okay.  And do you remember a discussion  
2           you had with Mr. Petricoff about the ability to  
3           accurately predict your day-ahead and realtime load  
4           and the denominator?

5           A.    Yes.

6           Q.    And I think your answer was that if all  
7           LSEs accurately predicted their realtime load, then  
8           there would still be a pot of dollars to allocate,  
9           correct, and, therefore, would have no effect?

10          A.    I don't recall if that's exactly what I  
11          said.  If the pot of dollars is set independent of  
12          the allocation mechanism, if all, say, have a  
13          deviation of one, you are going to take a pot of  
14          dollars and allocate it to everybody equally, so --

15          Q.    Okay.  I'm sorry, are you done yet?  I'm  
16          sorry.

17          A.    I believe that's what -- what the -- what  
18          I was saying in that conversation.

19          Q.    Okay.  And you would agree that the  
20          ability to predict your realtime load may be a  
21          function of your customer portfolio.

22          A.    That would be one factor, yes.

23          Q.    For example, you would agree that a  
24          load-serving entity with an industrial-based  
25          portfolio with high-load factor may have a much

1 easier ability to predict their realtime load?

2 A. They may, yes.

3 Q. Whereas my company that serves  
4 residential customers, it could be very difficult for  
5 us to predict our realtime load, correct?

6 A. I don't know how difficult or what level  
7 of difficulty you are assigning to predict  
8 residential load, but it is not the same as  
9 predicting industrial load.

10 Q. But would you agree that given that there  
11 are suppliers that serve residential customers, it's  
12 highly unlikely that every single supplier in the  
13 market is going to accurately predict their realtime  
14 load?

15 THE WITNESS: Your Honor, may I have that  
16 question reread, please?

17 EXAMINER CHILES: You may.

18 (Record read.)

19 A. I would say that not all suppliers will  
20 forecast load the same.

21 Q. Okay. Staying on the subject of  
22 uplifted, you would agree this is a matter of much  
23 debate at PJM and FERC.

24 A. Yes.

25 Q. And you are the representative for

1 FirstEnergy or one of the representatives for  
2 FirstEnergy that participates in PJM market  
3 settlement calls?

4 A. Yes, I am.

5 Q. And you have been following the  
6 initiatives at PJM regarding uplift?

7 A. Uplift is not a current topic for the  
8 market settlement subcommittee.

9 Q. There is a task force though, correct?

10 A. Yes, there is a separate uplift task  
11 force at PJM.

12 EXAMINER PRICE: That was me, sorry.

13 Q. And you have also followed the capacity  
14 performance proposal, which is now the capacity  
15 performance product?

16 A. Yes, I have.

17 Q. And you would agree that one of the  
18 anticipated impacts of the capacity performance  
19 products is to reduce uplift in balancing and  
20 operating reserve charges?

21 THE WITNESS: Your Honor, may I have that  
22 question read?

23 EXAMINER CHILES: You may.

24 (Record read.)

25 A. I don't believe one of the outcomes of

1 implementing capacity performance was to explicitly  
2 control dispatch of out-of-merit generation. I  
3 believe its intended impact was to ensure generation  
4 had adequate fuel supply on the ground so it was  
5 available during times of extreme emergency  
6 conditions. I'm not sure that it meant that you were  
7 going to dispatch generation in merit or out of merit  
8 during those times still.

9 Q. To follow up on that, if generation is  
10 available more often and outage is reduced, you would  
11 agree there will be less of a necessity to dispatch  
12 generation out of merit?

13 A. I would say it's a possibility but not  
14 prudent.

15 Q. And you would also agree that one of the  
16 anticipated impacts of capacity performance product  
17 is to reduce energy prices?

18 A. That I don't know.

19 MR. OLIKER: That's all the questions I  
20 have, your Honor. Thank you.

21 EXAMINER CHILES: Thank you.

22 MR. OLIKER: Thank you, Mr. Stein.

23 THE WITNESS: Thank you.

24 EXAMINER CHILES: Ms. Bojko.

25 MS. BOJKO: Thank you.



1           A.    Which suppliers are you in --

2           Q.    Well, the handful of costs that you were  
3 talking about that were not included in rider NMB in  
4 the last ESP case, or currently, are costs that the  
5 suppliers of the customers are responsible for  
6 providing; is that correct?

7           A.    Yes.  These costs today would be billed  
8 by PJM to both CRESs and SSO suppliers.

9           Q.    And by virtue of adding new CRESs to the  
10 rider NMB, it's your anticipation that the rider will  
11 increase; is that correct?

12          A.    It would be expected that if suppliers  
13 are bearing these costs today, then those costs would  
14 translate over to rider NMB for ESP IV.

15          Q.    And would translate into an increase in  
16 rider NMB; is that correct?

17          A.    Yes, and a decrease to SSO and CRES  
18 suppliers.

19          Q.    And nonshopping -- and other CRES  
20 suppliers as well for nonshopping customers; is that  
21 correct?

22                THE WITNESS:  Your Honor, may I have that  
23 question read?

24                EXAMINER CHILES:  Yes.

25          Q.    I'm sorry.  Let me strike that question.

1 It would -- also you would expect that other  
2 suppliers outside of the SSO suppliers would also  
3 correspondingly decrease the amount of NMB costs that  
4 they are responsible for; is that correct?

5 A. CRESs and SSO suppliers would not see  
6 these costs so they are -- both of their costs would  
7 go down.

8 Q. Okay. And go down or correspondingly  
9 decrease, I think are the phrases that you used.  
10 Would you think that they would decrease at the same  
11 level or same amount as the rider NMB would increase?

12 MR. KUTIK: Your Honor, I'll object.  
13 There's no foundation laid that Mr. Stein has any  
14 experience or familiarity with how these CRES  
15 suppliers would price their products other than with  
16 respect to the comment he made earlier about price  
17 pre-- risk premiums, so I'll object.

18 MS. BOJKO: May I respond?

19 EXAMINER CHILES: Ms. Bojko, yes, you may  
20 respond.

21 MS. BOJKO: He made the statement that  
22 the suppliers -- he would expect that the suppliers'  
23 charges would correspondingly decrease, and I am  
24 merely following up and asking if he would expect  
25 that it would decrease at the same level that rider

1 NMB increases.

2 EXAMINER CHILES: The witness may answer  
3 if he knows.

4 A. The way the mechanism works is it's a  
5 dollar-for-dollar exchange from the supplier's PJM  
6 account to the companies in all of these charge  
7 items, even the existing ones today, so the  
8 transmission expense -- pick on one that we have  
9 today. The transmission expense that would have been  
10 otherwise seen by all the suppliers in its totality  
11 is transferred to the companies today.

12 Q. So you would expect it would be a  
13 dollar-for-dollar transition, so one would -- the  
14 rider NMB would increase and the costs assessed to  
15 the suppliers would equally decrease by the same  
16 amount?

17 A. That would be the expectation, yes.

18 Q. Okay. And NITs is currently collected or  
19 assessed by PJM to the suppliers; is that true?

20 A. NITs is currently charged to the  
21 companies today.

22 Q. Okay. Sorry. And NITs will be assigned  
23 to the companies by PJM based on the aggregate  
24 customers' NSPL; is that correct?

25 THE WITNESS: Your Honor, may I have that

1 question reread?

2 EXAMINER CHILES: You may.

3 (Record read.)

4 A. Rather than talking aggregate of  
5 customers, the way NSPL works is there is a target  
6 NSPL for a planning year, call that number 12,000  
7 megawatts, all customers sum to that number. The  
8 companies have 12,000 megawatts worth of NSPLs  
9 transferred into their account.

10 Q. Okay. And then FirstEnergy allocates to  
11 customers those costs assessed to them by PJM on a  
12 4CP basis; is that correct?

13 A. I don't specifically know the rate design  
14 of rider NMB. I'm only testifying to what wholesale  
15 costs would go into rider NMB.

16 Q. Okay. And let's go back to the list of  
17 costs, so turn to page 13 of your testimony, please.  
18 Line 13 you talk about "MTEP Project Cost Recovery."  
19 Where are those costs currently allocated today? Who  
20 pays for those costs today?

21 A. These are currently in rider NMB under  
22 ESP III today.

23 Q. And how about if you look on page 14, the  
24 BOR, balancing operating reserves. A portion of  
25 those are covered currently through rider ESP; is

1       that correct?

2               A.     Correct.  The ATSI zone had deactivated  
3       units that were imposing balancing operating reserve  
4       costs on market -- on LSEs.  Those are the costs that  
5       we are currently collecting through rider NMB today.

6               Q.     Now the companies are proposing to  
7       collect all of the BOR costs through rider NMB; is  
8       that correct?

9               A.     That is correct.

10              Q.     And earlier you mentioned the polar  
11       vortex in response to a previous question.  Are you  
12       familiar with the debate that ensued between  
13       suppliers and customers regarding the recovery of  
14       some transmission costs that resulted from the polar  
15       vortex?

16                   MR. KUTIK:  Objection.

17                   EXAMINER CHILES:  Grounds?

18                   MR. KUTIK:  Relevance.

19                   EXAMINER CHILES:  Ms. Bojko, your  
20       response?

21                   MS. BOJKO:  I asked him if he was  
22       familiar as a foundation question, and I am going to  
23       ask him if those costs he is referring to are  
24       included in rider NMB, in the proposed rider NMB.

25                   EXAMINER CHILES:  Overruled.

1 THE WITNESS: Your Honor, may I have that  
2 question read back, please.

3 EXAMINER CHILES: You may.

4 (Record read.)

5 A. I know there were -- there were newspaper  
6 articles here and there, maybe. I don't know any  
7 details of what may -- may or may not have been  
8 requested or what was going on between suppliers and  
9 customers regarding that.

10 Q. But when you were discussing the polar  
11 vortex costs, it was those transmission costs that  
12 you were talking about that would now be included in  
13 rider NMB; is that correct?

14 MR. KUTIK: Objection.

15 EXAMINER CHILES: Grounds?

16 MR. KUTIK: What are those costs?

17 EXAMINER CHILES: Ms. Bojko, can you  
18 repeat the question?

19 MS. BOJKO: Your Honor, in response to  
20 questions from previous counsel, he discussed polar  
21 vortex costs, and he said that those types of costs  
22 would be -- I believe he said -- I am trying to  
23 figure it out -- that those types of costs would be  
24 now included in rider NMB.

25 MR. KUTIK: I don't think this witness

1 ever used the phrase "polar vortex costs."

2 EXAMINER CHILES: Sustained.

3 Q. (By Ms. Bojko) Earlier today you  
4 discussed certain transmission costs associated with  
5 the polar vortex; is that correct?

6 A. I don't recall referring to polar  
7 vortex's transmission costs.

8 Q. Okay. Were you talking about certain  
9 transmission costs that occurred during the polar  
10 vortex earlier today?

11 A. What do you mean by transmission costs?

12 Q. Well, there were certain -- I thought you  
13 were discussing earlier today that the balancing  
14 operating reserve costs had increased during the  
15 polar vortex; is that correct?

16 A. I believe what I said was we held two  
17 auctions with like -- with the same product and the  
18 same term, one in October of '13 and one in January  
19 of '14, and the difference between those two  
20 procurements reflected risk premiums associated with  
21 the polar vortex.

22 Q. Okay. And the risk premiums were  
23 associated with which costs?

24 MR. KUTIK: Objection, calls for  
25 speculation.

1 MS. BOJKO: Your Honor, he said risk  
2 premiums. I am asking him what he is referencing.

3 MR. KUTIK: Well, he is referencing the  
4 bid prices for the auction.

5 EXAMINER CHILES: Sustained.

6 Q. When you discussed risk premiums, is  
7 it -- were you talking about what your counsel just  
8 said you were talking about associated with the bid  
9 auctions?

10 A. What I was referring to was the price  
11 outcomes of the October, '13, and January, '14,  
12 procurements for the like product and like term.

13 Q. And you're not talking or discussing  
14 particular components of the resulting price when you  
15 are talking about risk premiums; is that correct?

16 A. That is correct.

17 Q. But you believe that the proposed rider  
18 NMB will eliminate any risk premiums that may or may  
19 not have been associated with the polar vortex; is  
20 that correct?

21 THE WITNESS: Your Honor, may I have that  
22 question read back?

23 EXAMINER CHILES: You may.

24 Q. Let me try again. You believe that the  
25 risk premiums associated with the results after the

1 polar vortex will be eliminated by including all NMB  
2 costs in rider NMB; is that correct?

3 A. Can you can define what you mean by NMB  
4 costs?

5 EXAMINER PRICE: Let me take a shot at  
6 it.

7 THE WITNESS: Okay.

8 EXAMINER PRICE: Do you recall there are  
9 significant risk premiums embedded in SSO bids  
10 resulting from PJM line items 1218 and 2218 and PJM  
11 line items 1375, 1376, 1378, 2375, 2376, and 2378?

12 THE WITNESS: To -- to characterize your  
13 question, the additional line items we're proposing  
14 to add.

15 EXAMINER PRICE: Yes.

16 THE WITNESS: Those line items is where  
17 we believe a majority of the expenses seen by  
18 suppliers manifest -- manifested themselves during  
19 the time of the polar vortex.

20 MS. BOJKO: Thank you. That's what I was  
21 trying to ask earlier about expenses embedded in the  
22 total auction price.

23 Q. (By Ms. Bojko) So with those expenses you  
24 believe that the risk associated with some of the  
25 expenses around the polar vortex will be eliminated

1 because of including them now in rider NMB.

2 A. The risk premiums would be greatly  
3 reduced.

4 Q. And those risk premiums were embedded in  
5 the supplier's total costs. Is that your  
6 understanding by making that conclusion?

7 A. The risk premiums manifest themselves in  
8 the SSO price the companies purchase energy for. I  
9 don't know how they are getting into supplier costs.

10 Q. Okay. But you're assuming that they  
11 weren't passed-through costs for the suppliers, that  
12 the suppliers could pass on those costs to customers;  
13 is that true?

14 MR. KUTIK: Are you talking about SSO  
15 suppliers at this point?

16 MS. BOJKO: No.

17 MR. KUTIK: I object then. I think  
18 that's what we have been talking about, the  
19 difference in supplier SSO auction bids and price  
20 results.

21 EXAMINER CHILES: MS. Bojko, do you have  
22 a response to the objection?

23 MS. BOJKO: Yes, sir. If that's what the  
24 witness believes, it would be nice to hear that from  
25 the witness and not counsel.

1 MR. KUTIK: I think that's what everybody  
2 in the room thinks.

3 MS. BOJKO: I'm sorry?

4 MR. KUTIK: I think that's what everybody  
5 in the room thinks.

6 MR. HAYS: Your Honor, I would like to  
7 object to the cattinesses, (KG) since I have been  
8 objected to for being caddy. I think it's improper.  
9 I move that we strike the last comment.

10 EXAMINER CHILES: Ms. Bojko, could you  
11 just kind of rephrase your question so that --

12 MS. BOJKO: Sure. And maybe this was a  
13 misunderstanding of the witness' prior responses.

14 Q. (By Ms. Bojko) When you are talking about  
15 a risk premium, you are only referring to, then, the  
16 SSO suppliers and the SSO auctions?

17 A. Yes. I am only testifying about the  
18 competitive bid process, SSO suppliers, and the price  
19 we pay them for load to serve nonshopping customers.  
20 I don't know what CRESSs do or how they handle their  
21 side of the house.

22 EXAMINER PRICE: Although you don't know  
23 how CRES providers handle their side of the house,  
24 you do believe that this will reduce the risk premium  
25 CRES providers may be putting in their bids to

1 customers.

2 THE WITNESS: Depending on the type of  
3 contract they sign, it would be more likely than not  
4 this would reduce their risk premium as well going  
5 forward.

6 EXAMINER PRICE: And then that's why you  
7 wrote on page 16, line 14, "Reduce the need for risk  
8 premium that may be added by SSO suppliers and CRES  
9 providers to their bids or service prices,  
10 respectively." You believe the CRES providers will  
11 lower the risk premiums.

12 THE WITNESS: From that perspective, yes.

13 Q. (By Ms. Bojko) Okay. Rider NMB is not  
14 bypassable; is that correct?

15 A. Rider NMB is nonbypassable.

16 Q. Okay. So it applies to both those  
17 customers receiving service under the SSO offer and  
18 those customers taking service pursuant to  
19 alternative suppliers; is that correct?

20 A. Yes, that is correct.

21 Q. Okay. And your testimony, as the  
22 examiner just pointed out, does, in fact, talk about  
23 both situations, the SSO offer as well as alternative  
24 CRES providers; is that right?

25 A. That is correct.

1           Q.     Okay.  So going back to the corresponding  
2 decrease, if the company is now increasing rider NMB  
3 to cover additional costs, there should be a  
4 corresponding decrease to the suppliers' allocation  
5 from PJM and, therefore, to the suppliers' customers;  
6 is that correct before I move on?

7           MR. KUTIK:  Objection.

8           EXAMINER CHILES:  Grounds.

9           MR. KUTIK:  Are we talking about all  
10 suppliers?  Are we talking about SSO suppliers, CRES  
11 suppliers?  What suppliers?

12          EXAMINER CHILES:  Ms. Bojko, can you be  
13 more specific?

14          Q.     (By Ms. Bojko) It implies them both.  But  
15 let's talk about one comes through an offer, yes,  
16 sir, it does, and one is through a CRES provider  
17 directly.  But the CRES provider not under the SSO,  
18 that CRES provider would -- you would expect a  
19 corresponding decrease in the cost they pass on to  
20 their customers; is that correct?

21          THE WITNESS:  Your Honor, may I have that  
22 question read back, please?

23          EXAMINER CHILES:  You may.

24          (Record read.)

25          A.     If the question is specifically related

1 to CRES, then we are talking these people PJM line  
2 items, then their bill would be -- there, I guess  
3 offering would be theoretically lower than it  
4 otherwise would have been had these costs been  
5 included.

6 EXAMINER PRICE: But that's a lot of  
7 theory, isn't it? I mean, we don't know each CRES  
8 provider's tolerance for risk. We don't know whether  
9 CRES providers are offering some sort of lost leader.  
10 I mean, you're talking about -- I think the record's  
11 reflecting the idea there is going to be some shift  
12 of a dollar from -- a dollar-for-dollar shift, but we  
13 have no idea. One CRES provider may be willing to  
14 bear more risk of this and another CRES provider may  
15 be prepared to bear less. We don't know how CRES  
16 providers are recovering these fees.

17 Long story short, we don't know how CRES  
18 providers are recovering or covering these costs  
19 right now today, do we?

20 THE WITNESS: Not in detail, no.

21 EXAMINER PRICE: And we don't actually  
22 know how the wholesale SSO providers are recovering  
23 these costs in their bids. We can assume they are,  
24 but we don't really know.

25 THE WITNESS: That is correct.

1           Q.     (By Ms. Bojko) So if my -- so if a  
2     customer is under a contract with an alternative  
3     supplier from 2015 to 2018, we will not necessarily  
4     see a decrease on June, 2016 for these costs that are  
5     now being collected through rider NMB, correct?

6           A.     No, I disagree with that. I think you  
7     would see the supplier recognize that they don't have  
8     to price into their product these costs any longer.  
9     And it would be more likely than not that their costs  
10    would go down.

11                Today there are levels of costs in all of  
12    these charges. The suppliers are putting these  
13    levels of costs in their offers or potential SSO  
14    bids. It would be expected that these -- the removal  
15    of these costs from their offers and from the SSO  
16    product would reduce that price, plus the risk  
17    premiums they may be putting because the costs are  
18    not knowable, but greater than zero.

19           Q.     And that expectation of suppliers  
20    reducing their costs would be true, in your mind,  
21    even if the customer was under a three-year contract  
22    that began prior to the effective date of rider NMB?

23           A.     Yes.

24                EXAMINER PRICE: Have you looked at the  
25    other three utilities in Ohio that have a form of

1 rider NMB?

2 THE WITNESS: I have not, sir, no.

3 EXAMINER PRICE: Okay. So you don't know  
4 because you have not looked whether these other  
5 utilities include these costs which you are now  
6 moving into rider NMB and their version of the rider  
7 NMB?

8 THE WITNESS: I do not know.

9 EXAMINER PRICE: Thank you.

10 Q. (By Ms. Bojko) Can we turn to page 17 of  
11 your testimony. On page 17 you discuss a list of  
12 items that may be updated as rider NMB -- if rider  
13 NMB is approved through ESP IV; is that correct?

14 A. That is correct.

15 Q. Okay. And under the first one you state  
16 "a current charge or credit characterized as market  
17 based becomes nonmarket-based. It becomes nonmarket  
18 because the charge or the credit." Do you see that?

19 A. I do.

20 Q. Who makes that determination?

21 A. The companies would take into account  
22 market behavior, and in their annual NMB update  
23 filings make recommendations on those charges or  
24 credits that may have materially changed their  
25 behavior.

1           Q.    What do you mean, "make recommendations"?  
2    Would they somehow propose a change to rider NMB in  
3    their reconciliation filing?

4           A.    Correct, the change would be proposed in  
5    the annual NMB filing.

6           Q.    And item 1(b) says, "produced an  
7    unanticipated outcome caused by nonmarket-based  
8    forces." What would that entail?

9           A.    Item 1(b), an example of that is the  
10   polar vortex.

11          Q.    So would this, again -- would it be an  
12   automatic passthrough or something you propose in  
13   your next rider NMB filing?

14          A.    It would be proposed in the annual NMB  
15   filing but also be in coordination with suppliers  
16   because if we are going to take charges in to make  
17   them nonbypassable, we also have to alleviate the  
18   cost off the suppliers, so it would be a package to  
19   move one of these charges because of a material  
20   defect in the market or something that is causing  
21   unanticipated outcome. It would have to be a  
22   coordinated process to be able to do that. But that  
23   would be our intent, to coordinate with the suppliers  
24   and file in the annual NMB update.

25          Q.    So the coordinated process would happen

1 before the rider NMB update filing?

2 A. It would be anticipated so that we had a  
3 level of cost to put in the update filing.

4 Q. And in that case you would expect because  
5 of the coordination with suppliers that suppliers  
6 would correspondingly remove that expense from their  
7 product offering or their -- with what they are  
8 providing to the customers under current contracts?

9 A. I don't completely know what suppliers  
10 would do, but the anticipated outcome from the  
11 companies' perspective is those dollars would go back  
12 to customers.

13 Q. I have a couple of questions regarding  
14 your -- the actual rider redline itself. It was  
15 attached to Attachment A.

16 MS. BOJKO: Your Honor, I went ahead and  
17 made it a separate exhibit for ease and not knowing  
18 if everybody had Attachment A here today. May I  
19 proceed?

20 EXAMINER CHILES: You may. Do you want  
21 this marked?

22 MS. BOJKO: I think it is better to mark  
23 it for identification purposes.

24 MR. KUTIK: And to be clear, this is  
25 Attachment A to the MSA?

1 MS. HUSSEY: It's not actually.

2 MR. KUTIK: Attachment 5 to the  
3 application.

4 MS. BOJKO: I'm sorry? Your tariffs are  
5 all attached as Attachment 5 to the application.

6 EXAMINER CHILES: I believe we are at  
7 OMAEG 11.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. (By Ms. Bojko) Sir, do you have in front  
10 of you what has been marked as OMAEG 11, which is  
11 PUCO No. 11, Sheet 119, of the Ohio Edison Company?

12 A. I do.

13 Q. And does this, sir, appear to be a  
14 redline of rider NMB, proposed changes by the company  
15 in the application before the Commission today?

16 A. It is a redline of the rider sheets.

17 Q. To your knowledge, sir, was this provided  
18 by the company as part of the application filed in  
19 front of the Commission?

20 A. I assume so. I wasn't involved in  
21 updating this document or putting it with the filing.

22 Q. Okay. But you have seen the updated  
23 tariff provision before?

24 A. Right now I have.

25 Q. Okay. I have a few questions on the

1 changes that are being made pursuant to the redline.  
2 Do you see under the "Purpose" section "the State of  
3 Ohio" is added into the list of charges that the  
4 company may recover?

5 MR. KUTIK: Objection. Beyond the scope  
6 of the witness's testimony. The witness is here to  
7 testify about changes to rider NMB with respect to  
8 the cost to be included in the rider NMB. That's the  
9 extent of this witness's testimony with respect to  
10 that rider. He is not here to sponsor the tariff.

11 MS. BOJKO: Your Honor, I am asking  
12 him -- on page 17 he refers to charges and costs  
13 ordered by the FERC or the state of Ohio. This is  
14 directly related to his testimony.

15 EXAMINER CHILES: Mr. Stein, who is -- do  
16 you know what witness is responsible for sponsoring  
17 this tariff?

18 THE WITNESS: I would assume  
19 Ms. Mikkelsen was.

20 EXAMINER PRICE: Ms. Bojko, where are you  
21 directing his attention to in the tariff?

22 MS. BOJKO: Well, your Honor, his  
23 testimony on pages 16 and 17 talk about updating the  
24 tariff.

25 EXAMINER PRICE: I understand that.

1 MS. BOJKO: The tariff, it's just easier  
2 to see the changes in the updates, so I was asking  
3 him under the Purpose section where there was an  
4 addition of "the State of Ohio," which I believe, and  
5 I am trying to ask him, directly correlates with 1(c)  
6 on page 17 of his testimony.

7 EXAMINER CHILES: The objection is  
8 overruled.

9 MR. KUTIK: What's the question pending?  
10 May I have that read, please.

11 MS. BOJKO: I will restate it.

12 EXAMINER CHILES: Okay.

13 Q. (By Ms. Bojko) The question is on the  
14 first sentence under the Purpose section, the  
15 companies have modified to include costs associated  
16 with those imposed on or charged by the State of Ohio  
17 in rider NMB; is that correct?

18 A. I'm sorry, which document are we in?

19 Q. We're on the tariff Sheet 119.

20 A. Okay.

21 Q. Under the Purpose section, first  
22 sentence.

23 A. Okay. I'm there.

24 Q. The companies are proposing to revise  
25 rider NMB to recover nonmarket-based costs, either

1 charges imposed on or charged to the company, by the  
2 state of Ohio; is that true?

3 A. Yes.

4 Q. And my question is what nonmarket-based  
5 cost fees or charges will now be imposed or charged  
6 by the State of Ohio that were not previously charged  
7 or imposed by the State of Ohio under the current  
8 rider NMB?

9 MR. KUTIK: Again, I object.

10 EXAMINER CHILES: Grounds?

11 MR. KUTIK: It mischaracterizes the  
12 witness's testimony. The witness has not testified  
13 that any of the proposed charges or anything to do  
14 with charges imposed by the State of Ohio. The  
15 language in his testimony and Ms. Bojko is referring  
16 to and cross referencing with the tariff has to do  
17 with future changes from the ones that he has  
18 proposed here.

19 MS. BOJKO: And we will get to those  
20 future changes.

21 MR. KUTIK: That was the question.

22 EXAMINER CHILES: Sustained.

23 THE WITNESS: I'm sorry.

24 EXAMINER CHILES: Sustained.

25 Q. (By Ms Bojko) Okay. Under rider NMB are

1       there current nonmarket-based cost fees or charges  
2       imposed or charged by the State of Ohio?

3             A.     No.

4             Q.     Okay. Under the companies' proposal does  
5       the company intend to revise rider NMB in order to  
6       recover nonmarket-based costs, fees or charges  
7       imposed or charged by the State of Ohio?

8             A.     If a nonmarket-based charge arose as  
9       imposed by the State of Ohio, then the companies  
10      would seek to run the effects of that charge through  
11      rider NMB.

12            Q.     And what charge or types of charge or fee  
13      or cost do you expect would fall under that category?

14            A.     I don't have an example of one today.

15            Q.     Now, if we can go to the second paragraph  
16      of the Purpose section of Sheet 119, rider NMB, is it  
17      the companies' proposal to include in rider NMB any  
18      new costs, fees, charges, or credits or modification  
19      to current costs, fees, charges, or credits that were  
20      not in effect as of August 4, 2014, but were  
21      subsequently imposed or charged by the State of Ohio?

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

24            EXAMINER CHILES: You may.

25            (Record read.)

1 THE WITNESS: Your Honor, may I have that  
2 question one more time?

3 EXAMINER CHILES: You may.

4 (Record read.)

5 A. Yes, that would be the intent.

6 Q. And what new costs would the State of  
7 Ohio impose on the companies?

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

10 EXAMINER CHILES: Sustained.

11 Q. So do you believe that these costs under  
12 this section are the same costs that you answered  
13 prior to that would fall under the first paragraph of  
14 rider NMB?

15 THE WITNESS: Your Honor, may I have that  
16 question again?

17 EXAMINER CHILES: You may.

18 (Record read.)

19 MR. KUTIK: Your Honors, I'll object.  
20 Her question was relating to the State of Ohio in  
21 prior questions. She had previously asked the  
22 witness about charges from the State of Ohio. This  
23 witness was asked an example with respect to charges  
24 with the State of Ohio. He said he didn't have an  
25 example, so I am not sure what the point of the

1 question is. It certainly has been asked and  
2 answered.

3 EXAMINER CHILES: Ms. Bojko, do you have  
4 a response, or do you want to give a clarification  
5 about which costs you are talking about?

6 MS. BOJKO: Sure. I can restate.

7 Q. (By Ms. Bojko) There are two different  
8 types of costs listed under rider NMB regarding the  
9 costs, fees, or charges imposed by the State of Ohio;  
10 isn't that true?

11 A. Can you define what you mean by "types"?

12 Q. Well, there are two provisions that allow  
13 you to recover costs imposed by the State of Ohio in  
14 the new rider NMB tariff; is that true?

15 A. I'm not familiar with the language of how  
16 this tariff is set up. I'm having a difficult time  
17 trying to answer your question.

18 Q. Okay. Well, let's take a step back then.  
19 You responded earlier that you believe that the  
20 current NMB rider does not permit the company to  
21 recover costs, to recover nonmarket-based costs,  
22 fees, or charges, imposed on or charged to the  
23 company by the State of Ohio; is that true?

24 A. I believe what I said was the -- we have  
25 included the State of Ohio as a potential contributor

1 to costs that may be included in rider NMB going  
2 forward. I don't recall saying that we couldn't do  
3 it today.

4 Q. Well, but that is a revision to the  
5 current rider NMB tariff, isn't it?

6 A. Again, I didn't write the NMB tariff.  
7 I'm only testifying to it. If the State of Ohio were  
8 to be a part of or party to the creation of a  
9 nonmarket-based charge that flowed through PJM, we  
10 would seek to include that charge as part of the  
11 wholesale costs that go into rider NMB.

12 EXAMINER PRICE: When you wrote that  
13 language in your testimony, did you have any specific  
14 examples of a charge that the State of Ohio may levy  
15 that you thought, "This is what we need to protect  
16 ourselves against"?

17 THE WITNESS: I did not at the time.

18 EXAMINER PRICE: At the time.

19 THE WITNESS: At the time.

20 EXAMINER PRICE: Do you have any idea  
21 today of any new charges by the State of Ohio that  
22 you may think, "Oh, boy, those are charges we may  
23 need to pass on to the customers as part of a  
24 revision to rider NMB"?

25 THE WITNESS: I do not.

1           Q.    (By Ms. Bojko) And it's your  
2 understanding that that's only one of the type of  
3 costs. There aren't multiple types of costs that you  
4 are trying to protect yourself against from not  
5 recovering if they are imposed by the State of Ohio;  
6 is that right?

7           A.    Who are you referring to when you say  
8 "protect yourself"?

9           Q.    I guess that was in the examiner's  
10 question, and you responded yes to it. I mean, if  
11 the companies are adding this language, to me they  
12 have added it in two places with two different sets  
13 of costs. I am asking if in your mind is there only  
14 one set of costs that would be imposed by the State  
15 of Ohio, or you don't know?

16           MR. KUTIK: I object. These questions  
17 have been asked and answered. He doesn't have any  
18 examples in his mind as to cost by the State of Ohio,  
19 whether it might be one type of cost, two types of  
20 cost or 2,000 types of cost from the State of Ohio,  
21 he doesn't know.

22           MS. BOJKO: That wasn't my question.

23           EXAMINER CHILES: Ms. Bojko, do you have  
24 a response?

25           MS. BOJKO: My question is it's

1 incorporated in two places under two different types  
2 of rider NMB costs that may be recovered. It's  
3 included in the current rider NMB, and then it's  
4 included as part of an update to rider NMB, and I am  
5 asking if those are the same in his mind.

6 EXAMINER CHILES: The objection is  
7 overruled.

8 A. Are we -- we are in the rider sheet 119?

9 Q. Yes.

10 A. I don't know. I wasn't party to writing  
11 rider NMB.

12 Q. Okay. Thank you. Except for your change  
13 to your testimony that you cited at the beginning of  
14 your testimony to page 17, lines 17, do any of these  
15 stipulations modify any positions or statements that  
16 you've taken in your testimony today?

17 A. I don't know. I wasn't party to the  
18 stipulations.

19 Q. Okay. In your revision to your  
20 testimony, you stated that the costs discussed above  
21 are proposed to be collected from all customers  
22 through rider NMB except those customers  
23 participating in the NMB pilot program; is that  
24 right?

25 A. Your question was stipulations. This one

1 was in response to a particular stipulation. And I  
2 was only involved with so far as the mechanics of how  
3 the NMB pilot program would work.

4 Q. So you are familiar with the stipulation  
5 regarding the NMB pilot program?

6 A. Only the settlement provisions as it  
7 relates to rider NMB.

8 Q. Okay. And if the customer chooses the  
9 rider NMB pilot program, they will not be subject to  
10 rider NMB; is that correct?

11 MR. KUTIK: We'll stipulate to that, your  
12 Honor.

13 EXAMINER CHILES: Thank you.

14 Q. And that includes not being subject to  
15 the cost recovery mechanism; is that right?

16 A. I don't know. I was on the mechanics of  
17 the RTO settlement process of how the pilot would  
18 work.

19 Q. I'm all right having the company  
20 stipulate to it, but I need to get a basis of this  
21 witness' knowledge. So is it your understanding,  
22 sir, that if a customer opts out or if the customer  
23 takes service pursuant to the rider NMB pilot  
24 program, they won't be subject to the NMB tariff.

25 MR. KUTIK: Your Honor, I object. We

1 stipulated to that fact. It's clear from our  
2 proposal and the stipulation. Whether this witness  
3 knows or doesn't know, other than what he just said,  
4 what's the relevance? We are timewasting.

5 EXAMINER CHILES: Ms. Bojko?

6 MS. BOJKO: Your Honor, this -- this  
7 witness is sponsoring rider NMB and who it applies  
8 to, and I am trying to understand if he is aware that  
9 the rider will not apply to rider NMB pilot program  
10 customers.

11 MR. KUTIK: That's not what this  
12 witness's testimony scope is. He is talking about  
13 the costs that are being included in rider NMB, among  
14 other things with respect to other topics. With  
15 respect to rider NMB, the statement with respect  
16 to -- is only in respect to what costs are being  
17 included, what should be included, and in this  
18 particular instance, what costs would go to what  
19 customers. That's it.

20 EXAMINER CHILES: Sustained.

21 Q. (By Ms. Bojko) Sir, you testified earlier  
22 that rider NMB applies to SSO customers or shopping  
23 customers; is that correct?

24 A. I testified to that the rider is  
25 nonbypassable.

1           Q.    Okay.  And is that statement true even in  
2   light of the stipulation regarding rider NMB pilot  
3   program?

4           A.    Costs -- NMB costs would move from rider  
5   NMB and be directly assigned to the customer's  
6   supplier.

7           Q.    Under the pilot program?

8           A.    Yes.

9           Q.    Okay.  So customers under the pilot  
10   program would no longer be taking service pursuant to  
11   rider NMB?

12          A.    Yes.

13          Q.    Okay.  And your first factor for  
14   determining whether you include costs under rider NMB  
15   is what -- is that there is actually -- or, excuse  
16   me -- there is no market for some of the costs; is  
17   that correct?

18          A.    That is correct.

19          Q.    Okay.  So given that you think that the  
20   costs included in rider NMB, there is no market for  
21   those costs, you still expect customers under the  
22   rider NMB pilot program to be able to procure those  
23   services from the market; is that correct?

24               MR. KUTIK:  Objection, your Honor.

25               EXAMINER CHILES:  Grounds?

1 MR. KUTIK: It mischaracterizes the  
2 witness's testimony. Again, there's been prior  
3 testimony with respect to market-related cost to  
4 suppliers, not cost to customers.

5 EXAMINER CHILES: Ms. Bojko, would you  
6 rephrase your question.

7 MS. BOJKO: Sure.

8 Q. (By Ms. Bojko) If costs are included in  
9 rider NMB -- strike that. You stated that if the  
10 costs are included in rider NMB, you believe that  
11 there is no market for some of those costs; is that  
12 true?

13 A. Correct. It didn't meet the four factors  
14 the companies were using to determine whether those  
15 costs were nonmarket and should be recovered through  
16 rider NMB.

17 Q. But under the rider NMB pilot program,  
18 you expect the participants to be able to go and  
19 procure the rider NMB services from the market; is  
20 that true?

21 MR. KUTIK: Same objection.

22 EXAMINER PRICE: You've lost track of  
23 which objection.

24 MR. KUTIK: Your Honor, the question  
25 confuses and assumes that the costs that were in the

1 first of Ms. Bojko's questions were costs to  
2 customers and that his earlier testimony about  
3 nonmarket-related costs were costs to customers in  
4 terms of the customers' ability to obtain a market.

5 What Mr. Stein referred to is the  
6 suppliers being able to manage those costs through  
7 market and market hedges. So to ask about whether  
8 customers can find those in the market misconstrues  
9 his testimony.

10 Q. (By Ms. Bojko) I will rephrase. Are you  
11 expecting in the NMB pilot program that suppliers  
12 will be able to offer those services that you've  
13 deemed to be nonmarket-based to customers?

14 A. I don't know the details of how the NMB  
15 pilot program arose. I don't know what assumptions  
16 are being made or what participants are or are not  
17 going to do.

18 MS. BOJKO: I have no further questions.  
19 Thank you.

20 Thank you Mr. Stein.

21 EXAMINER CHILES: Thank you, Ms. Bojko.  
22 Anyone else?

23 MR. HAYS: I may have a couple of  
24 questions, your Honor, if we could recess for lunch.  
25 It's about that time.

1 MR. KUTIK: No. Let's get this witness  
2 done.

3 EXAMINER CHILES: If we just have one  
4 spot of questions, we need --

5 MR. HAYS: Then I will pass. Thank you.

6 EXAMINER CHILES: Okay. Last  
7 opportunity?

8 EXAMINER PRICE: I'm done.

9 EXAMINER CHILES: I have no questions.  
10 Thank you very much.

11 EXAMINER PRICE: Redirect.

12 I'm sorry, I apologize.

13 MR. KUTIK: Your Honor, I have no  
14 redirect.

15 EXAMINER CHILES: Thank you. All right.  
16 You are excused. Thank you very much.

17 THE WITNESS: Thank you.

18 MR. KUTIK: Your Honor, at this time the  
19 companies move for the admission of Companies'  
20 Exhibits 14, 14A, and 14B.

21 EXAMINER CHILES: Are there any objection  
22 to the admission of Companies' Exhibits 14, 14A, and  
23 14B?

24 MR. PETRICOFF: No, your Honor.

25 EXAMINER CHILES: Hearing none, they will

1 be admitted.

2 (EXHIBITS ADMITTED INTO EVIDENCE.)

3 MS. BOJKO: Your Honor, I don't believe  
4 it's necessary to ask for the admission of OMAEG 11,  
5 which is the redline of the rider NMB tariff sheet as  
6 it is included in the companies' application,  
7 Attachment 5. I just want to make it clear because I  
8 thought opposing counsel said it was attached to the  
9 MSA tariff, and that's not my understanding. It was  
10 attached to the application, Attachment 5.

11 MR. KUTIK: My reference to the MSA was  
12 my apparent mishearing of your reference to this  
13 document, but for clarification I agree, counsel, it  
14 is already in the application. It does not need to  
15 be marked as a separate exhibit.

16 MS. BOJKO: Okay. Thank you.

17 EXAMINER CHILES: I agree that it's  
18 unnecessary to admit it. Let's go off the record.

19 (Discussion off the record.)

20 (Thereupon, at 12:38 p.m., a lunch recess  
21 was taken until 1:45 p.m.)

22 - - -  
23  
24  
25

1023

1 Friday Afternoon Session,  
2 September 4, 2015.

3 - - -

4 EXAMINER CHILES: Let's go back on the  
5 record. Ms. Dunn.

6 Good afternoon. The companies call  
7 Marybeth Smialek as their witness.

8 (Witness sworn.)

9 EXAMINER CHILES: Thank you. You may be  
10 seated.

11 MS. DUNN: Miss Smialek's testimony has  
12 been previously marked as Company Exhibit 15.

13 EXAMINER CHILES: So marked.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 - - -

16 MARYBETH SMIALEK  
17 being first duly sworn, as prescribed by law, was  
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By Ms. Dunn:

21 Q. Ms. Smialek, please introduce yourself.

22 A. Good afternoon. My name is Mary Beth  
23 Smialek, and I'm manager of Customer Service Systems  
24 and Power Billing for the FirstEnergy Service  
25 Company.

1 Q. And do you have what's been marked in  
2 front of you as Company Exhibit 15?

3 A. Yes, I do.

4 Q. What is it?

5 A. This is my direct testimony, which was  
6 submitted on August 4, 2014.

7 Q. And do you have any changes or  
8 corrections to your testimony this morning -- this  
9 afternoon?

10 A. Yes, I do. The first change would be on  
11 page 7, beginning at line 10, where we had indicated  
12 that it would be "no later than June 1, 2016." That  
13 is going to be changed to "within one year after the  
14 date of the final order in this case."

15 The second correction.

16 EXAMINER CHILES: Could you repeat the  
17 last correction?

18 THE WITNESS: I can. It's on page 7,  
19 line 10, and we are scratching "no later than June 1,  
20 2016," and changing that to: Within one year after  
21 the date of the final order in this case."

22 EXAMINER CHILES: Thank you.

23 A. The second correction will be on page 9,  
24 beginning on line 6, and that's where it's referring  
25 to "June 30, 2015," and that will be changed to "90

1 days after the final order in this case."

2 And then the final correction will be on  
3 the same page, line 14. Again, we will be scratching  
4 "June 30, 2015," and changing that to "90 days after  
5 the final order in this case." And that's all of the  
6 corrections.

7 Q. And, Ms. Smialek, if I asked you, with  
8 the exception of the changes you just made, the same  
9 questions contained in Company Exhibit -- Exhibit 15  
10 today, would your answers be the same?

11 A. Yes, they would.

12 MS. DUNN: The witness is open for  
13 cross-examination.

14 EXAMINER CHILES: Thank you, Ms. Dunn.  
15 Whose first?

16 MR. MOORE: I can go first.

17 EXAMINER CHILES: Mr. Moore.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Moore:

21 Q. Good morning -- good afternoon,  
22 Ms. Smialek.

23 A. Good afternoon.

24 Q. My name is Kevin Moore from the Ohio  
25 Consumers' Counsel. Can I direct your attention to

1 page 8, lines 17 through 20.

2 A. Yes, I'm there.

3 Q. Just to clarify, in here you are  
4 referring to the March 26, 2014, Finding and Order in  
5 PUCO Case No. 12-3151-EL-COI; is that correct?

6 A. As the RMI order, yes, I am.

7 Q. So you are familiar with this document,  
8 correct?

9 A. Yes, I am.

10 Q. Are you also familiar with the May 21,  
11 20 -- 2014, Entry on Rehearing in the same docket?

12 A. Yes, I am.

13 Q. And the RMI order, which is the March 26,  
14 2014, order, the PUCO order that the companies may  
15 file applications for recovery of CRES provider logo  
16 costs in its next distribution rate case; is that  
17 right?

18 MS. DUNN: Your Honor, I would request if  
19 he is going to ask about a document, that he please  
20 hand it to the witness.

21 EXAMINER CHILES: Would you do that,  
22 Mr. Moore.

23 Q. So Ms. Smialek, you have been handed two  
24 documents, correct?

25 A. Yes.

1           Q.    One of them is the Finding and Order in  
2   the March -- excuse me, the March 26, 2014 Finding  
3   and Order in PUCO Case No. 12-3151-EL-COI?

4           A.    Yes.

5           Q.    And the other one would be the May 21,  
6   2014, entry on rehearing in the same case?

7           A.    Yes, it is.

8           Q.    Could you look at the entry on rehearing  
9   and please turn to page 9, paragraph 18, where it  
10   says, "DP&L, Ohio Power, Duke, and FirstEnergy argue  
11   that the Order is unlawful and unreasonable because  
12   it does not authorize for deferral and recovery costs  
13   associated with the bill format changes." Do you see  
14   that?

15          A.    Yes, I do.

16          Q.    So would you also turn to page 10,  
17   paragraph 19. It says, "The Commission finds that  
18   the EDUs may file applications for authority to defer  
19   expenses related to the bill format changes when they  
20   file applications to amend their bill formats." Is  
21   that correct?

22          A.    That's what the document reads.

23          Q.    So the RMI order did not authorize the  
24   EDU to defer costs associated with the bill format  
25   changes including CRES provider logos, correct?

1 MS. DUNN: Object, calls for a legal  
2 conclusion.

3 EXAMINER CHILES: I agree. Sustained.

4 Q. Ms. Smialek, in your testimony on page 8,  
5 line 17, you testify that the Commission has  
6 authorized EDUs to defer costs for bill format  
7 changes in the next distribution rate case; is that  
8 correct?

9 A. That is what my -- the document says.

10 Q. This is per a Commission directive,  
11 correct?

12 A. It states in the RMI order the Commission  
13 authorizes EDUs to defer these costs for recovery.

14 Q. Which Commission directive are you  
15 referring to?

16 A. Well, if you would look at page 11 of the  
17 entry on rehearing, it does say there, "Additionally  
18 as we indicated in the Order, the Commission believes  
19 that the bill format changes are... appropriate for  
20 recovery by the EDUs."

21 Q. But there's no mention of the Commission  
22 authorizing the EDUs to defer these costs, correct?

23 A. I'm sorry, perhaps I am misunderstanding  
24 because what I just said does say it is appropriate  
25 for the EDUs to recover it.

1 MS. DUNN: I am going to object.  
2 Actually there is another order relating to bill  
3 logos, which is what Ms. Smialek is testifying about.  
4 The provision he is discussing regarding bill format  
5 changes is a separate provision of the order.

6 Q. Ms. Smialek, which Commission directive  
7 are you referring to in your testimony?

8 A. The Commission directive would be the  
9 Finding and Order for Case 12-3151-EL.

10 Q. And where in that Finding and Order are  
11 you referring to the Commission directive in your  
12 testimony?

13 A. If you would look on page 26, paragraph  
14 26, it says -- there's some leading part to that, and  
15 it says, "the Commission believes that the bill  
16 format changes proposed by Staff and addressed in  
17 this Order are appropriate for recovery by an EDU."

18 Q. And in their next distribution rate case,  
19 correct?

20 A. Yes. That is what the rest of that  
21 sentence is.

22 Q. Where in the Commission -- in this  
23 Commission order or Commission directive does it  
24 speak to whether the EDUs are authorized to defer  
25 those costs before that next distribution case?

1           A.    I'm not aware of that being in that case  
2 specifically.

3           Q.    Is it in any other case or order?

4           A.    I am unaware.

5           Q.    Has FirstEnergy filed an application to  
6 defer expenses related to these bill format changes  
7 that you are aware of?

8           MS. DUNN: Are you referring to bill  
9 logos or bill format changes?

10          MR. MOORE: CRES provider logos.

11          EXAMINER CHILES: Thank you for the  
12 clarification.

13          Q.    As well as the price-to-compare language.

14          A.    As part of this proceeding, the companies  
15 are looking, as you will see in my testimony on page  
16 8, we are looking to defer these costs and seeking  
17 them through rider GDR.

18          Q.    Okay. But the FirstEnergy EDUs have not  
19 filed an application to defer costs related to the  
20 CRES logos and price-to-compare language, right?

21          A.    Not that I am aware of.

22          Q.    Has FirstEnergy -- excuse me. Strike  
23 that. Have any costs related to the CRES provider  
24 logos on the bills been incurred by the companies to  
25 date?

1           A.    No.

2           Q.    Do you expect any costs to be incurred  
3 before June 30, 2016?

4           A.    We are awaiting approval of both the --  
5 of the logos and the price-to-compare language before  
6 we go into any of the technical specifications, and  
7 so until we have approval, there will be no costs  
8 associated with that.

9           Q.    So you are not currently tracking any  
10 costs?

11          A.    No, we're not.

12          Q.    Do you have a cost estimate for these  
13 expenses?

14          A.    For the logos?

15          Q.    Yes.

16          A.    Yes. We have cost estimate of  
17 approximately \$10,000.

18          Q.    What specifically makes up that \$10,000?

19          A.    That -- well, again, it is a high-level  
20 estimate through our IT department of what is going  
21 to need to be programmed in order to implement the  
22 logos as well as the normal routine maintenance to,  
23 you know, keep up with any changes.

24          Q.    Okay. So would that \$10,000 be made up  
25 of buying new software, for example?

1           A.    I don't know. That would be our IT. I  
2 would need to defer to them.

3           Q.    So you -- you don't know what makes up  
4 the \$10,000 cost estimate? You just know there is a  
5 \$10,000 cost estimate; is that right?

6           A.    That's right.

7           MS. DUNN: Objection, mischaracterizes  
8 her testimony.

9           EXAMINER CHILES: She already answered.  
10 Go forward.

11          MS. DUNN: Thank you.

12          Q.    Do you know if there will be any review  
13 of any costs included in the CRES providor logos by  
14 the EDUs?

15          A.    Once we receive approval through this  
16 proceeding, then we will, you know, create the  
17 technical specifications and be able to take that  
18 estimate to a real number.

19          Q.    Okay. And after there is a real number,  
20 is there any plans in place of how those costs will  
21 be reviewed by the companies?

22          MS. DUNN: By the companies or the  
23 Commission?

24          MR. MOORE: By the companies.

25          MS. DUNN: Reviewed, okay.

1           A.    I mean, by the companies, we will set up  
2           a tracking mechanism for both time and material, and  
3           that would be our mechanism.

4           Q.    Okay.  I guess what I am trying to get at  
5           is there -- how you review these costs to determine  
6           whether they should be included or to determine  
7           whether they should be recovered from customers?

8           A.    I do feel, according to the RMI order  
9           where the EDUs were given -- where it's stated that  
10          they -- that recovery should be available to the EDUs  
11          we would, you know, look to that as that order.

12          Q.    So you look to include any costs incurred  
13          in -- by recovery from the customers?

14          A.    Well, any costs that are appropriate to  
15          the implementation of the CRES provider logos.

16          Q.    And will there be a review by the  
17          Commission that you are aware of?

18          A.    I am not aware.

19          Q.    Could you turn to page 9, lines 8 through  
20          14.  You talk about the price-to-compare language.

21          A.    Yes.

22          Q.    So the method that you're proposing to  
23          calculate the price to compare was ordered by the  
24          PUCO in the RMI order; is that correct?

25          A.    Yes, that's correct.

1           Q.    And you are seeking to recover any costs  
2 associated with the price-to-compare language through  
3 rider DER, correct?

4           A.    No, that is not correct. As you will  
5 read in my statement, we are looking for approval in  
6 this proceeding, but there is no mention of cost  
7 recovery.

8           Q.    Okay. Do you -- how do you plan to  
9 recover these costs?

10          A.    We really haven't put any plan in place  
11 for that. If there were costs associated with it, my  
12 assumption would be that it would be through rider  
13 GDR, but I don't know for sure.

14          Q.    So that decision has not been made by the  
15 companies to date?

16          A.    I would say it's more of a matter of  
17 there has not been a determination of what type of  
18 costs would be involved in something like that. It's  
19 most likely minor.

20          Q.    So you're saying there has been no cost  
21 estimate to date?

22          A.    That is correct, there is not a cost  
23 estimate for changing the price-to-compare language.

24          Q.    And there also has been no decision about  
25 whether any future costs will be recovered through a

1 rider, correct?

2 A. In relation to the cost-to-compare  
3 language?

4 Q. Yes.

5 A. There is no decision that I am aware of.

6 Q. FirstEnergy is -- the FirstEnergy EDUs  
7 are also not currently authorized to defer expenses  
8 related to the price-to-compare language, correct?

9 MS. DUNN: Objection, calls for a legal  
10 conclusion.

11 MR. MOORE: Your Honor?

12 EXAMINER CHILES: Yes, Mr. Moore.

13 MR. MOORE: She testifies to the fact  
14 that the companies are authorized to incur these  
15 expenses in her testimony.

16 EXAMINER CHILES: I think with the  
17 notation that you are not an attorney, are you  
18 Ms. Smialek?

19 THE WITNESS: No, I am not.

20 EXAMINER CHILES: I think with that  
21 noted, she can answer the question.

22 MS. DUNN: May I have the question  
23 reread, please.

24 EXAMINER CHILES: You may.

25 (Record read.)

1           A.    I don't know.

2           Q.    Do you know if there would be a chance  
3 for the Commission to review any potential costs  
4 related to the price-to-compare language?

5           A.    Again, I have not seen anything in the  
6 RMI order indicating that, so I can't answer that.

7           Q.    I'm sorry, maybe you were asked this, but  
8 you don't have a cost estimate for the  
9 price-to-compare language, correct?

10          A.    That is correct, we do not have an  
11 estimate.

12          Q.    Could you turn to page 4. I would like  
13 to talk a little bit about the supplier web portal  
14 that you propose on pages 4 through 7.

15          A.    Yes.

16          Q.    Is FirstEnergy requesting authorization  
17 to defer costs associated with the supplier web  
18 portal?

19          A.    The company has -- according to my  
20 testimony on page 7, we are looking -- proposing to  
21 recover these costs through the rider GDR.

22          Q.    Okay. You are not requesting to defer  
23 those costs at this time, correct?

24          A.    No. As my testimony said, we are  
25 proposing to recover them through rider GDR.

1           Q.    Have any costs associated with this  
2   supplier web portal been acquired by the EDUs to  
3   date?

4           A.    Not to date.

5           Q.    Do you have a cost estimate for these  
6   expenses at this time?

7           A.    Yes.   The company has a high-level cost  
8   estimate on -- for the web portal.

9           Q.    And what is that estimate?

10          A.    \$210,000.

11          Q.    Can you tell me what costs are  
12   incorporated in that cost estimate?

13          A.    Again, this is going to be similar to the  
14   logos.  It's a very high-level estimate based on what  
15   we envision.  Most of them are obvious, IT costs, but  
16   I cannot get more specific until we've had -- until  
17   we have approval through this process so we can begin  
18   our technical specs.

19          Q.    Okay.  So do you have any specific costs  
20   that you know of?

21                MS. DUNN:  Objection, asked and answered.

22                EXAMINER CHILES:  Sustained.  I think you  
23   need to rephrase your question.

24          Q.    Do you plan on buying a new software to  
25   implement the supplier web board, computer software?

1           A.    I am unaware what is going to be required  
2 of our IT department in order to implement this.

3           Q.    Are you aware of anything that will be  
4 required to implement these -- this program?

5           MS. DUNN:  Objection to the form of the  
6 question, "anything."

7           EXAMINER CHILES:  Can you be more  
8 specific, Mr. Moore?

9           Q.    Are you aware of any specific costs --

10          MS. DUNN:  Objection, asked and answered.

11          MR. MOORE:  I don't think she has  
12 answered the question, your Honor.

13          EXAMINER CHILES:  Sustained.

14          Q.    So you can't tell me what makes up the  
15 \$210,000 estimate?

16          MS. DUNN:  Objection, your Honor.  Asked  
17 and answered.

18          EXAMINER CHILES:  Sustained.

19          Q.    How did you -- how did you determine the  
20 \$210,000?

21          A.    The companies worked with our IT  
22 department and laid out what we envisioned to have on  
23 the web portal, and it was our IT department who  
24 determined those type of costs, so I do not have  
25 knowledge of what is in part of that.

1           Q.    Were any studies done prior to  
2   implementing --

3           A.    Not that I am aware of.

4           Q.    Was there a team or group that designed  
5   the proposed supplier web portal?

6           A.    Through the RMI and other meetings, the  
7   company was -- were aware that parties, such as RESA,  
8   were looking for a web portal that is similar to  
9   Duke's, and so what we have done is we've laid out  
10   the elements that we envision in that so it will be  
11   very similar to the functionality of that of Duke.  
12   But, again, we have not -- until we have approval  
13   through this proceeding, we have not really laid out  
14   the technical specifications.

15          Q.    On pages -- or on page 6, lines 12  
16   through 18, are you there?

17          A.    Yes, I am.

18          Q.    Ms. Smialek, I am trying to get an  
19   understanding of how this web supplier portal will  
20   work. So the CRES supplier will have to submit an  
21   authorization form to the EDU to get access to the  
22   portal; is that correct?

23          A.    That is how we envision it.

24          Q.    What will be on this authorization form?

25          A.    As I have stated earlier, we haven't --

1 until we have approval through this proceeding, we  
2 haven't really gone into the specifications, so I  
3 don't know what exactly will be on the authorization  
4 form. But it will be, you know, looking for  
5 authorization for access to the web portal.

6 Q. Okay. And they will have to probably put  
7 things on such as authorizing that they are a CRES  
8 supplier, things like that?

9 MS. DUNN: Objection to the question  
10 "things like that."

11 EXAMINER CHILES: Mr. Moore, can you  
12 rephrase your question?

13 THE WITNESS: Thank you, your Honor.

14 EXAMINER CHILES: Thank you.

15 Q. Can you give any examples of what you  
16 plan or intend to be on the authorization form?

17 A. No, I can't because, again, we have not  
18 designed this form yet.

19 Q. And then when the CRES supplier submits  
20 the authorization form, at that point they will not  
21 have access to the customer's account in the EDI  
22 enrollment information; is that correct?

23 A. That is correct.

24 Q. The CRES provider will have to verify and  
25 submit customer authorization for release of that

1 information?

2 A. Yes. An authorized CRES provider would  
3 have to, you know, have access into the portal and  
4 would have to have verification that they are  
5 authorized to have this information.

6 Q. How does the CRES supplier get  
7 authorization from the customer?

8 MS. DUNN: Objection.

9 EXAMINER CHILES: Grounds?

10 MS. DUNN: Lack of knowledge, speculation  
11 as well.

12 EXAMINER CHILES: I am going to overrule.  
13 The witness can answer to the extent she holds some  
14 sort of opinion on this subject.

15 THE WITNESS: Could you reread the  
16 question, please.

17 (Record read.)

18 A. Again, with this not being designed, it  
19 would -- my assumption and my opinion on that would  
20 be it's the normal route that a CRES provider goes to  
21 get the authorization right now, through a letter of  
22 authorization or something similar.

23 Q. Is this a letter that's e-mailed?

24 A. Again --

25 MS. DUNN: Objection, your Honor.

1 Speculation.

2 EXAMINER CHILES: Overruled.

3 A. If -- again, this would be an assumption,  
4 I'm not a CRES provider or working for one, but if it  
5 is a means of communication that they have with the  
6 customer's e-mails, then I would assume that would be  
7 appropriate.

8 Q. So once the supplier submits the customer  
9 authorization form and is granted access to the  
10 portal, will the suppliers access be unlimited? Or  
11 does the authorization expire at some point?

12 A. It has not been totally designed on how  
13 long that it would be good for.

14 Q. On page 6, line 18, you state that the  
15 authorization forms will be retained for three years.  
16 Do you see that?

17 A. I do.

18 Q. Why have you chosen three years, proposed  
19 three years?

20 A. I can't answer that. I don't know.

21 Q. What will happen to the forms after the  
22 three years?

23 A. Again, the program or the system has not  
24 been fully developed, but it would be my assumption  
25 they would be destroyed after that time or filed

1 away.

2 Q. Would the -- do the authorization forms  
3 expire after three years?

4 A. Again, we have not developed this fully  
5 for me to tell you what we are going to use there.

6 Q. Okay. On page 5, line 6, it says, "Load  
7 profile segment indicator" will be included on the  
8 supplier web portal, is that correct?

9 A. Yes, that is there.

10 Q. Can you explain what that is?

11 A. My -- I would think what that means is  
12 what type of segment in the market there would have  
13 been.

14 Q. On page 5, line 11, you talk about the  
15 "12 months of interval data (if applicable)." What  
16 is the plan granularity of the 12 months of interval  
17 data.

18 A. That will be -- it indicates "if  
19 applicable" because there are only certain segments  
20 within our customers that will have interval data,  
21 and that's mostly in your commercial and industrial  
22 accounts, so that would be hourly information.

23 Q. What is the availability time of the 12  
24 months of interval data?

25 A. What we envision with the portal is that

1 it will be as of the most recent reading, most recent  
2 billing.

3 Q. Okay. So will the data quality be of  
4 bill quality with the raw meter data?

5 A. It would be bill quality.

6 Q. On line 15 of page 5, you talk about  
7 smart meter indicators. To date, how many smart  
8 meter indicators have the companies deployed that are  
9 operational and certified?

10 MS. DUNN: Objection. Do you mean --  
11 just for clarity, you said how many smart meter  
12 indicators are deployed, or did you mean how many  
13 smart meters are deployed?

14 MR. MOORE: Smart meters, thank you.

15 A. I only have minimum knowledge of that  
16 smart meter pilot that's going on right now in CEI,  
17 but I believe it's somewhere around maybe 35,000.

18 Q. Do the companies have plans for future  
19 deployment of smart meters?

20 A. Not that I'm aware of.

21 Q. What kind of details about the meters  
22 will be included in the supplier portal?

23 A. I'm sorry, could you please repeat that  
24 question.

25 (Record read.)

1 MS. DUNN: Counsel, for clarity, are you  
2 talking about details on smart meters, details on any  
3 meter that we might have?

4 MR. MOORE: I'll reword my question.

5 Q. What kind of details about smart meters  
6 as it relates to individual customers will be  
7 included on the supplier portal?

8 A. The only information that would be  
9 included on that is if it's a smart meter indicator.

10 MR. MOORE: I have no further questions,  
11 your Honor.

12 Thank you, Ms. Smialek.

13 EXAMINER CHILES: Thank you.

14 MS. PETRUCCI: I don't know if we are  
15 going in a particular order.

16 EXAMINER CHILES: I don't think we have a  
17 particular order. Mr. Olikier.

18 MR. OLIKER: I hopefully don't have much.

19 EXAMINER CHILES: Thank you.

20 - - -

21 CROSS-EXAMINATION

22 By Mr. Olikier:

23 Q. Good afternoon, Ms. Smialek.

24 A. Smialek, yes, thank you.

25 Q. My name is Joe Olikier, and just a few

1 questions for you today. Regarding your  
2 responsibilities, you manage the billing process for  
3 FirstEnergy utilities?

4 A. No. I am responsible for power billing,  
5 which is the billing of the larger customers.

6 Q. Are you involved at all in the billing of  
7 residential customers?

8 A. No, I am not.

9 Q. Is there a witness in this case that  
10 would be, if you know?

11 A. Not -- I do not believe so.

12 MR. OLIKER: I think those are all the  
13 questions I have, your Honor.

14 EXAMINER CHILES: Thank you, Mr. Olikier.  
15 Ms. Petrucci.

16 MS. PETRUCCI: Okay. I am not going to  
17 be quite as fast.

18 - - -

19 CROSS-EXAMINATION

20 By Ms. Petrucci:

21 Q. Let's start with the portal proposal. In  
22 looking at the list of items, the types of  
23 information that you have listed on pages 4 and 5 of  
24 your testimony, is that an exhaustive list of the  
25 information that's going to be contained in the

1 proposed web portal for suppliers?

2 A. This is a list of what we envision at  
3 this point.

4 Q. Does that mean that the companies are  
5 open to discussions of other pieces of information to  
6 include in the supplier web portal?

7 A. I do believe the company would be willing  
8 to hear any other proposals and to see if, you know,  
9 that information could be fit in and how.

10 Q. For the first item listed on page 4, line  
11 17, the 20-digit EDI enrollment number, can you --  
12 explain to me what that is.

13 A. In order to -- for a customer to be  
14 enrolled with a CRES provider, they have to have a  
15 specific number which is not their account number.  
16 And so that 20-digit EDI enrollment number is the  
17 number that a CRES provider would need to enroll  
18 someone in -- as -- into their program.

19 Q. By that do you mean that that's the  
20 number that the CRES provider has to obtain from the  
21 customer in order to have the customer's  
22 authorization? Or, really, I am trying to understand  
23 the difference, now that you said that, between that  
24 first line and the second one where you have account  
25 number listed.

1           A.    Okay.  Account number is very sensitive  
2           information, and right now normally, from my  
3           understanding on the way it works, you would get that  
4           account number, and then we would have to -- you  
5           would have to contact the EDU, and they would release  
6           that 20-digit EDI number which allows for enrollment.

7           Q.    Okay.  Then turning to page 5, you  
8           previously talked about line 11 where it discusses  
9           the interval data, but also line 16 refers to  
10          interval data.  What's the distinction between those  
11          two items?

12          A.    Actually, there isn't any distinction.  
13          It's one and the same.  This one is saying it's more  
14          than 12 months that is available versus the other  
15          one, you know, just the interval data, the most  
16          current.

17          Q.    Do any of the other companies in the  
18          FirstEnergy family have a supplier portal like what's  
19          being proposed here?

20          A.    No, there is not.

21          Q.    Is there any underway in any of the other  
22          states for the FirstEnergy family?

23          A.    Well, the state of Pennsylvania is  
24          currently in the process of -- it's a statewide  
25          portal that's being introduced and has to go in.  It

1 operates differently from how this portal would.

2 Q. Does that mean that the Pennsylvania  
3 portal is not -- let me start back again. Does that  
4 mean that what has been proposed here for a supplier  
5 web portal is just specific to FirstEnergy, whereas  
6 what you described in Pennsylvania is one global  
7 portal?

8 A. That is my understanding of how  
9 Pennsylvania is going to work.

10 Q. Are some of the activities that the  
11 FirstEnergy companies are doing for purposes of that  
12 Pennsylvania portal going to be useful for purposes  
13 of the proposed portal here in Ohio?

14 A. The proposed portal in Pennsylvania is  
15 part of -- is a requirement of Act 129, and so a  
16 separate technical group was put together to design  
17 that. I was not part of that group so I don't know  
18 if there is any overlay at all.

19 Q. In your testimony on page 6, line 3, you  
20 indicated that the portal would be making available  
21 realtime information for CRES providers. Can you  
22 explain further what you mean by realtime  
23 information?

24 A. The current information is on a website  
25 on the -- on the customer eligibility list and that's

1 updated quarterly. What we mean by realtime is it  
2 will be as of the latest meter reading, so it will be  
3 the latest information available.

4 Q. And the customer eligibility list is  
5 going to remain on the website that currently is  
6 that, if this portal is put into place; is that  
7 correct?

8 A. Yes, it will remain.

9 Q. You are not proposing a specific  
10 electronic method by which CRES providers must submit  
11 the authorizations that is referenced in your  
12 testimony; is that correct?

13 A. Again, we haven't designed that portion  
14 of it so I can't answer that.

15 Q. And by that do you mean that you're not  
16 today proposing any specific --

17 A. Right.

18 Q. -- methodology?

19 A. At this point we are not until the design  
20 is complete.

21 Q. And who will retain the authorization  
22 form that you've referenced in your testimony?

23 A. The plan is for the EDU companies.

24 Q. Has any work begun with respect to the  
25 implementation of the proposed supplier web portal?

1           A.    No.  Again, we are waiting for the  
2           approval through this proceeding before we start  
3           that.

4           Q.    Have you had -- have you had a chance to  
5           review the testimony filed in this case by  
6           Mr. Stephen Bennett on behalf of RESA?

7           A.    No, I have not.

8           Q.    You indicated earlier that a number of  
9           the details for this portal and the contents and/or  
10          the authorization forms have not been worked out.  Do  
11          you object to the idea of having a stakeholder or  
12          collaborative meeting -- meetings to discuss the  
13          supplier portal before it is put into place and fully  
14          operational?

15          A.    What we have developed to this point has  
16          been based on information we have received through  
17          our RMI or working -- the working group meetings as  
18          well as we are basing it on, you know, the Duke  
19          portal.  If, you know -- we would not be opposed to  
20          having additional meetings if it were necessary to,  
21          you know, get the right elements.

22          Q.    Okay.  Let's talk a little bit about the  
23          CRES logos.

24          A.    Okay.

25          Q.    Can you describe for us what the

1 Commission required of the FirstEnergy EDUs for  
2 inclusion of a CRES logo on the EDU consolidated  
3 bills?

4 A. What was required of the March 26 RMI  
5 order was that there is a placement on the bill near  
6 where the supplier charges are where you either  
7 display a logo, or if a CRES provider did not want  
8 their logo, it could be their name.

9 Q. Was there anything else that the  
10 Commission required?

11 A. Not that I recall.

12 Q. If -- you still have the Finding and  
13 Order that was distributed earlier from the RMI case?

14 A. I do.

15 Q. Could you turn to page 30.

16 A. Okay.

17 Q. Paragraph 32.

18 A. Okay.

19 Q. It looks like the third sentence, if you  
20 could take a look at that. Was there one other item  
21 that you may now --

22 A. I'm sorry. This would be as if the  
23 companies' print their bill in color that the logo  
24 would be in color, right. That was also a  
25 requirement of that. The companies print in black

1 and white.

2 Q. When you filed your testimony, was the  
3 attachment included with your testimony that sample  
4 bill, was that presented in color or in black and  
5 white?

6 A. The -- what was included in there was --  
7 did show color, but that was in error that was made  
8 or a technical difficulty that had been -- that had  
9 happened because we only print in black and white.

10 Q. Okay. So does that mean that you have a  
11 correction to make to your testimony with respect to  
12 the bill format that you attached to your testimony?

13 MS. DUNN: Objection, your Honor.

14 MS. PETRUCCI: I am just trying to  
15 understand her last answer.

16 MS. DUNN: It would be up to counsel when  
17 to correct the testimony. She indicated the bill is  
18 black and white. To the extent a correction is  
19 needed, it has been made on the record.

20 MS. PETRUCCI: I'm sorry, I think if it's  
21 her testimony, she should have the right to explain  
22 if she has a correction for it, not counsel.

23 EXAMINER CHILES: I think she already  
24 explained it sufficiently, if we can -- we can move  
25 on.

1           Q.    (By Ms. Petrucci) Why don't we go ahead  
2           and turn to your attachment MBS-1. And do you have a  
3           color copy, or do you have a black and white copy?

4           A.    I have a black and white copy.

5                   MS. PETRUCCI: I'm sorry, your Honor. Is  
6           it okay if I approach? I want to provide her a copy  
7           of what had been filed with the Commission so she can  
8           see, and I can just follow-up with one or two  
9           questions.

10                   EXAMINER CHILES: You may approach. Do  
11          you want to show Ms. Dunn as well?

12                   MS. PETRUCCI: I will.

13                   MS. DUNN: Your Honor, may I approach the  
14          witness as well?

15                   EXAMINER CHILES: You may.

16                   MS. DUNN: Thank you.

17           Q.    (By Ms. Petrucci) I apologize, I only  
18           brought one copy, and it makes it a little tricky for  
19           us. I just have one or two questions though. Just  
20           want to take a quick look.

21                   MS. HUSSEY: Your Honor, I have extra  
22          copies.

23                   EXAMINER CHILES: Give this back to you.  
24          Thank you.

25           Q.    What I wanted to clarify -- well, let me

1 start this. Is this how you recall that the  
2 attachment to your testimony existed at the time it  
3 was filed with the Commission?

4 A. From my --

5 Q. And I do realize your testimony was filed  
6 in August of 2014.

7 A. Right. And I do recall that there had  
8 been some questions that this had been in color, and,  
9 again, my understanding is when this was submitted,  
10 it was a technical -- I don't know what's a better  
11 word to use. There was a technical problem that  
12 resulted in this showing with color. But, again, the  
13 companies do not print in color.

14 Q. Okay. Now, is it therefore correct that  
15 anything that is showing up in blue will then be  
16 either black, white -- it will be black or gray in  
17 the way that a true bill is issued by the companies?

18 A. That is correct.

19 Q. With respect to this particular sample,  
20 it shows that a supplier logo is under the section  
21 which contains the supply charges; am I correct?

22 A. That is correct.

23 Q. And this particular sample involves  
24 Direct Energy, correct?

25 A. Yes.

1           Q.    Okay.  And the size of their logo on the  
2           sample that you submitted with your testimony, is  
3           that the proportion of the logo, the size that would  
4           be in existence at the time the bills are issued by  
5           the company in comparison with the utilities, the  
6           FirstEnergy utility company's name?

7           A.    This is not the actual size of our bill.  
8           Our bill is in a larger stock of paper, and what we  
9           are planning to do is that the supplier logo will be  
10          similar in size to the company's logo.

11          Q.    What does "similar in size" mean?

12          A.    It should be -- I can't give you it's  
13          going to be 2.32 inches or anything like that because  
14          it depends, but it will be the same size.

15          Q.    The same?

16          A.    Basically.

17          Q.    So do you believe that because this  
18          attachment is -- was resized to fit on the 8.5 by 11  
19          piece of paper, that's why there might be some  
20          distinction between the sizing?

21          A.    I think it's probably part of that, as  
22          well as the fact this was created -- I don't really  
23          know how to indicate how it was created with  
24          inputting Direct Energy's.  But once we have the  
25          programming and it's automated through our IT system,

1 that's when you are going to have the correct sizing  
2 and everything, so I think it's probably a little bit  
3 of both that has caused this to look smaller.

4 Q. Okay. So is it fair to say then when the  
5 company goes forward with implementing the addition  
6 of CRES logos on its consolidated bills, there will  
7 be no color and that the size of the logo for the  
8 CRES provider will be the same as the size of the log  
9 for the EDU?

10 A. Yes, that is fair to say.

11 Q. You indicated in your testimony, page 8,  
12 line 7, that the CRES providers must provide their  
13 logo to the companies by a specified date. Has that  
14 date been established?

15 A. It has not.

16 Q. Is there an anticipated timeframe?

17 A. Well, as I had made the correction  
18 earlier, the expectation is to implement this 90 days  
19 after the final approval of this order. So if you  
20 wanted to work it backwards, I'm sure that probably  
21 within 30 days or so after the, you know, final  
22 order, we will be asking the CRES providers to  
23 provide those logos so that we are ready to implement  
24 and have them in place 90 days after.

25 Q. Now, did the FirstEnergy companies ask

1 for authority in the RMI case to recover the CRES  
2 logo costs through something other than a  
3 distribution rate case. Do you know?

4 A. I do not know.

5 Q. Do you know what the Commission decided  
6 as far as where the recovery of costs related to the  
7 CRES logo should take place?

8 MS. DUNN: Objection, asked and answered  
9 by Mr. Moore.

10 EXAMINER CHILES: Sustained.

11 Q. If you could turn to page 26 of the RMI  
12 finding and order, in that first paragraph number --  
13 within paragraph No. 26 there, you had pointed us to  
14 that earlier indicating that that was one reason why  
15 you believe that the costs were recoverable. Did the  
16 Commission also indicate where and what type of case  
17 that would be recoverable?

18 A. Yes. As we read earlier, it does in here  
19 say that "Staff and addressed in this Order are  
20 appropriate for recovery by an EDU in the  
21 distribution rate case."

22 Q. What's the difference between recovering  
23 costs through a distribution case versus recovering  
24 costs through the rider GDR, as you proposed? Do you  
25 know?

1           A.    I don't know.  That would be a policy  
2           question.

3           Q.    If we turn to page 10 in your testimony  
4           at the top of the page there, you talk about some of  
5           the current practices of the companies.

6           A.    Yes.

7           Q.    And among them you have indicated that  
8           the changes would include the removal of the minimum  
9           stay.

10          A.    That is correct.

11          Q.    Therefore -- am I correct that the  
12          companies are not requiring the minimum stay  
13          requirement at the current time then?

14          A.    Yes.  Currently the companies are not  
15          requiring a minimum stay.

16          Q.    And do you know when that stopped?

17          A.    I do not.

18          Q.    Okay.  And is it the same if -- I will  
19          ask the same question for the second item, the  
20          minimum notice requirements for returning to the SSO.  
21          That's obviously not being required any longer as of  
22          right now, correct?

23          A.    Correct.

24          Q.    Do you know when that stopped?

25          A.    I do not.

1 Q. Okay. And then No. 3 there with regard  
2 to time requirements for selecting a new CRES  
3 provider, do you know when the companies stopped the  
4 requirement that it has -- had there?

5 A. I do not.

6 MS. PETRUCCI: I have no further  
7 questions. Thank you.

8 EXAMINER CHILES: Thank you.

9 Other intervenors?

10 - - -

11 CROSS-EXAMINATION

12 By Mr Stinson:

13 Q. Good afternoon.

14 A. Good afternoon.

15 Q. I just have a few questions of you. I  
16 think I would like to start on page 1 of your  
17 testimony, and particularly at line 17 where you  
18 relate some of your prior experience as a manager for  
19 compliance and human services at the FirstEnergy  
20 Service Company.

21 A. Yes.

22 Q. And am I correct that you are responsible  
23 for managing and resolving customer complaints  
24 received through regulatory agencies?

25 A. Yeah, that is correct.

1           Q.    Did you ever deal with complaints  
2           involving customer confusion as to who was their  
3           electric supplier?

4           A.    When I managed that group, we actually  
5           responded to all types of complaints, so if you are  
6           going to ask if I know specifically, I don't know,  
7           but it's -- you know, there were complaints related  
8           to the supplier side that we did respond to.

9           Q.    Any confusion about who they were?

10          MS. DUNN:  Objection, asked and answered.

11          EXAMINER CHILES:  Sustained.

12          Q.    Ever have any complaints related to  
13          slamming?

14          A.    Yes, on occasion we did have to respond  
15          to those type of complaints.

16          Q.    And did you resolve those complaints?

17          MS. DUNN:  Objection, vague.

18          MR. STINSON:  It's not vague.

19          EXAMINER CHILES:  Overruled.

20          A.    Well, again, this is some time back for  
21          me to remember, and when you are asking about  
22          resolving, oftentimes it had to be referred back to  
23          the EGS.

24          Q.    Back to who?

25          A.    Back to the EGS, and, you know, to the

1 supplier, the CRES provider.

2 Q. Okay. What does EGS stand for?

3 A. Electric generation supplier.

4 Q. Okay. Are you aware we call them CRES  
5 providers or generation suppliers here?

6 A. I am aware of that.

7 Q. Okay.

8 A. I always have to remember what state I am  
9 in to keep that straight.

10 Q. Talk a little bit about the logo issue.  
11 And if we could turn to your Attachment 1, and I  
12 guess I just want to get my arms around what you're  
13 adding to this bill that's not included in your  
14 current bill.

15 A. This is a mock bill. Right now the logos  
16 are not included.

17 Q. That's what I want to kind of hone in on,  
18 as to what the difference is. Currently does your  
19 current bill list the generation supplier's name?

20 A. I do believe it has -- I'm sure it has  
21 the generation supplier's name.

22 Q. Does it have the generation supplier's  
23 address?

24 A. I believe it has the address and the  
25 phone number.

1 Q. The toll free phone number?

2 A. Correct.

3 Q. Thank you. Now, I notice that on the  
4 mock bill you have here, in the second column you  
5 also have the supplier's address and toll free  
6 telephone number, correct?

7 A. That is correct.

8 Q. Now, is the difference what you are  
9 adding, what you are calling the logo, is that the  
10 dark box that looks like either a cross or a  
11 lightening bolt?

12 A. Yes. That would be the Direct Energy  
13 logo.

14 Q. Thank you. Now, would you agree with me  
15 that inclusion of the logo on the consolidated bill  
16 makes the generation supplier more recognizable to  
17 its customers?

18 A. It was through the RMI that the  
19 Commission had determined that that would help  
20 customers, make it less confusion -- confusing, and  
21 through that directive is why we are adding it on to  
22 the bill.

23 Q. Less confusion as to what, the identity  
24 of the CRES provider or generation supplier?

25 A. Again, I believe that we would go back to

1 the finding they would say it was more easily for a  
2 customer to recognize who their supplier is.

3 Q. In other words, instead of having to read  
4 who the supplier was on a bill, if you looked at the  
5 logo, you've identified -- it would be easier to  
6 identify that supplier?

7 A. Again, through the RMI I do believe that  
8 is what the -- how the Commission felt.

9 Q. Taking it a step further, would it be  
10 easier then to recognize that supplier if you  
11 received that logo on an envelope in the mail?

12 A. I don't believe I can answer that.

13 Q. From your personal experience.

14 A. To be honest, I'm on e-bill, and I don't  
15 get a bill, so for me to actually answer that, I  
16 don't know if it's more recognizable.

17 Q. Well, I am not talking necessarily just  
18 CRES providers. I am talking about any brand from  
19 any merchant. If you know the brand and see it on an  
20 envelope and/or return address, is that more readily  
21 recognizable than a name?

22 MS. DUNN: Objection. We are now getting  
23 out of the scope of her testimony, not relevant.

24 MR. STINSON: It's just a hypothetical,  
25 your Honor, perfectly acceptable.

1 MS. DUNN: And he is asking her for  
2 personal information.

3 MR. STINSON: Your Honor, she is a  
4 customer service representative attempting to resolve  
5 complaints from customers about their billing issues.

6 EXAMINER CHILES: Sustained.

7 Q. Now, in the mockup of the bill, there  
8 will be the logo for the EDU, correct?

9 A. That is correct.

10 Q. And that EDU provides SSO service,  
11 correct?

12 A. Correct.

13 Q. And there will also be the logo for the  
14 generation supplier and, obviously, that -- is that  
15 correct?

16 A. If the customer is shopping, yes.

17 Q. Right. So that logo would be for the  
18 entity providing the shopping generation service.

19 A. The generation portion.

20 Q. Right. Are you familiar with  
21 governmental aggregation in the State of Ohio?

22 A. I'm sorry, could you repeat that?

23 Q. Are you familiar with governmental  
24 aggregation in the State of Ohio?

25 A. Yes, I am.

1 Q. And are you familiar with the Northeast  
2 Ohio Public Energy Council?

3 A. I am familiar with the name, yes.

4 Q. You are aware that they are a  
5 governmental aggregator, correct?

6 A. Yes, I am.

7 Q. And, now, will governmental aggregators'  
8 logos be placed on the FirstEnergy EDUs bills?

9 A. It's my understanding through the order  
10 it -- the only logos that would be submitted or  
11 required on a bill is the generation supplier.

12 Q. Now, you indicated or you discussed with  
13 Ms. Petrucci --

14 MR. STINSON: I'm sorry.

15 MS. PETRUCCI: It's a tough one.

16 Q. -- about the size of the logos, whether  
17 the CRES providers or generation suppliers' logo  
18 would be the same size as the EDUs. Do you remember  
19 that conversation?

20 A. Yes, I do.

21 Q. Why is that important, that the SSO  
22 provider and the CRES provider logos be the same size  
23 or similar size?

24 MS. DUNN: Objection, mischaracterizes  
25 her testimony.

1 EXAMINER CHILES: Could I have the  
2 question and answer read back, please.

3 (Record read.)

4 EXAMINER CHILES: Could you rephrase your  
5 question?

6 Q. (By Mr. Stinson) Do you recall your  
7 conversation with Ms. Petrucci concerning the size of  
8 the EDU logo and the generation supplier logo?

9 A. Yes, I do.

10 Q. And why is that important, those sizes be  
11 similar?

12 MS. DUNN: Objection, again  
13 mischaracterizes the testimony.

14 EXAMINER CHILES: Sustained.

15 Q. Well, is it important that those sizes be  
16 similar?

17 A. This was a decision that was reached  
18 through the RMI, and the Commissioners are ordering  
19 that the EDUs place the logo on and that it be  
20 similar in size. I don't know why they chose to make  
21 that decision.

22 MR. STINSON: Thank you. No other  
23 questions.

24 EXAMINER CHILES: Thank you. Any other  
25 intervenors wish to cross?

1 MS. HUSSEY: Your Honor, OMAEG would like  
2 to cross.

3 EXAMINER CHILES: Ms. Hussey.

4 - - -

5 CROSS-EXAMINATION

6 By Ms. Hussey:

7 Q. Good afternoon, Ms. Smialek. Can you  
8 hear me?

9 A. I can.

10 Q. Okay. Great. Could you turn to your  
11 testimony at page 3, line 7 and 8. You testify there  
12 that you are involved in the RMI on behalf of the  
13 companies as part of workshops and subgroup meetings;  
14 is that accurate?

15 A. Yes, I did attend meetings of the RMI  
16 meetings.

17 Q. Thank you. And at page 4, line 4, you  
18 state through the RMI a desire was expressed for the  
19 companies to develop and implement a web-based system  
20 to provide customer information to the CRES  
21 providers; is that accurate?

22 A. Yes, that is accurate.

23 Q. Okay. Do you recollect who expressed the  
24 desire for the companies to develop and implement  
25 such a web-based system?

1           A.    Not specifically.  I do know RESA was,  
2   you know, very interested in having a web portal.

3           Q.    Thank you.  Have the companies presented  
4   their conceptual supplier web portal to the market  
5   development working group?

6           A.    Not that I'm aware of.

7           Q.    And at page 4, line 5, you testify that  
8   in the RMI order "the Commission directed staff and  
9   the EDUs to continue to work together regarding the  
10  development of a website registration system that  
11  would ensure customer protections on a  
12  utility-by-utility basis," correct?

13          A.    Yes, that is correct.

14          Q.    Okay.  Are you aware of whether the  
15  companies argued in the RMI that the electric  
16  distribution utilities should be permitted to recover  
17  the costs that they incur arising out of any changes  
18  resulting from the EDI working group or the market  
19  development working group?

20               MS. DUNN:  I believe that was asked and  
21  answered by Ms. Petrucci.

22               MS. HUSSEY:  I don't recollect hearing  
23  the answer so I apologize.

24               EXAMINER CHILES:  I don't recall either  
25  so just go ahead and ask it again.

1 THE WITNESS: And I'm sorry, could you  
2 repeat that question?

3 EXAMINER CHILES: Please.

4 MS. HUSSEY: Karen, would you reread it.  
5 Thank you.

6 (Record read.)

7 A. I do recall that there were comments to  
8 the RMI related to recovery of these costs.

9 Q. Okay. And the comments you are talking  
10 about were advanced by the electric utility companies  
11 or FirstEnergy companies?

12 A. I would need to find the exact -- where  
13 it is exactly in there. I know FirstEnergy was among  
14 other utilities, EDUs, that would be proposing a web  
15 portal.

16 Q. Okay. So generally you believe that to  
17 be true?

18 A. Yes, I do.

19 Q. Okay. Thank you. To your knowledge has  
20 the Commission authorized the companies to recover  
21 costs resulting from developing a supplier web portal  
22 or working with staff on website registration systems  
23 previously?

24 A. I'm not aware.

25 Q. Okay. And I understand from your earlier

1 testimony that the portal has not been implemented to  
2 date, correct?

3 A. That is correct.

4 Q. But the portal has been fully  
5 conceptually developed at this point by the  
6 companies? Would that be an accurate statement?

7 A. It's -- I don't want to say it's fully  
8 developed. I mean, you're right, the concept is  
9 there. We envision it to look and work very similar  
10 to what Duke's does, and that's where we came up with  
11 the elements that we wanted to have in there. Now,  
12 again, none of the technical specifications have been  
13 completed.

14 Q. Okay. But the companies do know what  
15 they want to implement whenever they to go to  
16 implement --

17 A. Yes, we do.

18 Q. -- the portal. Has the company tracked  
19 costs it has incurred in developing the portal?

20 A. There have been no costs incurred to this  
21 point.

22 Q. Okay. So any of the background  
23 associated with determining what you want to be in  
24 the portal or what the companies want to be in the  
25 portal, no costs have been incurred?

1 MS. DUNN: Objection, asked and answered.

2 MS. HUSSEY: I am just trying to clarify.

3 EXAMINER CHILES: Overruled.

4 A. No, no costs have been incurred at this  
5 point.

6 Q. Thank you. You discussed earlier with  
7 Mr. Moore -- my apologies. You discussed earlier  
8 with Mr. Moore and you testified at page 7, line 4,  
9 that the companies had proposed to recover the costs  
10 for the development and implementation of the  
11 proposed supplier web portal through rider GDR. Can  
12 you confirm that?

13 A. Yes, that is the company's proposal.

14 Q. And rider GDR stands for the government  
15 directive recovery rider; is that accurate?

16 A. Yes, that's correct.

17 Q. Do you know whether to date the  
18 Commission has directed the companies to establish or  
19 implement the supplier web portal?

20 A. From my understanding, the companies were  
21 encouraged to produce a web portal, and that's why we  
22 are including it in this proceeding.

23 Q. Okay. Encouraged but not necessarily  
24 directed?

25 A. Correct.

1           Q.    Okay.  Would you say it's accurate that  
2           the Commission has solely directed the companies to  
3           work with staff toward developing such a system at  
4           this point?

5           A.    I would have to find that, but I do  
6           believe they have encouraged that you work with staff  
7           and other parties for developing that.

8           Q.    Thank you.  And I just have one brief  
9           line of questioning about the recovery of costs  
10          associated with the inclusion of CRES provider logos  
11          on EDU consolidated bills.

12                    To the extent that you know, given that  
13          the Commission specifically directed the EDUs to  
14          recover the costs of including CRES provider logos on  
15          their bills in a future distribution rate case, do  
16          you know why the companies have sought to recover  
17          them through rider GDR?

18          A.    I do not know.

19                   MS. HUSSEY:  Thank you very much.  No  
20          further questions.

21                   EXAMINER CHILES:  Thank you, Ms. Hussey.

22                   I think that's everyone.

23                   MR. McNAMEE:  Except me.

24                   EXAMINER CHILES:  I apologize.

25                   MR. McNAMEE:  Not to worry.

1                               - - -

2                               CROSS-EXAMINATION

3           By Mr. McNamee:

4                       Q.     Good afternoon.

5                       A.     Good afternoon.

6                       Q.     My name is Tom McNamee.  We have not met  
7     before.  On pages 4 leading over to 5 of your  
8     testimony, you have a long list of types of  
9     information that will be available on the supplier  
10    web portal.  Do you see that?

11                      A.     Yes, I do.

12                      Q.     Good.  Looking at page 5, line 1, one of  
13    those types of data is 12 months -- or one of those  
14    types of information is 12 months of interval data.  
15    Do you see that?

16                      A.     Yes, I do.

17                      Q.     Okeydoke.  Will that interval data  
18    include information from the existing smart meters on  
19    the companies' system?

20                      A.     The smart meter project in CEI is a pilot  
21    program, and that is not bill-quality data, so that  
22    will not be included.

23                      Q.     Okay.  You actually answered my second  
24    question.

25                      THE WITNESS:  There we go.

1 MR. McNAMEE: So I am finished. Thank  
2 you very much.

3 THE WITNESS: Thank you.

4 EXAMINER CHILES: Thank you, Mr. McNamee.  
5 Examiner Addison, do you have any  
6 questions?

7 EXAMINER ADDISON: No.

8 EXAMINER CHILES: All right. Ms. Dunn,  
9 redirect.

10 MS. DUNN: May we have just one moment,  
11 please.

12 EXAMINER CHILES: Absolutely.

13 (Discussion off the record.)

14 MS. DUNN: Your Honor, we have no further  
15 questions.

16 EXAMINER CHILES: Thank you, Ms. Dunn.

17 MS. DUNN: Thank you.

18 EXAMINER CHILES: Thank you, Ms. Smialek.  
19 You are excused.

20 Ms. Dunn, would you like to move for  
21 admission of Exhibit 15?

22 MS. DUNN: Yes, please. Thank you.

23 EXAMINER CHILES: Are there any  
24 objections to the admission of Exhibit 15?

25 MR. McNAMEE: No.

1 EXAMINER CHILES: Hearing none, it will  
2 be admitted into evidence.

3 (EXHIBIT ADMITTED INTO EVIDENCE.)

4 EXAMINER CHILES: We are going to take a  
5 brief recess.

6 (Recess taken.)

7 EXAMINER ADDISON: Let's go back on the  
8 record. Would the companies like to call their next  
9 witness?

10 MS. DUNN: Yes. The companies call  
11 Mr. Brandon McMillen.

12 (Witness sworn.)

13 EXAMINER ADDISON: Thank you. Please be  
14 seated.

15 MS. DUNN: Your Honor, the testimony has  
16 been previously marked by the court reporter as  
17 Companies Exhibit 16.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 EXAMINER ADDISON: Thank you, Ms. Dunn.

20 BRANDON McMILLEN

21 being first duly sworn, as prescribed by law, was  
22 examined and testified as follows:

23 DIRECT EXAMINATION

24 By Ms. Dunn:

25 Q. Please introduce yourself.

1           A.    My name is Brandon S. McMillen.  I am an  
2 analyst in the Rates and Regulatory Affairs  
3 Department of the FirstEnergy Service Company.

4           Q.    And in front of you is marked Company  
5 Exhibit 16, correct?

6           A.    Correct.

7           Q.    What is that document?

8           A.    It is my direct testimony filed in this  
9 case August 4, 2014.

10          Q.    Do you have any changes or corrections to  
11 your testimony today?

12          A.    I do not.

13          Q.    And if I asked you the same questions as  
14 contained in Company Exhibit 16 today, would your  
15 answers be the same?

16          A.    Yes.

17               MS. DUNN:  Thank you.

18               EXAMINER ADDISON:  This witness is  
19 available for cross-examination.

20               Do I have a volunteer to go first?

21               MS. PETRUCCI:  All right, I'll go.

22               EXAMINER ADDISON:  Go ahead.

23                       CROSS-EXAMINATION

24           By Ms. Petrucci:

25           Q.    Let's first talk about the reconciliation

1     you described for the government directives rider,  
2     recovery rider, excuse me. You've indicated that the  
3     filings would be made twice a year and that the  
4     revised rates would take effect the following month  
5     after those filings, correct? And if you want to  
6     look at page 2, line 7 and 8, maybe that will help.

7             A.     Yeah, that's correct.

8             Q.     As a result, the Commission may have as  
9     little as 30 days -- well, let me put it this way.  
10    There may be as little as 30 days between a filing  
11    and an effective date; is that correct? It could be  
12    greater, but the least amount of time between those  
13    two events would be 30 days under this proposal.

14            A.     That is consistent with all the  
15    companies' riders, yes.

16            Q.     And, therefore, it's going to take  
17    place -- the reconciliations will take place when --  
18    is it an automatic approval process?

19            A.     Well, so, yeah. So the rider would be  
20    filed a month in advance, which would give the  
21    Commission time to review the rider, and if there  
22    is -- the Commission does not issue anything or --  
23    then the rate would go into effect.

24            Q.     You indicated that the initial rate for  
25    the rider GDR is going to be based on actual costs

1 incurred to date. That's on lines 19 and 20 on page  
2 2 still. What are the actual costs that have been  
3 incurred to date for this rider?

4 A. To date there have not been any actual  
5 costs incurred.

6 Q. And is it also correct that there is not  
7 an estimate for what those actual costs might be?  
8 Still?

9 A. In this case, as Ms. Smialek testified  
10 to, we are applying for the costs related to supplier  
11 logos and supplier web portal to be included in rider  
12 GDR, so if there were any actual costs incurred prior  
13 to or, you know, prior to the order in this case,  
14 those costs would be included in rider GDR pending  
15 approval of those.

16 Q. I'm sorry. But as of today, there isn't  
17 an estimate for any of the costs that the company  
18 envisions to be part of rider GDR or recovered  
19 through rider GDR?

20 A. I believe earlier Ms. Smialek testified  
21 to rough estimates of those costs related to the  
22 supplier logos and supplier web portal.

23 Q. And by that you are referring to the  
24 \$210,000, and I think she said another \$10,000 as  
25 well. Is that what you are referring to?

1           A.    I believe that's what she said.

2           Q.    You also indicated that there would be an  
3   applicable carrying charge, which is based on the  
4   current embedded cost of long-term debt.  What  
5   percentage is that?  Do you know?

6           A.    That's a confidential number.

7           Q.    Okay.

8           EXAMINER PRICE:  Let's go off the record.  
9           (Discussion off the record.)

10          EXAMINER PRICE:  Let's go back on the  
11   record.

12          A.    Yeah.  I don't know.  Sorry about that.

13          Q.    Okay.  And you've indicated that the  
14   proposed rider GDR is to be nonbypassable, correct?

15          A.    Correct.

16          Q.    And, therefore, it -- that would mean  
17   that all of the companies' distribution customers  
18   would pay the charges under it, correct?

19          A.    Rider GDR is nonbypassable so all  
20   customers would pay rider GDR.

21          Q.    And that's not contingent at all upon the  
22   source of the specific -- or the cause for the  
23   specific costs; isn't that correct?

24          A.    I believe Ms. Mikkelsen provided examples  
25   of governmental and directive costs that could be

1 included in rider GDR, including costs associated  
2 with environmental remediation of former manufactured  
3 gas plant sites, costs associated with limitation of  
4 directives arising from RMI order, costs for  
5 distribution infrastructure protection, both physical  
6 and cybersecurity related. And based on those  
7 examples, those costs would benefit all customers,  
8 shopping or nonshopping, so rider GDR was made to be  
9 nonbypassable.

10 Q. And those examples that you cite, also in  
11 your testimony as well, are possible examples,  
12 correct?

13 A. Well, and in this case relating to the  
14 retail market investigation, we're proposing to  
15 include costs related to supplier logos and supplier  
16 web portal.

17 Q. Okay. But the other two, the  
18 environmental remediation and the infrastructure  
19 protection, those are simply examples. That's not  
20 something that's being proposed to be included in  
21 rider GDR at this point, correct?

22 A. Those are examples that -- of  
23 governmental directives that could be included in  
24 rider GDR.

25 MS. PETRUCCI: Can I have the answer

1 reread?

2 (Record read.)

3 Q. You also indicated that the charge that  
4 would be calculated would be based on the estimated  
5 number of customers for the upcoming recovery period,  
6 the number of -- I'm trying to understand what number  
7 of customers you are meaning. Is it all distribution  
8 customers?

9 A. So for each reconciliation of rider GDR,  
10 the estimated number of customers would be based off  
11 of the most recent actual customer counts, which  
12 would be all customers. All customers would be  
13 paying rider GDR.

14 Q. So why is it an estimated number? Why  
15 isn't it actual numbers of customers?

16 A. So when we filed the rate, it's -- so,  
17 for example, say we are filing the July rate. We  
18 would file that -- we would file that rate the  
19 beginning of June. So we would have the actual  
20 customer counts at the beginning of June, so we would  
21 use that as the estimate for the period of July  
22 through December just in case the number of bills  
23 changes from July and through December. The actual  
24 customer counts might change, so we use that as the  
25 benchmark.

1           Q.    So if I understand, the calculation is  
2 going to be based on an actual number that is  
3 essentially being assumed to remain the same  
4 throughout the period until the next rider  
5 adjustment; is that correct?

6           A.    That's correct.  Yeah.

7           Q.    Let's just assume that rider GDR goes  
8 into effect.  It's approved by the Commission, and  
9 it's in effect for a period of time.  Who decides  
10 whether costs a year later are going to be included  
11 in the rider?

12          A.    So Ms. Mikkelsen testified to this.  For  
13 cost to be included in rider GDR, the companies would  
14 have to seek a filing and approval from the  
15 Commission similar to this proceeding with the costs  
16 related to supplier logos and supplier web portal.

17          Q.    And I apologize.  I wasn't here when  
18 Ms. Mikkelsen testified.

19          A.    That's fine.

20          Q.    When you said similar to a proceeding  
21 like this one, are you indicating that you see it  
22 being an SSO case, or are you -- I'm sorry, an ESP  
23 case, or are you thinking of a different kind of PUCO  
24 case?

25          A.    Yeah.  I believe what I am thinking of,

1 not a specific SSO case. Just that the companies  
2 would have to file in a certain case approval to  
3 recover these costs, and the Commission would have to  
4 rule on that.

5 Q. And, therefore, any interested person  
6 would have the opportunity to participate in that  
7 kind of case?

8 MS. DUNN: Objection. This is outside  
9 the scope of his testimony.

10 MS. PETRUCCI: If I have a chance to  
11 respond.

12 EXAMINER ADDISON: Go ahead.

13 MS. PETRUCCI: He is familiar with the  
14 PUCO processes. He may understand what the company  
15 envisions, and since he is proposing that rider and  
16 how it would go forward through the future, I think  
17 it's only fair for him to be able to explain it to  
18 us.

19 MR. MENDOZA: Your Honor, could I weigh  
20 in on this objection? Outside the scope of testimony  
21 to me is not a proper objection. The question is, is  
22 it a relevant issue to any issue in this case.

23 Whether -- I mean, obviously, other issues have come  
24 up, but I think that is an inappropriate objection.

25 MR. OLIKER: I second that, your Honor.

1 MS. DUNN: If I may respond, there is a  
2 specific rule that requires expert testimony be  
3 written in this case. We provide and proffer experts  
4 on certain topics. They indicate in their testimony  
5 what those topics are. We have proffered -- the  
6 companies have proffered Mr. McMillen as a rider GDR  
7 rate design expert, not a rider GDR process. That  
8 was within Ms. Mikkelsen's testimony. That is why  
9 the scope of testimony here is proper and it is  
10 appropriate, and it has been done many times in  
11 Commission proceedings.

12 MR. OLIKER: Your Honor, the scope of  
13 cross-examination in Ohio is available on any  
14 relevant issue. Regardless of what the Commission  
15 rules may be about the testimony they draft, the  
16 cross-examination is a totally different ball game.

17 EXAMINER ADDISON: I am going to overrule  
18 the objection. To the extent that he has an opinion,  
19 he may answer.

20 Do you need the question read back?

21 THE WITNESS: Please.

22 (Record read.)

23 A. I don't have an opinion.

24 Q. Is it going to be the adjustment case  
25 that will be the filing in which the companies

1 propose to include a new item to be recovered through  
2 rider GDR?

3 A. What do you mean by adjustment --

4 Q. Well?

5 A. -- case?

6 Q. When I first started the question, we had  
7 assumed that the rider had gone into place, and we  
8 were going a year out. And during that time there  
9 had been at least a change or an opportunity to file  
10 that twice-a-year filing, and that's the adjustment  
11 that I am referring to.

12 A. So you are referring to the  
13 reconciliation of the rider, semi-annual  
14 reconciliation.

15 Q. Yes. So my question then is the  
16 opportunity for individuals to comment about a  
17 proposed additional item to be recovered through  
18 rider GDR, would it, in fact, be during that  
19 reconciliation case?

20 THE WITNESS: Could I have that question  
21 read back, please?

22 EXAMINER ADDISON: You may.

23 (Record read.)

24 A. Well, I don't know how the case will work  
25 and how parties would be able to comment on that,

1 but, however, it would be a separate filing, separate  
2 from the reconciliation.

3 Q. Okay. So then if I am understanding  
4 correctly, and set me straight if I'm wrong, the  
5 company -- let's say the rider is in place. We are  
6 now a year out. There's something that they think  
7 qualifies for recovery through rider GDR. They are  
8 going to make a nonreconciliation filing in a  
9 separate case in order to have the authority to  
10 include it in rider GDR and then, therefore,  
11 afterward begin to recover through rider GDR. Is  
12 that what you've explained to me?

13 A. Yes. So there would be a separate  
14 filing, separate from the reconciliation, where they  
15 would have to -- where the companies would ask for  
16 recovery of such costs through Commission approval,  
17 and then after that has been approved, then the  
18 companies would include those in rider GDR but not  
19 before.

20 Q. Okay. On page 3 of your testimony,  
21 you've referred to the rate design for rider GDR as  
22 being similar to the treatment of costs in other  
23 regulatory proceedings, and that's at line 21. What  
24 treatment in other regulatory proceedings are you  
25 referring to?

1           A.     Here I am referring to the calculation of  
2 rider GDR is similar to Commission-approved riders  
3 that the companies currently have.

4           Q.     Okay.  What would those be?

5           A.     Rider AMI and rider DCR.

6           Q.     Were there any other examples, or was  
7 that it?  I'm sorry.  I am not sure if you were  
8 finished.

9           A.     Well, there are several other company  
10 riders that have similar -- that are similar to rider  
11 GDR in some aspects as well, such as rider DSE.

12          Q.     DSE?

13          A.     Yeah.  And rider NDU.

14          Q.     Is there a reason that the companies  
15 can't establish a rider to recover costs incurred as  
16 a result of governmental directives over which the  
17 companies have no control at the time the actual  
18 governmental directive is issued?

19                 THE WITNESS:  May I have that question  
20 reread, please?

21                 EXAMINER ADDISON:  You may.

22                 (Record read.)

23          A.     I don't know.

24          Q.     Other than the two costs that have been  
25 identified by Ms. Smialek for the portal costs and

1 the CRES logo costs, there aren't any governmental  
2 directives in the companies' point of view that have  
3 been issued by the PUCO to be included in rider GDR;  
4 is that correct?

5 A. So in this proceeding those two costs the  
6 companies are asking to be included in rider GDR. I  
7 don't know if there are other -- if there are other,  
8 say, PUCO or Commission orders, requiring the  
9 companies to implement something the companies have  
10 not yet incurred that the companies may seek approval  
11 for in a separate application to be included in rider  
12 GDR.

13 Q. It's accurate, though, that the companies  
14 are asking to establish this rider for much more than  
15 the two items that have been identified for recovery  
16 through rider GDR?

17 MS. DUNN: Objection to the term "much  
18 more."

19 EXAMINER ADDISON: Can you rephrase your  
20 question?

21 Q. Is it correct that the companies are  
22 asking for authority to establish this rider that --  
23 with the intention of recovering beyond what has been  
24 already identified for recovery through rider GDR?

25 A. If there are governmental directives in

1 the future with rider GDR approved, the companies  
2 would have to seek a filing and approval for those  
3 costs.

4 THE WITNESS: Can I have the question  
5 reread back, please?

6 EXAMINER ADDISON: You may.

7 (Record read.)

8 A. Yeah, with the caveat that the companies  
9 have to seek a filing and approval to include costs  
10 in rider GDR, yes, the companies are proposing this  
11 rider to be able to do that.

12 Q. Why does the Commission need to agree to  
13 establish a rider for recovery of costs that haven't  
14 been identified, proposed, approved by the companies?

15 MS. DUNN: Objection.

16 EXAMINER ADDISON: Grounds?

17 MS. DUNN: Compound, and is asking this  
18 witness to assume what the Commission should or  
19 shouldn't do.

20 EXAMINER ADDISON: Please rephrase your  
21 question.

22 Q. Okay. Mr. McMillen, you are the witness  
23 who is here to describe the timing, the calculation,  
24 and the rate design for the government total --  
25 government directives recovery rider, correct?

1           A.     Correct.

2           Q.     And I think you've agreed with me that  
3     the rider itself is being proposed, although what is  
4     envisioned to be recovered through the rider  
5     hasn't -- other than the two items we have talked  
6     about earlier, hasn't actually been filed for  
7     approval by the Commission and hasn't been approved  
8     by the Commission; is that correct?

9           MS. DUNN:  Objection, compound.

10          EXAMINER ADDISON:  Can you break your  
11     question up into two separate parts?

12          Q.     Is the -- are the companies asking to  
13     establish this rider for -- for items they have not  
14     yet proposed to the Commission?  And, actually,  
15     that's not a very good one.  Let me try again.

16                 Have the companies proposed to recover  
17     through rider GDR costs that they have yet to propose  
18     to the Public Utilities Commission?

19          THE WITNESS:  Can I have that reread  
20     back, please?

21          EXAMINER ADDISON:  You may.

22                 (Record read.)

23          A.     Other than the two costs that Ms. Smialek  
24     testified to that the companies are proposing to  
25     include, are not proposing to include any other costs

1 in rider GDR.

2 Q. But they are asking the Commission to  
3 approve a rider for recovering items that the  
4 companies decide qualify as governmental directives,  
5 correct?

6 THE WITNESS: May I have that question  
7 reread back, please?

8 EXAMINER ADDISON: You may.

9 (Record read.)

10 A. For costs related to governmental  
11 directives, as I stated before, the company is about  
12 to seek approval through an application to include  
13 those costs in rider GDR.

14 Q. Why would rider GDR be necessary at this  
15 time? If -- let me start again. Let's strike that.

16 FirstEnergy companies doesn't need rider  
17 GDR to be approved as part of this plan because they  
18 haven't stopped recovery of any costs for the items  
19 that they envision being included in rider GDR; is  
20 that correct?

21 THE WITNESS: May I have that reread  
22 back, please.

23 EXAMINER ADDISON: Yes, please.

24 (Record read.)

25 A. I don't know the companies' need.

1 MS. PETRUCCI: Thank you. Those are all  
2 my questions.

3 THE WITNESS: Thank you.

4 MR. OLIKER: Your Honor, could we go off  
5 the record a second?

6 EXAMINER ADDISON: Let's go off the  
7 record.

8 (Discussion off the record.)

9 EXAMINER ADDISON: Let's go back on the  
10 record. Cross. Ms. Bojko I think you indicated you  
11 would like to go next.

12 MS. BOJKO: Yes, thank you, your Honor.

13 - - -

14 CROSS-EXAMINATION

15 By Ms. Bojko:

16 Q. Good afternoon, sir. My name is Kim  
17 Bojko, and I represent the Ohio Manufacturers  
18 Association Energy Group in this proceeding.

19 A. Good afternoon.

20 Q. Could you turn to page 2 of your  
21 testimony? Mr. McMillen, on lines 3 and 4 you state  
22 that the initial rider charge will go into effect at  
23 the start of the companies' fourth electric security  
24 plan entitled Powering Ohio's Progress on June 1,  
25 2016; is that correct?

1           A.     That is correct.

2           Q.     Okay.  What will the charge be on June 1,  
3     2016?

4           A.     That depends on when the companies  
5     receive an order in this case.  As Ms. Smialek  
6     testified to, supplier logos could be -- supplier  
7     logos' cost could be incurred 90 days after the  
8     order, so if the order happened, say, 90 days before  
9     then, the companies could have costs to be included  
10    in rider GDR.

11          Q.     So you don't know for certain at this  
12    time that an actual charge will go into effect on  
13    June 1, 2016, do you?

14          A.     The companies do not have any actual  
15    costs incurred that would be included in rider GDR.

16          Q.     Okay.  And per the tariff provision that  
17    was attached to the application as Attachment 4, the  
18    rider is nonbypassable; is that true?

19          A.     I don't have that in front of me, but in  
20    my testimony that's -- that rider GDR would be  
21    nonbypassable.

22          Q.     Okay.  And will all the customers pay for  
23    rider GDR, or will there be some customers that are  
24    not subject to rider DDR?

25                 MS. DUNN:  Asked and answered by

1 Ms. Petrucci.

2 EXAMINER ADDISON: Sustained.

3 Q. Okay. I will be more specific. When  
4 will customers taking service between -- regarding  
5 the high-load factor, time-of-use rate be subject to  
6 rider GDR?

7 A. Yes.

8 Q. That's in the tariff provision of the  
9 high-load factor, time-of-use rate customer?

10 MS. DUNN: Objection. If she is going to  
11 ask him about a provision, I would appreciate a copy  
12 for the witness to look at.

13 EXAMINER ADDISON: Do you have a copy,  
14 Ms. Bojko?

15 MS. BOJKO: I am asking him if he knows.

16 MS. DUNN: It's only fair, your Honor.

17 EXAMINER ADDISON: You don't have a copy?

18 MS. BOJKO: I wasn't looking at a copy.  
19 I am asking if he knows. I think I am allowed to ask  
20 my cross-examination as I see fit, and I am asking  
21 the witness if he knows if it's included in the  
22 tariff provision.

23 EXAMINER ADDISON: You can answer if you  
24 know.

25 A. The tariff provisions for the high-load

1 factor?

2 Q. Yes.

3 A. I'm unfamiliar with the tariff provision  
4 of that.

5 Q. And the reason being there is no tariff  
6 provision proposed by the company at this time, isn't  
7 that true?

8 MS. DUNN: Objection, argumentative.

9 EXAMINER ADDISON: Sustained.

10 Q. Do you know whether customers taking  
11 service pursuant to the proposed HLF-TOU rider will  
12 be subject to rider GDR?

13 MS. DUNN: Objection, asked and answered.

14 MS. BOJKO: It hasn't been answered.

15 EXAMINER PRICE: He said he was  
16 unfamiliar with the tariff provision.

17 Q. Okay. Is there a tariff provision in the  
18 application provided by the company?

19 EXAMINER PRICE: This is outside  
20 his testimony. Nowhere does he indicate -- I'm sorry  
21 to make your objection for you, Ms. Dunn.

22 MS. DUNN: Please do so.

23 EXAMINER PRICE: He doesn't talk about  
24 this particular tariff provision, which does or  
25 doesn't exist.

1 MS. BOJKO: He actually does, your Honor.  
2 He says that this rider will be subject to certain  
3 customers, and when I tried to ask if it was  
4 applicable to all customers or was not applicable to  
5 some customers, he said it was applicable to all  
6 customers. So now I am asking him his knowledge with  
7 regard to specific customers and whether it will or  
8 will not be reflected in tariff provisions that the  
9 company has not yet proposed.

10 MS. DUNN: Your Honor --

11 EXAMINER PRICE: Yes.

12 MS. DUNN: I'm sorry to interrupt you.

13 EXAMINER PRICE: That's okay. Go ahead.

14 MS. DUNN: He did indicate all customers.

15 MS. BOJKO: So, I know. I'm asking him  
16 if he believes it will be in a tariff provision that  
17 has not yet been drafted.

18 We asked for tariff provisions, your  
19 Honor, and the company said they had not yet been  
20 drafted, so I am asking if he knows whether it would  
21 be incorporated in such a tariff provision, if he  
22 knows.

23 MS. DUNN: Your Honor, I would agree with  
24 the Bench that this is far beyond the scope of  
25 Mr. McMillen's testimony. Ms. Mikkelsen testified

1 extensively regarding rider HLF. The question was is  
2 it a nonbypassable. He answered it is. That means  
3 all, and he indicated all customers. I don't see the  
4 need for further questioning on this point.

5 MS. BOJKO: I move to strike the  
6 testimony of counsel.

7 EXAMINER PRICE: I don't think she was  
8 testifying. I think she was relating her  
9 understanding of the record.

10 He can answer if he knows, but, I mean,  
11 you are asking the guy -- you are asking the  
12 gentleman the state of his knowledge of something  
13 that doesn't exist. The companies have indicated to  
14 you it doesn't exist, and the record is clear at this  
15 point it doesn't exist. But if you want to ask one  
16 more time.

17 MS. BOJKO: Actually, counsel asked me to  
18 provide the tariff to the witness, so it may exist.  
19 That's what I am trying to figure out.

20 EXAMINER PRICE: No. I think counsel  
21 asked you if you are going to ask him a question  
22 about something, you should provide it to him. And  
23 you said, "I am entitled to ask him all the questions  
24 I want without providing it to him," and now you are  
25 representing to the Bench that you asked for

1 something in discovery that doesn't exist.

2 So why don't you ask your question one  
3 more time, and then we can move on to a more fruitful  
4 topic.

5 Q. (By Ms. Bojko) You are the witness listed  
6 in the application as being responsible for rider  
7 GDR; is that correct?

8 A. That's correct.

9 Q. Okay. And on lines 9 and 10 of your  
10 testimony on page 2, you are the witness that refers  
11 to Attachment 4 to the companies' application for a  
12 copy of the rider GDR tariff; is that correct?

13 A. Correct.

14 Q. Okay. Was the stipulation -- were any of  
15 the stipulations in this case filed prior to the time  
16 you filed your direct testimony?

17 A. My testimony was filed with the  
18 application, which was before the stipulations.

19 Q. Okay. So now with the filing of the  
20 stipulations, I am asking if you believe that rider  
21 GDR will apply to all customers, including those  
22 customers taking service under the special rates  
23 indicated in the stipulation.

24 A. I don't know.

25 Q. Could you turn to page 3 of your

1 testimony, please, on lines 20 to 22. Are you there?

2 A. Uh-huh, yes.

3 Q. Okay. You state, "In light of the nature  
4 of the types of costs that the Companies anticipate  
5 may be included in Rider GDR, and the treatment of  
6 similar costs in other regulatory proceedings, the  
7 proposed rate design is reasonable." Do you see  
8 that?

9 A. Yes.

10 Q. And your reference to "treatment of  
11 similar costs in other regulatory proceedings," are  
12 you referencing the proceedings that are footnoted in  
13 1 and 2 on page 4?

14 A. Yes, those proceedings and other  
15 proceedings I had mentioned of Commission-approved  
16 riders.

17 Q. Okay. Let's take the first one listed on  
18 footnote 1, No. 1, Entry on Rehearing, Case No.  
19 12-315-EL-COI. Do you see that?

20 A. Yes.

21 Q. And you refer to the entry on rehearing  
22 dated March 21, 2014; is that correct?

23 A. Yes.

24 Q. And of that case, are you referring to  
25 the Commission's stating that electric utilities may

1 file applications for authority to defer expenses  
2 related to the bill format changes you discussed  
3 previously?

4 A. I don't have a copy of that, but that  
5 sounds familiar.

6 Q. And that's what you are referencing?

7 A. I believe so.

8 Q. Okay. And I don't think Ms. Petrucci  
9 asked you, but you don't know whether the companies  
10 have actually filed that deferral request yet; is  
11 that correct?

12 A. The deferral request for costs related to  
13 the bill -- bill changes, supplier logos are in this  
14 proceeding in Ms. Smialek's.

15 Q. Okay. Thank you. The request for  
16 deferral is in this proceeding.

17 A. Yes.

18 Q. Okay. Not the actual cost recovery.

19 A. Well, to defer them to be included in  
20 rider GDR.

21 Q. Okay. To be deferred and to be recovered  
22 in this case.

23 A. Correct.

24 Q. Okay. And are you also aware that in the  
25 entry on rehearing that you referenced the Commission

1       stated that those costs were more appropriate for a  
2       distribution rate case?

3             A.     Yes, I believe that's what the language  
4       says.

5             Q.     Okay. And going to number -- item No.. 2  
6       under footnote 1, you have a reference to an entry on  
7       rehearing in 12-1685-EL-AIR; is that correct?

8             A.     That's correct.

9             Q.     And that's the Duke rate case; is that  
10       correct?

11            A.     Yes.

12            Q.     Excuse me. Let me clarify, a Duke  
13       distribution rate case; is that correct?

14            A.     Yes, I believe so.

15            Q.     And then in No. 3, the finding and order  
16       that you reference 12-426-EL-SSO. Is that the DP&L  
17       ESP case?

18            A.     Yes.

19            Q.     Okay. So going back to the top of your  
20       page 4, your list of items of examples of types to be  
21       included, currently, to your knowledge, the costs  
22       associated with environmental remediation of former  
23       manufactured gas plant sites is not being recovered  
24       in any other regulatory proceeding of FirstEnergy; is  
25       that correct?

1           A.    I believe Ms. Mikkelsen testified to  
2    this, that we -- the companies do not have any  
3    manufactured -- or commitments for remediation of  
4    former manufactured gas plant sites.

5           Q.    So the answer is no, the cost wouldn't be  
6    recovered anywhere else then?

7           A.    Correct.

8           Q.    Okay.  And currently there's no  
9    collection of costs associated with implementation of  
10   the directives arising from any of the retail market  
11   investigation issues; is that right?

12          A.    Currently the companies have not incurred  
13   any actual costs related to the RMI.

14          Q.    Okay.  And, similarly, currently the  
15   companies are not recovering costs associated with  
16   the distribution infrastructure protection, both  
17   physical and cybersecurity related, correct?

18          A.    I don't know.

19          Q.    And, sir, do you know whether a similar  
20   rider proposed in the AEP case was denied?

21          A.    I am not aware of a similar rider that  
22   AEP had in their case.

23          Q.    Okay.  You talked about examples, and we  
24   just went through the three you mentioned.  This is  
25   not -- the rider request by the companies is not

1 limited to just the three examples we talked about,  
2 correct?

3 A. I believe Ms. Mikkelsen testified this is  
4 not an exhaustive list.

5 Q. Okay. And there is also not a limit to  
6 the level or amount of costs that may be included in  
7 the rider in the future, is there?

8 A. As I said previously, Ms. Mikkelsen  
9 testified to the companies thought to seek filing and  
10 approval for any costs, and the Commission will have  
11 to approve any costs that will be included in rider  
12 GDR.

13 Q. Right. But in this case the companies  
14 are not requesting there be a ceiling or a max to the  
15 amount of costs they may request recovery of.

16 A. There is not a ceiling as to how much the  
17 companies could request.

18 Q. Okay. Could you turn to your Attachment  
19 BSM-1, please.

20 A. Okay.

21 Q. And this is an example of the calculation  
22 of government directives recovery rider; is that  
23 correct?

24 A. Yes, the outline of the calculation.

25 Q. And if we could look at the second block

1 which is entitled "Allocation Factors." Do you see  
2 that?

3 A. Yes.

4 Q. And it's the companies' proposal to  
5 allocate the costs for rider GDR to the rate schedule  
6 based on a percentage of the revenue requirement --  
7 excuse me. They are going to allocate the cost to  
8 the rate schedules based on a percentage estimate of  
9 the revenue requirement; is that correct?

10 A. So the revenue requirement of rider GDR  
11 would be allocated using the Commission-approved  
12 allocation factors from the companies' last base  
13 distribution rate case, which is consistent with  
14 Commission-approved riders that the companies  
15 currently have.

16 Q. Okay. And that's done on a percentage  
17 basis per class, per rate schedule; is that correct?

18 A. Per rate schedule and company.

19 Q. Thank you. And so rate GS, for example,  
20 would receive a 42.23 percent allocation of the  
21 revenue requirement, and Ohio Edison customers would  
22 receive a 27.1 percent, and Toledo Edison would  
23 receive 32.13 percent; is that accurate?

24 A. Those are the Commission-approved  
25 allocation factors from -- for rate GS.

1           Q.    Do you know how those allocation  
2 percentages were arrived at in the prior case that  
3 you are referencing?

4           A.    They were stipulated in that case.

5           Q.    Okay.  So the Commission approved a  
6 stipulation which adopted as Attachment A to the  
7 stipulation these allocation factors; is that  
8 correct?

9           A.    I don't know the exact attachment, but in  
10 that case they approved these allocation factors,  
11 these stipulated allocation factors.

12          Q.    Okay.  So do you know how those  
13 allocation factors were arrived at, or were they just  
14 negotiated numbers, to your understanding?

15               MS. DUNN:  Objection, asked and answered.

16               EXAMINER ADDISON:  Overruled.

17          A.    These were stipulated in the companies'  
18 last base distribution rate case, which was before my  
19 time with the company so I don't know exactly how  
20 these percentages were created.

21          Q.    Okay.  And was that approximately in  
22 2007?

23          A.    That is when the companies' filed that  
24 rate case, yes.

25          Q.    So the rates probably went into effect in

1 2008, to your understanding?

2 A. I don't know when the rates went --  
3 exactly when the rates went into effect.

4 Q. And is it your understanding of  
5 Attachment BSM-1 that the rate schedules listed on  
6 Attachment BSM-1 are the rate schedules that will be  
7 assessed rider DCR -- or GDR? Excuse me.

8 A. Yes. Those are the companies' rate  
9 schedules and what -- and would be assessed a rider  
10 GDR charge, yes.

11 MS. BOJKO: Thank you. I have no further  
12 questions.

13 THE WITNESS: Thank you.

14 EXAMINER ADDISON: Thank you, Ms. Bojko.  
15 Do I have a volunteer for next?

16 Mr. Moore.

17 MR. MOORE: I can go next, your Honor.

18 EXAMINER ADDISON: Please proceed.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Moore:

22 Q. Good afternoon, Mr. McMillen.

23 A. Good afternoon.

24 Q. My name is Kevin Moore on behalf of the  
25 Ohio Consumer's Counsel. First, on page 2, lines 13

1 through 15 -- sorry. Strike that.

2 I believe it's Attachment 4 of the  
3 application, you state that, "Charges set forth in  
4 this rider shall recover costs associated with any  
5 legislative or governmental directive or other legal  
6 obligation"; is that correct?

7 A. I don't have that -- do you have a copy  
8 of that? I don't have one in front of me.

9 Q. I believe that I do. I'm sorry.

10 A. Thanks. Appreciate it.

11 Q. I will repeat. I am referring your  
12 attention to the statement. At the top it says,  
13 "Charges set forth in this rider shall recover costs  
14 associated with any legislative or governmental  
15 directive or other legal obligation." Do you see  
16 that part?

17 A. Yes, I see that.

18 Q. Are there any qualifications to this  
19 statement?

20 A. What do you mean by "qualifications"?

21 Q. Qualifications of a statement that makes  
22 another statement less absolute.

23 EXAMINER PRICE: I'm having trouble  
24 hearing you, too, Mr. Moore.

25 MR. MOORE: Oh, sorry.

1           A.     Could you repeat that?

2           Q.     Sure. I am trying to understand whether  
3     there is any qualifications to what you are saying  
4     these charges are going to recover. Will they be  
5     able to recover any governmental directive?

6           A.     As I said previously, if there was a  
7     governmental directive, the companies would seek a  
8     filing of approval through the Commission to include  
9     those costs in the rider GDR.

10          Q.     So what sort of review process will the  
11     companies go to in determining which governmental  
12     directives it will seek to recover?

13                 MS. DUNN: Objection, asked and answered.  
14     This was discussed at length with Ms. Petrucci.

15                 EXAMINER ADDISON: Overruled.

16                 THE WITNESS: Could I have that reread  
17     back, please.

18                 EXAMINER ADDISON: Yes, you may.

19                 (Record read.)

20          A.     My testimony is just on the rate  
21     calculation of GDR. I don't know what the process  
22     would be for the companies to seek a filing for a  
23     governmental directive to be included in rider GDR.

24          Q.     So would you also not know what the  
25     review process would be for a legislative directive?

1           A.     That would be my -- the same answer.

2           Q.     And you also wouldn't know what the  
3 review process would be for the companies to include  
4 a legal obligation in rider GDR?

5           A.     That would be the same answer would  
6 apply.

7           Q.     Are you aware of any threshold that the  
8 companies have determined for a governmental  
9 directive to include in rider GDR?

10          A.     Like I previously stated, I don't know  
11 how that process would work.

12          Q.     Okay. If you could turn to page 2, lines  
13 19 through 20.

14          A.     Okay.

15          Q.     You state, "The initial Rider GDR rates  
16 to be effective on June 1, 2016 will be based on  
17 actual costs incurred to date." Is that correct?

18          A.     That's correct.

19          Q.     So costs incurred prior to June 1, 2016,  
20 will be included in the initial rider GDR; is that  
21 correct?

22          A.     So currently the companies do not have  
23 any costs incurred that would be included in rider  
24 GDR. In this case they are proposing to include  
25 supplier logos and supplier web portal costs. So if

1 the companies had an order prior to June 1 and had  
2 any costs related to those and they were approved for  
3 deferral to be included in rider GDR, they would be  
4 included.

5 Q. If you could turn to page 4.

6 A. Okay.

7 Q. Lines 1 and 2, the end of 1 -- I guess it  
8 stars on page 3. Excuse me. "As discussed in the  
9 testimony of Company witness Mikkelsen, while the  
10 companies do not have estimate for costs to be  
11 recovered through Rider GDR, examples of the types of  
12 costs to be potentially included are: (1) costs  
13 associated with environmental remediation and former  
14 manufactured gas plant sites." Is that correct?

15 A. You read that correctly.

16 Q. What former manufactured gas plant sites  
17 are currently being investigated by the companies?

18 A. I believe I answered a similar question  
19 to this earlier, and Ms. Mikkelsen testified to that.  
20 There are not any -- the companies do not have any  
21 commitments for manufactured gas plant remediation.

22 Q. So they are not currently investigating  
23 any manufactured gas plant sites?

24 A. I don't know.

25 Q. Do you know who would know?

1           A.    I don't.

2           Q.    And you also -- excuse me.  But did you  
3   testify earlier that there's been no determination  
4   made regarding responsibility for manufactured gas  
5   plant site remediation costs; is that correct?

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

8           EXAMINER ADDISON:  You may.

9           (Record read.)

10          A.    I believe that's correct.

11          Q.    But if authorized, the costs from such an  
12   investigation would be recovered through -- the  
13   companies would seek to recover the costs through  
14   rider GDR; is that correct?

15          A.    As I previously stated, I don't know the  
16   process to determine which governmental directives  
17   the companies would file -- would seek to file to  
18   recover those.  In my testimony and Ms. Mikkelsen's  
19   testimony, we did provide that as an example of what  
20   could be included and what they could seek, but I  
21   don't know with certainty how that process would  
22   work, if there were any at that time.

23          Q.    Do you know if there is any manufactured  
24   gas plant sites that the companies plan on  
25   investigating?

1           A.    I don't know.

2           Q.    If costs that -- if costs that are  
3 incurred and are recovered in the future through  
4 rider GDR are reduced or eliminated, will the  
5 companies notify the PUCO?

6           THE WITNESS:  Can I have that reread,  
7 please?

8           EXAMINER ADDISON:  You may.

9           (Record read.)

10          A.    If costs that are already included in  
11 rider GDR decrease, those costs would -- would also  
12 decrease through the reconciliation of rider GDR.

13          Q.    Okay.  And would that decrease be  
14 proportional with the decrease -- of the decrease  
15 in -- in the -- strike that.

16                If a governmental directive that was  
17 being recovered through rider GDR was eliminated,  
18 would that cost be completely eliminated in the next  
19 cost reconciliation rider?

20          A.    No.

21          Q.    Okay.  But costs that are being recovered  
22 through rider GDR that are decreased will also be  
23 decreased through their next reconciliation rider,  
24 correct?

25          A.    If there is a cost incurred that the

1 companies have authority to include in rider GDR, and  
2 that cost decreases to -- if the cost of to, say, run  
3 that -- that specific directive decreases, that would  
4 be reflected in rider GDR.

5 Q. Okay.

6 EXAMINER PRICE: If you don't know the  
7 answer to this question, please feel free to say "I  
8 don't know," but do you intend to include actual  
9 costs or actual costs and projected costs? So if you  
10 are doing an environmental remediation, if  
11 hypothetically the Commission were to approve that  
12 and you projected that cost \$10 million, would you  
13 recover it on an ongoing basis, or would you wait  
14 until you have incurred the actual expenses and then  
15 seek recovery, if you know?

16 A. The rate design is for actual costs  
17 incurred.

18 EXAMINER PRICE: Thank you.

19 Q. (By Mr. Moore) Could you turn to page 3,  
20 lines 8 through 10. It says, "Carrying costs will  
21 accrue on any under or over collection of Rider GDR  
22 using the Companies' current embedded costs of  
23 long-term debt." Do you see that?

24 A. I do.

25 Q. Will the current embedded costs of

1 long-term debt be the most recent PUCO authorized  
2 cost of long-term debt for the companies?

3 A. Yes.

4 Q. Do you know when that was authorized? Or  
5 what proceeding it was authorized in?

6 A. It would be the most recent as -- I am  
7 not understanding what you mean by most recent. It  
8 would be the most recent when the rider is in effect.

9 Q. Okay. If a government directive reduces  
10 costs embedded in the companies' base rates, would  
11 rider GDR in that circumstance be used to pass  
12 through a cost reduction of customers?

13 MS. DUNN: Could I have that question  
14 reread, please.

15 EXAMINER ADDISON: You may.

16 (Record read.)

17 A. No.

18 MR. MOORE: I have nothing further, your  
19 Honor. Thank you.

20 EXAMINER ADDISON: Thank you, Mr. Moore.

21 Before I turn it over to Mr. McNamee,  
22 does any other party have questions for this witness?

23 Mr. McNamee.

24 MR. McNAMEE: Neither do I.

25 EXAMINER ADDISON: Perfect.

1 Do the companies have any redirect for  
2 this witness?

3 MS. DUNN: One moment, your Honor.

4 EXAMINER ADDISON: Take all the time you  
5 need.

6 EXAMINER PRICE: Let's go off the record.  
7 (Discussion off the record.)

8 EXAMINER ADDISON: Let's go back on the  
9 record.

10 MS. DUNN: Your Honor, we have no  
11 redirect.

12 EXAMINER ADDISON: Thank you, Ms. Dunn.  
13 You are excused, Mr. McMillen. Thank you  
14 very much.

15 MS. DUNN: At this point I would move to  
16 admit Company 16.

17 EXAMINER ADDISON: Any objections to  
18 admitting Company Exhibit 16 into evidence?

19 MR. McNAMEE: No.

20 EXAMINER ADDISON: Hearing none, it is so  
21 admitted.

22 (EXHIBIT ADMITTED INTO EVIDENCE.)

23 EXAMINER PRICE: While we have been off  
24 the record, the court reporter indicated there was  
25 some lack of clarity on the admission of Sierra Club

1117

1 Exhibit 7, Exhibit 7, so just to be clear, at this  
2 time, in case I didn't properly do it before, Sierra  
3 Club Exhibit 7 will be admitted into the record.

4 (EXHIBIT ADMITTED INTO EVIDENCE.)

5 MR. MENDOZA: Thank you, your Honor.

6 EXAMINER PRICE: Any other business we  
7 need to take care of before we adjourn for the  
8 weekend?

9 MR. McNAMEE: 10 o'clock Monday?

10 EXAMINER PRICE: We will return 10  
11 o'clock Monday --

12 MR. McNAMEE: Tuesday, I'm sorry.

13 EXAMINER PRICE: Tuesday. We will return  
14 at 10 o'clock on Tuesday for Mr. Rose.

15 Thank you all. We are adjourned for the  
16 weekend.

17 (Thereupon, the hearing was adjourned at  
18 4:43 p.m.)

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## 1 CERTIFICATE

2 I do hereby certify that the foregoing is  
3 a true and correct transcript of the proceedings  
4 taken by me in this matter on Friday, September 4,  
5 2015, and carefully compared with my original  
6 stenographic notes.

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10  
11 Karen Sue Gibson, Registered  
Merit Reporter.

12 (KSG-6088)

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**Case No(s). 14-1297-EL-SSO**

Summary: Transcript In the Matter of the application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company hearing held on 09/04/15 - Volume V electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.