

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Ohio Power :
Company to Initiate Phase 2:
of Its gridSMART Project : Case No. 13-1939-EL-RDR
and to Establish the :
gridSMART Phase 2 Rider. :

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PROCEEDINGS

Before Dick Bulgrin, Attorney Examiner, at the Public
Utilities Commission of Ohio, 180 East Broad Street,
Room 11C, Columbus, Ohio, called at 10:00 a.m. on
Monday, August 1st, 2016.

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Volume I

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Monday Morning Session,
August 1st, 2016.

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ATTORNEY EXAMINER: Let's go ahead and
get started. Good morning. This is the hearing in
the matter of the Application of The Ohio Power
Company to Initiate Phase 2 of its gridSMART project
and to Establish the gridSMART Phase 2 Rider, being
Case No. 13-1939-EL-RDR.

My name is Dick Bulgrin. I'm the
Attorney-Examiner assigned by the Commission to
conduct this hearing. And before we take
appearances, let me just note that a motion for
permission for Matthew S. McKenzie to appear pro hoc
vice before the Commission was filed on July 12th,
and that motion will be granted, and I'll issue an
Attorney-Examiner Entry today to confirm that.

And with that, let's take appearances
for the Company.

MR. NOURSE: Thank you, your Honor. On
behalf of Ohio Power Company, Steven T. Nourse,
Matthew S. McKenzie, 1 Riverside Plaza, 29th floor,
Columbus, Ohio 43215.

ATTORNEY EXAMINER: Thank you.
Mr. Margard.

MR. MARGARD: Thank you, your Honor. On behalf of the Staff of the Public Utilities Commission, Mike DeWine, Ohio Attorney General, William Wright, Section Chief, Public Utilities Section, by Assistant Attorney General Werner L. Margard, 30 East Broad Street, 16th floor, Columbus, Ohio.

ATTORNEY EXAMINER: Thank you. For the OCC.

MR. ETTER: Good morning. On behalf of Ohio's residential utility consumers, the Office of the Ohio Consumers' Counsel, Bruce J. Weston, Consumers' Counsel, Terry L. Etter, Assistant Consumers' Counsel, 10 West Broad Street, Suite 1800, Columbus, Ohio 43215. And we have...

MS. BOJKO: Thank you. Also on behalf of the Office of the Ohio Consumers' Counsel, Kimberly Bojko with Carpenter, Lipps & Leland, 280 North High Street, Suite 1300, Columbus, Ohio 43215.

ATTORNEY EXAMINER: Thank you. And anybody else? I guess --

MS. MOONEY: On behalf of Ohio Partners for Affordable Energy, I'm Colleen Mooney, Post Office Box 12451 Columbus, Ohio.

ATTORNEY EXAMINER: Okay.

1 MR. SITES: Good morning. On behalf of
2 the Ohio Hospital Association, Richard M. Sites, 155
3 East Broad Street, Columbus, Ohio 43215, and Dylan
4 Borchers of the law firm Bricker & Eckler, 100 South
5 Third Street, Columbus, Ohio 43215.

6 MR. DOUGHERTY: Thank you. On behalf of
7 the Ohio Environmental Council and Environmental
8 Defense Fund, Trent Dougherty and John Finnigan, 1145
9 Chesapeake Avenue, Columbus, Ohio 432123.

10 ATTORNEY EXAMINER: Thank you. Anybody
11 else?

12 Okay. Is there anything else
13 preliminarily we need to address on the record?

14 MR. NOURSE: No, your Honor.

15 ATTORNEY EXAMINER: Okay. We can have
16 the first Company witness, then.

17 MR. MC KENZIE: AEP Ohio would call
18 Mr. Scott Osterholt as our first witness.

19 ATTORNEY EXAMINER: Before you have a
20 seat there.

21 (Witness was sworn.)

22 Scott S. Osterholt,
23 being first duly sworn, as prescribed by law, was
24 examined and testified as follows:

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DIRECT EXAMINATION

By Mr. McKenzie:

Q. Mr. Osterholt, could you please state your name, title, and work address for the record?

A. Yes. My name is Scott S. Osterholt. My title is Director of Risk and Project Management for AEP Ohio. Our address 850 Tech Center Drive, Gahanna, Ohio 43230.

Q. Did you file testimony in support of the Stipulation in this proceeding?

A. Yes, I did.

MR. MC KENZIE: Your Honor, I would like to mark Mr. Osterholt's testimony AS AEP Ohio Exhibit 1.

ATTORNEY EXAMINER: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. MC KENZIE: May I approach, your Honor?

ATTORNEY EXAMINER: Sure.

By Mr. McKenzie:

Q. Mr. Osterholt, is this the testimony that you prefiled in this proceeding?

A. Yes, it is.

Q. Was this testimony prepared by you or at

1 your direction?

2 A. Yes, it was.

3 Q. Do you have any changes you wish to make
4 to your testimony?

5 A. Yes, I do. All right. On Page 13, Line
6 No. 19, I reference 235,390. I wrote kilowatt-hours
7 annually, and it should be megawatt-hours annually.

8 Q. Any other changes?

9 A. I have no other changes.

10 Q. Accounting for that change, if I asked
11 you the same questions today, would you give the same
12 answers?

13 A. Yes, I would.

14 Q. Mr. Osterholt, was there a Stipulation
15 filed in this proceeding?

16 A. Yes, there was.

17 MR. MC KENZIE: Your Honor, I'd like to
18 mark the stipulation as Joint Exhibit 1. May I
19 approach?

20 ATTORNEY EXAMINER: Sure.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 By Mr. McKenzie:

23 Q. Mr. Osterholt, is Joint Exhibit 1 the
24 Stipulation that was filed in this proceeding?

25 A. Yes, it is.

1 MR. MC KENZIE: Your Honor, would you
2 like us to make the Application an Exhibit as well?

3 ATTORNEY EXAMINER: I don't know that
4 that's --

5 MR. MC KENZIE: I don't think it's
6 necessary. I would ask your preference.

7 ATTORNEY EXAMINER: No.

8 MR. MC KENZIE: Okay. Thank you.

9 Your Honor, I would move the admission
10 of AEP Ohio Exhibit 1 and Joint Exhibit 1, and tender
11 the witness for cross-examination.

12 MS. BOJKO: Your Honor, it's my
13 understanding that the Application stands with the
14 revisions, modifications of the Stipulation, so I
15 think the Application does need to be marked.

16 MR. MC KENZIE: I'm happy to mark it as
17 an exhibit.

18 ATTORNEY EXAMINER: Sure, let's do that,
19 then.

20 MS. BOJKO: For reference purposes and
21 briefing, it might be easier.

22 MR. MC KENZIE: That's fine. May I
23 approach?

24 ATTORNEY EXAMINER: Sure.

25 MR. MC KENZIE: Your Honor, I'd like to

1 mark the application as AEP Ohio Exhibit 2.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 By Mr. McKenzie:

4 Q. Mr. Osterholt, is AEP Ohio Exhibit 2 the
5 Application that was filed in this proceeding?

6 A. Yes, it is.

7 MR. MC KENZIE: Your Honor, then I would
8 move for the admission of AEP Ohio Exhibits 1 and 2,
9 Joint Exhibit 1, and tender the witness for
10 cross-examination.

11 ATTORNEY EXAMINER: Okay. Mr. Margard,
12 any questions?

13 MR. MARGARD: No.

14 ATTORNEY EXAMINER: Ms. Bojko?

15 MS. BOJKO: I'm sorry. Your Honor, at
16 this time would you entertain a motion to strike?

17 ATTORNEY EXAMINER: Sure.

18 MS. BOJKO: Thank you. At this time OCC
19 moves to strike the following portions of the
20 testimony of Scott Osterholt. Page 11, Lines 14
21 through 18, and Footnote 2, as well as Exhibit -- or
22 attachment -- it's called an Exhibit SSO-1, Page 9.

23 In the table there is a line -- a line
24 called "Reliability" in two places both under Cash
25 View and Net Present Value View, and it has an

1 asterisks. We move to strike that line related to
2 Reliability with the asterisk. And then the
3 corresponding asterisk footnote at the bottom of the
4 table.

5 This information, your Honor, is classic
6 hearsay under Rule 801(C). Mr. Osterholt references
7 a study in his testimony with estimated CMI costs,
8 which he then uses to reach a conclusion regarding an
9 estimated reliability benefit.

10 This information was provided to
11 Mr. Osterholt by a third party through a report. He
12 has no independent knowledge of this information, he
13 has no knowledge of its accuracy. He did not verify
14 the accuracy of this information.

15 We have no way to cross-examine the
16 individual who is responsible for compiling or
17 creating that information. Therefore, the testimony
18 of the footnote referencing this information, as well
19 as the information contained in the attached exhibit
20 should be stricken as improper hearsay.

21 Recently Attorney-Examiners in Case No.
22 14-1297-EL-SSO struck information contained in the
23 testimony of an expert witness testifying on behalf
24 of FirstEnergy given the witness relied upon
25 information provided to her from FirstEnergy without

1 independently verifying the information, and she used
2 that information in her analysis.

3 The Attorney-Examiners found that to be
4 improper, and they noted that the intervening parties
5 would have no way to cross-examine the individual who
6 provided the information to the expert regarding the
7 origination of the information or regarding its
8 accuracy.

9 Given the case precedent, as well as
10 Rule 801(C), we move to strike those portions of
11 Mr. Osterholt's testimony. Thank you.

12 MR. MC KENZIE: Your Honor, the
13 referenced study is a highly reliable government
14 publication. It is standard in Commission
15 proceedings to cite to publications by the Department
16 of Energy and other governmental entities such as the
17 Energy Information Institute.

18 Here it is particularly appropriate to
19 rely on information given by the DOE given that the
20 Commission specifically directed the Company in the
21 gridSMART Phase 1 proceeding, which was the ESP 1
22 proceeding, to work with the DOE in our gridSMART
23 deployment, and the Company did.

24 The information is highly probative of
25 the issues in this hearing, as Mr. Osterholt's

1 testimony points out.

2 The gridSMART technologies at issue here
3 are likely to save considerable customer minutes of
4 interruption that is improved reliability. The
5 Department of Energy study has estimated CMI costs in
6 a reliable management way, and those have been used
7 to support the Company's application here.

8 Opposing counsel will have every
9 opportunity to cross-examine Mr. Osterholt regarding
10 these calculations, and of course, the opposing
11 parties had every opportunity to present their own
12 studies of the cost of CMI avoidance if they wished
13 to.

14 As far as the hearsay rules, the
15 Commission has repeatedly held that these rules are
16 primarily designed regarding concerns for juror bias,
17 and these concerns are inapplicable to administrative
18 proceedings before the Commission where you have a
19 highly reliable governmental publication that's
20 directly probative of the issues in the hearing.

21 And the citation for that case is in The
22 Matter of the Application of Ohio Power Company and
23 Columbus Southern Power Company for Authority to
24 Merge and Related Approvals, Case No. 10-2376 of the
25 Opinion and Order at Page 13.

1 ATTORNEY EXAMINER: Okay. I'm going to
2 deny the motion to strike.

3 MS. BOJKO: Thank you, your Honor. May
4 I proceed, your Honor?

5 ATTORNEY EXAMINER: Sure.

6 MS. BOJKO: Thank you.

7 - - -

8 CROSS-EXAMINATION

9 By Ms. Bojko:

10 Q. Good morning, Mr. Osterholt.

11 A. Good morning.

12 Q. You are the Director of Distribution
13 Risk and Project Management for AEP Ohio; is that
14 correct?

15 A. That is correct.

16 Q. And you are employed by the distribution
17 company?

18 A. I am employed by AEP Ohio, the
19 distribution company.

20 Q. And I'm sorry, there are no microphones
21 in this room so you might have to keep your voice up
22 so I can hear you. Thank you.

23 A. Sure.

24 Q. And similarly, if you can't hear me,
25 please ask me.

1 You took over your current position in
2 January of 2016, January of this year, correct?

3 A. That is correct.

4 Q. On Page 1, Line 13 of your testimony you
5 state you're responsible for day-to-day management of
6 AEP Ohio's gridSMART program, including the
7 implementation of Advanced Metering Infrastructure,
8 AMI, Distribution Automation Circuit Reconfiguration,
9 DACR, and Volt/VAR Optimization, VVO; is that
10 correct?

11 A. That is correct.

12 Q. And you will understand if I use AMI,
13 DACR, VVO, what those terms mean?

14 A. Yes, I will.

15 Q. And my understanding, sir, is that you
16 are the responsible witness for all sections of the
17 Stipulation except Section 7 and 13, and parts of
18 Section 3 and 6; is that correct?

19 A. That is correct.

20 Q. And it's your understanding, sir, that
21 the Stipulation adopts the Application as filed
22 except as modified by the Stipulation, correct?

23 A. That is my understanding.

24 Q. And, sir, you were involved in the
25 settlement decisions leading up to the Stipulation?

1 A. I was.

2 Q. And who are the parties that signed the
3 Stipulation, sir?

4 A. The parties that signed the Stipulation
5 was AEP Ohio, the Public Utilities Commission of
6 Ohio, Direct Energy, Interstate Gas Supply, Ohio
7 Hospital Association, Ohio Environmental Council,
8 Environmental Defense Fund, and FirstEnergy Solutions
9 Corp.

10 Q. Are there any other parties that are
11 nonopposing parties to the Stipulation?

12 A. Yes, there are.

13 Q. And who would those be?

14 A. I cannot recall that information.

15 Q. Are there any other agreements governing
16 the agreement to not oppose the Stipulation that are
17 not contained in the Stipulation you filed in this
18 case, 19 -- 13-1939?

19 A. Not that I am aware of.

20 Q. On Page 1 of your testimony, Line 18,
21 going over to Page 2, Line 1, you state that you've
22 interacted with customers in AEP's gridSMART Phase 1
23 territory; is that correct?

24 A. That is correct.

25 Q. And you don't recall, sir, how many

1 companies in Phase 1 territory you've interacted
2 with; is that correct?

3 A. I do not have a specific number, but I'm
4 going to estimate that it is between 2- and 600.

5 Q. And, sir, you interacted with the
6 estimation of 2- to 600 people at outreach events; is
7 that correct?

8 A. That is correct.

9 Q. And you would include mobile van events?

10 A. We had various outreach events to
11 educate a community, and we did host most of those in
12 our mobile display unit.

13 Q. And on Page 2, Line 2, you state the
14 firsthand experience with the benefits regarding AMI,
15 DCAR, VVO in Phase 1 territory.

16 Your firsthand experience that you're
17 referring to was talking to customers in the mobile
18 van that you just described; is that correct?

19 A. That is correct.

20 Q. How many of the people that you
21 interacted with in the mobile van were AEP customers?

22 A. It is my understanding that most if not
23 all of those customers were AEP Ohio customers.

24 Q. Did you ask people before they entered
25 the mobile van of whether they were an AEP customer

1 or not?

2 A. Not in all cases, but in some cases,
3 yes.

4 Q. How many of the customers that entered
5 the mobile van received Phase 1 Smart Meters?

6 A. I am unsure of that percentage.

7 Q. So one of the events that you explained
8 that you attended was the State Fair in Columbus,
9 Ohio; is that correct?

10 A. That is correct.

11 Q. How many individuals that attended the
12 State Fair and attended your mobile van reside in the
13 geographic region of Phase 1?

14 A. We did not collect that information.

15 Q. How many State Fair attendees were AEP
16 customers that you talked to?

17 A. We do have that information, but I do
18 not have that information with me.

19 Q. Were attendees to the mobile van
20 required to be AEP Ohio customers before entering the
21 mobile van?

22 A. They were not.

23 Q. So the second event that you attended
24 was the Parade of Homes in Columbus; is that correct?

25 A. That is correct.

1 Q. How many individuals that attended the
2 Parade of Homes were AEP Ohio customers?

3 A. I am not aware of the answer to that
4 question.

5 Q. And how many individuals that you spoke
6 to in the mobile van at the Parade of Homes were AEP
7 Ohio customers?

8 A. My understanding, that the majority of
9 them were.

10 Q. Did you ask to see an account before
11 they entered the mobile van?

12 A. We did not.

13 Q. Did you inquire as to whether they had a
14 Smart Meter in Phase 1 before they entered the mobile
15 van?

16 A. That was not a requirement, but at times
17 we did ask them.

18 Q. The third event that you attended where
19 you talked to these 200 to 600 people was a safety
20 day in Whitehall; is that correct?

21 A. That is correct.

22 Q. And how many individuals that attended
23 the mobile van in Whitehall were AEP Ohio customers?

24 A. I'm not sure of the answer to that
25 question.

1 Q. And how many people that attended the
2 mobile van in Whitehall were in the Phase 1
3 geographic region?

4 A. I am not sure, but there was a higher
5 percentage because the entire City of Whitehall is
6 within the AMI Phase 1 footprint.

7 Q. Do you have to be a Whitehall resident
8 to attend the Whitehall Safety Day?

9 A. You do not.

10 Q. And how many individuals in Whitehall
11 had a Smart Meter?

12 A. I'm not aware of the quantity.

13 Q. At these events, how long did you talk
14 to each individual customer?

15 A. The length of time varied by customer
16 ranging from very short, you know, less than a
17 minute, to maybe upwards of five to ten minutes.

18 Q. I asked you if you asked for their
19 account number. Did you access any of the customer's
20 accounts that came into the mobile van to verify
21 either their residency in a geographic region of
22 Phase 1, or whether they had a Smart Meter?

23 A. We did not.

24 Q. Are you aware of any of the individuals
25 that attended these events that you attended

1 expressing concerns over costs?

2 A. At times we did hear concerns about cost
3 in general. I do not recall any times where a
4 customer was concerned about the cost of a gridSMART
5 project.

6 Q. You don't remember whether they did or
7 did not; is that correct?

8 A. I do not recall any specific examples of
9 a customer complaining about gridSMART's --
10 specifically costs.

11 Q. And did you explain in the mobile van,
12 costs associated with gridSMART to the customers that
13 visited the van?

14 A. I am not aware of any display of
15 cost-related data in the associated mobile unit.

16 Q. Did you ask if the customers were
17 concerned of costs related to gridSMART when you
18 chatted with them in the mobile van?

19 A. Every conversation was different, and
20 there was no specific talking points that we walked
21 through. If cost was addressed by the customer, cost
22 was discussed, but I do not recall any specific
23 examples of where I asked them for their input on
24 that without them first asking themselves.

25 Q. And how many of these customers that

1 attended the mobile van that you talked to knew that
2 they were paying for other residents to have
3 gridSMART meters even if they did not have one
4 themselves?

5 MR. MC KENZIE: Objection to the extent
6 it calls for him to testify as to what's in someone
7 else's mind.

8 ATTORNEY EXAMINER: Sustained.
9 By Ms. Bojko:

10 Q. Did you discuss with customers the point
11 that customers would be paying for other people's
12 gridSMART meters even if they did not have their own
13 gridSMART meter?

14 A. If they asked about cost such as, "Will
15 I have to pay for my AMI meter," we did share with
16 that customer -- those customers that the project is
17 paid for through a rider, and we would have generally
18 discussed how a rider works.

19 Q. And you explained specifically to those
20 customers that they would be paying for other
21 people's Smart Meters?

22 A. I'm not sure if we were that explicit or
23 if we just said that every customer pays a portion of
24 the total cost.

25 Q. AEP Ohio has held customer focus groups

1 on gridSMART, correct?

2 A. Yes, we have.

3 Q. And you have observed through the glass,
4 not participated, in those Smart Grid -- gridSMART
5 focus groups, correct?

6 A. I have.

7 Q. And, sir, if I inadvertently say Smart
8 Grid instead of gridSMART, do you know what I'm
9 talking about?

10 A. I do.

11 Q. Are you aware if any focus group
12 participant expressed that the Company should fund
13 its gridSMART project with project savings?

14 A. I do not recall that topic being
15 addressed at all.

16 Q. Are you aware that some focus group
17 participants had concerns about the cost of
18 gridSMART -- Smart Grid?

19 A. I am not aware of any Smart Grid related
20 cost concerns. I am aware of customers having
21 general concerns about costs in general.

22 MS. BOJKO: Your Honor, at this time I
23 would like to have marked as OCC Exhibit 1 "C" for
24 "confidential" -- it is a confidential document. I'd
25 like to mark it now, but then reserve cross for

1 confidential session.

2 ATTORNEY EXAMINER: Okay.

3 MS. BOJKO: A document entitled AEP
4 Ohio's Smart Grid and Smart Meter Residential Small
5 Business Customer Focus Groups, Confidential OCC
6 RPD-020, Attachment 18-OhGsFocusGroupFinal.

7 MR. MC KENZIE: Ms. Bojko, could you
8 give me the number referencing, please?

9 MS. MOONEY: I think I'll pass on
10 getting any confidential.

11 MS. BOJKO: I'm not going to hand it out
12 now to only those left in the room. We will save
13 questions regarding that for the confidential
14 session.

15 By Ms. Bojko:

16 Q. Let's go to Page 2, Line 2 of your
17 testimony. You state the benefits you -- excuse me.
18 The benefits you are referring to on Page 2, Line 2
19 are related to new technologies associated with
20 gridSMART; is that correct?

21 A. That is correct.

22 Q. And on Page 4 of your testimony, Line
23 21, Phase 2 benefits -- the benefit-to-cost ratio
24 remains the same for Phase 2 in the Stipulation as it
25 was proposed in the Application; is that correct?

1 A. We revised the data behind it. The
2 resulting cost and benefits ratio resulted in the
3 same number.

4 Q. And the Stipulation provisions did not
5 modify that benefit-to-cost ratio; is that correct?

6 A. It did not. So again, the 2.8 on a cash
7 value, 2.8 benefits to \$1 cost remains the same.

8 Q. And you state on Page 5 the
9 benefit-to-cost ratio shown by the Business Case
10 remains the same even with the updates of the
11 Stipulation, the Business Case attached to your
12 testimony; is that correct?

13 A. That is correct.

14 Q. And the total cost to customers of Phase
15 2 under the Stipulation is estimated to be \$516
16 million; is that correct?

17 A. That is the -- the 15-year Business Case
18 cost, correct.

19 Q. In the original application the cost to
20 customers was \$465 million; is that correct?

21 A. Yes, the Cash Value View of the 15-year
22 costs associated with the Business Case was 465
23 million, originally.

24 Q. And just for the record, you're
25 reviewing the Business Case that was originally

1 attached to the Application as Attachment A at 7
2 to 9; is that correct?

3 A. That is correct.

4 Q. And so under the Stipulation there's an
5 increase in cost to customers of \$51 million from the
6 originally filed application; is that correct?

7 A. That is correct.

8 Q. And Attachment A to the Application that
9 you just referenced, that Business Case has been
10 updated to reflect the Stipulation provisions and
11 that's attached as Exhibit SSO-1 to your testimony?

12 A. That is correct.

13 Q. Under the Stipulation, per circuit per
14 each DACR deployed, it will cost customers \$427,000
15 in capital costs through the life of the technology;
16 is that correct?

17 A. It is \$427,000. That is the capital
18 cost, and that is correct.

19 Q. And that's an increase of \$37,500 per
20 circuit from Phase 1, correct?

21 A. That is correct.

22 Q. And you've also estimated that the O&M,
23 the operation and maintenance, expense for DACR
24 circuit is 3 percent; is that correct?

25 A. That is correct.

1 Q. And that 3 percent for each -- that's 3
2 percent for each circuit, correct?

3 A. Annually, correct.

4 Q. Annually. Thank you. And that 3
5 percent annually will be passed through the gridSMART
6 Rider each year for the life of the DACR circuit,
7 correct?

8 A. That is my understanding, but riders are
9 best addressed by Witness Moore.

10 Q. On Page 5, Line 21 of your testimony,
11 you state that the AMI deployment is expected to take
12 approximately 48 months. There's no completion
13 deadline or requirement contained in the Stipulation;
14 is that correct?

15 A. Do you mind restating that question,
16 please?

17 Q. Sure. Page 5, Line 21 of your
18 testimony, you state that AMI deployment is expected
19 to take approximately 48 months after approval.

20 A. That is correct.

21 Q. And there's no completion deadline or
22 requirement contained in the Stipulation; is that
23 correct?

24 A. I do not see one; that is correct.

25 Q. On Page 6 of your testimony you discuss

1 feasibility studies for Phase 2 deployment of AMI and
2 DACR technologies. Do you see that?

3 A. I do.

4 Q. These studies concern feasibility of
5 deployment based on the scope of AEP Ohio's original
6 application, correct?

7 A. Section 1.B of the Stipulation, is that
8 your reference? That study is primarily looking at
9 how the selection for AMI and DACR were -- will be
10 selected in order to maximize benefits.

11 Q. My question was do the feasibility
12 studies -- are they based on the scope of AEP Ohio's
13 original application?

14 MR. MC KENZIE: I would just object.
15 There are two types of feasibility studies, so if I
16 could ask counsel, just to be clear, when asking a
17 question which feasibility study you're referring to.

18 MS. BOJKO: I think the question applies
19 to both. But we can take them one at a time if you'd
20 like.

21 THE WITNESS: So Section 1.B of the
22 Stipulation, that study, we apply all known learning.
23 Primarily that learning is from our Phase 1
24 deployment. If there was industry knowledge that
25 helped us, that would be part of how we would show

1 which circuits or which meters have the best
2 benefits.

3 By Ms. Bojko:

4 Q. The scope of the feasibility study is
5 based on the scope contained in AEP Ohio's original
6 application; is that correct?

7 A. So the scope I think it references is
8 the deployment quantities of 894,000 AMI meters and
9 250 DACR circuits.

10 Q. I still don't think you've answered my
11 question.

12 And that's the same scope that was
13 contained in the original application by the Company?

14 A. That's correct. AMI was originally
15 proposed at 894,000 AMI meters, DACR was originally
16 proposed at 250 circuits, and that remains the same,
17 consistent with the Stipulation Section C under Item
18 No. 1 on Page 5.

19 Q. And the scope of the second feasibility
20 study with regard to AMI and DACR would also be the
21 scope that was originally defined in the AEP
22 application, correct?

23 A. So Section 1.D references a full system
24 feasibility study. That study is forward looking.
25 That study is looking at all three technologies, AMI,

1 DACR, and Volt/VAR, to determine what additional
2 deployments could be cost effective for a potential
3 Phase 3 project.

4 Q. And that scope was originally
5 contemplated in the original application filed by
6 AEP; is that correct?

7 A. I am not aware of a reference to a
8 future Phase 3 project, but I think the Company
9 generally envisioned that there are more deployment
10 areas for these technologies that would be cost
11 effective and beneficial to move forward with.

12 Q. Sir, you're trailing off at the end. I
13 would just ask you to keep your voice up so I can
14 hear you.

15 A. Sure.

16 Q. It's your understanding that the
17 feasibility study in 1.D that you just talked about,
18 the full feasibility study, comes after the
19 feasibility study in Section 1.B of the Stipulation;
20 is that correct?

21 A. After referencing Section 1.D for the
22 full system feasibility study or the Phase 3
23 deployment study, I do not see any timelines
24 referenced here except for that there shall be
25 nothing that would hold the Company from doing a

1 phase refiling while Phase 2 is still in deployment.

2 Q. And the full system feasibility study in
3 Section 1.D is to determine the necessity of the
4 future Phase 3; is that correct?

5 A. I'm not sure I would use the word
6 "necessity". The scope is to determine what future
7 investments could be cost effective for all three of
8 those technologies.

9 Q. And the Stipulation states that the full
10 system feasibility study will be completed in
11 conjunction with the Phase 2 feasibility and
12 selection studies in Section 1.D; is that correct?

13 A. I do see those words at the beginning of
14 that paragraph.

15 Q. And you just stated -- explained to me
16 that the original application proposed 894,000 AMI
17 meters and that had not changed. Are those AMI
18 meters there for both residential and commercial
19 accounts, correct?

20 A. They are.

21 Q. And the original application I believe
22 you also stated proposed 250 DACR circuits, correct?

23 A. That is correct.

24 Q. On Page 6, Line 2 --

25 MR. MC KENZIE: I'm sorry, of the

1 Stipulation or his testimony?

2 MS. BOJKO: No, I'm sorry, his
3 testimony.

4 By Ms. Bojko:

5 Q. Page 6, Line 2 of your testimony, the
6 DACR -- it's really Lines 1 and 2 -- that AEP will
7 install DACR technology on 250 circuits prioritizing
8 circuits that are likely to result in the greatest
9 customer reliability benefits; is that correct?

10 A. That is correct.

11 Q. And that will be determined by the
12 feasibility study set forth in 1.B of the
13 Stipulation, correct?

14 A. That is correct.

15 Q. And on -- also on Page 6, Line 3, it's
16 stated that that DACR deployment is expected to take
17 approximately 72 months; is that correct?

18 A. That is correct.

19 Q. But there are no completion deadlines or
20 requirements in the Stipulation with regard to the
21 deployment of DACR technology; is that correct?

22 A. I am not aware of one.

23 Q. And the original application proposed 80
24 circuits for VVO; is that correct?

25 A. That is correct.

1 Q. But the Stipulation increased that to
2 160 circuits, correct?

3 A. That is correct.

4 Q. And in Phase 1 AEP only deployed 17 VVO
5 circuits in two-and-a-half to three years, correct?

6 A. We had the opportunity to learn from the
7 deployment of 17 circuits, that's correct.

8 Q. Feasibility studies will not analyze the
9 VVO circuits, that study that's in 1B; is that
10 correct?

11 A. That is correct.

12 Q. And the feasibility study -- 1.B
13 feasibility study is expected to be completed within
14 a year after the Commission approves the Stipulation,
15 correct?

16 A. That is my understanding.

17 Q. But the Company's only required to use
18 best efforts to complete within one year; isn't that
19 correct, sir?

20 A. That is the language used in the
21 Stipulation.

22 Q. So there's no requirement for it to be
23 completed within one year; is that correct?

24 A. I think the word "requirement" could be
25 used in different ways here. I think it is a -- I

1 think it's a reasonable expectation that we will seek
2 to try to reach that one-year time limit.

3 Q. Using best efforts, which is required by
4 the Stipulation?

5 A. Yes.

6 Q. And if you don't complete within one
7 year there's nothing in the Stipulation that talks
8 about failure to complete in one year, correct?

9 A. I do not see any.

10 Q. Deployment of AMI and DACR will occur at
11 the same time AEP Ohio conducts the feasibility
12 study; is that correct?

13 A. That is correct.

14 Q. So while you're trying to decide
15 where -- which circuits to put the DACR on, AEP will
16 be installing DACR circuits?

17 A. That is correct.

18 Q. And one of the purposes of the
19 feasibility study is to select the best circuit or
20 deployment place on the grid; is that correct?

21 A. That is correct.

22 Q. And would you envision that that
23 selection would have to occur first before you
24 actually do the deployment and installation, correct?

25 A. That is correct. Some of the -- for

1 each of the technologies there's examples of where
2 there's very clear benefits, and some easy
3 circuits -- meters to say those are good to start the
4 deployment on.

5 MS. BOJKO: Your Honor, I move to strike
6 the words after "Some". He answered my question
7 with, "That's correct."

8 MR. MC KENZIE: Your Honor, that was an
9 elaboration. That's directly responsive. She's
10 implying that he's not going to know which circuits
11 to install DA on or where to install AMI meters. He
12 said he will based on the answer beginning with the
13 word "Some".

14 ATTORNEY EXAMINER: It's denied.

15 MR. MC KENZIE: Okay.

16 By Ms. Bojko:

17 Q. Will the costs associated with the
18 feasibility studies be included in the rider that
19 customers pay?

20 A. Yes.

21 Q. The Stipulation does not prohibit AEP
22 from filing for approval of Phase 3 deployment at the
23 same time that Phase 2 is occurring; is that correct?

24 A. That is my understanding.

25 Q. And I think you said earlier you are in

1 fact anticipating Phase 3 deployment, correct?

2 A. Yes.

3 Q. Under the Stipulation will there be a
4 formal PUCO review of the feasibility studies?

5 A. I do not see that noted as a
6 requirement.

7 Q. And under the Stipulation will parties
8 have an opportunity to comment on the feasibility
9 study?

10 A. For the feasibility in Section 1.B I do
11 not see any such thing that allows for comments.

12 Q. Is it possible that the feasibility
13 study in 1.B could conclude that AMI or DACR should
14 not be deployed as provided in the Stipulation?

15 A. That is not the intent of 1.B. The
16 intent of 1.B is associated with reviewing the
17 selection criteria used to show which deployment
18 areas have the best benefits.

19 Q. So as I understand it, Phase 2 is going
20 forward with the number of meters and DACR circuits
21 set forth in the Stipulation, it's just a question of
22 where; is that correct?

23 A. That is my understanding.

24 Q. Page 13 of your testimony, in the
25 paragraph beginning on Line 15, you provide an

1 estimate of the energy efficiency that will be gained
2 from VVO deployment over a 15-year Business Case
3 period, do you see that?

4 A. I do.

5 Q. This is based on experience from 17 VVO
6 circuits installed in Phase 1; is that correct?

7 A. That is correct.

8 Q. Is it your understanding that VVO is not
9 necessarily a Smart Grid technology?

10 A. I think generally Volt/VAR Optimization
11 or other similar names for that technology are
12 considered Smart Grid, in the Smart Grid portfolio,
13 but it could be a standalone project as well.

14 Q. So VVO can be deployed without deploying
15 Smart Meters; is that correct?

16 A. That is correct.

17 Q. And in fact, AEP has deployed VVO
18 without Smart Meters?

19 A. That is correct.

20 Q. Let's look at the Stipulation. Do you
21 have that in front of you, sir?

22 A. I do.

23 Q. The Stipulation, Page 7, please. The
24 third paragraph above Section 4, so it's in Section 3
25 regarding VVO, says that AEP Ohio will prioritize

1 deployment timelines with Company selected circuits
2 with the Ohio Hospital Association members for any
3 VVO deployments over the term of the Affiliate PPA
4 when determining the implementation plan. Do you see
5 that?

6 A. I do see that.

7 Q. Do you know whether AEP has implemented
8 the Affiliate PPA?

9 A. You know, after reflection on this
10 section, it's my opinion that that covers more of
11 a -- references more of a deployment timeline.

12 It's probably most appropriate that it
13 covers deployment timeline of the deployment activity
14 of Volt/VAR, so I think that's probably what the
15 Stipulation was trying to address, the timeline.

16 MS. BOJKO: Your Honor, I move to strike
17 the whole response as nonresponsive. I asked whether
18 AEP has implemented its Affiliate PPA. That's all I
19 asked.

20 ATTORNEY EXAMINER: I'm going to deny
21 the motion to strike. But if you would answer the
22 question the best you can.

23 THE WITNESS: I am not involved in the
24 PPA case and don't have specific data to answer your
25 question.

1 By Ms. Bojko:

2 Q. So I take it you're not familiar with
3 the Affiliate PPA case?

4 A. I am not intimately involved, and
5 therefore not very familiar with that case, correct.

6 Q. So if -- if there is no Affiliate PPA,
7 what term will the VVO be deployed over?

8 A. The VVO will be deployed over a six-year
9 timeline referenced in the next paragraph as a
10 72-month project.

11 Q. With regard to the Ohio Hospital
12 Association deployment as well?

13 A. Can you ask that question again?

14 Q. I'll strike that question. I'll try
15 again.

16 Your reference to 72 months is
17 applicable to the selected circuits with regard to
18 the Ohio Hospital Association's prioritization
19 established in the prior paragraph?

20 A. That's my understanding of how that
21 would actually work, that is correct.

22 Q. Do you know the proposed term of the
23 Affiliate PPA?

24 A. I do not know that.

25 Q. Do you know the term of the Company's

1 current electric security plan that's been approved
2 by the Commission?

3 A. I do not know that answer.

4 Q. So looking again at that same provision
5 with regard to the Hospital Association, it's your
6 understanding per the Stipulation that AEP Ohio will
7 deploy sooner -- VVO sooner to circuits serving OHA
8 members; is that correct?

9 A. That is my understanding.

10 Q. Do you know how many OHA members there
11 are?

12 A. 220 and 13 healthcare systems; 53 are in
13 AEP Ohio service territory, 8 are also on the initial
14 list of top 160 circuits.

15 Q. So you looked up that information since
16 our deposition?

17 A. I have.

18 Q. And you stated that there are 53 in AEP
19 service territory?

20 A. That is correct.

21 Q. You would be surprised to learn if OHA
22 believes there are 54?

23 MR. MC KENZIE: Objection. No
24 foundation.

25 By Ms. Bojko:

1 Q. Have you read the OHA motion to
2 intervene?

3 A. I have read it. I have not read it in
4 the time immediately preceding this hearing.

5 Q. So to gather the information since last
6 week you reviewed -- since Thursday, I guess -- you
7 reviewed what? You went and reviewed AEP Ohio's
8 billing system to see how many OHA members there
9 were?

10 A. There was a spreadsheet that we were
11 able to get our hands on that listed all the
12 hospitals and their addresses. I'm not sure of the
13 age of that document. Then we cross-referenced
14 whether they are a customer or not.

15 Q. And who created the document that you
16 referenced?

17 A. I'm not sure of that.

18 Q. Do you know if that document was
19 produced in discovery?

20 A. I am not sure.

21 Q. Who gave you the document?

22 A. An engineering group.

23 Q. And you have no idea where they sourced
24 that information from?

25 A. No. I assumed it was correct. It was a

1 list of hospitals, and I didn't see any issue with
2 it.

3 Q. Do you know whether each hospital on
4 that list is served through a dedicated circuit?

5 A. I do not know that information.

6 Q. And it's possible that a hospital can be
7 served by multiple circuits, correct?

8 A. It can be.

9 Q. And AEP Ohio will collect the costs of
10 the VVO deployment through the gridSMART Rider; is
11 that right?

12 A. That is correct.

13 Q. So AEP Ohio customers will pay for the
14 cost of that VVO deployment; is that correct?

15 A. Rider questions are best addressed by
16 Witness Moore, but at a high level, yes.

17 Q. And it's your understanding that AEP
18 Ohio will collect lost distribution revenues through
19 a separate mechanism; is that correct?

20 A. That's my understanding. Again, that's
21 a question better addressed by Witness Moore.

22 Q. And it's your understanding that AEP
23 Ohio customers will pay for those lost distribution
24 revenues through that separate mechanism?

25 A. That's my understanding. I don't know

1 all the pertinent details on how that works,
2 Ms. Moore can address that.

3 Q. But have lost distribution revenues been
4 factored into the projected cost of gridSMART Phase 2
5 that's in the Business Case attached to your
6 testimony?

7 A. I am unsure if that was one of the line
8 items used in the cost-to-benefit comparison, I'm
9 unsure.

10 Q. So you can't quantify the magnitude of
11 lost distribution revenues that will be collected
12 from customers?

13 A. I cannot. My initial thought is that
14 that is a -- it's an equal positive and minus that go
15 together, so they would offset, but...

16 Q. A charge for lost distribution revenues
17 to customers will be offset against what?

18 A. So I think we're going too detailed
19 beyond my level of knowledge, and it might be best to
20 address those questions with Witness Moore.

21 Q. Well, when you use the words they will
22 offset, what were you referring to?

23 A. I was referencing if there was a
24 negative impact on earnings, there would be a debit,
25 and then if there was a way to credit that back, that

1 would be the plus side of that equation, so therefore
2 they -- my assumption is they are equal and
3 offsetting.

4 Q. To the Company?

5 A. And the customers, both.

6 Q. Okay. If the lost distribution rider
7 isn't charged to customers, what are you offsetting
8 it against?

9 MR. MC KENZIE: Your Honor, I'll object.
10 He's already said it's not his area of expertise,
11 Andrea Moore, who is the next witness, will be
12 available to answer these questions.

13 MS. BOJKO: Your Honor, he said what he
14 said on the record. Unless we go back and strike it
15 I have a right to challenge or explore what he is
16 claiming on the record. I'll be happy to strike his
17 answer then.

18 ATTORNEY EXAMINER: Is that okay?

19 MR. MC KENZIE: Well, I'm sorry, I need
20 to know what specifically you're referring to, the
21 offsetting line.

22 MS. BOJKO: The last four questions and
23 answers.

24 MR. MC KENZIE: Your Honor, I think we
25 can just move on. Andrea Moore will be --

1 ATTORNEY EXAMINER: Hang on. Let's go
2 off the record for a minute.

3 (Discussion off the record.)

4 ATTORNEY EXAMINER: Let's go back on the
5 record. And we are going to strike everything
6 after --

7 MS. BOJKO: Starting with "My initial."

8 ATTORNEY EXAMINER: Thank you.

9 By Ms. Bojko:

10 Q. Just let's talk about the feasibility
11 studies. The B.1 feasibility study is only for AMI
12 and DACR, correct?

13 A. That is correct.

14 Q. And D.1 -- D.1 feasibility study applies
15 to AMI, DACR, and VVO; is that correct?

16 A. That is correct.

17 Q. And then you discuss a gridSMART
18 Collaborative in your testimony; is that accurate?

19 A. That is correct.

20 Q. And that Collaborative is the same
21 Collaborative that's discussed on Page 7 of the
22 Stipulation, correct?

23 A. That is correct.

24 Q. The last sentence of Section 4 of the
25 Stipulation provision on Page 7 says, "The gridSMART

1 Collaborative shall be established and administered
2 monthly through the project deployment timeframe for
3 all stakeholders." Do you see that?

4 A. I do.

5 Q. And you don't know who will be on the
6 Collaborative at this time; is that correct?

7 A. I do not.

8 Q. Will only signatory parties be allowed
9 on the Collaborative?

10 A. No. So since the deposition I've
11 reflected on that section, and I think the
12 stakeholders applies to all interested parties, both
13 signatory parties, nonsignatory parties, intervenors,
14 nonintervenors, all stakeholders, all interested
15 parties.

16 Q. I'm sorry. At the beginning of your
17 response to me you say, "Since the deposition I
18 further reflected"?

19 A. That is correct.

20 Q. And who did you further reflect with
21 regarding the answer to my question?

22 A. I reread this section and I also
23 discussed it with counsel.

24 Q. And there are projected costs associated
25 with the Collaborative; is that correct?

1 A. There are.

2 Q. And AEP Ohio intends to collect those
3 costs from customers through gridSMART Rider; is that
4 correct?

5 A. That is correct.

6 Q. And let's go back to your testimony,
7 Page 7, Line 13. You use the term "significantly
8 reduces". Do you see that?

9 A. I do.

10 Q. You did not provide a reference to a
11 study that quantified that reduction in your
12 testimony; is that correct?

13 A. That is correct.

14 Q. Go to Page 10, Line 10. Here you
15 discuss a secondary metric if AEP is unable to meet
16 the SAIFI metric. Do you see that?

17 A. I do.

18 Q. And there is no penalty in the
19 Stipulation for not meeting the SAIFI metric; is that
20 correct?

21 A. As I understand it, if we miss the SAIFI
22 metric, which is our primary metric, we would be
23 under Part II of that, which is evaluating the system
24 performance.

25 If we did not meet the system

1 performance expectations as outlined in the
2 Stipulation, we would need to file a report on what
3 we will do to meet the measure the following year, if
4 the commitment is missed two years in a row.

5 So a second time, the Company's required
6 to file a report explaining its failure and show
7 cause to why it missed. And then the Commission can
8 determine what to do at that point.

9 Q. I'll ask my question again. The
10 Stipulation does not contain a penalty for the not
11 meeting its SAIFI metric; is that correct?

12 MR. MC KENZIE: Objection. Asked and
13 answered. And the word "penalty" here is vague, so
14 he explained in the previous answer what the
15 Stipulation provides if AEP Ohio does not meet the
16 secondary answer. There's no yes or no answers as to
17 whether there's a penalty.

18 ATTORNEY EXAMINER: Sustained.
19 By Ms. Bojko:

20 Q. Besides filing the report, does the
21 Company get penalized for not meeting the SAIFI
22 metric?

23 MR. MC KENZIE: Objection. Same
24 objection.

25 ATTORNEY EXAMINER: I'll let you answer

1 if you can.

2 THE WITNESS: That is up to the
3 Commission. The Commission -- if we miss it two
4 years in a row, they have the responsibility of
5 taking action, and I can't answer for what they would
6 require of us.

7 By Ms. Bojko:

8 Q. But I'm just asking if the Stipulation
9 itself contains a prescribed penalty or ramification
10 for not meeting the SAIFI metric except for filing
11 the report?

12 MR. MC KENZIE: Objection. Asked and
13 answered.

14 ATTORNEY EXAMINER: Sustained.

15 By Ms. Bojko:

16 Q. Do you know if AEP Ohio has met its
17 SAIFI standard for 2012 for Columbus Southern Power
18 Company?

19 A. Are you talking about the system as a
20 whole, or the DACR outcome of our Phase 1 project?

21 Q. I'm talking about the system as a whole.

22 A. I am not aware of those details.

23 MS. BOJKO: Your Honor, at this time I'd
24 like to mark as OCC Exhibit 2 a document entitled
25 Columbus Southern Power Company (AEP) - Annual

1 Performance Compared to standard, SAIFI and CAIDI
2 metrics. May I approach?

3 ATTORNEY EXAMINER: Sure.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 By Ms. Bojko:

6 Q. Mr. Osterholt, do you have in front of
7 you what's been marked as OCC Exhibit 2?

8 A. I do.

9 Q. Is this a report off of the PUCO website
10 concerning Columbus Southern Power Company's annual
11 performance compared to the SAIFI and CAIDI
12 standards?

13 A. It does appear to be that, yes.

14 Q. And, sir, does it demonstrate that AEP,
15 with respect to Columbus Southern Power Company, had
16 not met its SAIFI performance -- the performance has
17 not met the standard for years 2012, '11, and '10?

18 A. I see where some appear to be -- the
19 actual performance appears to be below standard.

20 Q. And do you know whether the -- there was
21 any penalty assessed to AEP Ohio for failure to meet
22 the SAIFI standards in years 2010, '11, '10?

23 A. That is outside of my area of
24 responsibility, and I do not know the answer to that.
25 I would like to add though --

1 Q. There's no question pending, sir. I'm
2 done with that exhibit. You can put it aside.

3 MR. MC KENZIE: Your Honor, I think
4 there was a misstatement in the question. Counsel
5 said SAIFI when I think she meant CAIDI there. That
6 might be what Mr. Osterholt was trying to clarify. I
7 think it's fair to let the witness answer.

8 THE WITNESS: That's what I was going to
9 say. I think that there are some areas where we did
10 meet during the 2010 through 2012 year.

11 I also thought it would be valuable to
12 note that during this time period of 2010 to 2012,
13 the DACR system did have a positive affect on these
14 numbers, so subject to check, I think the value in
15 2011 was that the DACR system improved the aggregate
16 performance of the DACR deployed circuits by 3.6
17 percent on SAIFI.

18 I think that that value being subject to
19 check in 2012 helped improve the performance of the
20 DACR aggregate circuits for SAIFI by, I think it's 12
21 plus percent.

22 MS. BOJKO: Your Honor, I move to
23 strike. That goes way beyond the scope of any
24 clarification alleged by counsel. And he now all of
25 a sudden miraculously knows all that information when

1 he responded to my question that it was outside his
2 expertise.

3 ATTORNEY EXAMINER: I'm going to deny
4 the motion to strike. It was your exhibit, so
5 anything further?

6 MS. BOJKO: Yeah.

7 By Ms. Bojko:

8 Q. Were you reading from the exhibit, sir?

9 A. I'm aware of the performance of our DACR
10 systems during the deployment years.

11 MS. BOJKO: So he's not reading from the
12 exhibit, your Honor. I move to strike everything
13 after his response to my question, which was it was
14 beyond the scope of his expertise.

15 ATTORNEY EXAMINER: I'm going to deny
16 the motion to strike.

17 By Ms. Bojko:

18 Q. Just so the record is clear, sir,
19 because I thought you were reading from the exhibit
20 as well, but everything you said in explanation was
21 not from the exhibit, you're referring to DACR, not
22 the Company's overall performance with regard to
23 SAIFI and CAIDI; is that correct?

24 MR. MC KENZIE: I'll object. That seems
25 to be in argument with the Bench. I don't think it's

1 proper.

2 ATTORNEY EXAMINER: Sustained.

3 MS. BOJKO: I'm sorry, I'll rephrase.
4 That wasn't my intent.

5 By Ms. Bojko:

6 Q. When you explained your answer in
7 reference to the 3 percent number that was with
8 regard to DACR, not the overall performance of the
9 Company with regard to SAIFI and CAIDI, correct?

10 A. So my view is that when you look at a
11 large system-wide performance of the entire AEP Ohio
12 system from a reliability standpoint, SAIFI and
13 CAIDI, that a DACR system is deployed in order to
14 help improve those reliability metrics.

15 What I was trying to add is that those
16 DACR systems add value, and therefore helped raise
17 these numbers. Regardless of whether they were met
18 or didn't meet, it did help raise those performance
19 numbers.

20 Q. And that DACR metric is not separately
21 identified in OCC Exhibit 2; is that correct?

22 A. It is not part of that, that's correct.

23 Q. Okay. So --

24 A. But its performance is part and parcel
25 of our overall performance.

1 Q. I understand. But this document from
2 the Commission's website is portraying the overall
3 system performance with regard to SAIFI and CAIDI
4 for 2010 through 2012; is that correct?

5 A. That is correct.

6 Q. Okay.

7 A. And what it doesn't show is how other
8 vulnerabilities affect these metrics. So there's
9 things such as weather, there's where outages occur,
10 there's where trees outside of the right-of-way fall,
11 there's a lot of other things that go into this
12 number including, but not limited to, how the DACR
13 helps improve these numbers.

14 Q. Well, even with all your explanation
15 about what goes into these numbers, even with DACR,
16 they did not meet the standards in every year
17 from 2010 to '11 and '12; is that correct?

18 A. So as counsel objected earlier, I think
19 the CAIDI number in 2011 appears to be met. So there
20 are some cases in here where there are things that
21 have been met, and there are some things that haven't
22 been met.

23 Q. With regard to SAIFI, it hasn't been met
24 in all three years; is that correct?

25 A. That's what the data shows for the

1 years 2010 to 2012 referenced here.

2 Q. Thank you. Let's turn to -- Strike
3 that.

4 You are proposing to base the successful
5 operation of the DACR system on a three-year rolling
6 average after DACR has been in place on the circuit
7 for six months; is that correct?

8 You are proposing to base the successful
9 operation of the DACR systems on a three-year rolling
10 average after DACR has been in place on the circuit
11 for six months?

12 A. That is correct.

13 Q. Turn to Page 11, please. On Page 11 you
14 cite to a study. That study was not performed by the
15 U.S. Department of Energy; is that correct?

16 A. It's my understanding that that study
17 was performed either by the Lawrence National Lab,
18 which is a DOE lab, or an affiliate, but I think the
19 answer is the DOE either completed the study or was
20 asked for the completion of the study.

21 Q. And if you look at the footnote,
22 Footnote 2 is the citation to the study, and it lists
23 the authors Kristina Hamachi LaCommare and Joseph H.
24 Eto; is that correct?

25 A. That's what it's referencing, yes.

1 Q. And you were not involved in any way in
2 that study; is that correct?

3 A. I was not.

4 Q. And you didn't work at the DEO (sic) at
5 the time that study was commissioned or performed or
6 completed?

7 A. I did not.

8 MR. MC KENZIE: DOE I think is what --

9 MS. BOJKO: Sorry, DOE.

10 By Ms. Bojko:

11 Q. And have you spoken to the authors of
12 that study?

13 A. I have not.

14 Q. So have you verified the resulting CMI
15 costs that you include in your testimony?

16 A. I have not. I've taken it that their
17 study was accurate and complete, and it's been used
18 throughout the industry.

19 Q. And you took the numbers from the study
20 that you did not verify, and you included them in
21 your base -- revised base case table on Page 9 as a
22 reliability benefit; is that correct?

23 MR. MC KENZIE: I think you mean
24 Business Case.

25 MS. BOJKO: Business.

1 THE WITNESS: Yes, we did review that
2 study. We applied the applicable piece of this to
3 our deployment plan, and we assessed both a Cash
4 Value View for that reliability improvement and a Net
5 Present Value View of that of the 15-year Business
6 Case as reflected on Page 9 of the revised Business
7 Case.

8 By Ms. Bojko:

9 Q. On Page 8 of Exhibit SSO-1, the VVO
10 costs are estimated at approximately \$334,000 per
11 circuit; is that correct?

12 A. That is correct.

13 Q. And similar to the cost of the DACR, you
14 would add a 3 percent O&M expense annually to the
15 capital investment through the life of the
16 technology?

17 A. That is correct.

18 MS. BOJKO: Your Honor, at this time I'd
19 like to have marked as OCC Exhibit 3 AEP's response
20 to OCC's discovery request in this proceedings,
21 INT-5-069. May we approach?

22 ATTORNEY EXAMINER: Sure. This is
23 Exhibit 3.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

25 THE WITNESS: Yes.

1 By Ms. Bojko:

2 Q. Do you have in front of you what's been
3 marked OCC Exhibit 3?

4 A. I do.

5 Q. Does this appear to be a discovery -- or
6 is this a discovery response from AEP Ohio to OCC?

7 A. Yes, it is.

8 Q. And was this prepared by you?

9 A. Yes, it was.

10 Q. And does this discovery response explain
11 how the cost for the VVO circuit was estimated?

12 A. It includes some details on how that was
13 included -- how that cost was calculated, yes, it
14 does.

15 Q. And the VVO cost contained in the
16 Business Case attached as SSO-1 is an increase per
17 circuit from \$250,000 from the Business Case included
18 as Attachment A of the Application; is that correct?

19 A. That is correct.

20 Q. Okay. Let's turn to Page 16 of your
21 testimony, please. Page 16 of your testimony you
22 mention three time-of-use programs that AEP Ohio is
23 currently offering customers who have AMI meters; is
24 that correct?

25 A. That is correct.

1 Q. So these are only offered to customers
2 that have AMI meters; is that correct?

3 A. That is correct.

4 Q. So the TOU programs are only offered in
5 the Phase 1 geographic area; is that correct?

6 A. The SMART Shift, SMART Shift Plus, and
7 SMART Cooling are all only offered in the gridSMART
8 phase.

9 Q. Because customers have to have an AMI
10 meter in order to participate?

11 A. That's correct.

12 Q. And AEP has been offering these
13 time-of-use programs for approximately five to six
14 years; is that correct?

15 A. We have been offering these programs
16 since the 2010 timeframe for some, and 2011 for
17 others.

18 Q. And approximately 2,200 customers
19 participated in these three programs; is that
20 correct?

21 A. At this time it's in that general range.
22 At the max, at one point in time SMART Shift had
23 around 2,400 to 2,600 customers, the max for SMART
24 Shift Plus was probably in the 500 to 700, and SMART
25 Cooling is probably in the similar 2,400 to 2,600 at

1 the maximum.

2 Q. But currently today there's 2,200
3 customers?

4 A. Sounds about right.

5 Q. Has AEP determined the savings
6 associated with these programs?

7 A. Yes. We have. For SMART Shift, 2013,
8 subject to check, approximately 60 percent of the
9 customers saved more than \$12 annually. Another,
10 again subject to check, about 10 percent were plus or
11 minus \$12 annually. So a total of 70 were either
12 neutral or saved.

13 And these programs are driven not
14 towards savings, these are programs driven towards
15 enabling customers to shift their consumption out of
16 a higher peak period to a lower peak period in order
17 to give savings. So it's not just we all save, but
18 you have to do some changing of their consumption to
19 drive these savings.

20 Q. So where did you go to obtain that
21 information since Thursday with regard to the savings
22 since the deposition?

23 MR. MC KENZIE: Objection. It's an
24 improper use of a deposition. I don't think we
25 established that this is inconsistent with any

1 deposition testimony.

2 MS. BOJKO: I'll ask another question.

3 ATTORNEY EXAMINER: Thank you.

4 By Ms. Bojko:

5 Q. At the time of your deposition did you
6 provide an answer that you did not know the results
7 of the savings?

8 A. I think so.

9 MR. MC KENZIE: I'm sorry. Objection.
10 Once again, that's an improper way to use a
11 deposition.

12 MS. BOJKO: I think I can ask if his
13 answer changed.

14 ATTORNEY EXAMINER: Can you rephrase?

15 MS. BOJKO: Sure.

16 By Ms. Bojko:

17 Q. I mean, we can do it the hard way. I
18 was trying to do it the easy way.

19 Sir, do you recall getting your
20 deposition taken on July 28th, 2016?

21 A. I recall a deposition that we completed
22 last Thursday.

23 Q. Do you have a copy of your deposition
24 with you, sir?

25 A. I do.

1 MS. BOJKO: Your Honor, may I approach?

2 ATTORNEY EXAMINER: Sure.

3 MS. BOJKO: Does counsel need a copy of
4 his deposition?

5 MR. MC KENZIE: No.

6 By Ms. Bojko:

7 Q. If we turn to Page -- let me find it
8 first -- 56, I believe, of your deposition. If you
9 look on Line 23, did I ask, "And do you have savings
10 numbers for these programs?" Your response was, "I
11 do not have that data with me." Did I read that
12 correctly?

13 A. You did.

14 Q. So since the taking of your deposition
15 did you research the savings data that you just told
16 the court here today?

17 A. Yes. I pulled a 2013 presentation I did
18 and got the summary updated recently today.

19 Q. And that presentation was provided to
20 whom?

21 A. I do not recall what audience it was.

22 Q. And what was the date of the
23 presentation?

24 A. I don't recall the date.

25 Q. I'm having trouble hearing you, sir.

1 A. I'm sorry. It was 2013 data, so it was
2 from some presentation in '14 or '15, I assume. I
3 have that data. I presented it at periodic
4 presentations and I hold it up and refresh my memory.

5 Q. And do you have that presentation with
6 you here today?

7 A. I do not.

8 Q. Did you provide that presentation in
9 discovery to the parties?

10 A. I did not.

11 Q. Were you asked to bring to the
12 deposition all information relied upon in drafting
13 your testimony?

14 MR. MC KENZIE: Well, I'll just object
15 here. We have established that he looked at this
16 after the deposition, so I think it's an irrelevant
17 question.

18 MS. BOJKO: It's very relevant, your
19 Honor. The deposition notice said bring all
20 workpapers, documents that you relied on in
21 constructing your testimony, and if he relied on this
22 document -- which is what I'm trying to explore -- if
23 he relied on this document and he didn't provide it
24 in the deposition, we have a right to the access of
25 the document.

1 MR. MC KENZIE: Again, we just
2 established that he looked at it after the
3 deposition, so it wouldn't be responsive to a request
4 for documents he looked at before the deposition.
5 I'm happy to let her ask the question, I just don't
6 think this is a relevant line of inquiry given those
7 facts.

8 ATTORNEY EXAMINER: Where are we going
9 here?

10 MS. BOJKO: I don't know, I've never
11 seen the document, your Honor. You know, we asked
12 him to bring all documents with him and to produce
13 those documents that he relied on in giving his
14 testimony.

15 So now we're sitting here today where
16 he's coming up with new information we have not had a
17 chance to look at, we haven't had a chance to
18 cross-examine him on. It's an unfair surprise. We
19 have not seen this document that he's allegedly
20 relying on right now.

21 MR. MC KENZIE: Your Honor, we answered
22 300 discovery requests in this case. We produced
23 documents to them that he relied on before the
24 deposition. We fulfilled the terms of the deposition
25 notice which was discussed at the deposition.

1 This was not called for in that
2 deposition notice, and there's no basis to request it
3 now.

4 ATTORNEY EXAMINER: Okay. Let's go off
5 the record here.

6 (Discussion off the record.)

7 ATTORNEY EXAMINER: Let's go back on the
8 record. Ms. Bojko, I'll note your -- for the record
9 I'm noting your objection, and just to complete the
10 record, I've asked the witness to produce the
11 document that he relied on over the lunch hour for
12 OCC to review.

13 MS. BOJKO: Thank you, your Honor.
14 By Ms. Bojko:

15 Q. Is it your understanding, sir, that AEP
16 has requested permission from the Commission to stop
17 offering the three time-of-use programs listed on
18 Page 16 of your testimony?

19 A. Yes, I'm aware that we have requested a
20 termination of SMART Shift, SMART Shift Plus, and
21 SMART Cooling.

22 Q. And AEP sought permission to terminate
23 those programs before the Stipulation in this case
24 was signed; is that correct?

25 A. That is correct.

1 Q. And the Stipulation proposes a plan that
2 CRES providers would offer time-of-use plans in AEP
3 service territory in lieu of AEP Ohio offering those
4 plans, correct?

5 A. I'm aware of that we have offered a
6 time-of-use transition plan where the primary
7 responsibility for offering time-of-use rates in
8 similar programs would transfer to the CRES, assuming
9 that the Commission deems the TOU -- the CRES TOU
10 market to be sufficient and competitive.

11 Q. Let's back through those steps. So
12 initially CRES providers -- I'm sorry. You know what
13 I mean when I say Certified Retail Electric
14 Providers, service providers?

15 CRES providers would offer time-of-use
16 plans similar to the three outlined by AEP Ohio but
17 with different pricing; is that correct?

18 A. That is the short-term plan, correct.

19 Q. During the transition?

20 A. During the transition.

21 Q. And the CRES providers would be the ones
22 that get to select their pricing; is that correct?

23 A. That is correct.

24 Q. And that's independent of AEP Ohio's
25 plans?

1 A. That is correct.

2 Q. You aren't aware of any CRES providers
3 currently offering time-of-use plans in AEP service
4 territory, correct?

5 A. I am not aware of any.

6 Q. Does AEP have in place today the
7 necessary systems to facilitate CRES time-of-use
8 offers?

9 A. Our time-of-use transition plan does
10 include the development of the necessary systems and
11 processes to facilitate the transition plan.

12 Q. That wasn't my question, sir. I'm
13 asking if today AEP has in place the necessary
14 systems to facilitate CRES time-of-use programs and
15 offers?

16 A. So while it's not directly attributable
17 to a Smart Grid project, we do have the systems and
18 capability to offer a simple time-of-use program
19 outside of the gridSMART area with interval meters
20 where we collect the usage information, and I'm going
21 to use the word "buckets", but generally that is not
22 being used today.

23 (Answer read back.)

24 By Ms. Bojko:

25 Q. You still have your deposition in front

1 of you, sir?

2 A. Uh-huh.

3 Q. Would you please turn to Page 64? And I
4 forgot to ask you last time, you were sworn in in
5 your deposition; is that correct?

6 A. Yes, I was. Sorry. Yes. What page?

7 Q. If you could look at Page 64, please,
8 question beginning on Line 12, "Does AEP already have
9 in place the necessary systems to facilitate CRES TOU
10 offers?" Answer, "No." Did I read that correctly?

11 A. You did. And in this case --

12 Q. No, there's no question pending.

13 MR. MC KENZIE: Objection.

14 ATTORNEY EXAMINER: Sustained.

15 THE WITNESS: In this case I think I'm
16 referencing to the gridSMART type TUO offers.

17 By Ms. Bojko:

18 Q. I just asked if I read that correctly.
19 Did I read that correctly, Mr. Osterholt?

20 A. You did read it correct, yes.

21 Q. Okay. So today if a CRES is --
22 currently has a TOU offering, would your system
23 support that?

24 A. No.

25 Q. And it's my understanding that AEP

1 cannot provide CRES providers with interval data from
2 AMI meters until the CRES data portal is completed;
3 is that correct?

4 A. Could you repeat the question, please?

5 (Question read back.)

6 THE WITNESS: We do not have a system
7 that allows for robust sharing of AMI interval data
8 until the CRES data portal is complete.

9 By Ms. Bojko:

10 Q. So even if a CRES has a TOU offer today,
11 and a customer took advantage of that TOU offer, a
12 customer would not be able to take advantage of the
13 program because they couldn't see the data; is that
14 correct?

15 A. Generally, that is correct.

16 Q. And on Page 17 of your testimony you go
17 through the steps that you envision for this
18 transition plan; is that correct?

19 A. That is correct.

20 Q. And in Step One AEP will develop a
21 single time-of-use program to replace the three
22 current ones within three months; is that correct?

23 A. So Step One is actually the -- where we
24 submit the simplified TOU tariff. Step Two is where
25 we would complete the necessary systems, and that is

1 a six-month project, not three months.

2 Q. I'm sorry. You might have misheard my
3 question. I asked -- I asked if AEP will develop a
4 single time-of-use program to replace the three
5 current time-of-use programs in Step One?

6 A. That is correct.

7 Q. And that's within three months of the
8 Stip?

9 A. That is correct.

10 Q. And the simple program, simple
11 time-of-use program, is consistent with the program
12 discussed in the Commission's 12-3151 docket?

13 A. I cannot cross reference the case
14 number.

15 MR. MC KENZIE: Do you want me to give
16 you the Stipulation page number?

17 MS. BOJKO: I see it. Does the witness
18 need more information?

19 ATTORNEY EXAMINER: Yeah, I think he
20 does.

21 By Ms. Bojko:

22 Q. Look at Page 8 of the Stipulation.
23 Section B. iii.

24 A. Yes, 3151. Thank you.

25 Q. So it's your understanding that the

1 Company's single simple time-of-use program will be
2 consistent with that of 12-3151?

3 A. Correct.

4 Q. And this simple time-of-use will replace
5 the three current time-of-use programs only if the
6 Commission does not find that the time-of-use market
7 is sufficiently competitive during its review of the
8 time-of-use market; is that correct?

9 A. Correct.

10 Q. So if the Commission does determine that
11 the time-of-use market is sufficiently competitive,
12 then AEP will no longer have to offer the three
13 current time-of-use programs; is that correct?

14 A. That is correct.

15 Q. So as I understand the process, you're
16 not aware of any CRES time-of-use offerings
17 currently, so within 15 to 18 months during the
18 transition period there would have to be a
19 sufficiently competitive market created or AEP would
20 have to offer its time-of-use program?

21 A. That is my understanding.

22 Q. And it's your understanding that only
23 one CRES provider has committed to offer AEP's
24 time-of-use programs during the transition plan?

25 A. That is my understanding.

1 Q. And that CRES provider is Direct Energy?

2 A. Yes, that is correct.

3 Q. And what prices has Direct agreed to
4 provide the time-of-use programs offered by AEP
5 during the transition period?

6 A. They have not shared any pricing.

7 Q. Do you know the current pricing
8 structure of AEP's three time-of-use programs?

9 A. Generally, I know the pricing structure.

10 Q. Well, what is the pricing structure of
11 the SMART Shift program?

12 A. So right now the high price per SMART
13 Shift is approximately in the low 30 cents, total --
14 you know, all tax, riders included. And the low cost
15 is about 13 or 14 cents.

16 For SMART Cooling, that's actually
17 offered as a thermostat credit, so there's two
18 credits there. They are either \$8 per month or \$3
19 per month.

20 For the SMART Shift Plus there's a low,
21 medium, and high pricing, and again, I don't know the
22 exact numbers, but it's like 13, 15, and 17 cents.
23 And then there's a critical peak pricing component
24 that is in the range of around 50 to 60 cents.

25 Q. And is it fair to say that you do not

1 know how Direct Energy's prices or pricing structure
2 will compare to AEP's?

3 A. I have no idea.

4 Q. And there is a cost associated with the
5 transition plan, is there not?

6 A. There is.

7 Q. And that cost -- and that cost will be
8 for the whole transition plans, Steps One through
9 Five; is that correct?

10 A. That is correct.

11 MR. MC KENZIE: Excuse me, your Honor.
12 We have been going for a while. Could we check to
13 see if the witness needs a break?

14 THE WITNESS: That would be great.

15 ATTORNEY EXAMINER: Let's go off the
16 record.

17 (Discussion off the record.)

18 ATTORNEY EXAMINER: Let's go back on the
19 record, then.

20 By Ms. Bojko:

21 Q. Do you know what the estimated costs for
22 Steps One through Five are?

23 A. I do not.

24 MS. BOJKO: Your Honor, at this time I'd
25 like to mark as OCC Exhibit 4 Company's data response

1 to Interrogatory 3-060.

2 ATTORNEY EXAMINER: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MS. BOJKO: May we approach?

5 ATTORNEY EXAMINER: Sure.

6 MS. BOJKO: And there was a numbering
7 glitch, I guess I should mention in our discovery, so
8 this is called fourth set, but the numbering
9 continued from the third set. So it's marked as
10 Interrogatory 3-060.

11 MR. MC KENZIE: We just got it --

12 MS. BOJKO: Sorry about that. May I
13 approach, your Honor?

14 ATTORNEY EXAMINER: Sure.

15 By Ms. Bojko:

16 Q. Do you have in front of you what's been
17 marked as OCC Exhibit 4?

18 A. I do.

19 Q. Is this a data response from the Company
20 to OCC?

21 A. Yes.

22 MR. MC KENZIE: I'm sorry. Just for the
23 record, there are two pages here, 68 and 61.

24 MS. BOJKO: Thank you for that
25 clarification. May I amend my marking to include

1 both interrogatories, Interrogatory 3-60 and 61?

2 ATTORNEY EXAMINER: Yes.

3 By Ms. Bojko:

4 Q. Are you listed as the responsible party
5 for this data response?

6 A. Yes.

7 Q. Does this data response estimate the
8 cost of the TOU transition plan with regard to the
9 interval data portal and the -- I guess the whole TOU
10 transition plan?

11 A. It does.

12 Q. The portal is actually Step Five of the
13 transition plan, right?

14 A. That is correct.

15 Q. And are those costs estimated to be \$4
16 million?

17 A. That is correct.

18 Q. And does the second Interrogatory 061 --
19 are you the listed witness for this one as well?

20 A. I am.

21 Q. And does this confirm those same costs
22 when the question was asked with regard to the costs
23 associated with the data portal?

24 A. It does.

25 Q. So the data portal and combined with the

1 total transition plan equal \$4 million?

2 A. That's correct.

3 Q. It's not individually \$4 million, it's
4 total?

5 A. It's total.

6 Q. And it's my understanding that those --
7 the \$4 million will be passed through the gridSMART
8 Rider; is that correct?

9 A. That's correct.

10 Q. And CRES providers will not pay any
11 portion of the \$4 million; is that correct?

12 A. That's my understanding, that they will
13 not.

14 Q. And that includes CRES providers will
15 not pay any portion of the CRES interval data portal
16 system; is that correct?

17 A. The CRES providers will not pay for any
18 AEP Ohio systems or process areas associated with our
19 CRES portal, correct.

20 Q. And that cost associated with the
21 time-of-use transition plan and data portal were
22 included in the revised Business Case; is that
23 correct?

24 A. They were.

25 Q. Step Two is where AEP Ohio will develop

1 initial information technology systems and processes
2 to allow CRES providers to offer time-of-use rates to
3 customers; is that correct?

4 A. That is correct.

5 Q. And that's a separate system and process
6 from the data portal; is that correct?

7 A. That is correct.

8 Q. These systems and processes fees will be
9 limited to CRES time-of-use offers that are akin to
10 the SMART Shift, the SMART Shift Plus, and the SMART
11 Cooling that AEP Ohio currently offers, correct?

12 A. That's correct.

13 Q. And those processes have to be created
14 because currently AEP does not have those in place in
15 order to facilitate a CRES time-of-use offer with
16 regard to the three programs currently offered by AEP
17 Ohio; is that correct?

18 A. That is correct.

19 Q. And Step Three is where AEP educates
20 customers about the time-of-use rates; is that
21 correct?

22 A. That is correct.

23 Q. And any mailings or educational
24 materials associated with that education project will
25 also be passed on through the gridSMART Rider; is

1 that correct?

2 A. That is correct.

3 Q. And on Page 18, Line 1, in Step Three
4 you state that AEP will work with CRES providers to
5 educate customers about the CRES TOU offers and
6 provide existing AEP Ohio time-of-use customers an
7 opportunity to switch to a CRES time-of-use rate. Do
8 you see that?

9 A. I do.

10 Q. So first AEP Ohio will work with CRES
11 providers to educate customers about the offers; is
12 that correct?

13 A. That's correct.

14 Q. And will that include seeking input from
15 interested parties in the Collaborative as defined at
16 Page 8 of the Stipulation?

17 A. That is correct.

18 Q. So then the second part of the step is
19 to provide existing AEP customers an opportunity to
20 switch to the CRES TOU rates; is that right?

21 A. That is correct.

22 Q. And it's my understanding that the
23 CRES -- if a customer selects a CRES time-of-use
24 rate, the customer will be switched to the CRES as if
25 they were switched to any CRES offer; is that

1 correct?

2 A. Yeah, the customer would have to take
3 the action, correct.

4 Q. So currently the customer is considered
5 to be on the standard service offer with a
6 time-of-use rate; is that correct?

7 A. I guess I don't understand that
8 question.

9 Q. Well, they are considered a customer of
10 AEP Ohio currently until on the default program; is
11 that right?

12 A. On a gridSMART service?

13 Q. On a gridSMART default service.

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

16 Q. So they are an AEP Ohio customer, so if
17 they chose to switch to a CRES provider to take
18 advantage of a TOU offer, it would be just like them
19 switching to a CRES provider to take advantage of one
20 of the energy pricing offers that a CRES provider
21 has; is that correct?

22 A. That is our understanding.

23 Q. So the normal switching process would be
24 in place?

25 A. That is correct.

1 Q. And any costs associated with switching
2 would be as it is for all CRES provider switches; is
3 that correct?

4 A. That is correct.

5 Q. And then the next step would be that the
6 Commission would have to review the competitiveness
7 of the CRES TOU market, and that's Step Four; is that
8 correct?

9 A. That is Four, correct.

10 Q. And if the Commission determines that
11 the market is sufficiently competitive, AEP will have
12 no obligation to provide any time-of-use rates,
13 correct?

14 A. That is correct.

15 Q. And if a customer -- if AEP no longer
16 provides time-of-use rates because the Commission has
17 determined it to be sufficiently competitive, and a
18 customer does not switch to a CRES provider, but they
19 are currently on a time-of-use rate of the Company,
20 what will happen to that customer? Will they be
21 switched to the standard service offering?

22 A. So can you repeat the question, was
23 it --

24 Q. Sorry. I'll try again, that was
25 probably a bad question.

1 If the Commission determines that
2 there's a sufficiently competitive market so AEP Ohio
3 no longer offers the time-of-use rate, and there's a
4 current customer on the time-of-use programs, the
5 three lists in your testimony, will that customer be
6 switched to the standard service offer of the
7 Company?

8 A. That would be my understanding, but I
9 think there would be an opportunity potentially for
10 the Commission to offer their guidance as part of
11 that order.

12 Q. So let's suppose in Step Four the
13 Commission determines that the time-of-use market is
14 not competitive, not sufficiently competitive, and
15 AEP would then offer its simple time-of-use program,
16 correct?

17 A. Correct.

18 Q. Will AEP switch all of its current
19 customers on the three time-of-use programs to that
20 one time-of-use program at that time?

21 A. So generally a customer needs to take
22 action to move them on a tariff, and I think in this
23 case probably the likely outcome is that the
24 Commission may offer guidance on whether that happens
25 or whether they go back to the standard service

1 offer.

2 Q. So it's fair to say that the Stipulation
3 is silent to some of these details about where the
4 customers would or wouldn't go?

5 A. There's not details covering that topic
6 in the Stipulation.

7 Q. If the Commission determines that
8 there's a sufficient competitive market, the only
9 time-of-use rates for residential customers in AEP's
10 territory would then be offered by CRES providers,
11 correct?

12 A. That's the only -- well, AEP Ohio would
13 not have an obligation and the CRES would take
14 primary responsibility for providing the TOU rates.

15 Q. And the Stipulation does not speak to
16 what happens if in several years -- two to four years
17 after the Commission determined that the market was
18 sufficiently competitive, CRES providers rescind all
19 their time-of-use programs, does it?

20 A. It does not cover that scenario.

21 Q. And as I read the Stipulation, if the
22 Commission determines that the market is not
23 sufficiently competitive, then the Stipulation
24 directs the Commission to grant the 13-1937
25 Application and approve AEP's single time-of-use

1 program proposed in the Stipulation?

2 A. I see where it says that in the
3 Stipulation, yes.

4 Q. But the Commission's under no obligation
5 to grant the 13-1937 application and approve the
6 single TOU program proposed in the STIP, is it?

7 A. It's my understanding that the
8 Commission can take actions appropriate -- that they
9 see appropriate.

10 Q. In fact, the Commission could order the
11 Company to continue the three time-of-use programs
12 that it currently offers, correct?

13 A. That is a scenario that could happen.

14 Q. And the Stipulation does not provide any
15 guidance to the Commission for determining what
16 constitutes a sufficiently competitive time-of-use
17 market, does it?

18 A. The Stipulation does not provide any
19 clarity on that.

20 Q. The Stipulation provides that AEP Ohio
21 and the Commission Staff will file a report with the
22 Commission describing the latest data available on
23 CRES time-of-use offerings, correct?

24 A. Yes.

25 Q. And you don't know what exact data will

1 be included in that report, do you?

2 A. Those are details that aren't covered.

3 Q. Covered by the stip?

4 A. By the Stipulation, yes.

5 Q. And then after Step Four is Step Five,
6 which is the creation of the CRES AMI data portal; is
7 that correct?

8 A. That is correct.

9 Q. And on Page 19 of your testimony you
10 call this a comprehensive CRES AMI data portal on
11 Line 5; is that correct?

12 A. Yes, we call it that.

13 Q. And the comprehensive data portal that
14 you reference on Page 19 is the data -- same data
15 portal referenced in the discovery responses
16 Interrogatories 3-60 and 61 that we just discussed?

17 A. That is correct.

18 Q. And I believe I asked you if the CRES
19 providers were -- would provide funds for the web
20 portal. It's your understanding that CRES providers
21 will not share at all in any kind of payments toward
22 the web portal, correct?

23 A. Toward the development of the AEP Ohio
24 CRES, that is correct.

25 Q. Is there a fee to use the portal, a CRES

1 fee?

2 A. I'm not aware of that answer.

3 ATTORNEY EXAMINER: Let's go off the
4 record.

5 (Discussion off the record.)

6 MS. BOJKO: I have one more question on
7 this line of questioning.

8 ATTORNEY EXAMINER: Sure. Go ahead.

9 By Ms. Bojko:

10 Q. If the Commission determines that the
11 TOU market is sufficiently competitive, you stated
12 that AEP Ohio has no obligation to offer TOU
13 programs. AEP could, however, still offer TOU
14 programs; is that correct?

15 A. Yeah, I don't think there's any language
16 that stops us from doing that. I don't think we have
17 a business driver to do it right now, but I think you
18 are correct, I don't think there's any obligation,
19 that doesn't obligate us to do it or not do it.

20 Q. I'm sorry, you don't have any what to do
21 it now?

22 A. So if it's deemed as competitive, we
23 would not have a responsibility to provide a TOU
24 rate, but it doesn't exclude us from having one as
25 well.

1 Q. And at this time it's AEP's plan to not
2 offer time-of-use and to only allow those to be
3 offered by CRES providers assuming the Commission
4 deems the market to be sufficiently competitive?

5 A. That is the current plan.

6 MS. BOJKO: Okay. That's all I have on
7 that topic, your Honor.

8 ATTORNEY EXAMINER: Well, why don't we
9 take a break then until 1:00.

10 (Luncheon recess taken.)

11 ATTORNEY EXAMINER: Let's go back on the
12 record, then. Ms. Bojko. Wait. Sorry. We need to
13 enter an appearance.

14 MS. GLOVER: Good afternoon, your Honor.
15 On behalf of Direct Energy Business, LLC and Direct
16 Energy Services, LLC Rebekah Glover, Mark Whitt, and
17 Andrew Campbell from the law firm Whitt, Sturtevant,
18 LLP, 88 East Broad Street, Suite 1590, Columbus, Ohio
19 43215.

20 ATTORNEY EXAMINER: Thank you.
21 Mr. Bojko.

22 MS. BOJKO: Thank you, your Honor. At
23 this time I'd like to mark as OCC Exhibit 5 AEP Ohio
24 discovery response to OCC's request set four
25 Interrogatories 3-063 and 064. May I approach?

1 ATTORNEY EXAMINER: Yes. This is OCC
2 Exhibit 5.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 By Ms. Bojko:

5 Q. Do you have in front of you what's been
6 marked as OCC Exhibit 5?

7 A. I do.

8 Q. Is this a discovery response from the
9 Company to OCC -- two discovery responses, I should
10 say, Interrogatories 3-63 and 64?

11 A. Yes, it is.

12 Q. And are you the responsible person for
13 each of these discovery requests?

14 A. I am.

15 Q. Appears to be a true and accurate copy?

16 A. It appears to be.

17 Q. If you look at Interrogatory 3-63, this
18 interrogatory refers to the 250 circuit deployment of
19 DACR; is that correct?

20 A. That is correct.

21 Q. And it's your understanding that DACR
22 and VVO use the same resource pool for deployment
23 installation purposes?

24 A. That is true.

25 Q. And we discussed earlier this morning

1 that the last year in Phase 1 -- excuse me, Phase 1
2 AEP completed 17 VVO and 70 DACR; is that correct?

3 A. That is correct.

4 Q. So to complete the 87 DACR and VVO it
5 took two-and-a-half to three years; is that correct?

6 A. That is correct.

7 Q. And now under the Stipulation the
8 proposal is to install -- excuse me -- 160 circuits
9 for VVO and 80 circuits for -- or 250 for DACR; is
10 that correct?

11 A. 160 for VVO and 250 for DACRs, correct.

12 Q. So that's a total of 410 circuits for
13 Phase 2 with VVO and DACR; is that correct?

14 A. That is correct.

15 Q. And you believe that on average the DACR
16 deployment would be regarding -- or an average of 40
17 circuits per year, is that correct, under the
18 Stipulation?

19 A. Can ask you that question again, please?

20 Q. Sorry. Under the Stipulation it is
21 envisioned that the DACR deployment would be 40
22 circuits per year on average; is that correct?

23 A. Yes. Slightly more than 40 per year,
24 that's correct.

25 Q. And then on Interrogatory 64 you would

1 envision the VVO deployment to be approximately 30
2 circuits per year on average?

3 A. That is correct.

4 Q. And in total it would take 72 months to
5 deploy both of these technologies; is that correct?

6 A. That is correct.

7 MS. BOJKO: Your Honor, at this time may
8 I have marked as OCC 6 AEP data response to OCC's set
9 four, Interrogatory 3-062 corrected version? May I
10 approach?

11 ATTORNEY EXAMINER: Sure.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 By Ms. Bojko:

14 Q. Do you have in front of you what's been
15 marked as OCC Exhibit 6?

16 A. I do.

17 Q. Does this appear to be a -- or is this a
18 data response from AEP Ohio to the Office of
19 Consumers' Counsel in this case titled Interrogatory
20 3-62 Corrected?

21 A. It does, yes.

22 Q. There is a corrected response on this
23 data response, is that accurate?

24 A. That is correct.

25 Q. And you are the responsible party for

1 this interrogatory?

2 A. I am.

3 Q. Under Subpart a on the corrected
4 response is it the intent of AEP Ohio to phase in
5 the -- so to speak, the deployment of AMI meters?

6 A. If you -- from a phase-in approach, if
7 you mean that we'll have activities that we would
8 need to complete prior to installation starting, then
9 yes, that would be accurate.

10 Q. And then it's not going to be a set
11 number of AMI meters per year, it's going to be 50-
12 to 100,000 AMI meters in the first year, and then
13 265- to 280,000 AMI meters deployed annually in the
14 years two through four; is that correct?

15 A. That is correct, again, based on we have
16 to do some preliminary engineering, order some
17 material, get the telecom network for the first
18 deployment area installed, and some associated work
19 like that before we can start installing the first
20 meter, which is why the first year has a smaller
21 quantity than years two through four.

22 Q. Okay. And if you could look at b, the
23 question was, "Please explain what interval data is
24 currently provided to CRES providers for the
25 approximately 132,000 AMI meters installed as part of

1 gridSMART Phase 1 pilot program"; is that correct?

2 A. I see that's what the question asks,
3 yes.

4 Q. And then in Subpart b under the
5 corrected response, it states that, "For AMI pilot
6 customers with usage demands over 200 kW, where an
7 interval level recorder is required per the OAD
8 tariff..." Do you see that?

9 A. I see that sentence, yes.

10 Q. Is an interval level recorder an AMI
11 meter?

12 A. It is not.

13 Q. Okay. I'm done with that exhibit.
14 Thank you.

15 Turn to Page 20 of your testimony,
16 please. Page 20 of your testimony is regarding
17 Section 6 of the Stipulation, the rider recovery
18 mechanism; is that correct?

19 A. That is correct.

20 Q. And on Page 20 of your testimony you
21 discuss operational savings; is that correct?

22 A. I do.

23 Q. And on Line 5 on Page 20 you state that
24 the gridSMART deployment will result in significant
25 operational savings. Do you see that?

1 A. I do see that.

2 Q. And in your paragraph beginning on
3 Line 5 you mention meter reading savings; is that
4 correct?

5 A. Yes, that is correct.

6 Q. And meter reading is not the only
7 operational savings associated with the proposed
8 gridSMART deployment, is it?

9 A. That is correct.

10 Q. And what's your understanding of the
11 estimated -- what's the estimated annual operational
12 savings associated with proposed gridSMART 2
13 deployment?

14 A. There's two components; one is 6 to 7
15 million annually, the other part is 8 to 10 million
16 annually.

17 Q. And that is identified on -- in the
18 Business Case on Page 5, Exhibit SSO-1; is that
19 correct?

20 A. That is correct.

21 Q. And is this projection over the 15-year
22 period?

23 A. It is.

24 MS. BOJKO: Your Honor, at this time I
25 would like to have marked as OCC Exhibit 7 an AEP

1 discovery response to OCC Interrogatory INT-027 First
2 Set. May I approach?

3 ATTORNEY EXAMINER: Yes. This is OCC
4 Exhibit 7.

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 By Ms. Bojko:

7 Q. Do you have in front of you what's been
8 marked as OCC Exhibit 7?

9 A. I do.

10 Q. And is OCC Exhibit 7 a data response
11 from the Company to the Consumers' Counsel?

12 A. It is.

13 Q. And were you the responsible party for
14 this data response?

15 A. I was.

16 Q. And the question asked referring to
17 Page 5 of Attachment A to the Application which was
18 the Business Case; is that correct?

19 A. Yes.

20 Q. What is the projection of Phase 2 meter
21 reading and meter operation savings by year for each
22 of the 15 years over which the Company estimated
23 benefits and costs of gridSMART; is that correct?

24 A. That's correct.

25 Q. And then the response refers you to

1 Interrogatory 27, 28 attachment. And do you have the
2 referenced Interrogatory 28 as well as the
3 attachment?

4 A. I do.

5 Q. And Interrogatory 28 asks for a
6 projection of Phase 2 savings based on credit
7 collections and revenue enhancements through earlier
8 theft detection, lower consumption on inactive
9 meters, and greater billing accuracy; is that
10 correct?

11 A. Yes.

12 Q. For the same 15-year period?

13 A. That is correct.

14 Q. And if we look at the attachment, it
15 lists the -- what appears to be the cash flows for
16 labor reduction, less credit collection enhancements;
17 is that correct?

18 A. These are the accrual of the benefits
19 for those years.

20 Q. These are the what -- I didn't hear what
21 you said.

22 A. The benefits.

23 Q. But the chart does not include meter
24 reading and meter operational savings?

25 A. No, that is included in the first line.

1 Q. And are there other items in the first
2 line?

3 A. The first line is the meter reading, and
4 the automated service orders are the efficiencies
5 created by the AMI meters.

6 Q. So the first line of this chart would be
7 comparable to the meter reading and meter operations
8 savings annual in the Phase 2 projection on Page 5 of
9 Exhibit SSO-1?

10 A. That is correct. That is the 6 to 7
11 million meter reading and meter operational savings
12 annually.

13 Q. So in years 5 through 15 the annual
14 savings projected is around 6 to 7 million, correct?

15 A. That's correct.

16 Q. But in years 1 it's zero; is that
17 correct?

18 A. That's correct.

19 Q. And the year 2 and 3 and 4 it's
20 approximately -- well, year 2 it's 1-and-a-half
21 million, year 3 it's 3 million, year 4 is
22 4-and-a-half; is that correct?

23 A. With rounding, those are correct.

24 Q. And what does the second line on this
25 chart tell us?

1 A. That's the labor benefits from the
2 opportunity for streamlining the credit and
3 collections labor.

4 Q. So this is a savings number as well?

5 A. It's a benefit number as well.

6 Q. And the third line is savings with
7 regard to reduction in theft, consumption on inactive
8 meters and bad debt?

9 A. That is correct.

10 Q. And the savings associated with the bad
11 debt is that the companies can terminate service
12 faster through an AMI meter; is that correct?

13 A. So the credit collection waiver that we
14 currently have in place for the Phase 1 area has
15 shown, for a very small subset of data for a 12-month
16 period, that we are disconnecting slightly more
17 customers than what we did prior to the credit
18 disconnect waiver, but there could be other reasons
19 for that abnormality in data.

20 One, you're looking at a partial year,
21 so it could be seasonal differences, it could be
22 other things such as the weather might have been
23 warmer or colder.

24 So I don't know if I can definitively
25 agree whether we are disconnecting more or less based

1 on those variances, variance possibilities.

2 (Question read back.)

3 By Ms. Bojko:

4 Q. Could you answer that question? I
5 didn't ask about more or less disconnections, I asked
6 whether you see a reduction in bad debt because you
7 can terminate customers faster through an AMI rider.

8 A. So it's bad debt questions and those are
9 best addressed by Witness Moore.

10 Q. Now, the chart on Page 5 of Exhibit
11 SSO-1 -- if you turn to the Cost/Benefit Analysis on
12 Page 9 of Exhibit SSO-1, the items in -- the AMI
13 meter cost operational savings and meter reading
14 operational savings, those would be incorporated into
15 the O&M line with regard to the benefits; is that
16 correct?

17 A. That is correct.

18 Q. So there are additional items beyond the
19 meter reading savings, meter operation savings,
20 and -- listed on Page 5; is that correct? It's only
21 6 to 7 million and 894,000, so there are more cost
22 savings predicted by the Company than those
23 identified in the chart on Page 5?

24 A. The chart on Page 9, which totals O&M
25 with a Cash View of 199 million, represent all three

1 lines on the data requests INT 27 and 28.

2 If you total the 15-year summations for
3 those 15 years for those three line items, you'll get
4 approximately in the 190 or 199 million. It appears
5 that this data request may have come -- or likely
6 would have come prior to the revisions post
7 stipulation, and therefore totaling the number that
8 was on the original filing of 193 million as shown on
9 Page 10 of the original SSO attachment.

10 Q. Checking my math, but when I add those
11 numbers up I get 194,447,122. So I don't get the
12 base case application of \$193 million.

13 MR. MC KENZIE: I'm sorry, is there a
14 question pending?

15 MS. BOJKO: I thought he was trying to
16 explain the discrepancy. I was giving him a chance
17 to do the math. He was pulling out the calculator.

18 MR. MC KENZIE: That's fine. I didn't
19 know that there was a question. You said, "I don't
20 get it," which is not a question.

21 MS. BOJKO: In all due respect, I was
22 giving your witness a chance to do the math, but I'll
23 ask.

24 By Ms. Bojko:

25 Q. What is the rationale for the

1 discrepancy?

2 A. I am uncertain as to the discrepancy.
3 The number adds up to 194,447,122 on the spreadsheet.
4 Our original Business Case of 15 year Cash View cost
5 on the O&M are the charges 193-. I'm not sure if the
6 193- plus the 1- equals the 194-, that that could be
7 the discrepancy or not. I'm unsure of that answer.

8 Q. And the 1- you're referring to in the
9 response is the capital -- \$1 million listed under
10 capital?

11 A. Correct.

12 Q. So you don't know whether the capital is
13 built into the benefits listed in Interrogatory 27,
14 28 attachment?

15 A. Generally I would expect it not to be,
16 but coincidentally the numbers seem to somewhat
17 coincide, that was why I said I am unsure.

18 Q. Okay. And for the base case contained
19 in the Stipulation, the number, the O&M number is 199
20 million; is that right?

21 A. That is correct.

22 Q. So the O&M number in the Stipulation
23 base case should include the three items listed on
24 Interrogatory 27 and 28 attachment, which is labor
25 reductions less credit collection enhancements,

1 credit/collections enhancements labor reductions,
2 credit/collections enhancements including reduction
3 in theft, consumption on inactive meters, and bad
4 debt; is that correct?

5 A. That is correct.

6 Q. So assuming that the Application
7 number's correct, the 193, or assuming these numbers
8 are correct, the \$194.5 million, what makes up the
9 differential between the 199 and the 193 or 194 in
10 the Stipulation base case?

11 A. I do not recall the difference at this
12 time.

13 Q. You would agree with me that quicker
14 disconnections reduce the uncollectible expense; is
15 that correct?

16 A. I think that question would be best
17 addressed by Witness Moore.

18 Q. Do you still have your deposition in
19 front of you?

20 A. I do.

21 Q. Turn to Page 7, starting on Line 21, and
22 I asked you -- the question states, "So quicker
23 disconnects, you're saying, reduces the uncollectible
24 expense?" Answer, "We are able to disconnect more
25 customers electronically than we would manually, that

1 would provide that opportunity." Question, "And
2 quicker disconnection --". Excuse me, I'll end
3 there. Did I read that correctly?

4 A. You read that correctly.

5 Q. And to obtain the quicker disconnection,
6 it's your understanding that AEP has a waiver
7 regarding providing disconnection notices at the
8 premises under Phase 1 deployment?

9 A. We did have a current waiver.

10 Q. And is it your understanding that AEP
11 envisions to continue to collect, or -- Strike that.

12 Is it your understanding that AEP
13 continues to request that waiver in Phase 2
14 deployment?

15 A. The waiver period is associated with
16 gridSMART Phase 1, it's a 24-month waiver, and the
17 Company would likely request the same for Phase 2.

18 Q. Thank you for that clarification.

19 Does the Company currently collect
20 disconnection and reconnection fees even in the
21 Phase 1 area where customers have AMI meters?

22 A. Disconnect/reconnect fees are best
23 addressed by Witness Moore.

24 Q. If we go back to the chart on Page 9 of
25 Exhibit SSO-1, if we take the O&M 15-year benefit and

1 add it to the capital 15-year benefit, we get a
2 projected 200 million benefit; is that correct?

3 A. That is correct.

4 Q. And that 200 million benefit is
5 approximately 39 percent of the \$516 million
6 investment; is that correct?

7 A. That is correct.

8 Q. You have not done any analysis on how
9 that percentage of meter reading and operations cost
10 savings compare with other deployments nationwide; is
11 that correct?

12 A. I have not.

13 Q. Has AEP Ohio conducted any Cost/Benefit
14 Analysis for gridSMART 2 other than the analysis
15 included with the Application and the Stipulation?

16 A. No.

17 Q. Look at Page 25 of your testimony, Lines
18 18 through 20. Here you discuss VVO and PJM's
19 current prohibition on bidding VVO in as a capacity
20 resource in capacity auctions; is that correct?

21 A. That is correct.

22 Q. Has AEP Ohio to date advocated inside
23 PJM that VVO should become eligible to be bid into
24 the capacity auctions?

25 A. I do not know the answer to that

1 question.

2 Q. Are you involved in the PJM process?

3 A. I am not.

4 Q. So who explained to you that under
5 current PJM rules VVO could not be bid in as capacity
6 resource?

7 A. I do not recall who provided me that
8 information.

9 Q. You don't have any independent knowledge
10 regarding the PJM rules, do you?

11 A. I do not.

12 Q. And you wouldn't be the responsible
13 party bidding in VVO into the capacity auction, would
14 you?

15 A. I would not be.

16 Q. And you wouldn't be the party at -- or
17 the person responsible at AEP Ohio that would
18 advocate to have that done, would you?

19 A. I'm not that person.

20 Q. Are there any third-party equipment
21 vendors or gridSMART service providers contributing
22 any dollars to the Company's Phase 2 project?

23 A. No, not that I am aware of.

24 Q. Do you know what the projected life of
25 the Phase 1 meters are?

1 A. Phase 1 meter life is best addressed by
2 Witness Moore.

3 Q. Do you know whether AEP has any plans to
4 replace Phase 1 meters in gridSMART 2?

5 A. We currently have no plan to
6 system-wide -- do any system-wide replacement of
7 meters.

8 Q. It's my understanding that the meters
9 that will be deployed in Phase 2 are the same type of
10 meter, just a newer version; is that correct?

11 A. That is correct.

12 Q. And that Phase 1 and Phase 2 meters will
13 have the same functionality?

14 A. The same general functionality, yes.

15 Q. Could the newer technology, newer
16 version of the meters, be used for anything different
17 than the Phase 1 meters?

18 A. I'm not aware of any.

19 Q. And AMI meters are different than AMR
20 meters; is that correct?

21 A. That is correct.

22 Q. AMR meters have the capability of being
23 read automatically on-site; is that correct?

24 A. The phrase we generally use are
25 drive-by, so they can collect -- the usage

1 information from the meter can be collected as the
2 meter reader drives by the premise.

3 Q. Thank you for that better terminology.

4 And the AMI meter does not require a
5 drive-by or any truck to roll, I think is the
6 terminology, too?

7 A. Yeah, generally it does not.

8 Q. Is it your understanding that AMR meters
9 are being used to replace traditional meters as part
10 of the Company's Distribution Investment Rider
11 program?

12 A. AMR meters are now our standard meter at
13 AEP Ohio.

14 Q. But the Company is actively replacing
15 traditional meters with AMR meters through the
16 Distribution Investment Rider; is that correct?

17 A. There has been activity to replace
18 batches of meters with AMR meters in the past.

19 Q. And if an AMR meter exists in the Phase
20 2 geographic region, you would replace that AMR meter
21 with an AMI meter; is that correct?

22 A. That is correct.

23 Q. And that is true even if the AMR meter
24 was recently replaced through the DIR program; is
25 that correct?

1 A. Yes, but we expect that to be very
2 infrequent.

3 Q. Would the cost of the upgrade from the
4 AMR meter to the AMI meter flow through the gridSMART
5 Rider or the DIR Rider?

6 A. The installation of an AMI meter would
7 be covered under the gridSMART Phase 2 Rider.

8 MS. BOJKO: If I may have one minute,
9 your Honor?

10 ATTORNEY EXAMINER: Sure.

11 (Pause.)

12 By Ms. Bojko:

13 Q. Could you turn to Page 10 of the
14 Stipulation, please? Is it your understanding, sir,
15 that the Commission Staff may retain a consultant to
16 review the Phase 1 and Phase 2 operational benefits?

17 A. That is my understanding.

18 Q. And it's not guaranteed in the
19 Stipulation -- or it's not a requirement, excuse me,
20 of the Stipulation; is that correct?

21 A. I think I disagree. I think the
22 Stipulation lays out that the Staff or its
23 consultants will evaluate operational savings.

24 Q. I'm sorry?

25 A. It is my understanding that the Staff or

1 its consultant will perform the review of operational
2 savings.

3 Q. But the Stipulation states that Staff
4 may retain an external consultant; is that correct?

5 A. Or they may do it themselves, that is
6 correct.

7 Q. Does it say they may do it themselves in
8 here?

9 A. Doesn't specifically say that, but it
10 does say in the paragraph above concurrent with the
11 inclusion of costs in the gridSMART Phase 2 Rider, a
12 credit reflecting projected operational cost savings
13 will be incorporated so that it offsets the costs
14 otherwise recovered through the rider.

15 Q. And then after -- in the paragraph that
16 I'm referencing it says, "The Commission Staff may
17 retain an external consultant to review," and then
18 the next sentence says, "The consultant shall be
19 selected by and be under the direction of Staff"; is
20 that correct?

21 A. That's my understanding.

22 Q. And then the next paragraph says, "The
23 consultant will evaluate and recommend an ongoing
24 level of operational benefits to be achieved and
25 recognized in rates as part of the annual rider

1 filing, to the extent such savings are not already
2 reflected in rates"; is that correct?

3 A. That's what it says.

4 Q. And it states, "The consultant shall
5 complete this review using the AEP Ohio specific
6 staffing situation and operational processes where
7 applicable"; is that correct?

8 A. Yes.

9 MS. BOJKO: So, your Honor, at this time
10 I am done on the public session except for the
11 exception -- except I have not yet seen the document,
12 so I'd like to reserve my right to cross in the
13 public section where it concerns the document.

14 And then I also have a confidential
15 piece that I'll reserve until after everybody's done.
16 Is that your desire?

17 ATTORNEY EXAMINER: Sure.

18 MR. MC KENZIE: And we have provided it
19 electronically to OCC now and it's being printed. So
20 they have that.

21 MS. BOJKO: Okay.

22 ATTORNEY EXAMINER: Okay.

23 MS. BOJKO: Unless --

24 ATTORNEY EXAMINER: Let's go off the
25 record for a minute.

1 (Discussion off the record.)

2 ATTORNEY EXAMINER: Let's go back on the
3 record, then. Ms. Mooney.

4 MS. MOONEY: Thank you.

5 - - -

6 CROSS-EXAMINATION

7 By Ms. Mooney:

8 Q. My name is Colleen Mooney. I represent
9 Ohio Partners for Affordable Energy, and we represent
10 mostly low-income residential customers, and so I
11 have a few questions. They basically refer to Page
12 16 of your testimony where you're discussing the
13 current AMI customers' three time-of-use options; the
14 SMART Shift, the SMART Shift Plus, and the SMART
15 Cooling.

16 And my question about those is the AMI
17 meters that allow you to do those three programs,
18 does that require any involvement with the customer?

19 In other words, does the customer have
20 to do anything? If I was on the SMART Shift
21 time-of-use reg, and I'm a residential customer and I
22 have the AMI meter from the Phase 1, and I am on that
23 option, do I have to do anything?

24 A. You don't necessarily need to do
25 anything. But you have -- that customer would have

1 to understand that there are two pricing groups; a
2 low price and a high price.

3 And if they end up and they use a lot of
4 consumption during the high price they are just going
5 to pay the high price. So what we encourage and the
6 action we describe is getting that customer to think
7 about if they are on that program what could I defer
8 from an electrical usage standpoint to a later point
9 in time so that I can realize that benefit.

10 Q. But the customer would know, say, the
11 high-priced area is in the daytime and the low-priced
12 area say at night? The customer would know that?

13 A. It's a defined period of time, and yes,
14 the customer should know that. If they signed up for
15 the program I hope they know that.

16 Q. And after they know that, they really
17 don't have to do anything else but just try to use
18 the major electricity during the night; is that
19 correct?

20 A. That is correct.

21 Q. And that same sort of situation, does
22 that also apply to the SMART Shift Plus?

23 A. So SMART Shift Plus is very similar.
24 Instead of having just two pricing points it has
25 three. So it's got a low price, a medium price, and

1 high price. Same thing; those timelines were when
2 those rates apply. Those three rates is standard for
3 the summer, so the customers hopefully know that
4 information.

5 For that program we provide the
6 customers with an in-home display, and that in-home
7 display is a technology that allows them to see their
8 current usage and multiplied by the rates so they can
9 see effectively what it's costing them per hour, so
10 that's a help.

11 That program also has a fourth tier
12 which we call critical peak pricing, and for that
13 program we can call up to 15 events per year, and
14 those events can be up to four hours, and the price
15 jumps up fairly significantly. That CPP, or critical
16 peak pricing, is pretty high. So the customer will
17 really want to focus on changing their consumption
18 during those hours.

19 Q. So if I understand correctly, if I'm on
20 the SMART Shift, the first one, I don't have any
21 special piece of equipment, and I'm just having the
22 two different rates and I just sort of -- they are
23 like day and night.

24 But on the second one you're providing a
25 little piece of equipment that's going to show the

1 different prices?

2 A. Right. And so when we call those
3 critical peak pricing events, those up to 15 per
4 year, the customers are notified via that home
5 display.

6 So at the bottom of the in-home display
7 is a little -- like it was like an e-mail icon.
8 That's where they get their notifications.

9 Q. Would a customer have to have already an
10 Internet connection in order to use that equipment
11 that you give for the SMART Shift Plus?

12 A. No.

13 Q. So the SMART Shift -- the equipment that
14 you're going to give them is the online that they
15 need?

16 A. Correct. The communication to provide
17 that information is sent via the meter via a Zigbee
18 wireless signal.

19 Q. And the customer -- say you have a
20 low-income customer, the customer doesn't have a
21 Smartphone, doesn't have Internet connection, but if
22 they had that device that you're just referring to
23 they would still get the signals from that device; is
24 that correct?

25 A. They would still get meter consumption

1 information directly from the meter. It does not
2 require any broadband, any wi-fi from the customer,
3 we take care of all that communication.

4 Q. And what about that SMART Cooling
5 program as far as customer involvement goes?

6 A. So SMART Cooling is a program where we
7 installed an AEP provided programmable communicating
8 thermostat, and for that program if a customer said I
9 want that, they get that, we install it for free.

10 We also give those customers a credit
11 of, depending on their usage level, either 3 or \$8
12 per month for the summer months. In exchange the
13 customers allow the utility the opportunity to adjust
14 the set point on that thermostat up to 4 degrees up
15 to 15 times a year.

16 And the customer always retains control
17 of that device, so if -- let's say it's one of those
18 event days and they have it set at 72, our system
19 sets it up to 76, if they say, "I have a birthday
20 party, I'm not comfortable and I would like to go
21 back to 72," they can override that set point, go
22 back to the set point that they prefer, and the only
23 thing that they lose out on is they lose out on half
24 of the credit that month.

25 Q. But there again, they don't need to have

1 their own Internet connection separate from the
2 device that you've given them, is that correct, or
3 no?

4 A. That is correct.

5 Q. And earlier today when you were talking
6 with Ms. Bojko you said how many customers were on
7 the various three TOU options that AEP currently
8 offers.

9 Do you have a breakdown for how many
10 customers are on the SMART Shift, on the SMART Shift
11 Plus, or the SMART Cooling by each of those?

12 A. Yes, we do have that information.

13 Q. Could you give me that information?

14 A. Just like earlier today, my estimate of
15 what we have today is about a thousand on SMART
16 Shift, around 100 or so on SMART Shift Plus, and
17 around a thousand on SMART Cooling.

18 We have had significantly more than that
19 over time. I think we maxed out on SMART Shift
20 around 2,400, 2,600, I think we maxed out on SMART
21 Shift Plus around 600, 700, and for SMART Cooling,
22 similar to SMART Shift, around 2,400 to 2,600
23 customers on it at one point.

24 Q. I'm sorry if you'd already said all
25 that, I didn't remember.

1 A. That's okay.

2 Q. So now I wanted to ask you about the
3 CRES. When the -- under the Stipulation, say the
4 CRES takes over completely offering time-of-use rates
5 and AEP no longer offers time-of-use rates, and we
6 have already gone through the CRES role that they --
7 they would be the exclusive provider of TOU assuming
8 the Commission finds it's competitive and all that.

9 At that point AEP Ohio would no longer
10 provide devices that would enable customers to see
11 their devices inside their home, usage inside of
12 their homes.

13 A. All right. So the Stipulation assumes
14 that if the Commission determines that the TOU -- the
15 CRES TOU environment is significantly competitive,
16 the Stipulation contemplates that AEP's request to
17 terminate these programs would be put in place and
18 the CRES would be offering programs. So did I answer
19 your question?

20 Q. The point of my question is whether or
21 not the devices that AEP is currently providing under
22 its programs, is there any obligation on the part of
23 the CRES provider that they would also provide
24 devices to customers so they could participate in
25 time-of-use rate?

1 A. So if the Commission determined that the
2 CRES TOU market is competitive -- really it's outside
3 of my area of responsibility because it's a
4 Commission driven thing.

5 I assume that that means the Commission
6 thinks there is significant offerings in that
7 marketplace, so that to answer your question I would
8 assume that they would be offering types of programs
9 like this or similar to this.

10 Q. You mean you would assume that CRES
11 providers would be offering a program like a
12 time-of-use program like AEP's offering now?

13 Are you assuming that a CRES provider
14 would also make the efforts so that a customer could
15 be on a time-of-use rate without having an Internet
16 connection?

17 A. I don't know about the Internet
18 connection, all I can speak to is if the Public
19 Utilities Commission deems the CRES TOU market as
20 competitive.

21 If there are offers in the market I
22 don't know what those offers would look like, just
23 that there would be offers and the Commission sees it
24 as a competitive environment.

25 Q. But the Stipulation doesn't address

1 anything about devices where a customer in their home
2 would be able to see the rate at that time of hour,
3 they would not have to make a huge effort to be able
4 to participate in time-of-use program.

5 A. The Stipulation does not specify
6 anything about what those offers would look like.

7 Q. And on 17, going on to 18, you're
8 talking about the Step Three, after the initial
9 time-of-use systems and processes are in place, AEP
10 will work with the CRES providers to educate
11 customers about CRES TOU offers and providing the
12 existing Ohio time-of-use customers opportunity to
13 switch to the CRES TOU rate.

14 Has there been any discussion that it
15 would be a comparable program that when the CRES
16 starts offering it than the AEP is offering, the
17 current program?

18 A. So in the transition plan that's laid
19 out, Step Two is where we would build systems and
20 processes where the CRES would offer programs almost
21 exactly like SMART Shift, SMART Shift Plus, and SMART
22 Cooling, and we have those set up -- generally set up
23 to be in a position to bill with the CRES providers.

24 So we would finalize those processes and
25 allow the CRES to offer programs similar to that.

1 Once we get into Step Five where we have the entire
2 CRES data portal active, at that point that's when
3 the CRES companies could offer whatever type of TOU
4 program that they would like. So that's where they
5 can get a little bit more creative.

6 Until such time we're really just
7 creating a market or environment where what AEP
8 currently offers today transitions to where the CRES
9 can do that as an interim step to where they can do
10 more creative things.

11 Q. Well, the CRES can do that, can offer
12 the time-of-use rate when the CRES has the data
13 that -- customers usage's -- interval usage data.
14 But that doesn't mean that the CRES is going to
15 provide a device to the customer in their residence
16 so that the customer can actually see the data
17 himself; is that correct?

18 A. In the interim when a CRES offers a
19 program similar to SMART Shift Plus, if they are not
20 offering the device in the house and notifies the
21 customer of the event, they would have to do some
22 other type of notification.

23 So that probably doesn't directly answer
24 your question. It would probably be up to the CRES
25 provider whether they provide the notification data

1 via the device or some other way.

2 For SMART Cooling to have a program like
3 that they almost have to provide a device similar to
4 what we're talking about as far as a programmable
5 thermostat, because that's how the program works.
6 It's a thermostat setback program. So I think if
7 they offer that one they are probably going to have
8 to provide a device.

9 Q. And going forward when, say there would
10 be a CRES provided peak time rebate program or
11 something like that, would -- and the CRES -- if they
12 didn't provide a device to the residential customer
13 that would -- that device would give them the rate,
14 time-of-use for that rate, the customer might be
15 required by the CRES, am I correct, to have an
16 Internet connection in order to have that program?

17 A. It's possible.

18 MS. MOONEY: I think that's all I want.
19 Thank you.

20 ATTORNEY EXAMINER: Thank you. Any
21 redirect?

22 MR. MC KENZIE: Yes, your Honor. If I
23 could have a minute first. Are we going to do public
24 redirect and then the confidential session?

25 ATTORNEY EXAMINER: Let's go off the

1 record.

2 (Discussion off the record.)

3 ATTORNEY EXAMINER: Let's go back on the
4 record then, Ms. Bojko.

5 MS. BOJKO: Thank you, your Honor. At
6 this time I'd like to mark as OCC Exhibit 8 a power
7 point presentation entitled, "gridSMART from AEP
8 Ohio. AEP Ohio's Multifaceted Approach to Smart Grid
9 Technologies," by Scott Osterholt, May 18, 2015, OSU.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 - - -

12 FURTHER DIRECT EXAMINATION

13 By Ms. Bojko:

14 Q. Mr. Osterholt, do you have in front of
15 you what's been marked OCC Exhibit 8?

16 A. I do.

17 Q. Is this the power point presentation
18 that you referenced earlier in response to one of my
19 questions?

20 A. It is.

21 Q. And it appears that you gave this
22 presentation on May 8, 2015, to OSU?

23 A. Yes.

24 Q. And the presentation discusses the
25 gridSMART Initiative Phase 1; is that correct?

1 A. That's correct.

2 Q. And the first slide of the power point
3 presentation ties Smart Grid to Senate Bill 221; is
4 that correct?

5 A. Yeah. I mean it loosely gives an
6 evolution of where the gridSMART project came from.

7 Q. And if you look at Page 2 of the OCC
8 Exhibit 8, which is the third slide, does this depict
9 the Phase 2 Smart Grid deployment -- I'm sorry, Phase
10 1 Smart Grid deployment?

11 A. Yes, slide No. 3 depicts the geographic
12 location, yes.

13 Q. This is the entire Phase 1 geographic
14 area?

15 A. That's a map -- that does a descent job
16 of representing the overall area.

17 Q. And it appears from this map that
18 Whitehall is not in the Phase 1 deployment -- was not
19 in the Phase 1 deployment; is that correct?

20 A. Yeah, I'd have to go back and look at
21 the map to see its accuracy, but that is what the map
22 does depict.

23 Q. And if we turn to slide -- it's Page 3
24 of the exhibit, slides 5 and 6, slide 5 explains that
25 132,000 AMI meters were installed under Phase 1; is

1 that correct?

2 A. That is correct.

3 Q. And then the slide 6 lists the three
4 programs that we have talked about today, the SMART
5 Shift, SMART Shift Plus, and the SMART Cooling; is
6 that correct?

7 A. It does.

8 Q. And then if you turn to Page 4 of the
9 exhibit, on slide 7 it has some of the information
10 you provided today with regard to the structure of
11 the time-of-use program rates, and this one is with
12 regard to SMART Shift; is that correct?

13 A. That is correct.

14 Q. And it also provides the customer
15 participation information that was requested by
16 myself as well as Ms. Mooney?

17 A. It does.

18 Q. And the customer participation levels
19 are over about a year and a couple months,
20 year-and-a-half?

21 A. Looks more like --

22 Q. I'm sorry, two-and-a-half?

23 A. Two-and-a-half years.

24 Q. Thank you. And on slide 9, which is on
25 Page 5 of the exhibit, this demonstrates the

1 participation level, or does this demonstrate --
2 well, just tell me what this demonstrates.

3 A. It demonstrates the average group's
4 energy usage by day comparing a group of customers on
5 SMART Shift as compared to the control group.

6 Q. So an average group, what forms the
7 average group?

8 A. If I said average, I should have said --
9 I guess it's the average of all SMART Shift customers
10 in 2011; it's their aggregate usage in total.

11 Q. Thank you. And then on slide 10 is the
12 customer billing impacts from 2013 that you
13 referenced in your testimony earlier today?

14 A. It does.

15 Q. And then the participation levels for
16 the other two programs are also discussed in the
17 power point; is that correct?

18 A. It does.

19 Q. As well as the pricing structures that
20 you referenced earlier today; is that correct?

21 A. That's correct.

22 Q. And in this presentation it also
23 describes equipment that would need to be installed
24 that you discussed with Ms. Mooney; is that correct?

25 A. It does.

1 Q. And then if you turn to Page 14 of the
2 exhibit, slide 27, this is a slide with regard to the
3 Distribution Automation Circuit Reconfiguration; is
4 that correct?

5 A. Yes, it is.

6 Q. DARC?

7 A. Yes.

8 Q. And what was done in Phase 1; is that
9 correct?

10 A. That is correct.

11 Q. And this presentation also describes
12 Volt/VAR, the VVO, in Phase 1?

13 A. It does.

14 Q. Now, if you could go to the last page of
15 the slide, I believe -- or the last page of the
16 exhibit, 19, and slide 37. This has the Benefit/Cost
17 Analysis. Do you see that?

18 A. I do.

19 Q. And this appears to be a similar table
20 or chart to what's included in the Business Case; is
21 that correct?

22 A. That is correct.

23 Q. And this presentation, I think it was
24 done May 8th, 2015?

25 A. That is correct.

1 Q. And that would have been after the --
2 no, excuse me, prior to when the Stipulation was
3 filed in this case; is that correct?

4 A. Correct.

5 Q. But it was after the Application in the
6 Business Case attached to the Application that was
7 filed in this case, correct?

8 A. Correct.

9 Q. So we would assume that the Benefit/Cost
10 Analysis table would be more in line with the
11 Application than with the Stipulation since the
12 Stipulation came after; is that correct?

13 A. That is correct.

14 Q. So if we look at Attachment 2 to the
15 Application -- I'm sorry, I think it's called
16 Attachment A -- Attachment A to the Application in
17 the Business Case that was filed with the Application
18 on Page 10. Are you there?

19 A. Okay.

20 Q. On Page 10 the O&M listed in the
21 Application table is 193, but the O&M listed in this
22 presentation is 195; is that correct?

23 A. It is.

24 MR. MC KENZIE: And I'm sorry, it's 194,
25 not 195.

1 MS. BOJKO: Sorry. Strike that.

2 By Ms. Bojko:

3 Q. The O&M listed in Attachment A on Page
4 10 is 193 million for the 15-year benefits, but in
5 the presentation the 15-year benefit number O&M is
6 194 million; is that correct?

7 A. That is correct.

8 Q. And then that would change the 15-year
9 customer impact number in the Application with 860
10 million, but in the presentation it's 861 million,
11 correct?

12 A. That is correct.

13 Q. And also another number that appears to
14 be different from the two presentations is the net
15 cash flow for 15-year customer impact. In the
16 presentation it says 347 million, but in the
17 Application table it says 346 million; is that
18 correct?

19 A. It does.

20 Q. Could you turn back to Page 5 of the OCC
21 Exhibit 8? On slide 10 in the CSP SMART Shift
22 participants diagram -- do you see that on the
23 left-hand side?

24 A. I do.

25 Q. It says it's the 2013 dollar savings.

1 What do the numbers represent in the middle axis of
2 that chart?

3 A. Starts with customer No. 1 and goes
4 through customer -- looks like the number is 1695,
5 maybe.

6 Q. I'm sorry.

7 A. And the blue line represents the amount
8 that the customer saved or didn't save.

9 Q. The number of customers that saved X
10 amount of dollars, is that what the graph is
11 depicting?

12 A. Yes. So if you took the customers in a
13 spreadsheet, sorted them by customer No. 1 through
14 1865, and if you sorted it by the customer that
15 didn't save the most money to the customer that saved
16 the most money, that's what the blue line represents.

17 So customer No. 1 in this case is the
18 customer that did not save the most money, customer
19 No. 1695 is the customer that saved the most money on
20 the program for that year.

21 Q. And would your response be the same for
22 the lower graph that depicts the percent of those
23 savings for SMART Shift participants?

24 A. Yes.

25 MS. BOJKO: Okay. I have no further

1 questions. Thank you. Thank you, Mr. Osterholt.

2 ATTORNEY EXAMINER: Redirect?

3 MR. MC KENZIE: Well, your Honor, so we
4 plan to go to a confidential session after this, so I
5 have an evidentiary objection to the one document
6 that's going to be used in the confidential session.
7 I can explain in a second.

8 My objection is that there's one page of
9 a 200-page document that's been cherry picked. I
10 don't have any objection to using this one page in a
11 public session, but my position is if we're going to
12 introduce this, it should be the whole document and
13 that should be in the confidential section.

14 MS. BOJKO: And I have response to that.

15 MR. MC KENZIE: And I haven't given my
16 full objection, just to be clear. So we can wait for
17 the confidential session, or we can address this
18 preliminary evidentiary issue now.

19 ATTORNEY EXAMINER: Let's wait for the
20 confidential session.

21 MS. BOJKO: But, your Honor, if I'm
22 successful, then they are willing to release this one
23 page and the cover page to the public session, we
24 could do it all in the public session. If AEP is
25 successful in the argument then we have to do the

1 whole document in the confidential.

2 MR. MC KENZIE: And that should have no
3 bearing on the evidentiary ruling, but I believe
4 that's correct.

5 MS. BOJKO: That's the only reason we're
6 saying this now.

7 ATTORNEY EXAMINER: We can discuss this
8 without going into confidential?

9 MS. BOJKO: Yes.

10 ATTORNEY EXAMINER: Go ahead.

11 MS. BOJKO: Well, your Honor, I think
12 it's AEP that has the objection, but we would like to
13 use the AEP Ohio Smart Grid Smart Meter residential
14 small business customer focus group presentation to
15 impeach the witness on comments that he made that we
16 believe are inconsistent.

17 For the sole purpose of impeaching it is
18 not necessary to have the entire document in the
19 record and dumping the entire document in the record
20 without foundational questions, or cross-examination
21 on the questions is problematic, and that's why we
22 don't agree with the entire document being dumped in
23 the record.

24 If AEP wants to use the entire document
25 then we would have a right to cross on additional

1 pages. We tried to isolate because we believe some
2 of the statements he's made are inconsistent, and
3 that is the purpose of our impeachment, using this
4 document.

5 There has been recent cases in 14-1297
6 where the rulings from the Bench have been that if
7 the entire document is not used for
8 cross-examination, then the entire document does not
9 come in.

10 We have an additional reason, because
11 it's for impeachment purposes only, it's not just
12 wholesale to dump into the record and have people use
13 it for briefing purposes without it being
14 cross-examined or used for cross-examination.

15 MR. MC KENZIE: Your Honor, under Ohio
16 Rule of Evidence 106, when a writing, recorded
17 statement, or part thereof is introduced by a party,
18 an adverse party may require the introduction at that
19 time of any other part or any other writing, recorded
20 statement which is otherwise admissible and which
21 ought in fairness to be considered contemporaneously
22 with it.

23 There's no exception there for
24 impeachment or not impeachment. When the opposing
25 party tries to use a cherry picked page of a 200 page

1 document, then the party making the objection has the
2 right to introduce the entire document for context.

3 To flesh that out here, Page 9, which is
4 the one page that OCC would like to introduce, is the
5 one page that discusses the concerns -- let me step
6 back.

7 This is a document reporting the results
8 of the AEP Ohio Smart Grid and Smart Meter
9 residential and small business customer focus groups
10 which you heard about earlier today. There are a lot
11 of findings in here.

12 OCC has cherry picked one page that
13 talks about Smart Grid meter concerns that customers
14 had. There's a host of pages that talk about all of
15 the positive reactions that AEP Ohio had when it
16 asked customers about Smart Grid. In fairness, those
17 should be considered alongside the page that talked
18 about the concerns.

19 MS. BOJKO: May I respond briefly your
20 Honor?

21 ATTORNEY EXAMINER: Sure.

22 MS. BOJKO: The response is that the
23 customer -- the witness had selective memory with
24 regard to what he recalled or didn't recall from the
25 focus groups. He recalled and stated those on the

1 record today.

2 What he didn't recall is the piece that
3 I'm trying to refresh his recollection in, and that
4 is different than just admitting wholesale documents
5 into the record.

6 We don't even have to admit this one
7 page in the record for me to be able to show him the
8 document, refresh his recollection, and then use it
9 to impeach the witness for inconsistent statements.
10 So it is different.

11 It's not -- his question is whether the
12 admissibility of this document should come in. We
13 haven't even gotten to the admissibility. First I
14 have a right to refresh this witness' recollection on
15 something he claims to only remember one side of.

16 So we are not cherry picking, as counsel
17 would like you to believe, we are merely trying to
18 refresh this witness in order to demonstrate or help
19 him remember what he has stated here today that he
20 could not recall.

21 MR. MC KENZIE: If I may. Rule 106 is
22 very clear. There's no distinction made between
23 impeachment and nonimpeachment. Counsel will have
24 every opportunity to make that impeachment point.

25 I just want to make sure this document

1 isn't taken out of content. I think this document
2 will be very helpful to the Commission as it makes
3 its decision here, it has customer reactions in it.

4 ATTORNEY EXAMINER: Well, I'm going to
5 let the whole thing in. Are we talking about just
6 showing it to the witness?

7 MS. BOJKO: I'm only going to use it for
8 recollection purposes. I haven't even moved to admit
9 the document. So I mean, I think it's a bit unfair
10 or premature to do that before I even have the
11 opportunity to refresh his recollection on this one
12 page.

13 MR. MC KENZIE: Well, counsel can also
14 withdraw her use of the document if she doesn't like
15 the evidentiary ruling you just made.

16 Whatever the context, I don't think it's
17 fair to use this one page out of context, the whole
18 document should be used or nothing at all.

19 ATTORNEY EXAMINER: Okay. Let's go off
20 the record for a minute.

21 ATTORNEY EXAMINER: Let's go back on the
22 record. Ms. Bojko, if you would like to show the
23 witness the document and question him, and refresh
24 his recollection.

25 MS. BOJKO: May I approach, your Honor?

1 MR. MC KENZIE: I'm sorry, your Honor.
2 If I may, the typical way this is done is you first
3 establish that the witness doesn't remember.

4 I realize Ms. Bojko believes she did
5 that in the morning; perhaps she could do it again
6 just so we have this procedure crystal clear and we
7 may get a different answer this time.

8 MS. BOJKO: I'm not sure if that was
9 coaching or not, but okay.

10 ATTORNEY EXAMINER: Why don't you give
11 him the document anyhow?

12 MS. BOJKO: I mean, your Honor, that's
13 purposely why I marked it this morning and went
14 through that. And unfortunately by doing it that way
15 I obviously gave a copy to the counsel and they saw
16 what we were going to do. Maybe that's the reason
17 for his recollection. But I mean, I did do it
18 properly this morning.

19 MR. MC KENZIE: To be clear, I don't
20 know what answer he's going to give. I think we
21 should just go forward.

22 ATTORNEY EXAMINER: This is OCC -- what
23 was marked as OCC 1-C confidential, earlier. And
24 based on what happens you may be withdrawing that
25 from entering that into the record, but go ahead,

1 Ms. Bojko.

2 MS. BOJKO: If I could just have a
3 moment to find all the foundational questions.

4 ATTORNEY EXAMINER: Sure.

5 - - -

6 RECROSS-EXAMINATION

7 By Ms. Bojko:

8 Q. Mr. Osterholt -- and I hope I get no
9 asked and answered objections -- but AEP Ohio has
10 held customer focus groups; is that correct?

11 A. That is correct.

12 Q. And you have observed through the
13 looking glass, but you did not participate in those
14 gridSMART focus groups; is that correct?

15 A. That is correct.

16 Q. And I asked you earlier are you aware if
17 any focus group participant expressed that the
18 Company should fund the project with project savings?

19 A. Can you ask that one more time?

20 Q. Yeah, I guess I'm reasking, are you
21 aware if any focus group participants expressed that
22 the Company should fund its gridSMART project with
23 the project savings?

24 A. I don't think I was aware of that --

25 Q. Okay.

1 A. -- concern.

2 Q. And are you aware that some focus group
3 participants had concerns about the cost of Smart
4 Grid?

5 A. I was not aware of that.

6 Q. So, Mr. Osterholt, now I have handed you
7 what's been marked as OCC Exhibit 1C. Does this
8 appear to be a focus group report dated
9 December 7th, 2009, submitted or completed by Market
10 Strategies International?

11 A. It does.

12 Q. And have you seen this report
13 previously?

14 A. I don't recall ever seeing this before.

15 Q. You are aware that Market Strategies
16 International completed a report regarding the focus
17 group; is that correct?

18 A. I am aware of it.

19 Q. So if you would turn to Page 9 of the
20 market strategies report, this is an executive
21 summary of customers having --

22 MR. MC KENZIE: Your Honor, I'm going to
23 interrupt. This is exactly what I said you're not
24 allowed to do when you refresh the witness, is read
25 anything from the document into the record. Counsel

1 can ask does this refresh your recollection regarding
2 customer responses.

3 ATTORNEY EXAMINER: Maybe you could
4 rephrase.

5 MS. BOJKO: I was not reading, I was
6 trying to give a title to the page, your Honor, not
7 trying to read any information in.

8 By Ms. Bojko:

9 Q. Does this appear to be an executive
10 summary regarding focus group concerns?

11 MR. MC KENZIE: Objection. I move to
12 strike. That's getting the information in this
13 document into the record. Counsel can ask does this
14 refresh your recollection. If he says yeah --

15 MS. BOJKO: Your Honor, I can't ask him
16 if it refreshes anything if I don't give him a
17 subject matter. The focus group is a broad range of
18 issues. I was trying to merely focus his refreshing
19 to one issue, and my next question was going to ask
20 if it refreshes his recollection about concerns.

21 ATTORNEY EXAMINER: I believe he's
22 already testified he hasn't even seen this report, so
23 obviously I don't believe his -- he's not going to be
24 refreshed on this. But I think at this point maybe
25 if you want to submit this as an exhibit and we'll

1 allow in the whole thing on a confidential basis.

2 MS. BOJKO: Your Honor, he has testified
3 that he was present, so I'm not asking him if it
4 refreshes his recollection with regard to reading the
5 report, I'm asking if it refreshes his recollection
6 about his participation during the focus group.

7 ATTORNEY EXAMINER: Let's ask that. Do
8 you know of any concerns from the focus group?

9 THE WITNESS: I do not. So I also
10 wanted to be clear that the focus groups happened
11 over multiple workshops, and I was only present at
12 one workshop out of the -- I don't know how many
13 there were, I'd have to read the document, but I
14 would assume there were four to eight or maybe 12 of
15 these sessions. I was present for one.

16 By Ms. Bojko:

17 Q. So this document does not refresh your
18 recollection as to concerns being voiced by consumers
19 during a focus group?

20 A. I do not recall any of these type
21 things.

22 (Pause.)

23 Q. So sitting here today, your recollection
24 is that there were positive items voiced by consumers
25 with regard to gridSMART, but you can't recall any

1 concerns or negative items regarding gridSMART; is
2 that correct?

3 A. I did not recall any negative comments
4 about gridSMART from this focus group.

5 Q. But you do recall positive things about
6 Smart Grid from the focus group; is that correct?

7 A. I remember showing customers -- or the
8 group showing customers the technology, and I
9 remember them seeming excited about this technology,
10 about the thermostats, the in-home displays. I
11 remember them thinking this was the coolest stuff
12 ever.

13 Q. And you don't recall sitting here today
14 that anybody expressed concerns about the cost; is
15 that correct?

16 MR. MC KENZIE: Objection. Asked and
17 answered about four times now.

18 ATTORNEY EXAMINER: Sustained.

19 By Ms. Bojko:

20 Q. Sitting here today -- Strike that.

21 Just because you don't recall any
22 concerns raised during the focus group doesn't mean
23 that it didn't happen; is that fair?

24 MR. MC KENZIE: Objection. No personal
25 knowledge. Calls for speculation.

1 ATTORNEY EXAMINER: Sustained.

2 By Ms. Bojko:

3 Q. You said you don't recall. You didn't
4 say that there were never any negative issues raised;
5 is that correct?

6 A. That's correct. I don't recall.

7 MS. BOJKO: Thank you. I have no
8 further questions. Thank you.

9 ATTORNEY EXAMINER: Redirect?

10 MR. MC KENZIE: Could I take a break
11 real quick?

12 ATTORNEY EXAMINER: Sure, let's take a
13 break. Resume at 3:00.

14 (Recess taken.)

15 ATTORNEY EXAMINER: Let's go back on the
16 record. And redirect?

17 MR. MC KENZIE: Just a couple questions,
18 Mr. Osterholt.

19 - - -

20 REDIRECT EXAMINATION

21 By Mr. McKenzie:

22 Q. First of all, do you recall on
23 cross-examination you were asked whether there were
24 any agreements concerning this case other than the
25 Stipulation? Do you recall that question?

1 A. I do.

2 Q. And I believe you testified that you
3 personally were not aware of any?

4 A. That is correct.

5 Q. Have you since been made aware of a
6 global settlement agreement with IEU that resolved a
7 number of proceedings including this one?

8 A. I have been made aware.

9 Q. And as a part of that agreement IEU
10 withdrew its intervention in this case?

11 MS. BOJKO: Objection. Now, we're very
12 leading.

13 MR. MC KENZIE: This is my last
14 question.

15 ATTORNEY EXAMINER: I'm going to allow
16 it.

17 MR. MC KENZIE: Last question on this
18 topic.

19 MS. BOJKO: I renew my objection, your
20 Honor.

21 ATTORNEY EXAMINER: Go ahead. Objection
22 overruled.

23 THE WITNESS: Can you restate the
24 question?

25 By Mr. McKenzie:

1 Q. Yes. Are you aware as part of this
2 agreement IEU withdrew its intervention in this case?

3 A. I am now.

4 Q. Do you recall questions on cross
5 relating to an increase from Phase 1 to Phase 2 for
6 the cost of the DACR?

7 A. I do recall it.

8 Q. And correct me if I'm wrong, but I
9 believe the increase was 37,000?

10 A. 37,500 per circuit.

11 Q. Can you explain that increase?

12 A. Yes. So the way DACR works is when an
13 outage happens on one circuit we're relying on the
14 Smart reclosers to tie to other circuits, and with
15 the Phase 2 we have an opportunity to further expand
16 on how that connectivity or that load transfer
17 connectivity could work. So that increase is
18 attributed to those advances.

19 MR. MC KENZIE: No further questions.

20 ATTORNEY EXAMINER: Okay.

21 (Pause.)

22 ATTORNEY EXAMINER: Ms. Bojko?

23 MS. BOJKO: Sorry. Your Honor, I guess
24 I would request that the IEU stipulation be marked
25 and I guess -- I'm sorry, I'm trying to think if it

1 was filed, wasn't filed.

2 ATTORNEY EXAMINER: Can we go off the
3 record here for a moment?

4 (Discussion off the record.)

5 ATTORNEY EXAMINER: Back on. Ms. Bojko.

6 MS. BOJKO: I request, your Honor, that
7 the Bench take administrative notice of an exhibit
8 that was admitted into the record in AEP's PPA case,
9 which was Case No -- help me out -- 14-1693-EL-FSO.

10 MR. MC KENZIE: EL-RDR.

11 MS. BOJKO: Sorry, EL-RDR. And we don't
12 have the exact exhibit number, but it would be the
13 IEU global settlement that was admitted into the
14 record in that proceeding.

15 ATTORNEY EXAMINER: Okay. And can we
16 rely on you to file something in this case marking
17 the document?

18 MS. BOJKO: How about we want to mark it
19 as OCC Exhibit 9 and I'll bring a copy tomorrow for
20 us?

21 ATTORNEY EXAMINER: That sounds good.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MR. MC KENZIE: And we'll admit it
24 tomorrow just so we can --

25 ATTORNEY EXAMINER: Yes.

1 MS. BOJKO: Thank you. I have no
2 questions for this witness with that, your Honor.

3 ATTORNEY EXAMINER: Okay. And I believe
4 you are done, but we need to move for the admission
5 of a number of exhibits.

6 MR. MC KENZIE: I was just going to
7 renew my motion to admit AEP Ohio Exhibit 1 and 2, as
8 well as Joint Exhibit 1.

9 ATTORNEY EXAMINER: Any objections to
10 the admission of those documents? They will be so
11 admitted.

12 MS. BOJKO: I would just note for the
13 record my motion to strike, so the objection that I
14 stated with regard to his testimony for Company's
15 Exhibit 1.

16 ATTORNEY EXAMINER: Okay. And I think I
17 already ruled on that, correct?

18 MS. BOJKO: Right. I lost.

19 MR. MC KENZIE: And just for the record,
20 it was denied.

21 MS. BOJKO: So it will be admitted over
22 my objection.

23 ATTORNEY EXAMINER: Over your objection.

24 (EXHIBITS ADMITTED INTO EVIDENCE.)

25 ATTORNEY EXAMINER: And then OCC

1 exhibits.

2 MS. BOJKO: Yes. Thank you, your Honor.

3 At this time I would move the admission of OCC
4 Exhibits 2 through 8.

5 MR. MC KENZIE: No objection.

6 ATTORNEY EXAMINER: Okay. Those will be
7 so admitted. Thank you.

8 (EXHIBITS ADMITTED INTO EVIDENCE.)

9 (Witness excused.)

10 ATTORNEY EXAMINER: And we're off the
11 record.

12 (Discussion off the record.)

13 ATTORNEY EXAMINER: I believe the next
14 witness is --

15 MR. NOURSE: Your Honor, Ohio Power
16 Company calls Andrea E. Moore.

17 (Witness was sworn.)

18 ATTORNEY EXAMINER: Please be seated.

19 Andrea E. Moore,
20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 - - -

23 DIRECT EXAMINATION

24 By Mr. Nourse:

25 Q. Ms. Moore, can you state and spell your

1 name for the record?

2 A. My name is Andrea Moore, A-n-d-r-e-a,
3 M-o-o-r-e.

4 Q. And by whom are you employed and in what
5 capacity?

6 A. I'm employed as the Director of
7 Regulatory Services for AEP Ohio.

8 Q. Okay. And did you cause to be filed
9 direct testimony on April 20th, 2016 in this
10 proceeding?

11 A. I did.

12 Q. Okay. Was that testimony prepared by
13 you or under your direction?

14 A. It was.

15 MR. NOURSE: Your Honor, I'd like to
16 mark a previously filed document Direct Testimony of
17 Andrea E. Moore, AEP Ohio Exhibit No. 3.

18 ATTORNEY EXAMINER: We'll so mark that.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 By Mr. Nourse:

21 Q. Ms. Moore, you have the document we just
22 marked AEP Ohio Exhibit 3?

23 A. I do.

24 Q. And this is the prefiled testimony that
25 we just referred to, correct?

1 A. That's correct.

2 Q. And do you have any changes, additions,
3 or updates for this testimony?

4 A. I apologize. Did you get the updated
5 Exhibit 1 to the testimony?

6 MR. NOURSE: Yes. Your Honor, this
7 version has the updated AEM-1 that was filed on July
8 21st in the docket.

9 ATTORNEY EXAMINER: I have that.

10 MR. NOURSE: So that's the version we're
11 using here.

12 By Mr. Nourse:

13 Q. Ms. Moore, other than updating and
14 revising AEM-1, do you have any other corrections or
15 updates or additions you'd like to make to this
16 testimony?

17 A. No.

18 Q. And if we were to ask you the same
19 questions today under oath would your answers be the
20 same?

21 A. Yes.

22 MR. NOURSE: Thank you. Your Honor, I
23 move for admission of AEP Ohio Exhibit No. 3, and
24 tender the witness for cross-examination.

25 ATTORNEY EXAMINER: Okay. Ms. Bojko.

1 MS. BOJKO: Thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Bojko:

5 Q. Good afternoon, Ms. Moore.

6 A. Good afternoon.

7 Q. I understand your testimony that you're
8 providing in this proceeding you are only addressing
9 Sections 7 and 13, and partially 3 and 6 of the
10 Stipulation; is that correct?

11 A. That's correct.

12 Q. And Witness Osterholt is responsible for
13 the remaining provisions of the Stipulation; is that
14 correct?

15 A. I think I'm supporting the Stipulation
16 as well as those sections.

17 Q. So you are supporting the Stipulation in
18 its totality?

19 A. Yes.

20 Q. And your current title is Director of
21 Regulatory Services with American Electric Service
22 Corp; is that correct?

23 A. No.

24 Q. What is your current title?

25 A. Director of Regulatory Services for Ohio

1 Power Company.

2 Q. So you only do work for the Ohio
3 operating companies; is that correct?

4 A. That's correct, generally, yes.

5 Q. And you're an accountant by trade?

6 A. My degree is in accounting.

7 Q. You're not an attorney, are you?

8 A. I am not.

9 MS. BOJKO: Your Honor, I'm sorry, I
10 have a couple motions to strike. Could we do that at
11 this time?

12 ATTORNEY EXAMINER: Sure.

13 MS. BOJKO: Your Honor, at this time OCC
14 moves to strike Page 6, Lines 4 -- actually Lines 1
15 through 8 of the direct testimony of Andrea Moore.
16 Also move to strike Page 14, Lines 3 through 10 of
17 her direct testimony.

18 The reason for -- the reasons for
19 striking both of these sections is that the -- both
20 provisions are hearsay under Rule 801(C). Ms. Moore
21 is referencing information that was provided by her
22 legal counsel. She has no independent knowledge of
23 that, she just established that she's not an
24 attorney.

25 She -- we have no opportunity to

1 cross-examine the witness who provided Ms. Moore with
2 this information. She's not testifying or here to
3 testify based on legal opinions.

4 Ms. Moore should not be allowed to give
5 her nonlegal opinion, or she should not be allowed to
6 give a legal opinion when she is a nonattorney and
7 that information was provided by the legal council.

8 That is hearsay and it is inappropriate
9 with regard to this witness. It is being offered for
10 the truth of the matter asserted. It is improper
11 hearsay and should be stricken.

12 There is precedent in case -- PUCO Case
13 No. 14-1297, transcript Volume IV at Page 903 and
14 905. This is particularly important with regard to
15 Page 14, your Honor.

16 Ms. Moore states that she's been advised
17 by counsel, and then she goes on to actually explain
18 the legal opinion and gives a legal conclusion that
19 is based on advice of counsel. It is not her
20 independent knowledge, and we have no way to
21 cross-examine the legal counsel that provided that
22 information to her.

23 For those reasons we move to strike Page
24 14 and Page 6.

25 ATTORNEY EXAMINER: Not all of Page 14?

1 MS. BOJKO: No, I'm sorry, Page 14,
2 Lines 1 through 10 and Page 6, Lines 1 through 8.

3 ATTORNEY EXAMINER: Mr. Nourse.

4 MR. NOURSE: Thank you, your Honor.
5 Yeah, obviously the prefatory language about the
6 three-part test is very similar to what's in all
7 three pieces of OCC testimony in this case. If
8 anything, their prefatory language is even more legal
9 oriented.

10 But it's obviously common and proper for
11 this type of testimony to, for context, show the
12 legal criteria that are being addressed, not --
13 Ms. Moore is not offering a legal opinion, she's not
14 opining on the -- the legal standard, she simply put
15 that in there for context, and again, very similar
16 to -- to OCC.

17 And as far as the other piece on Page
18 14, again, the OCC is challenging this provision
19 that's being discussed in this section. And it is
20 part of the Stipulation, so the testimony is
21 perfectly appropriate and reasonable to give that
22 background and, you know, make the clear demarcation
23 between the legal issues that are the context, and
24 the testimony which is not addressing legal issues,
25 to tag it to advice by counsel.

1 MS. BOJKO: Your Honor, if I may briefly
2 respond?

3 ATTORNEY EXAMINER: Briefly.

4 MS. BOJKO: Just on Page 14 there's a
5 conclusion that says, "In sum, counsel has advised."
6 I mean, it's a clear legal opinion, clear legal
7 conclusion, and it's inappropriate. She has no
8 independent knowledge of those legal opinions.

9 ATTORNEY EXAMINER: Okay. I'm going to
10 grant just your motion to strike that particular
11 sentence that is on Page 14 beginning in Line 8 that
12 begins, "In sum, counsel has advised." So we'll
13 strike that. But the rest of it, it can stand.

14 MS. BOJKO: Thank you, your Honor.
15 By Ms. Bojko:

16 Q. My apologies, Ms. Moore. Back to your
17 testimony, Page 5 of your testimony.

18 A. Yes.

19 Q. On Page 5 of your testimony you list the
20 signatory parties, do you see that?

21 A. I do.

22 Q. Is FirstEnergy Solutions a signatory
23 party or are they not a signatory party?

24 A. If you look at the Stipulation I do see
25 where FirstEnergy Solutions has signed the

1 Stipulation, but the footnote at the bottom notes
2 that they are a nonopposing party and are not a
3 signatory party for the purposes of this stipulation.

4 Q. So FirstEnergy Solutions executed the
5 Stipulation but they are considered a nonopposing
6 party?

7 A. They are a nonsignatory party,
8 nonopposing, yes.

9 Q. Okay. And OCC, ELPC, RESA, OPAE, did
10 not sign the Stipulation; is that correct?

11 A. That is correct.

12 Q. And no residential consumer advocate
13 signed the Stipulation; is that correct?

14 A. I'm not sure what you mean by
15 residential consumer advocate.

16 Q. No party in this proceeding representing
17 the interests of residential consumers that advocate
18 on behalf of residential consumers signed the
19 Stipulation; is that correct?

20 A. I think it depends on how you would
21 define the regulatory consumers. I think that if I
22 look at the signatory parties, that the Staff of the
23 Public Utility Commission of Ohio certainly has a
24 requirement to make sure that all customers are
25 represented, and that would include residential

1 customers.

2 Q. And the Staff of the Commission
3 advocates on behalf of residential consumer interests
4 in proceedings before the Commission?

5 A. I don't know about advocate, but they
6 certainly assure that all parties are treated fairly.
7 So if you want to call that advocating, then they
8 advocate for all parties.

9 Q. And does that mean that Staff also
10 represents AEP Ohio?

11 A. I don't know that I would say represent,
12 but I think the Company's interest is definitely part
13 of all proceedings, yes.

14 Q. So in your opinion, Staff advocates on
15 behalf of every intervening party in every single
16 case?

17 A. No, I don't know that I would take it
18 there. I think the Staff obviously -- when it comes
19 to the customer classes, you know, they advocate for
20 each of the classes to be treated fairly in
21 stipulations or otherwise.

22 Q. I'm sorry. Does Staff advocate for CRES
23 suppliers?

24 A. I don't know. I believe that that's
25 different. I think the Staff is out for the

1 customers of the utilities as a public service
2 utility Staff. They are looking at the customers of
3 the utilities.

4 Q. And you base that understanding on what
5 exactly?

6 A. Of everything that I've experienced with
7 these cases. I mean, the Commission Staff is in
8 there to make sure that no customer class is treated
9 unjust or unfairly, and they have the interest of all
10 parties.

11 Q. And does the Staff of the Commission
12 take appeals to the Supreme Court on behalf of the
13 consumer advocates that you just stated?

14 A. They do not.

15 Q. So they cannot fully advocate for a
16 consumer's interest if they don't appeal cases to the
17 Supreme Court; is that correct?

18 A. If you're talking about a specific
19 representation advocacy, then I would agree, yes.

20 Q. So in your opinion the Staff of the
21 Public Utilities Commission represents all consumer
22 interests but no other stakeholder interests; is that
23 correct?

24 MR. NOURSE: Your Honor, I'm going to
25 object. I think Ms. Moore has been very helpful

1 trying to explain her understanding of what Staff
2 does in regulatory proceedings.

3 We do have a Staff witness in this
4 proceeding that could be asked these kind of
5 questions. I'm not even sure of the relevancy here
6 since the three-part test Ms. Moore is testifying to
7 doesn't have such a requirement. So I think she's
8 been more than helpful at this point and I would
9 object to further questions.

10 MS. BOJKO: Actually, your Honor, I
11 think the three-part test directly goes to
12 representation of parties in settlement discussions,
13 and I'm exploring comments that she's made here on
14 the stand.

15 ATTORNEY EXAMINER: Well, I think we've
16 kind of beat this horse, so can we move on?

17 MS. BOJKO: Sure.

18 By Ms. Bojko:

19 Q. Besides from the Staff, the Hospital
20 Association is the only consumer representative that
21 signed the stip; is that correct?

22 A. Again, I think it depends on what you
23 would define as consumer representative. I think
24 that some of the other signatory parties like the
25 suppliers, for instance, would have consumers'

1 interest at stake in signing the Stipulation.

2 Q. So now you're saying that every
3 intervening party represents every other intervening
4 party interest?

5 A. I didn't say "represents".

6 Q. My question was the Hospital Association
7 is the only consumer representative that signed the
8 Stipulation, correct?

9 A. I mean again, I think it depends on how
10 you define consumer representative.

11 Q. So when parties file motions to
12 intervene -- when a CRES supplier files to intervene
13 they put in that motion to intervene that they
14 represent consumers' interest?

15 MR. NOURSE: Your Honor, this sounds
16 like a legal argumentative line of questioning here,
17 and, you know, who represents him and on what basis,
18 you know, I don't think is relevant, and it's really
19 getting into the details of a motion to intervene,
20 sounds like a legal question to me.

21 I think she's already stated, and
22 everybody understands who signed the Stipulation and
23 what constituents they represent.

24 ATTORNEY EXAMINER: I think we can
25 probably stipulate that the Consumers' Counsel who is

1 a residential customers representative has not joined
2 the Stipulation?

3 MR. NOURSE: That is correct.

4 MS. BOJKO: But, your Honor, I think
5 it's important to note that no consumer groups except
6 for the Ohio Hospital Association has joined the
7 Stipulation, and that's what I'm trying to ask her.

8 She makes claims -- I tried to strike
9 it, and my motion was denied. She makes claims on
10 Page 6 that the Stipulation is the product of serious
11 bargaining among capable, knowledgeable parties, and
12 that it doesn't violate any regulatory principle or
13 practice, and that it benefits ratepayers and it's in
14 the public interest.

15 This all goes to all of those factors,
16 whether it's in the residential ratepayers' interest,
17 whether it's in commercial/industrial interest,
18 whether it's in the public interest as a whole, goes
19 to these issues.

20 MR. NOURSE: And, your Honor, again,
21 asking whether the OHA is the only representative, it
22 goes back to the Staff, the whole question about the
23 Staff, too, we're just being circular here.

24 MS. BOJKO: I said except for Staff in
25 my question, your Honor. I was purposely excluding

1 the representations of Ms. Moore that Staff
2 represents consumers.

3 ATTORNEY EXAMINER: Okay. How much more
4 do we have to go on this?

5 MS. BOJKO: I only have two questions,
6 your Honor.

7 ATTORNEY EXAMINER: Okay. Can we move
8 along to them?

9 MS. BOJKO: So she's not answering my
10 question?

11 ATTORNEY EXAMINER: Go ahead --

12 By Ms. Bojko:

13 Q. I was asking if the Hospital Association
14 is the only consumer representative that signed the
15 stip?

16 MR. NOURSE: Besides Staff, is that what
17 you said?

18 MS. BOJKO: Well, I don't believe Staff
19 was a consumer representative, but I said putting
20 aside her discussion of Staff, the Hospital
21 Association is the only consumer representative.

22 THE WITNESS: I mean, again, a consumer
23 representative, I'm not sure how you're defining that
24 part of it.

25 By Ms. Bojko:

1 Q. What other consumer representatives do
2 you think signed the Stipulation?

3 A. I guess my knowledge of it, and you
4 know, what you're talking about, might be a little
5 bit different.

6 Q. Okay. What other consumer
7 representatives do you think signed the Stipulation?
8 What other party in this case represents consumers'
9 interest, except for your discussion of Staff?

10 A. Depends on how you define consumers'
11 interest.

12 Q. And I'm asking you who you think
13 represents consumers' interests?

14 A. I mean, again, I don't understand what
15 you're talking about when you say consumers'
16 interest. Are you talking about all of the consumers
17 for AEP Ohio? Because I think that each of those
18 signatory parties represent a different type of
19 consumer, or --

20 ATTORNEY EXAMINER: Are you done?

21 THE WITNESS: Yeah, I'm just not sure.

22 By Ms. Bojko:

23 Q. Okay. So sitting here today, you can't
24 tell me who you believe represents a consumer
25 interest or who you don't in this proceeding; is that

1 fair?

2 A. I think that the Staff represents
3 consumer interests. And I understand where you're
4 going with the Ohio Hospital Association.

5 Q. On Page 7 of your testimony, starting on
6 Line 5, you discuss some of the ways the Stipulation
7 is different from the original application. Do you
8 see that?

9 A. I do.

10 Q. And you mention on Line 8 that AEP's
11 original proposal was to forecast the plant in
12 service and true them up to actuals; is that correct?

13 A. That is correct.

14 Q. Is that going to be an annual true-up in
15 the Application?

16 A. I believe that's correct, yes.

17 Q. And now through the Stipulation, AEP
18 will file the actual plant-in-service balances
19 quarterly with automatic approval unless the
20 Commission orders otherwise; is that correct?

21 A. That's correct.

22 Q. So there will be no annual true-up?

23 A. No, each quarter would look at the total
24 project. So the true-ups would happen in those
25 quarterly files. There will be an annual prudence

1 audit.

2 Q. And the quarterly true-ups will happen
3 automatically unless Staff interjects or the
4 Commission interjects?

5 A. For the rate change portion? I'm sorry?

6 Q. Yes.

7 A. Yes.

8 Q. And do you have a copy of the
9 Stipulation up there with you, Ms. Moore?

10 A. I do.

11 Q. And this process is included in Section
12 13 of the Stipulation; is that correct?

13 A. Yes.

14 Q. And at the top of Page 12 in Section 13
15 it states that AEP will continue the same review
16 process in Phase 1 with an annual physical audit,
17 financial audit, and review of the costs recovered
18 through the rider; is that correct?

19 A. That's correct.

20 Q. And which part of that is the prudence
21 review you just mentioned to me?

22 A. Prudence review is actually each of
23 those three -- three pieces, so one is the annual
24 physical audit for any of the equipment that we
25 actually have out in the field installed to make sure

1 that it's there, used and useful. Financial audit is
2 a transaction type testing. All of those things are
3 the prudence review.

4 Q. So those would be done annually?

5 A. Yes.

6 Q. Will the prudence review involve a
7 determination of whether physical plant is used and
8 useful?

9 A. I believe that would be part of it, yes.

10 Q. Let's turn back to your testimony on
11 Page 8, Lines 1 through 8 of your testimony. You
12 list several commitments. Do you see that?

13 A. I do.

14 Q. And these are commitments that the
15 Company has agreed to through the Stipulation; is
16 that correct?

17 A. These are, yes, commitments where the
18 Stipulation differs from the original application.

19 Q. Differs from the Application, or are
20 these the commitments that they are actually making
21 in the Stipulation?

22 A. These are some of the additional
23 commitments in the Stipulation. Again, if you look
24 on Page 7 of my testimony starting on Line 5, these
25 are the commitments in the Stipulation directly

1 addressing some of the intervenor's comments in the
2 case, and then I start with the examples. And then
3 in addition, these are additional agreements made in
4 the Stipulation.

5 Q. Okay. Through the Stipulation has the
6 Company committed to spend any money where recovery
7 is not guaranteed through the gridSMART Rider?

8 MR. NOURSE: I would object to the use
9 of the term "guaranteed" as being a little pejorative
10 and certainly ambiguous.

11 ATTORNEY EXAMINER: Overruled.

12 THE WITNESS: I'm sorry, can you repeat
13 that question?

14 (Question read back.)

15 THE WITNESS: I believe that all of the
16 investments that would happen through this
17 Stipulation would be put forth for consideration of
18 recovery through the gridSMART Rider.

19 By Ms. Bojko:

20 Q. And certain provisions are also proposed
21 to be committed -- recovered through a different
22 rider as well; is that correct?

23 A. I'm sorry, can you repeat?

24 Q. We'll get to that in a minute. So the
25 Company -- to answer my question, no, the Company has

1 not guaranteed a commitment that hasn't -- that won't
2 be recovered through the rider, everything you put
3 forth in the Stipulation will be recovered through
4 the gridSMART Rider, or another rider?

5 A. It would be reviewed through the
6 gridSMART Rider.

7 Q. Reviewed or recovered?

8 A. Well, hopefully both, reviewed and
9 recovered, subject to the prudence audit.

10 Q. On Page 9, Line 12, you discuss the
11 Business Case and Cost/Benefit analysis. Do you see
12 that?

13 A. Yes.

14 Q. And you're not testifying to the
15 Cost/Benefit Analysis, are you?

16 A. I'm not testifying on the Cost/Benefit
17 analysis per se, but I'm certainly testifying to the
18 way that that would be collected through rider, other
19 mechanisms, things like that.

20 I'm not sure that I understand the
21 question on testifying to the Cost/Benefit Analysis.
22 There are sections of that that I am aware of on how
23 it rolls through rates, recovery riders. I'm not
24 sure if that is helpful.

25 Q. Well, you did not conduct a Cost/Benefit

1 Analysis yourself, did you?

2 A. I did not.

3 Q. And that was Witness Osterholt who
4 conducted the Cost/Benefit analysis?

5 A. With other teams, yes.

6 Q. And you have no independent knowledge of
7 the Cost/Benefit Analysis that Mr. Osterholt
8 conducted, correct?

9 A. I'm sorry, I don't know what you mean by
10 "independent knowledge". I mean, I relied on them
11 obviously for the numbers, and, you know, had
12 discussions on some of the items in the Cost/Benefit
13 analysis, so if that's helpful.

14 Q. But you didn't actually conduct the
15 analysis?

16 A. I did not.

17 Q. You just are now familiar with the
18 information contained in it from your discussions
19 with Mr. Osterholt?

20 A. That's correct.

21 Q. Is it your understanding that this
22 cost-to-benefit ratio is the same under the
23 Application as it is in the Stipulation?

24 A. It is, yes.

25 Q. And isn't it true that the cost of Phase

1 2 increased under the business plan from 465 million
2 to 516 million through the Stipulation?

3 A. I'm sorry, could you give me those
4 numbers again?

5 Q. Sure. The Phase 2 costs increased from
6 the filed application business plan of 465 million,
7 to the Stipulation business plan of 516 million?

8 A. That's correct.

9 Q. Let's turn to Page 9 of your testimony,
10 starting on Line 16. You discuss the benefits
11 related to outages. Do you see that?

12 A. I do.

13 Q. Is it your understanding that these
14 benefits will eventually be realized in improvements
15 in the CAIDI and SAIFI standards?

16 A. I'm sorry, on Page 9, starting on Line
17 16? I apologize, can you give me your question
18 again? We're taking about AMI meters in this
19 section.

20 Q. Yes, and outages. Is it your
21 understanding that the benefits that you discuss on
22 Line 16 will be realized in improvements in the CAIDI
23 and SAIFI standards with regard to customer outages?

24 A. I would see that that could potentially
25 have a benefit, yes.

1 Q. Page 11, Lines 4 through 10, here you
2 discuss how AMI meters make possible the availability
3 of interval data. Do you see that?

4 A. I do.

5 Q. Can customers in the Phase 1 area now
6 obtain their own interval usage data?

7 A. I'm sorry, customers?

8 Q. Yes.

9 A. I can, and I'm in the AMI area. I can
10 see it online.

11 Q. Do you see it on your bill?

12 A. No. You have to log on.

13 Q. The customer bill with an AMR meter
14 versus an AMI meter is unchanged; is that correct?

15 A. I'm sorry. A customer bill, the
16 physical bill that the customer would be mailed?

17 Q. Yeah.

18 A. Yeah, that would look the same
19 regardless of the meter.

20 Q. If a customer has an AMI meter and they
21 are located in Phase 1, how can they better manage
22 their energy usage?

23 A. I think that having the tools available
24 from the AMI meter will allow customers to go in and
25 actually look at the way they are consuming the

1 power.

2 There are, through some of the other
3 offerings that the Company made again with the home
4 energy displays, things like that you can look to see
5 how much, you know, usage you're having at any given
6 time.

7 The data that I myself have access to
8 will look at each of the 15-minute intervals. You
9 can get down to the actual day, you can look at a
10 week, you can look at a month.

11 It's having the opportunity for that
12 information to where the customers can really be
13 educated on whether or not they could shift load,
14 potentially do other things within their homes, to
15 even bring down their electricity usage.

16 Q. So currently, I'm not talking about
17 future tools through the --

18 A. Currently I think that the customers
19 that have availability of that data, then that's
20 really what they need, the tools to understand their
21 consumption patterns, to understand their usage and
22 things that they could do to reduce their usage.

23 Q. So if a customer's on the AMI meter and
24 they are on a standard service offer, they are not on
25 one of the time-of-use rates?

1 A. Right.

2 Q. The only way they can manage their
3 energy usage is to curtail it, correct?

4 A. Yes, lower their usage.

5 Q. And the tool that you're speaking of
6 currently is for a customer to go online and access
7 and look at their data?

8 A. That's correct.

9 Q. It's not provided on the bills so a
10 customer would have to physically go online to access
11 it; is that correct?

12 A. Yes, that is correct. And in all
13 fairness for the bill, if you're providing that level
14 of detail, especially when you can get down to the
15 day, the hour, things like that, it would be -- well,
16 I shouldn't say virtually impossible to put it on a
17 bill, but it would be very, very, very costly.

18 Q. And do you have on the bill the
19 opportunity or the education for customers to know
20 that they can go online to review the interval data?

21 A. I don't believe that's on the bill, no.
22 I think that information is provided through mailers,
23 things like that.

24 Q. And you mentioned shifting. If a
25 customer with an AMI meter goes online and reviews

1 their interval data, they cannot shift load to get a
2 better rate; is that correct?

3 A. I'm sorry, did you give the example that
4 they are on time-of-use, or just a regular
5 standard --

6 Q. Just a regular AMI meter on a standard
7 service offer.

8 A. Yeah, they are a time differentiated
9 rate.

10 Q. And on Page 11, Line 15, when you talk
11 about customers -- access to more useful data, is the
12 only additional access you're talking about the
13 ability to go online and look at your interval usage
14 levels?

15 MR. NOURSE: And can I just object and
16 ask, are all these questions relating to residential
17 customers, to be clear, all your questions that
18 you've asked her? Because you're not repeating that
19 every time, but I think you're intending that. I
20 want to clarify that.

21 MS. BOJKO: She's talking about she
22 doesn't make the distinction, but from a practical
23 perspective I don't think I'm talking about a
24 business customer going online to look at their
25 interval data usage, talking about customer bills.

1 MR. NOURSE: Thank you.

2 By Ms. Bojko:

3 Q. I mean, are you making that distinction,
4 Ms. Moore, in your testimony?

5 A. I'm sorry?

6 Q. Are you making a distinction between
7 residential and commercial customers in your
8 testimony?

9 A. I was just talking about billing usage
10 in general.

11 Q. Thank you. So my question on Line 15,
12 Page 11, you state AMI deployment will allow
13 customers access to more useful data, and I'm asking
14 if the more useful data you're referencing there is
15 the one online tool that you just mentioned to me?

16 (Pause.)

17 A. I think that I reference further down
18 there that Section 9, for instance, the historical
19 usage data from the Stipulation, would be something
20 different. I believe that's your question; is that
21 correct? The other tools?

22 Q. Sure. I'm asking what more useful data
23 is referred to on that --

24 A. Yes, so I think each one of those
25 sections that I mention there at the bottom would

1 provide for more useful data.

2 Q. So you expect more data to be provided
3 than what is currently provided today if you have an
4 AMI meter on standard service offering?

5 A. I believe that the historical data usage
6 is different and more data available than today. I
7 think that's for the customers. Again, Witness
8 Osterholt is probably better prepared to represent
9 those types of changes as I reference there on Line
10 18.

11 Q. So on Page 12, Line 14, you talk about
12 the Stipulation providing for a reasonable charge.
13 Do you see that?

14 A. I do.

15 Q. And that's your opinion of the results
16 of the Stipulation, that the charge produced by
17 gridSMART is reasonable?

18 A. It is.

19 Q. And that's including the \$561 million in
20 costs that will be passed on to customers through the
21 gridSMART charge?

22 A. I'm sorry, did you say 561 million?

23 Q. 516 million?

24 A. 516 million. I do believe that that's
25 reasonable, and I think Exhibit AEM-1 lays out each

1 one of those bill impacts for our projected cost of
2 the gridSMART Rider.

3 Q. Did you do any studies or analyses or
4 talk to customers with regard to what they believe is
5 reasonable or not a reasonable charge?

6 A. I did not.

7 Q. On Page 12, Line 16, you state that AMI
8 promotes the Revised Code. Do you see that?

9 A. I do.

10 Q. You're not talking about the promotion
11 of the drafting of the Revised Code, are you?

12 A. I'm sorry?

13 Q. You're not talking about promoting the
14 whole Revised Code, you're referring to the State
15 policies of the Revised Code that you reference up
16 above; is that correct?

17 A. That's correct.

18 Q. And you are speaking as a nonlawyer as
19 to those State policies; is that correct?

20 A. That's correct.

21 Q. So you're not giving a legal opinion
22 with regard to the State policies?

23 A. I'm not.

24 Q. On Page 13, Lines 3 and 4, you state
25 that the Stipulation will enable customers to become

1 more energy efficient, reduce demand, and manage
2 costs; do you see that?

3 A. I do.

4 Q. Isn't it true that the monthly bills
5 that a customer will receive under Phase 2 is going
6 to be the same bill that a customer receives today
7 under the -- with an AMR meter?

8 A. I'm sorry, you got that from Lines 3
9 through 7 on Page 13?

10 Q. I'm asking you.

11 A. You'll have to repeat the question. I'm
12 sorry, I missed it.

13 Q. I asked isn't it true that the monthly
14 bill a customer receives who has an AMI meter
15 installed in Phase 2 is the same bill that a customer
16 receives today who has an AMR meter?

17 A. The monthly bill would look somewhat the
18 same, yes.

19 Q. And on Page 13, Line 12, you go on to
20 say that the technology will enable customers to
21 become proactive in managing electric bills. Do you
22 see that?

23 A. I do.

24 Q. And the technology you're referencing
25 there is the Smart Meter?

1 A. It is.

2 Q. So by receiving a Smart Meter the
3 customer will have the ability to go online and
4 review their data usage, or consumption --
5 consumption data?

6 A. That would be part of it, yes.

7 Q. And again, that's how they can
8 proactively monitor their usage, is through the
9 online tool of consumption usage?

10 A. Yes.

11 Q. You're familiar with AEP offering the
12 three time-of-use plans; is that correct?

13 A. Yes.

14 Q. And under the Stipulation the
15 time-of-use plans will be transitioned to CRES
16 providers; is that correct?

17 A. That's generally correct. The Company
18 Witness Osterholt is probably better to talk about
19 that timeline.

20 Q. The cost associated with transitioning
21 AEP's time-of-use rates to CRES providers will be
22 collected from all customers regardless of whether
23 they participate in the time-of-use program, correct?

24 A. That's my understanding, yes.

25 Q. And it's also your understanding that

1 CRES providers will pay none of these costs?

2 A. I do not believe that there was a
3 commitment for CRES to pay the costs.

4 Q. It's your understanding that AEP will
5 collect lost distribution revenues through a separate
6 mechanism; is that correct?

7 A. I'm sorry, are you referring to the
8 Stipulation for VVO?

9 Q. It is in the Stipulation at Page 7.

10 A. Yes, I think that the Company will
11 collect the lost distribution revenue associated with
12 the Volt/VAR Optimization reduction through the
13 current pilot throughput balancing adjustment rider,
14 and I think that the customers will also get the
15 benefit of the reduction of the VVO kilowatt-hours
16 through riders such as the kilowatt-hour tax,
17 universal service fund, a few of those riders.

18 Q. Now, what mechanism will collect the
19 lost distribution revenues?

20 A. The pilot throughput balancing
21 adjustment rider for residential. Maybe let me
22 clarify. For commercial and industrial customers
23 that's a part of the Stipulation, but that's yet to
24 be filed.

25 Q. What is yet to be filed?

1 A. Another mechanism needs to be
2 implemented for the demand meter customers. The
3 current decoupling rider only is nondemand meters and
4 residential customers.

5 Q. Thank you. So the AEP customers will
6 pay for lost distribution revenues through that
7 separate mechanism, residential customers through the
8 pilot throughput balancing adjustment mechanism,
9 correct?

10 A. The way that that mechanism works, yes,
11 customers would be charged through that based on the
12 lower usage that would come from the VVO, and they
13 would also get the benefit of that lower usage from
14 the VVO through other riders, that's correct.

15 Q. Assuming that there is in fact lower
16 usage, correct?

17 A. That's correct.

18 Q. And have lost distribution revenues been
19 factored into the projected costs of gridSMART Phase
20 2?

21 A. No, neither that cost nor the additional
22 benefits through other riders have been included in
23 the Cost/Benefit Analysis.

24 Q. Has AEP performed any studies or made
25 any calculations to quantify the magnitude of the

1 lost distribution revenues that will be collected
2 from customers in addition to the \$516 million in
3 Smart Grid?

4 A. I have not quantified, again, the costs
5 that would go through the decoupling rider nor the
6 benefit that would go through the other riders.

7 Q. Has anybody at AEP quantified the lost
8 distribution revenues?

9 A. No.

10 Q. Operational savings will be returned to
11 customers through a credit of \$400,000 per quarter
12 starting the fourth quarter of the first year; is
13 that correct?

14 A. That's correct.

15 Q. So there will be \$1.6 million annually
16 credited to customers?

17 A. Four quarters, if you're looking at a
18 full year, yes.

19 Q. And how long will the credit continue at
20 that level?

21 A. That's on Page 10 of the Stipulation.
22 It would continue at that level until such time that
23 the benefits analysis is completed and implemented.

24 Q. So is there any timeframe associated
25 with the Staff reviewing the credit and making an

1 adjustment to reflect actual operational cost savings
2 in the Stipulation?

3 A. There's no time limit I'm aware of.

4 Q. And isn't it true that under the
5 Stipulation, the provision that you are looking at,
6 that the Commission Staff is not required to hire a
7 consultant to review the credit?

8 A. The Commission Staff is not -- I'm
9 sorry, can you repeat that?

10 Q. The Commission Staff is not required to
11 hire a consultant to review the project per the
12 Stipulation on Page 10, correct?

13 A. I agree. The Commission Staff is not
14 required to hire a consultant, but the Commission
15 Staff can do the audit themselves. That by no way
16 means that the benefit analysis is not going to take
17 place, it's whether the Staff chooses to do it
18 themselves or if they hire a consultant?

19 Q. Except nowhere in the Stipulation does
20 it say that Staff will evaluate and recommend an
21 ongoing level of operational benefits to be achieved
22 and recognized in rates as part of the annual rider
23 filing, correct?

24 A. That's the intent of the Stipulation.

25 Q. So the Stipulation says consultant; is

1 that correct?

2 A. It's consultant or Staff. But yes, I
3 agree it says consultant.

4 Q. There's no "or Staff", correct?

5 A. I agree. But I'm just telling you what
6 the intent of the Stipulation is.

7 Q. The Stipulation allows for a period of
8 negotiation between parties to arrive at an agreed
9 upon level of operational cost savings credits; is
10 that correct?

11 A. Each of the parties would have an
12 opportunity, yes, to try to agree on the level of
13 savings.

14 Q. So even if a consultant is hired, then
15 parties will negotiate an appropriate level; is that
16 correct? Strike that.

17 Even if a consultant is hired the
18 parties will then negotiate to arrive at an agreed
19 upon level of operational cost savings, correct?

20 A. We would attempt to make an agreement,
21 yes.

22 Q. And there's no requirement to accept the
23 consultant's recommendation if a consultant is in
24 fact hired, correct?

25 A. No, I don't think so. I think the

1 ultimate decision would be up to the Commission.

2 Q. Well, the parties don't have to agree to
3 a recommendation made by the consultant either,
4 correct?

5 A. I would say that's correct.

6 Q. If an agreement is not obtained by the
7 parties, the Stipulation allows the parties to
8 advocate in front of the Commission for another
9 level; is that correct?

10 A. I think at the end of the day the
11 Commission would make the determination, so yes.

12 Q. But I mean, if a party would actually
13 have to go before the Commission and advocate for the
14 appropriate level per the stip, right?

15 A. I don't know. I mean, it says that the
16 Commission would set the process, so whatever the
17 process the Commission set would be --

18 Q. A party would have to request a
19 Commission process, right?

20 A. I'm not sure I understand the question.

21 Q. Well, somebody would have to ask the
22 Commission to make a ruling on the credit level if
23 the parties could not reach a decision, correct?

24 A. There would have to be some sort of --
25 Yes.

1 Q. And is there a timeframe associated with
2 the Commission reviewing the credit and making a
3 determination as to whether the credit should be
4 adjusted to reflect the actual operational cost
5 savings?

6 A. There's no timeframe, just the
7 operational savings would go back to the customer.

8 Q. So the credit that is established here
9 initially could continue indefinitely and never be
10 adjusted to reflect the actual cost savings, correct?

11 A. I think that's a very extreme example,
12 and all of the parties understand the importance of
13 passing the savings back to the rider. I wouldn't
14 anticipate that to go on forever.

15 Q. But there's nothing in the Stipulation
16 that puts a timeframe around when the Commission has
17 to make a ruling to adjust the actual cost savings,
18 correct?

19 A. That's correct.

20 Q. Assuming that the credit level remains
21 the same as it is today, or as proposed in the
22 Stipulation, how many years will it take customers to
23 realize the operational savings credit?

24 A. I haven't performed that calculation.

25 Q. Well, if the cost is \$200 million, and

1 the customers receive a benefit of 1.6 million as an
2 offset, wouldn't it take 125 years for the customers
3 to realize the benefit of paying \$200 million?

4 A. Well, I disagree that the cost benefit
5 is -- you just described it as the only benefit to
6 customers, right?

7 I think that there's not a quantifiable
8 benefit that are included in the Stipulation and with
9 these technologies. As far as the financial
10 calculation, I don't have a calculator and I have not
11 performed that calculation.

12 Q. But I was merely speaking of the credit.
13 There is an operational savings credit that's been
14 quantified and proposed in the Stipulation, correct?

15 A. I agree.

16 Q. And in order for that credit -- for a
17 customer to realize the benefit of the credit, you
18 would take the total costs, \$200 million annually,
19 and you would divide that by the offsetting credit of
20 \$1.6 million per year in order to achieve the 125
21 years that it would take a customer to realize the
22 benefit of that, of those credit levels?

23 MR. NOURSE: Your Honor, I object. Is
24 the hypothetical now that the Commission is going to
25 take 125 years to get to the audit? Is that really

1 what we're asking?

2 MS. BOJKO: That is mischaracterizing
3 the question.

4 MR. NOURSE: That mischaracterizes what
5 she's already said and how the Stipulation works. I
6 think that's irrelevant to get into that kind of an
7 extreme hypothetical.

8 MS. BOJKO: It's not a hypothetical,
9 your Honor. The numbers are in the Stipulation.
10 It's going to cost customers \$200 million and they
11 get an operational credit of \$1.6 million annually.

12 MR. NOURSE: Well, again, she's
13 presupposing that the audit doesn't happen and the
14 1.6 stays in place for 125 years, I gather.

15 MS. BOJKO: Your Honor, that's
16 mischaracterizing facts. There's nothing in the
17 record that talks about whether the audit happens or
18 not. This is whether the credit continues or
19 Commission ruling or process is established to adjust
20 the credit.

21 ATTORNEY EXAMINER: Okay. I think maybe
22 we can address those on brief. I think those
23 arguments -- is there a question for her?

24 MS. BOJKO: There was a question
25 pending.

1 ATTORNEY EXAMINER: There was a question
2 pending? What was it?

3 MS. BOJKO: It was -- I'd have to have
4 it reread, your Honor, because it's not on my paper.
5 (Question read back.)

6 THE WITNESS: I haven't performed that
7 calculation.

8 By Ms. Bojko:

9 Q. What happens to any operational savings
10 over and above the \$400,000 per quarter credit if the
11 Commission doesn't adjust the credit?

12 A. If there were operational savings that
13 were recognized by the Company that were above the
14 400,000 per quarter, then the Company would retain
15 those. If those savings were below the 400,000 a
16 quarter then the Company would not retain anything,
17 any of the benefits.

18 Q. So the Company would be able to keep any
19 savings over that \$400,000 level?

20 A. And they would be out any savings that
21 came below that level, yes.

22 Q. Page 7 of your testimony, Line 15.
23 Strike that. I'm sorry, I have the wrong page number
24 for you.

25 If an evaluation is performed, is it

1 limited in scope to the review of the operational
2 benefits?

3 A. I would think that it's limited to the
4 review of the operational benefits and how to pass
5 that back.

6 Q. If the results are that there are no
7 operational benefits, what happens?

8 A. I suppose no operational benefits would
9 be recognized, although I don't think that that's
10 going to come to fruition.

11 Q. Is there a review of Phase 2 to
12 determine whether it's cost effective?

13 A. That review has already taken place
14 through the Stipulation.

15 Q. Through the Stipulation?

16 A. That's correct.

17 Q. So the stipulating parties have agreed
18 that Phase 2 is cost effective?

19 A. Yes.

20 Q. And there's no further Commission review
21 regarding whether the activities performed by AEP are
22 actually cost effective?

23 A. I'm sorry, is that different? When you
24 say activities being cost effective, are you going to
25 the prudence audit?

1 Q. I mean, that's what I'm asking, if
2 there's any further cost effective analysis outside
3 the Stipulation. I thought you said no. Are you
4 saying there is now?

5 A. No, I don't think that's what you asked
6 me, but let's try again.

7 Q. Is there -- is there a review of Phase 2
8 to determine that the deployment of the Phase 2 is
9 cost effective?

10 A. I believe that the Stipulation --
11 stipulating parties agreed that the Cost/Benefit
12 Analysis from the Company showed that the Company
13 should move on.

14 If you're talking about an additional
15 cost analysis as far as like the prudence review,
16 that -- those are two different things, so that's
17 what I'm trying to get the clarification.

18 Stipulation, Cost/Benefit analysis shows
19 that this is cost effective and it makes sense for
20 the Company to move forward. Prudence review is a
21 different type of cost review.

22 Q. And when was the cost effective analysis
23 performed by the signatory parties?

24 A. I'm sorry, the cost effective analysis
25 was not performed by the signatory parties. I think

1 that the signatory parties had the information they
2 needed provided by the Company for the Cost/Benefit
3 analysis put forth in the Application and then
4 updated through the Stipulation.

5 Q. On Page 10 of the -- Page 10 of the
6 Stipulation, the third line in the paragraph above
7 Section 7 states the consultant shall complete this
8 review using AEP Ohio's specific staffing situation
9 and operational processes where applicable, rather
10 than using generalized industry standard data. Do
11 you see that?

12 MR. NOURSE: I'm sorry, could I get the
13 question reread?

14 (Question read back.)

15 MR. NOURSE: It's the third line of the
16 paragraph above Section 7. Thank you.

17 MS. BOJKO: Thank you for that
18 clarification.

19 THE WITNESS: I see that.
20 By Ms. Bojko:

21 Q. How will the consultant, if one is hired
22 at all, obtain the information regarding AEP's
23 staffing situation and operational processes?

24 A. I would envision the Company providing
25 the information necessary for the consultant or

1 Staff.

2 Q. So AEP Ohio provides its own information
3 to the consultant?

4 A. I think that we back up the numbers,
5 yes. I might add that through this Stipulation on
6 Attachment 1 there are some nonfinancial metrics that
7 the Company is also responsible for filing with those
8 annual rider filings which could provide some of the
9 information necessary.

10 Q. Staffing situation related?

11 A. A number of meter readers expected in
12 FTE, full-time equivalent, things like that, so the
13 Company would provide the data to the consultant and
14 Staff.

15 Q. So the Company intends to provide
16 Attachment 1 to the consultant?

17 A. No, I'm saying we are filing these
18 metrics. You asked if the Company would provide the
19 data to the consultant and the answer is yes.

20 Q. And what additional information would
21 AEP need to give the consultant to perform its
22 evaluation?

23 A. I think that would depend on the
24 question that the consultant is asking for. I
25 wouldn't have any idea what all they would need.

1 Q. Can you quantify the operational cost
2 savings from Phase 1?

3 A. Can I quantify the operational cost
4 savings from Phase 1? I've not done that
5 calculation.

6 Q. Turn to Page 10 of your testimony,
7 please. I'm sorry, before we go to Page 10, can you
8 go back to Page 9? I'm checking all my page numbers.

9 Page 9, Lines 6 through 11, do you know
10 whether an evaluation was done with regard to
11 operational savings for Phase 1 as is outlined in
12 your testimony on Page 9, Lines 6 through 11, and
13 Paragraph 6 of the Stipulation?

14 A. To my knowledge, there was -- there was
15 not an operational savings analysis to the extent
16 that we have done here in gridSMART Phase 2 for the
17 Phase 1 project.

18 Q. On Page 10 of your testimony you discuss
19 VVO technology. Do you see that?

20 A. I do.

21 Q. And VVO stands for Volt/VAR
22 Optimization?

23 A. That's correct.

24 Q. Is it your understanding the that VVO
25 reduces voltage levels on the distribution system and

1 reduced losses; is that correct?

2 A. I don't know if it would be that way.

3 Witness Osterholt is the one to discuss the type of
4 technology, but my general understanding is that it
5 reduces end consumption.

6 Q. VVO is not related to renewables; is
7 that correct?

8 A. VVO is not related -- I think VVO is a
9 piece of distribution equipment.

10 Q. And VVO can be installed without Smart
11 Meters; is that correct?

12 A. Again, Witness Osterholt.

13 Q. To your knowledge is VVO currently being
14 installed?

15 A. Not to my knowledge. But that doesn't
16 mean anything. I apologize, maybe clarify. Are you
17 talking about AEP Ohio?

18 Q. Yes.

19 A. Not that I am aware of.

20 Q. So you're not aware that VVO technology
21 is collected through AEP's Distribution Investment
22 Rider currently?

23 A. I'm not aware if it's in there.

24 Q. The Company currently receives a return
25 on its distribution investment through the

1 Distribution Investment Rider, correct?

2 A. Yes.

3 Q. And isn't it true that customers
4 compensate the Company for transmission and
5 distribution line losses?

6 A. I'm sorry, are you asking about through
7 the DIR?

8 Q. No.

9 A. Okay. You'll have to clarify your
10 question. I don't understand the question.

11 Q. Isn't it true that the customers
12 currently compensate the Company for transmission
13 distribution line losses through rates?

14 A. Some rates, yes.

15 Q. Utilities are allowed to count the
16 reduction in losses through VVO and increase great
17 efficiencies for compliance with energy efficiency
18 benchmarks in 4928.66(A)(2)(c). Is that correct?

19 MR. NOURSE: I would ask you to provide
20 the statute if you're asking about a particular
21 statutory provision.

22 MS. BOJKO: Your Honor, may I approach?

23 ATTORNEY EXAMINER: Sure.

24 By Ms. Bojko:

25 Q. Utilities are allowed to count the

1 reduction in losses through VVO and increase great
2 efficiencies for compliance with energy efficiency
3 benchmarks in 4928.66(A)(2)(c); is that correct?

4 MR. NOURSE: So, Ms. Bojko, are you
5 actually referencing (A)(2)(b)(4)?

6 MS. BOJKO: No.

7 MR. NOURSE: Okay. Can you reference
8 the actual language you're trying to ask her about.

9 MS. BOJKO: (A)(2)(c).

10 MR. NOURSE: Can you read it, please?
11 I'm not seeing what you're asking about offhand.
12 It's a long paragraph.

13 MS. BOJKO: I mean, if the witness
14 doesn't know, she can say she doesn't know. I don't
15 know, the statute says adjusted upward for the
16 appropriate loss factors.

17 THE WITNESS: I'm not aware of that in
18 Section C.

19 ATTORNEY EXAMINER: You weren't citing
20 from her testimony, though, when you were reading?
21 That question was not directly from her testimony.

22 MS. BOJKO: Well, no, I wasn't reading
23 from her testimony. I mean, she discusses the
24 Revised Code and how this supports the -- promotes
25 the Revised Code, so in that sense it was referencing

1 her testimony.

2 MR. NOURSE: Your Honor, I think we
3 established earlier that her reference to the Revised
4 Code was talking about the policy sections that were
5 cited in her testimony. They didn't include this
6 section.

7 MS. BOJKO: Is there an objection? She
8 already answered the question.

9 MR. NOURSE: I'm objecting to what you
10 stated on the record and I clarified it, so go ahead.

11 ATTORNEY EXAMINER: Let's go off the
12 record.

13 (Discussion off the record.)

14 ATTORNEY EXAMINER: Back on the record.

15 MS. BOJKO: I don't think there was -- I
16 think she answered my question, correct?

17 (Record read back.)

18 By Ms. Bojko:

19 Q. And are you aware that utilities are
20 allowed to count reduction in line losses in
21 4928.66(A) (2) (d) (4)?

22 A. I'm sorry, can you repeat the question?

23 (Question read back.)

24 THE WITNESS: I don't know. I mean, I
25 see what you've put in front of me, but I'm not sure

1 what that is referring to.

2 By Ms. Bojko:

3 Q. Let's turn to Page 6 of your -- I'm
4 sorry, Page 6 of the stip and on Page 14 of your
5 testimony. I'm going to be referring to both. In
6 the Stipulation the Company's agreed to invest at
7 least \$20 million in VVO; is that correct?

8 A. At least 20 million, yes. But the VVO
9 commitment is actually 160 circuits.

10 Q. And the agreement to invest the \$20
11 million is intended to resolve the 2009 SEET case
12 where the Commission told the Company to refund or
13 spend \$20 million in excess profits on renewables or
14 similar projects in Case No. 10-1261; is that
15 correct?

16 A. I don't know that those were the
17 Commission's exact words in the order, but yes, it
18 was in that case that we were ordered to spend \$20
19 million.

20 MS. BOJKO: Your Honor, at this time I
21 would like to take administrative notice of Case
22 10-1261 Opinion and Order issued by the Commission on
23 January 11th, 2011.

24 By Ms. Bojko:

25 Q. Are you familiar with the order,

1 Ms. Moore?

2 A. I am, yes. But if I can get a copy if
3 we're going to talk about it, that would be great.

4 Q. Sure.

5 MS. BOJKO: Did you say yes to my
6 administrative notice request?

7 ATTORNEY EXAMINER: Yes.

8 MS. BOJKO: May I approach, your Honor?

9 ATTORNEY EXAMINER: Sure.

10 MS. BOJKO: It might be for convenience
11 to mark, and then we'll just take administrative
12 notice. Is this your pleasure.

13 ATTORNEY EXAMINER: Sure.

14 MS. BOJKO: So let's mark it as OCC
15 Exhibit 10.

16 ATTORNEY EXAMINER: It will be so
17 marked.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 By Ms. Bojko:

20 Q. Do you have in front of you what's been
21 marked OCC Exhibit 10?

22 A. I do.

23 Q. Is this the Opinion and Order issued in
24 10-1261?

25 A. Yes.

1 Q. And you said you are familiar with this
2 order that's discussed in your testimony on Pages 14
3 and 15?

4 A. I've read the order, yes.

5 Q. Page 26 and 27, if you turn to those
6 pages. At the bottom of Page 26 going into 27, the
7 Commission specifically states that CSP is required
8 to spend the money on the construction of a solar
9 project, Turning Point, or a similar project; is that
10 correct?

11 A. I'm sorry, I was reading while you were
12 asking the question.

13 Q. You have to look at the paragraph on 26,
14 the paragraph that starts with "Lastly." Do you see
15 that?

16 A. Yes, I do.

17 Q. Here the Commission directs CSP to spend
18 \$20 million, which is the excess profits from the
19 SEET case, on construction of a solar project,
20 Turning Point, specifically, or a similar project; is
21 that correct?

22 MR. NOURSE: Your Honor, I object to the
23 statement that the \$20 million represents excessive
24 earnings in this case. That was one of several
25 factors under this part of the statute that the

1 Commission was looking at, and, if she wants to read
2 the exact language and ask her a question, I don't
3 have any problem with that, but characterizing it
4 differently I object to.

5 MS. BOJKO: Well, the case is called a
6 significantly excess earning case, I don't think I
7 was --

8 MR. NOURSE: That's inaccurate.

9 ATTORNEY EXAMINER: Sustained. Do you
10 want to rephrase or --

11 THE WITNESS: I'm sorry, can I actually
12 just have a minute to refamiliarize myself with the
13 order?

14 ATTORNEY EXAMINER: Sure.

15 (Pause.)

16 THE WITNESS: Okay. Sorry.

17 By Ms. Bojko:

18 Q. And I'll take a step back. If you look
19 at Page 36 of the order, isn't it true that the
20 Commission issued a finding that CSP had
21 significantly excessive earnings for 2009 pursuant to
22 4928.143(F)?

23 A. That's on Page 6, No. 8.

24 Q. Is that true?

25 A. I see --

1 Q. The Commission made that finding; is
2 that correct?

3 A. It's under Finding of Fact and
4 Conclusions of Law, Page 36, No. 8.

5 Q. And on Page 26, going over to 27, isn't
6 it true that the Commission stated that should the
7 solar project referenced above with regard to a \$20
8 million commitment to construct a solar project, if
9 that should not move forward in 2012, that the
10 funds -- and the funds are not expended in 2012, that
11 the Commission requires the \$20 million to be spent
12 in 2012 on a similar project; is that correct?

13 A. That's what it says.

14 MS. BOJKO: Your Honor, at this time I'd
15 like to take administrative notice of an Opinion and
16 Order issued by the Commission in Case No.
17 10-5011-EL-FOR and this was issued on January 9th,
18 2013, and for reference purposes I'd like to mark
19 this as OCC Exhibit 11.

20 ATTORNEY EXAMINER: Okay.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 MS. BOJKO: May I approach?

23 ATTORNEY EXAMINER: Sure.

24 By Ms. Bojko:

25 Q. Do you have in front of you what has

1 been marked as OCC Exhibit 11?

2 A. I do.

3 Q. Is this the Opinion and Order issued in
4 Ohio Power Company and Columbus Southern Power
5 Company Long-Term Forecast cases?

6 A. It is.

7 Q. Isn't it true that this order also
8 addressed the 20 million commitment for a solar
9 project?

10 A. I believe that's correct. I want a
11 minute to verify.

12 Q. Page 26 might help.

13 A. Okay. Thank you.

14 Q. No, 28. Sorry. I'm sorry, Page 28.

15 A. 28?

16 Q. It starts on 27.

17 A. I see it.

18 Q. So yes, this case discusses the \$20
19 million investment for a solar project or similar
20 project?

21 A. It does.

22 Q. And in this order on Page 28 the
23 Commission directed that the 20 million investment in
24 Turning Point or a similar project be completed by
25 2013, is that correct; the end of 2013?

1 A. Yeah, I think that it directs us to find
2 another project subject to Staff approval by the end
3 of 2013.

4 Q. And doesn't the order also direct AEP
5 Ohio to ensure that the benefits of the \$20 million
6 investment flow through to the Company's ratepayers?

7 A. Yes.

8 Q. And if the Company did not spend the
9 money by the end of 2013, they were to submit a
10 proposal to the Commission for another appropriate
11 use of the investment such as a reduction to storm
12 damage costs; is that correct?

13 A. I'm sorry, can you repeat the question?

14 Q. Sure. If the Company did not spend the
15 money, the \$20 million investment by the end of 2013,
16 the Commission directed AEP to submit a proposal to
17 the Commission for another appropriate use of the
18 investment such as a reduction to storm damage costs,
19 correct?

20 A. It provided for that in this order,
21 that's correct. And the storm case, if I recall, was
22 going on at the same time, and in that storm order
23 the Commission then pointed back to this order. I
24 would need the order to get the exact language, but
25 nonetheless, the Company had filed its gridSMART

1 Phase 2 application with the Volt/VAR Optimization
2 obligation to spend 20 million for the benefits of
3 lower energy to go back to customers, and that was
4 our commitment here.

5 The Commission then in that storm case
6 pointed to the gridSMART Phase 2 application where
7 the Company had proposed to invest the \$20 million.

8 Q. Okay. I just asked if this particular
9 order by the Commission issued in the Long-Term
10 Forecast on January 9th, 2013, directed AEP to submit
11 a proposal to the Commission for another appropriate
12 use of the investment such as a reduction to storm
13 damage costs if the Company did not spend the money
14 by the end of 2013; is that correct?

15 A. I understand. But I think it's clearer
16 to kind of tie in each of those things because you
17 were asking the question on the 20 million investment
18 or the proposal by 2013, that is true. That happened
19 in gridSMART Phase 2.

20 And then the storm damage portion of it,
21 I think it's also important to refer to the storm
22 case itself where the Commission then referred to
23 gridSMART Phase 2 for that 20 million.

24 Q. But in this order that's what the
25 Commission directed the Company to do, correct?

1 A. I think Page 28 and the section we were
2 talking about, it says what the Commission's order
3 was.

4 MS. BOJKO: Your Honor, at this time I'd
5 like to mark as OCC Exhibit 12 and take
6 administrative notice of Commission Opinion and Order
7 issued in Case No. 11-4571-EL-UNC et al., issued on
8 October 23rd, 2013.

9 ATTORNEY EXAMINER: Okay.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 MS. BOJKO: May I approach?

12 ATTORNEY EXAMINER: Sure. OCC Exhibit
13 13?

14 MS. BOJKO: 12.

15 By Ms. Bojko:

16 Q. Do you have in front of an Opinion and
17 Order issued by the Commission in Case No.
18 114571-EL-UNC, et al.?

19 A. I do.

20 Q. And is this order issued by the
21 Commission in AEP Ohio's 2010 SEET proceeding?

22 A. Yes.

23 Q. And again, on Page 18 of this Commission
24 order did the Commission reiterate its expectation
25 that the Company would expend \$20 million on Turning

1 Point or another investment in a similar project
2 subject to Staff approval by the end of 2013?

3 MR. NOURSE: Can I have that question
4 read back?

5 (Question read back.)

6 MR. NOURSE: Thank you.

7 THE WITNESS: I believe those are the
8 lines that are on the order, yes.

9 (Answer read back.)

10 By Ms. Bojko:

11 Q. And it's your understanding that AEP has
12 not yet expended the \$20 million from the 2009 SEET
13 case although it has been ordered to do so since
14 January 2011?

15 A. It's my understanding that the Company
16 has put into the gridSMART Phase 2 stipulation a
17 commitment to invest in VVO as the \$20 million SEET
18 commitment, the dollars have not been expended.

19 Q. And since you explained that the VVO was
20 not related to renewables, the proposal by the
21 Company would consider this a similar project,
22 meaning similar to the Turning Point renewable
23 project; is that correct?

24 A. I don't know, I think some of the
25 benefits of VVO are greenhouse, greenhouse gas

1 reduction. So not really renewable, but I think it's
2 a technology that the \$20 million investment will
3 benefit the customers.

4 Q. So just so we're clear, the \$20 million
5 investment in this case that's proposed is not a
6 renewable project, but it falls into the category
7 similar investment envisioned under the SEET and
8 Long-Term Forecast cases, is that your proposal?

9 A. I'm sorry, you'll have to repeat your
10 question.

11 Q. Is that the Company's proposal that the
12 \$20 million investment in this case would constitute
13 a similar investment envisioned under the SEET and
14 Long-Term Forecast cases with regard to the \$20 mill?

15 A. That this would comply with that order,
16 yes.

17 Q. And under the Stipulation, the Company
18 is allowed to recover the \$20 million that it agreed
19 to invest in VVO from customers through the gridSMART
20 Rider, correct?

21 A. Correct.

22 Q. Does AEP -- under the Stipulation does
23 AEP Ohio receive a return on and of the \$20 million
24 investment in VVO?

25 A. Yes.

1 Q. So the \$20 million that was a result of
2 the excessive earnings determination in the 2009 SEET
3 case will be recovered through the gridSMART Rider
4 after it is expended; is that correct?

5 A. The \$20 million investment in VVO will
6 be recovered under the gridSMART Phase 2 Rider, and
7 that is to comply with the SEET case order.

8 Q. And it's my understanding that if the
9 Commission rejects this provision in the Stipulation,
10 the Stipulation cannot be terminated or withdrawn; is
11 that correct?

12 A. If the Commission rejects the entire --
13 (Question read back.)

14 THE WITNESS: I think in the
15 Stipulation -- I apologize. On Line -- I'm sorry,
16 Page 7, the first paragraph there, last sentence, the
17 signatory parties agree that rejection of the entire
18 paragraph by the Commission would not constitute a
19 modification of the Stipulation that could trigger
20 withdrawal under Paragraph V.3 below, but a partial
21 rejection of this could in fact trigger a withdrawal.
22 So if the entire paragraph is rejected, no;
23 otherwise, yes.

24 By Ms. Bojko:

25 Q. So in essence, the stip can be

1 terminated or withdrawn if the Commission rejects the
2 expenditure of the \$20 million SEET obligation on
3 VVO?

4 A. I'm sorry, can you repeat it?

5 Q. The stip can be terminated or withdrawn
6 if the Commission rejects the expenditure of the \$20
7 million SEET obligation on VVO?

8 A. I believe that that would be a partial
9 modification to that paragraph, not removal of the
10 entire paragraph. I suppose it depends on how the
11 Commission would reject it. I don't know.

12 Q. And similarly, if the Commission rejects
13 the recovery, the return on and return of the \$20
14 million SEET obligation through the gridSMART rider,
15 the companies could terminate the Stipulation?

16 A. I would consider that a modification.

17 Q. You would consider that a partial
18 modification?

19 A. Yeah.

20 MS. BOJKO: If you give me just one
21 moment, some questions were punted to you, I want
22 take make sure I ask all the questions.

23 (Pause.)

24 By Ms. Bojko:

25 Q. Ms. Moore, what is the projected life of

1 the Phase 1 meters?

2 A. I'm sorry, the projected life?

3 Q. Yes.

4 A. I don't know that I know the projected
5 life. The useful life of the Phase 1 meters are from
6 gridSMART Phase 1, approved I believe in the ESP 1,
7 was seven years.

8 Q. Does AEP intend to replace the Phase 1
9 meters in Phase 2 of the gridSMART plan?

10 A. No. I think those meters would only be
11 replaced -- and some may have been replaced just as
12 they fail -- we would install another AMI meter.

13 Q. And if the Phase 1 AMI meters failed and
14 you had to replace it with a new AMI meter, would the
15 costs be collected through the gridSMART Rider?

16 A. If you look at Page 10 of the
17 Stipulation under No. 7 for the accounting portion,
18 the AMI meters would be moved to gridSMART Phase 2.
19 That's why we have replacement and in stock AMI
20 meters will be moved to the gridSMART Phase 2 rider
21 upon approval of the Stipulation.

22 Q. So the answer is yes, if there's a
23 failed Phase 1 gridSMART meter it will be recovered
24 under the Phase 2 Rider?

25 A. That's correct.

1 Q. There was a discussion regarding an O&M
2 expense -- 3 percent O&M expense that will be -- do
3 you recall that -- or do you know that the Company is
4 proposing that a 3 percent O&M annual charge will be
5 passed through the gridSMART Rider?

6 A. I'm not sure, you have to be a little
7 more specific. I apologize.

8 Q. Sure. Is it your understanding that in
9 addition to the capital costs of the DACR and the
10 VVOs, there is an additional 3 percent O&M expense
11 that will be passed through the rider each year for
12 the life of the circuit?

13 A. I believe that came from the Company
14 Witness Osterholt. He would have been better to
15 reflect that, not me.

16 Q. Well, he punted that question to you,
17 Ms. Moore. You don't know?

18 A. I think that that was the percentage in
19 the Cost/Benefit Analysis.

20 Q. I'm sorry?

21 A. I think that was part of the cost that
22 the O&M would be 3 percent of capital, but that
23 wasn't -- I'm not sure that I understand the rest of
24 the question for recovery. That would be -- that is
25 in the forecasted cost of gridSMART, so if that

1 helps.

2 Q. So for example, the DACR circuit will
3 cost \$427,000 for each circuit, plus an additional 3
4 percent for O&M charged to customers through the
5 rider annually for the life of the technology.

6 A. Again, Company Witness Osterholt was --
7 I thought he did answer that, but I don't want to
8 guess.

9 Q. It's your understanding that with an AMI
10 meter the Company will be able to disconnect a
11 customer quicker; is that correct?

12 A. Disconnect a customer quicker?

13 Q. By flipping a switch as opposed to
14 rolling the truck to the premise.

15 A. I would agree that we can disconnect by
16 flipping a switch instead of rolling a truck with a
17 waiver of the current rules, yes.

18 Q. Fair enough. Do you believe that a
19 quicker disconnect will reduce the uncollectible
20 expense?

21 A. Again, it's the word "quicker" that I'm
22 not sure that I'm a hundred percent with you on. But
23 I believe that to the extent that the Company is able
24 to disconnect a customer where under the old
25 methodology we may not have had the opportunity, some

1 of the things that are coming to mind are maybe a
2 meter reader being on vacation, or holidays, things
3 like that.

4 We could certainly have disconnected
5 customers remotely that may not have otherwise
6 happened with a manual meter reader, and so to the
7 extent that that would happen, yes.

8 Q. And I was using Mr. Osterholt's word. I
9 apologize. But we won't use quicker any more. You
10 mentioned the waiver. It's your understanding that
11 AEP will seek an additional waiver or renew its
12 request for a waiver for Phase 2 disconnections with
13 regard to not having or not being required to post
14 notice on the customer's premise upon disconnection?

15 A. The day of disconnect.

16 Q. The day of disconnect?

17 A. Yes.

18 Q. Does AEP plan to continue to collect
19 disconnection and reconnection fees even if a person
20 is disconnected by the switch with regard to an AMI?

21 A. Well, I think from the Stipulation we
22 talk about the benefit study that's going to occur.
23 Once that benefit study occurs I think that the
24 charge -- the miscellaneous charge that -- I believe
25 that you're talking about the reconnection fee; is

1 that correct?

2 Q. Yes.

3 A. So I believe that that charge could be
4 looked at in terms of that net benefit study. The
5 reason I say that is because I think that there's
6 several ways that you could handle the savings that
7 the Company may recognize from being able to hit the
8 switch, as you refer to it.

9 So I think that the credit to the rider
10 could also be a path forward for that. I think
11 another option could be to reflect those savings
12 through that actual charge by not charging the fee to
13 customers in the AMI territory, or another option
14 would be like the Company did in our base
15 distribution case where we took the gridSMART Phase 1
16 meters and actually discounted that reconnection fee
17 to pass those savings on to customers. But we did
18 that for all customers.

19 So the current miscellaneous fee that we
20 have in place is still being charged to customers in
21 the Phase 1 remote area because that fee itself is
22 already discounted to reflect those savings, if that
23 makes sense.

24 Q. But in the Stipulation there's no
25 requirement or provision to do any one of the various

1 options that you just listed?

2 A. In the interim we would charge that
3 rate, then that benefit analysis is where that would
4 be reviewed and how best to handle that.

5 Q. And there's no pending distribution rate
6 case either currently; is that correct?

7 A. No, no pending.

8 MS. BOJKO: May I have two minutes, your
9 Honor?

10 ATTORNEY EXAMINER: Sure.

11 (Pause.)

12 By Ms. Bojko:

13 Q. A couple more. What is the current
14 reconnection fee, can you remind me? Would \$53
15 refresh your recollection?

16 A. That sounds correct, yes.

17 Q. And isn't it true that in the
18 distribution rate case that you referenced, the
19 credit that you referenced with regard to the
20 reconnection fee was only \$4 of that \$53?

21 A. That's correct. But that -- what that
22 credit actually was for is because the way that
23 charge is compiled you have, as you call it
24 disconnect, reconnect, so really there's two trips
25 out to the home; one is for the disconnection, the

1 other is for the reconnection.

2 So the methodology applied in the
3 Company's base distribution case was to take that
4 total cost based charge, but to reflect that there
5 were meters in the service territory that would allow
6 us to reconnect remotely.

7 Quite frankly, we didn't get the
8 disconnect part of that until August of 2015, but the
9 point is that we discounted that across base fee for
10 7 percent reflecting that at least 7 percent of the
11 meters had that capability. So that's where the
12 discount comes, and that's how those costs get base
13 passed back to customers.

14 Q. And just so we're clear, the AMI meter
15 gives you the capability of disconnecting and
16 reconnecting without rolling a truck, without making
17 a trip to the house; is that correct?

18 A. On the disconnection? We're talking
19 about the waiver I'm assuming, and on reconnection in
20 certain circumstances, yes.

21 MS. BOJKO: I have nothing further.
22 Thank you, your Honor.

23 ATTORNEY EXAMINER: Mr. Nourse, how
24 much --

25 MS. MOONEY: No questions.

1 MR. NOURSE: Yes, could we just have a
2 brief two-minute recess? Can we go off the record
3 for a second?

4 (Discussion off the record.)

5 ATTORNEY EXAMINER: Back on the record.

6 MR. NOURSE: Thank you, your Honor.
7 Just a few questions on redirect.

8 - - -

9 REDIRECT EXAMINATION

10 By Mr. Nourse:

11 Q. Ms. Moore, you recall a series of
12 questions by Ms. Bojko asking about the so-called \$20
13 million investment obligation, the Turning Point
14 obligation that stems from the 2009 SEET proceeding?

15 A. I do.

16 Q. Okay. And there was -- I believe there
17 was one order in the series that was not covered, and
18 I'd like to briefly cover that with you now.

19 Are you familiar with the Case No.
20 12-3255-EL-RDR, including AEP Ohio's storm cost
21 recovery?

22 A. That was -- Yes.

23 Q. And are you familiar with the April 2nd,
24 2014 Opinion and Order in that case?

25 A. Yes.

1 Q. And I'm just going to show you this on
2 the computer. Feel free to look at the whole thing
3 if you need to, but I believe it's opened to Page 15
4 of the order.

5 MS. BOJKO: Your Honor, may I view what
6 she's viewing?

7 MR. NOURSE: Help yourself. It's okay
8 with me, anyway. I'll defer to you.

9 ATTORNEY EXAMINER: Sure.

10 By Mr. Nourse:

11 Q. And, Ms. Moore, have you found the
12 language that you had briefly referenced in passing
13 during cross-examination from the Opinion and Order
14 that references this proceeding?

15 A. Yes.

16 Q. Okay. Could you read the sentence that
17 has that cross reference into the record?

18 MS. BOJKO: I'm sorry, I'm unclear of
19 your question. I don't think we're on the same page
20 of the --

21 MR. NOURSE: I leave it --

22 MS. BOJKO: I don't think we're on the
23 same page as the question that you're asking
24 references the other one, because I believe it's a
25 sentence that is now off the computer screen.

1 MR. NOURSE: And I know you're close to
2 the witness stand, but you're not testifying, so hang
3 on.

4 MS. BOJKO: I'm not trying to.
5 By Mr. Nourse:

6 Q. Ms. Moore, do you see the sentence that
7 references this case, 13-1939?

8 A. I do.

9 Q. Can you read that sentence into the
10 record?

11 A. It says, "AEP Ohio has put forth a
12 proposal to invest the 20 million in Volt/VAR
13 technology related to its gridSMART program which is
14 pending before the Commission in Case No.
15 13-1939-EL-RDR."

16 MS. BOJKO: Well, I would just object.

17 MR. NOURSE: She's reading the sentence,
18 I don't think she was done.

19 THE WITNESS: It just says Ohio Power
20 Company and Columbus Southern Power Company, Case No.
21 11-4571-EL-UNC, et al., Entry on Rehearing, December
22 18th, 2013, at 6 and 7, AEP's Ohio proposal was filed
23 on September 13th, 2013, in advance of the
24 Stipulation in this case and will be considered by
25 the Commission in our resolution of the gridSMART

1 proceeding.

2 MR. NOURSE: Thank you.

3 MS. BOJKO: There's still an objection
4 pending.

5 MR. NOURSE: Well, there's no question
6 pending, but go ahead.

7 MS. BOJKO: First of all, the sentence
8 was not read in its totality. Secondly, you asked
9 her to read one sentence and she read four, so the
10 record should note that.

11 MR. NOURSE: So she's being expedient in
12 getting ahead of me, but that's her prerogative. She
13 wanted to read more.

14 MS. BOJKO: Your Honor, I object.

15 ATTORNEY EXAMINER: Well, your objection
16 is noted. You are going to file or present that
17 entire --

18 MR. NOURSE: That was going to be my
19 next sentence, your Honor. I would ask that the
20 order that she just read from in its entirety be
21 administratively noticed here, and I'd be happy to
22 submit a full copy tomorrow morning and mark that as
23 AEP Ohio Exhibit 4.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

25 ATTORNEY EXAMINER: Okay.

1 MR. NOURSE: Thank you. And I'll take
2 my computer back now. We're done with that order.

3 MS. BOJKO: Well, are you done with all
4 your questions?

5 MR. NOURSE: No, I have another area I
6 want to cover briefly. Do you need to borrow my
7 computer?

8 MS. BOJKO: Yes, I need to recross on
9 the parts of the order that weren't read correctly.
10 By Mr. Nourse:

11 Q. Okay. Ms. Moore, there's been a lot of
12 discussion today about Paragraph 6 of the Stipulation
13 that's found on Pages 9 and 10 of the -- of the
14 Stipulation regarding, in particular, the operational
15 cost savings audit. Do you recall that -- those
16 questions?

17 A. I do.

18 Q. Okay. And is there any doubt in your
19 mind that the Stipulation intention and discussion
20 that you participated in, the formulation of the
21 Stipulation, that the audit will occur?

22 MS. BOJKO: Objection.

23 By Mr. Nourse:

24 Q. In other words, is it mandatory or
25 discretionary that the operational cost savings audit

1 occur under the Stipulation?

2 ATTORNEY EXAMINER: Hold on.

3 MS. BOJKO: Actually I just need to hear
4 that question reread first, please.

5 (Question read back.)

6 MS. BOJKO: And I have an objection,
7 your Honor, to leading the witness and -- compound
8 sentence and leading.

9 MR. NOURSE: Well, your Honor, I
10 rephrased and I said in other words, so I think it's
11 pretty clear. If she needs clarification, she can
12 ask for it.

13 MS. BOJKO: It's leading.

14 ATTORNEY EXAMINER: Overruled. Go ahead
15 and answer.

16 THE WITNESS: The audit will occur under
17 the Stipulation.

18 MR. NOURSE: Thank you. That's all I
19 have, your Honor.

20 ATTORNEY EXAMINER: Ms. Bojko.

21 MS. BOJKO: I need a minute, please, to
22 pull up this order that we don't have copies of.

23 ATTORNEY EXAMINER: Let's go off the
24 record here.

25 (Discussion off the record.) (Concluded at 5:25p.m.)

CERTIFICATE

I do hereby certify that the foregoing
is a true and correct transcript of the proceedings
taken by me in this matter on Monday, August 1st,
2016, and carefully compared with my original
stenographic notes.

Valerie J. Grubaugh,
Registered Merit Reporter
and Notary Public in and
for the State of Ohio.

My commission expires August 16, 2016

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in

Case No(s). 13-1939-EL-RDR

Summary: Transcript of Ohio Power Company to Initiate Phase 2 of Its gridSMART Project hearing held on 08/01/16 - Volume I electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Grubaugh, Valerie