

THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Application of Ohio Edison :  
Company, The Cleveland :  
Electric Illuminating :  
Company, and The Toledo :  
Edison Company for : Case No. 16-0743-EL-POR  
Approval of Their Energy :  
Efficiency and Peak Demand :  
Reduction Program Portfolio:  
Plans for 2017 through 2019:

- - -

PROCEEDINGS

before Mr. Richard Bulgrin, Attorney Examiner, at the  
Public Utilities Commission of Ohio, 180 East Broad  
Street, Room 11-D, Columbus, Ohio, called at  
9:00 a.m. on Wednesday, January 25, 2017.

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VOLUME III

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## COMPANIES EXHIBITS

## IDENTIFIED ADMITTED

15 ORC 111.15, "Adoption and  
filing of agency  
administrative code rules."  
www.puco.ohio.gov/puco/  
index.cfm/industry-  
information/statistical-  
reports/electric-customer-  
choice-switch-rates-and-  
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## STAFF EXHIBIT

## IDENTIFIED ADMITTED

1 Amended Testimony of  
Patrick Donlon

II-311 475

- - -

## ELPC EXHIBIT

## IDENTIFIED ADMITTED

1 Letter from PUCO to Energy  
Mandate Study Committee,  
dated 2-26-2015

450 476

- - -

1 Wednesday Morning Session,  
2 January 25, 2017.

3 - - -

4 EXAMINER BULGRIN: Good morning. This is  
5 day three. And preliminary matters, I think I just  
6 want to note that the parties have agreed that we'll  
7 have the -- is it Mr. --

8 MR. KELTER: Neme.

9 EXAMINER BULGRIN: Neme. How do you  
10 spell that?

11 MR. KELTER: N-e-m-e.

12 EXAMINER BULGRIN: Okay. File his  
13 testimony.

14 MR. KELTER: Friday. Or today, today,  
15 sorry, sorry, sorry.

16 EXAMINER BULGRIN: Good. I was thinking  
17 that went too smooth. Okay. So filed by end of  
18 business today.

19 MR. KELTER: Yes.

20 MS. WILLIAMS: By the filing deadline.

21 EXAMINER BULGRIN: At the time --

22 MR. KELTER: Best efforts earlier.

23 EXAMINER BULGRIN: Thank you. That would  
24 be appreciated. And then he will appear Friday  
25 morning at 9? 10?

1 MR. KELTER: It's really up to everybody.  
2 I mean I don't know how much cross people will have  
3 for him. You haven't seen it yet.

4 MR. HEALEY: I can't -- I couldn't even  
5 possibly guess at this point.

6 MR. KELTER: Probably 10 minutes.

7 EXAMINER BULGRIN: Let's set it at 10 and  
8 let me know after you've seen it whether --

9 MR. HEALEY: I would be shocked if it  
10 would be more than two hours. That would be on the  
11 high end.

12 MR. KELTER: It's like 30 pages of  
13 testimony.

14 MS. WILLIAMS: It is not --

15 EXAMINER BULGRIN: And then he will  
16 testify on Friday and we'll start at 10 o'clock. I  
17 think we have the room booked for that. And then the  
18 company plans to file two rebuttal testimony?

19 MS. OSTROWSKI: At this point it would be  
20 one or two, your Honor. And we would like to file by  
21 end of day Friday. And come back here on Tuesday.

22 EXAMINER BULGRIN: But you will make best  
23 efforts to get it filed as soon as you can on Friday  
24 considering we are going to be in hearing so.

25 MS. OSTROWSKI: That's right, your Honor.



1 Thank you.

2 MR. HEALEY: Can we just clarify that's  
3 close of business, not midnight on Friday, because  
4 she said end of day.

5 EXAMINER BULGRIN: Close of business.

6 MS. OSTROWSKI: Yes.

7 MR. HEALEY: Thank you.

8 EXAMINER BULGRIN: And then Tuesday I'm  
9 guessing is 10 o'clock?

10 MS. OSTROWSKI: 10 o'clock sounds great.

11 EXAMINER BULGRIN: So, Karen, you're  
12 going to have to come back twice. Okay. Anything  
13 further? Then I think we are going to continue with  
14 cross-examination and from the company.

15 MR. GLADMAN: Yes, thank you, your Honor.

16 - - -

17 PATRICK DONLON

18 being previously duly sworn, as prescribed by law,  
19 was examined and testified further as follows:

20 CROSS-EXAMINATION (Continued)

21 By Mr. Gladman:

22 Q. Good morning, Mr. Donlon.

23 A. Good morning.

24 Q. I am going to start with a few cleanup  
25 items from yesterday's testimony. Do you recall I

1 asked you in the context of discussing rider DSE2  
2 about a rate freeze in the companies' ESP IV order?

3 A. Yes.

4 Q. And you agreed there was a -- if I got  
5 your testimony right, a base distribution rate freeze  
6 but it did not include rider DSE2. Do you recall  
7 that discussion?

8 A. Yes.

9 Q. Okay. I believe there was some confusion  
10 due to my choice of words and I want to try this  
11 again. Let's take a look at the actual language to  
12 try to clear that up.

13 MR. GLADMAN: Your Honor, may we approach  
14 the witness?

15 EXAMINER BULGRIN: Sure.

16 MR. GLADMAN: Your Honor, while my  
17 colleague is bringing the copies up for the record,  
18 we are going to be marking as Companies' Exhibit 11,  
19 the March 31, 2016, Opinion and Order in the  
20 companies' ESP IV case.

21 EXAMINER BULGRIN: All righty.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 Q. Mr. Donlon, do you have what we have  
24 marked as Companies' Exhibit 11 in front of you?

25 A. Yes.

1           Q.    Can I ask you to turn to page 86 of that  
2 document.  Are you there, sir?

3           A.    Yes.

4           Q.    And if you look at this top paragraph the  
5 fourth line down, it starts with "Therefore, in order  
6 to protect customers against rate volatility and  
7 price fluctuations and to provide additional rate  
8 stability for customers, the Commission will modify  
9 the Stipulations to include a mechanism to limit  
10 average customer bills.  This will ensure that the  
11 average customer bill will see no total bill increase  
12 for two years."  Did I read that provision correctly?

13          A.    You did, but you left out some important  
14 information later in that paragraph.

15          Q.    You mean the next paragraph?

16          A.    No.  In that paragraph.

17          Q.    Okay.  Which portion of the language do  
18 you think is significant?

19          A.    "FirstEnergy is authorized to defer  
20 expenses for future recovery in an amount equivalent  
21 to the revenue reduction resulting from the  
22 implementation of the mechanism for the period of  
23 June 1, 2017, through May 31, 2018."

24          Q.    Okay.  So that's a different paragraph  
25 actually.  I read from the top paragraph and that's

1     what I was asking you --

2             A.    I thought you started at "Therefore, the  
3     Commission directs the Companies to ensure...."

4             Q.    No.  Actually, the first paragraph at the  
5     top.  The language -- let's start again, make sure we  
6     are on the same page here.  So top paragraph on  
7     page 86, fourth line.  Do you see the "Therefore"  
8     there?

9             A.    Ah.

10            Q.    Let me try it again and we will get to  
11    the language you pointed to as well.  It says,  
12    "Therefore, in order to protect customers against  
13    rate volatility and price fluctuations and to provide  
14    additional rate stability for customers, the  
15    Commission will modify the Stipulations to include a  
16    mechanism to limit average customer bills.  This will  
17    ensure that the average customer bill will see no  
18    total bill increase for two years."  Did I read that  
19    portion of the Order correctly?

20            A.    Yes.

21            Q.    Okay.  And then you also pointed to the  
22    next paragraph which continues on with respect to how  
23    this will be implemented, including the deferral  
24    language that you referred to as well.  Is that the  
25    next paragraph in the Order?

1 A. Yes.

2 Q. Okay. Is it fair to say that the  
3 companies agreed and the Commission ordered that for  
4 the period June 1, 2016, through May 31, 2018,  
5 average customer bills will not increase as compared  
6 to average customer bills for the period June 1,  
7 2015, through May 31, 2016?

8 A. I am not sure the company agreed. I  
9 don't know what you mean by that other than that it  
10 was ordered. I am not sure if this was in the  
11 Stipulation or Order, so.

12 Q. Okay. Fair enough. And it says in the  
13 Order, the Commission implemented this provision to  
14 protect against rate volatility and price  
15 fluctuations and to provide rate stability, correct?

16 A. Yes.

17 Q. And this two-year -- if I use "bill  
18 mitigation mechanism," is that a fair terminology to  
19 use for this provision?

20 A. Yes.

21 Q. Okay. The two-year bill mitigation  
22 mechanism applies to total bills of the companies'  
23 customers?

24 A. Yes. In allowing for deferral.

25 Q. Sure. And the total bills include rider

1 DSE2?

2 A. Yes.

3 Q. Okay. And you pointed to the deferral  
4 language a couple of times. Is it fair to say that  
5 deferral only applies to lost revenue for the period  
6 June 1, '17, through May 31, 2018?

7 A. The same time as the mitigation time  
8 period, yes.

9 Q. Okay. And is it also fair to say that  
10 the future recovery will occur as suggested in the  
11 language sometime in the future, it's a deferral; is  
12 that correct?

13 THE WITNESS: Can you restate that?  
14 "Future" was used a fair amount of time in that  
15 sentence.

16 (Record read.)

17 A. What future recovery are you referring  
18 to?

19 Q. Well, you pointed to the language about  
20 deferring expenses for future recovery, correct?  
21 That's the language you were referring to?

22 A. Yes.

23 Q. And I am asking do you understand that  
24 that recovery will occur sometime in the future?  
25 First; that's my first question.

1           A.    Well, that statement assumes that there  
2    would be a deferral which that doesn't necessarily --  
3    this may and probably will not actually -- let me  
4    start that over.

5                    If this piece and rate mitigation comes  
6    in and the company cannot reflect it, then, yes, if  
7    that happens, the deferred expenses would have to be  
8    deferred -- or collected at a later date.

9           Q.    Okay.

10          A.    But you have to first get to that  
11    trigger, and I'm not agreeing that I expect the  
12    company to actually hit that trigger.

13          Q.    Okay. Appreciate that. Let's turn to  
14    the questions we had yesterday about the benchmark  
15    amendment. Do you recall yesterday that we discussed  
16    the provision in staff's cost cap proposal that would  
17    permit the EDUs to seek a benchmark amendment if they  
18    are unable to meet statutory benchmarks after making  
19    "all possible adjustments"?

20          A.    Yes.

21          Q.    And that's something that's in your  
22    testimony at page 6, lines 124 through 127?

23          A.    Yes.

24          Q.    And that provision cross-references, does  
25    it not, Revised Code 4928.66(A) (2) (b) as the

1 mechanism for seeking a benchmark reduction?

2 A. Yes. And actually, yesterday, I said  
3 that that provision hadn't been used, and I was  
4 incorrect. It actually had been requested by the --  
5 by FirstEnergy to -- in 2000 -- for the 2000  
6 benchmarks. The company was granted a waiver for  
7 2009 to move them and apply the benchmark in -- or  
8 take the cumulative balance for 2009 and 2010 in  
9 2010, so I was misstated yesterday. I wasn't aware  
10 of that Order.

11 Q. Okay. Let's take a look at that Finding  
12 and Order.

13 MR. GLADMAN: Mr. Eckert, can you give us  
14 the Finding and Order in Case No. 11-126?

15 And for the record, your Honor, we are  
16 going to be taking a look at -- give you a date, May  
17 19, 2011, Finding and Order in Case No. 11-126-EL-EEC  
18 and this will be Companies' Exhibit 12.

19 EXAMINER BULGRIN: All right. It will be  
20 so marked.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 Q. Mr. Donlon, do you have what has been  
23 marked as Company Exhibit 12 in front of you?

24 A. Yes.

25 Q. And is this the Finding and Order you



1 were referring to when you said that Ohio Edison had,  
2 in fact, made that request under 4928 -- let's begin  
3 again -- 4928.66(A) (2) (b)?

4 A. It appears to be.

5 Q. Okay. Take a look at page 5,  
6 paragraph 11, of that Finding and Order, and I'll --  
7 I am not going to read the entire paragraph, but if  
8 you would like to, feel free to do so. My question  
9 is, do you know if this amendment to the statutory  
10 benchmark relates to the companies' portfolio plan  
11 for the '09 case? I believe that's what you just  
12 testified to.

13 A. If you go to the first page, it appears  
14 that in paragraph (3), it is referencing Case No.  
15 09-1947-EL-POR.

16 Q. Thank you. That was going to be my next  
17 question, so I appreciate you beating me to that. On  
18 paragraph 11 on page 5, does it state that one of the  
19 reasons for granting the statutory benchmark  
20 amendment is the fact that Ohio Edison's  
21 comprehensive program portfolio was not approved by  
22 the Commission until March 23, 2011?

23 MR. JONES: Objection, your Honor. The  
24 Order speaks for itself.

25 MR. GLADMAN: I'm asking him this

1 question to put it into context for the next  
2 question.

3 EXAMINER BULGRIN: Overruled. You can  
4 answer.

5 A. It appears so.

6 Q. And so fair to conclude that one of the  
7 reasons for the justification for the reduction of  
8 the benchmark was a delay in obtaining the energy  
9 efficiency decision from the Commission?

10 THE WITNESS: Can you repeat that,  
11 please?

12 MR. GLADMAN: Can you read that back?  
13 (Record read.)

14 MR. JONES: Could Counsel provide a  
15 reference to the Order where it says that?

16 MR. GLADMAN: The language, what I just  
17 read to him and that he agreed was in the Order.

18 A. I believe the Order speaks for itself and  
19 what the Order says is what the Order says. And  
20 staff -- I am not here to put words in the  
21 Commission's mouth of what they said, but I think you  
22 read that and it says...

23 Q. Well, the next sentence suggests that,  
24 "For this reason, the Commission finds that OE..."  
25 which is Ohio Edison, correct?

1           A.    I assume so.  I haven't looked to see  
2   their parenthetical.  Yes, it is.

3           Q.    It says, "For this reason, the Commission  
4   finds that OE could not reasonably achieve its EE/PDR  
5   benchmark due to regulatory reasons beyond its  
6   control."  Did I read that language correctly?

7           A.    You did.

8           Q.    Also yesterday, Mr. Donlon, do you recall  
9   testifying that one of the FirstEnergy -- energy  
10   companies had exceeded its portfolio plan budget in  
11   2012?

12          A.    I don't think I said one of the  
13   companies.  I think it was actually what I was  
14   referring to was in the aggregate but I am trying to  
15   recall exactly what the statistics were I was looking  
16   at.  I think it was the company as a whole; not a  
17   company individually.

18          Q.    Okay.

19          A.    But I could be wrong on that.

20          Q.    Sure.  Let's just, to make sure we are  
21   all on the same page here, let's take a look from  
22   your testimony from yesterday.

23               MR. GLADMAN:  May we approach with the  
24   transcript?

25               EXAMINER BULGRIN:  Sure.

1 Can we go off the record for a second?

2 (Discussion off the record.)

3 MR. GLADMAN: Thank you, your Honor.

4 Q. Mr. Donlon, we've handed you the  
5 transcript from yesterday's questioning and answering  
6 during your testimony, just so we can make sure  
7 exactly what you said on this topic. If you could  
8 take a look at page 365 and starting on line 21.

9 "Question: And so, in other words, once  
10 the Commission approves the plans and corresponding  
11 budgets, the companies have to stay within those  
12 budgets, correct?"

13 And your answer was: "I know the company  
14 went over the budget in 2012, I believe, so I  
15 think -- but, however, I am not sure what happened to  
16 allow that to happen. So I think there is ways they  
17 can get -- they can spend more."

18 Did I read that Question and Answer  
19 correctly from yesterday?

20 A. Yes.

21 Q. Okay. And --

22 A. Or at least as it appears here.

23 Q. Sure. Well, we are going to have faith  
24 in our court reporter today, so.

25 And so, following up on your statement

1 is, was that a single company or the companies in the  
2 aggregate that you are referring to there in terms of  
3 failing to meet budget in 2012?

4 A. Usually when I am using the "company," I  
5 am referring to FirstEnergy and its three affiliates.  
6 I tend to look at them together, unless I'm  
7 specifically talking about them separately, but,  
8 again, like I just clarified, I'm not -- I am pretty  
9 sure the information I'm recalling was the aggregate  
10 of the three companies.

11 Q. Okay. So you believe that it was in the  
12 aggregate the three companies went over their  
13 portfolio planned budget in 2012?

14 A. Yes.

15 Q. Okay. Are there annual budgets for  
16 portfolio plans or a single budget for an entire  
17 three-year plan?

18 A. My understanding is the company files  
19 individual budgets for each year.

20 Q. Okay. For the portfolio?

21 A. Yes.

22 Q. And you recall that you testified on a  
23 couple of occasions yesterday that one metric in  
24 support of your cost cap is that the companies were  
25 21 percent under budget in 2012 to '14?

1           A.    And 50 percent overcompliance, yes.

2           Q.    Sure.  If so, how could the companies  
3 also be over budget during that same time period if  
4 your testimony was they were under budget?  Can you  
5 help me understand that?

6           A.    If you average three years and one year  
7 is over and the other two are significantly under,  
8 you can still equal below.

9           Q.    Okay.  So that's what I am trying to get  
10 at.  You think that the companies on the aggregate,  
11 on a portfolio plan budget basis, were over budget in  
12 2012, but for the entire period 2012 to '14, on the  
13 aggregate, the companies were 21 percent under  
14 budget?

15          A.    And 50 percent overcompliance, correct.  
16 And these are rough averages.

17          Q.    Okay.  Let's talk a little bit more about  
18 that testimony on overcompliance and under budget.  
19 Again, just to be clear, when you are talking about  
20 overcompliance and under budget, that's in the  
21 aggregate for all three companies?

22          A.    Correct.

23          Q.    And, again, that -- those metrics apply  
24 to the entire plan period of 2012 through '14?

25          A.    Correct.

1           Q.   And if I wanted to recreate your  
2 calculation, where would I find that information to  
3 do so?

4           A.   The companies' own filings.

5           Q.   Okay. Which filings?

6           A.   Your portfolio -- I cannot recall exactly  
7 what it is called.

8           Q.   Annual status reports?

9           A.   I would guess, yes, it is the annual  
10 status reports.

11          Q.   And you gave that testimony about the  
12 under budget/overcompliance yesterday when I asked  
13 how you concluded the companies can "run their energy  
14 efficiency portfolio and meet or exceed their  
15 statutory benchmark." Do you recall that?

16          A.   As one of the considerations, yes.

17          Q.   By the way, if the companies, on the  
18 aggregate, were 21 percent under budget in 2012  
19 through '14, would that not suggest the companies  
20 were appropriately managing their EE/PDR budget  
21 during that time frame?

22          A.   It could suggest that or it could also  
23 suggest that they overbudgeted.

24          Q.   Okay. Let's switch gears here for a  
25 minute. On page 4 of your testimony, at lines 87

1 through 89, you speak of making reference to  
2 obtaining "consistency amongst all the utilities in  
3 the state"; is that correct?

4 A. Yes.

5 Q. Fair to say that for staff, consistency  
6 among Ohio utilities is an important consideration?

7 A. In general or in this context?

8 Q. In general.

9 A. We would like consistency. It doesn't  
10 always work out and as -- as -- it makes our life  
11 much harder when everything is different. In fact,  
12 most -- a lot of things are different among the four  
13 utilities.

14 Q. Okay. And you like consistency, where  
15 possible, because it promotes fairness?

16 A. "Fairness" is an interesting word. I'm  
17 not sure "fairness" is -- relatively.

18 Q. Okay. Now, as we discussed yesterday,  
19 your proposal, staff's proposal, includes setting the  
20 overall cost cap for the companies EE/PDR plans at  
21 3 percent of FERC Form 1, page 300, line 10; is that  
22 correct?

23 A. Yes.

24 Q. And is it also accurate to state that  
25 staff has agreed to a higher percentage overall cost



1 cap for other utilities in Ohio?

2 MR. JONES: Objection, relevance, your  
3 Honor, to this proceeding.

4 EXAMINER BULGRIN: Overruled.

5 A. Through stipulation, with those other  
6 companies where staff made considerable concessions,  
7 yes, staff agreed to a different percentage.

8 Q. Okay. And, for instance, the staff  
9 agreed to an overall cost cap using the same formula  
10 of 4 percent for AEP Ohio, the Ohio Power Company,  
11 correct?

12 MR. JONES: Objection, your Honor. That  
13 was a result of a settlement in another case.

14 MR. GLADMAN: Your Honor, may I be heard  
15 on that? This witness's testimony is that they  
16 propose this cost cap, in part, to ensure consistency  
17 among all the utilities in the state. We are  
18 entitled to explore the consequences of that proposal  
19 to demonstrate that it leads to, in our opinion,  
20 inconsistent results and inequities. And to the  
21 extent that we are referencing, very briefly here,  
22 just to get a metric on the record, AEP and/or DP&L  
23 stipulated settlements, we believe it would be  
24 helpful to the Commission to compare what just  
25 happened in those cases and the Commission can

1 certainly give it the weight it deserves.

2 EXAMINER BULGRIN: I will allow a little  
3 leeway on this.

4 MR. GLADMAN: Thank you, your Honor.

5 EXAMINER BULGRIN: You can answer.

6 A. I don't remember the question. Can you  
7 please repeat or reread the question.

8 Q. Let me ask it again just to save you.

9 Fair to say that staff agreed to an  
10 overall cost cap, using the same metrics as proposed  
11 in this case, of 4 percent for AEP, that is the Ohio  
12 Power Company?

13 MR. JONES: Your Honor, I just want to  
14 note a continuing objection to this line of  
15 questioning.

16 EXAMINER BULGRIN: Okay. Duly noted.

17 A. Through stipulation and with  
18 concessions -- other concessions that were made by  
19 the company and other parties, staff did agree to a  
20 4 percent.

21 Q. Okay. And staff also agreed to the same  
22 4 percent cost cap for DP&L?

23 A. Again, through stipulation and  
24 concessions made by all parties, staff agreed to a  
25 4 percent.

1           Q.    Okay.  FERC Form 1, page 300, line 10, it  
2   requests each company's "Total Sales to Ultimate  
3   Consumers," is that right?  And if you would like to  
4   refer to --

5           A.    Yes.

6           Q.    -- a sample FERC Form 10.  It's obviously  
7   attached to your testimony.

8           A.    Yes.  Yes, it does.

9           Q.    And you would agree that line 10 includes  
10   revenues from the sales of electricity to consumers?

11          A.    Yes.

12          Q.    And one component that impacts revenues  
13   from the sales of electricity is utility rates?

14          A.    Yes.

15          Q.    Some utilities have higher rates than  
16   others, correct?

17          A.    Yes.

18          Q.    And if a utility has a higher rate than  
19   another utility, its revenues would be higher, all  
20   other things being equal?

21          A.    All other things are not equal in --  
22   within the state but, yes, if they were, yes, that's  
23   a correct statement.

24          Q.    Thank you.  And therefore, again,  
25   assuming all else equal, the higher the rate, the

1 higher the revenues, correct?

2 A. If all else was equal, yes.

3 Q. And then all else equal, the higher the  
4 revenues, the higher the FERC line 10?

5 A. Yes.

6 Q. And the higher the FERC line 10, the  
7 higher the cost cap under staff's proposal, correct?

8 A. Yes.

9 Q. So the use of line 10 in staff's proposed  
10 cost cap would be more beneficial to the utilities  
11 with higher rates, again, assuming all else equal?

12 A. If all else is equal, which it's not,  
13 yes.

14 MR. GLADMAN: Move to strike.

15 EXAMINER BULGRIN: Overruled.

16 Q. I'll move on.

17 Mr. Donlon, I take it you are familiar  
18 with Energy Choice Ohio?

19 A. Yes.

20 Q. And under that provision, energy  
21 customers in Ohio are able to shop for energy  
22 generation from a group of competitive suppliers  
23 certified by the Commission; is that right?

24 A. Yes.

25 Q. In other words, if multiple suppliers

1 offer generation services in a particular customer's  
2 area, that customer has the opportunity to choose the  
3 company that supplies the generation of his or her's  
4 electricity; is that right?

5 A. Yes.

6 Q. Okay. Also fair to say that the customer  
7 cannot shop for supplies, transmission, and  
8 distribution; just the supplier of the generation; is  
9 that right?

10 A. Yes.

11 Q. Turning your attention back again to the  
12 FERC Form 1, page 300, line 10. I think you just  
13 testified that line 10 reflects sales to ultimate  
14 consumers; is that right?

15 A. Yes.

16 Q. And is it fair to say that line 10  
17 includes all revenue where the utility has a  
18 corresponding expense?

19 A. I would assume so, but I'm not -- I don't  
20 know every company's accounting verbatim, so I  
21 wouldn't say that's absolutely a yes.

22 Q. Okay. So fair to say you don't know  
23 every company's accounting with respect to what goes  
24 into their FERC 150 -- sorry, FERC Form 1, line 10  
25 figure?

1           A.    No, that's actually not what I said.  I  
2   said I don't know everyone's expenses so -- and that  
3   there is necessarily an offset of expense to every  
4   single revenue line.

5           Q.    Okay.  And I think we are talking past  
6   each other a little bit here.  I want to make sure  
7   you're suggesting you think it's correct that the  
8   revenue in line 10 is the revenue where the utility  
9   has a corresponding expense, but you are not certain  
10   because you don't know every utility's accounting  
11   practice; is that a fair statement?

12               MR. JONES:  Objection, your Honor.  
13   Objection.  Asked and answered.

14               MR. GLADMAN:  I don't understand the  
15   answer yet.

16               EXAMINER BULGRIN:  Yeah.  I will overrule  
17   that.

18               THE WITNESS:  Could I have that reread?  
19               (Record read.)

20               EXAMINER BULGRIN:  You can answer.

21           A.    Again, from my accounting background and  
22   working with it, that sounds correct, but I am not  
23   going to say definitively as I am not intimately  
24   familiar with how everyone does their FERC Form 1s.  
25   Even though I have in the past, in other careers,

1 worked and updated FERC Form 1 information for other  
2 companies.

3 Q. Sure. That was part of your  
4 responsibility when you were at AEP before you joined  
5 the staff; is that fair to say?

6 A. Yes.

7 Q. If a particular utility customer shopped  
8 for an electric supplier other than the utility,  
9 those revenues are not reflected in the utility's  
10 line 10; is that correct?

11 A. That is my understanding.

12 Q. While the utility bills the customer for  
13 that shopped generation, it merely passes through  
14 that revenue to the generation supplier, correct?

15 A. Yes.

16 Q. And, in fact, those revenues would  
17 therefore belong to the entity that was actually  
18 supplying the generation, correct?

19 A. Yes.

20 Q. And the utility, itself, then does not  
21 report that shopped generation revenue on FERC  
22 Form 1, line 10, correct?

23 A. If they are reporting it correctly, I  
24 would assume no.

25 Q. Let me make sure I got that answer

1 correct. The utility does not report shopped  
2 generation revenue on its FERC Form 1, line 10; would  
3 you agree with that statement?

4 A. That is correct.

5 Q. Thank you.

6 A. As long as they are doing it correctly.

7 Q. Understood, understood. Is it fair to  
8 say that the number of customers that shop for a  
9 supplier of generation varies from utility to utility  
10 in Ohio?

11 A. And from month to month, year to year,  
12 correct.

13 Q. In other words, Ohio utilities have  
14 different switch rates meaning the percentages of  
15 shopping customers?

16 A. Correct.

17 Q. And as an example, I know this is simple,  
18 but bear me with for a minute to make sure I have got  
19 it. If 80 percent of Utility A's customers shop for  
20 a different supplier of generation, meaning an  
21 80 percent switch rate; line 10 would only include  
22 generation revenues for 20 percent of Utility A's  
23 customers, correct?

24 A. I believe that to be correct.

25 Q. And on the other hand, if only 20 percent



1 of Utility B's customers shop for a different  
2 supplier of generation, meaning again a 20 percent  
3 switch rate, line 10 would include generation  
4 revenues for 80 percent of Utility B's customers,  
5 correct?

6 A. I believe that's correct.

7 Q. And in my hypothetical, a couple more  
8 questions on that, Utility B's revenues from  
9 generation would be higher than Utility A's; all else  
10 being equal, correct?

11 A. If all else is equal, then yes.

12 Q. And as a result, Utility B's line 10  
13 figure on FERC Form 1 would be higher; again assuming  
14 all else being equal, correct?

15 A. That sounds correct.

16 Q. And that would also mean that staff's  
17 cost cap for Utility B would be higher than for  
18 Utility A; once again assuming all else equal,  
19 correct?

20 A. That would be correct.

21 Q. Okay. And also fair to say that both  
22 Utility A and Utility B would still have to provide  
23 energy efficiency programs for the shopping customers  
24 in their footprints?

25 A. That is correct.

1           Q.    In other words, a customer shopping for  
2 generation has no impact on the utility's obligation  
3 to provide energy efficiency programs; is that fair  
4 to say?

5           A.    Yes.

6           Q.    Mr. Donlon, are you familiar with the  
7 switch rates for the FirstEnergy companies?

8           A.    I am not.

9           Q.    Okay.  Let's --

10          A.    Or at least not off the top of my head.

11          Q.    Let me show you a document here and see  
12 if we can get you here.

13               MR. GLADMAN:  Mr. Eckert, can we have the  
14 PUCO shopping customers exhibit.

15               EXAMINER BULGRIN:  It will be Company  
16 Exhibit 13.

17               MR. GLADMAN:  13, thank you.

18               (EXHIBIT MARKED FOR IDENTIFICATION.)

19               MR. GLADMAN:  And while we are pulling  
20 that together, for the record the title of that  
21 document is "Summary of Switch Rates from EDUs to  
22 CRES Providers in Terms of Sales For The Month Ending  
23 March 31, 2015," and then it also includes the same  
24 information for June 30, 2015, month ended;  
25 September 30, 2015, month ended; and December 31,

1 2015, month ended. Your Honor, I would ask that we  
2 take administrative notice of this document. This is  
3 a Commission document.

4 EXAMINER BULGRIN: Well, then certainly.

5 MR. GLADMAN: And may we also approach  
6 and we have got a demonstrative that tracks  
7 essentially the information on this exhibit. It  
8 might make it easier for the witness to refer to and  
9 you can also look at it at the same time. Is that  
10 okay?

11 EXAMINER BULGRIN: Sure.

12 MR. GLADMAN: Thank you, your Honor.

13 EXAMINER BULGRIN: Do we want to take a  
14 minute?

15 MR. GLADMAN: I think we're okay. Thank  
16 you. And if it's okay, your Honor, to have  
17 Mr. Tostado stand up there and highlight some numbers  
18 as we refer to them for ease of reference?

19 EXAMINER BULGRIN: Sure.

20 MR. GLADMAN: Thank you.

21 Q. (By Mr. Gladman) Mr. Donlon, I have  
22 handed you what has been marked as Company Exhibit  
23 No. 13. Do you have that in front of you?

24 A. I do.

25 Q. Is this a document that's prepared by

1 your group?

2 A. We prepare this document and post it on  
3 the website. If this is the exact same document,  
4 I'll have to take your word for it.

5 Q. Yeah, I'll represent to you this is a  
6 document we pulled from the Commission's site. So  
7 this is a document in this form that you have seen  
8 before?

9 A. Yes.

10 Q. Okay. And it shows Electric Choice sales  
11 switch rates for 2015; is that fair to say?

12 A. First page is month ending March of '15.

13 Q. And I appreciate it. Yeah, that was a  
14 general question, so let me be more specific.

15 It looks like we've got four different  
16 two-page reports in this exhibit; month ended  
17 March 3; 2015; month ended June 30, 2015; month ended  
18 September 30, 2015; and month ended December 31,  
19 2015. Is that right?

20 A. Yes. You have one for each quarter of  
21 2015.

22 Q. Okay. Thank you. And I am going to ask  
23 you to take a look at the switch rates for December  
24 2015, which are the last two pages of the hard copy,  
25 and reflected on the demonstrative that's in front of

1     you.  Do see that?

2             A.    Yes.

3             Q.    And accurate to say that December 2015 is  
4     the last month that is considered in staff's cost  
5     cap, since 2015 revenues will dictate the cap for  
6     2015 through '19 under your proposal?

7             A.    Yes.

8             Q.    If you take a look at the columns up  
9     there, and in particular starting with The Cleveland  
10    Electric Illuminating Company, the Electric Choice  
11    sales switch rate for CEI is 84.07 percent; is that  
12    correct?

13            A.    Yes.

14            Q.    And again, some of this is going to be  
15    fundamental, so bear with me.  I want to make sure  
16    our record is clear.  In other words, 84.07 percent  
17    of the megawatt-hours sold to Cleveland Electric's  
18    customers were provided by Electric Choice suppliers  
19    according to this exhibit; is that right?

20            A.    Yes.

21            Q.    And also, according to this exhibit, the  
22    same figure for Duke Energy is 74.47 percent; is that  
23    correct?

24            A.    Yes.

25            Q.    And that's roughly a 10-percent

1 difference when comparing it to Cleveland Electric  
2 Illuminating Company; is that fair to say?

3 A. It's a little under 10 percent.

4 Q. Okay. In other words, when comparing  
5 switch rates or percentages of shopping customers,  
6 just under 10 percent less of Duke Energy's total  
7 megawatt-hours sold are provided by Electric Choice  
8 suppliers as opposed to Cleveland Electric  
9 Illuminating Company; is that fair?

10 THE WITNESS: I'm sorry. Can you reread  
11 that?

12 (Record read.)

13 A. For generation.

14 Q. Okay. And that's what we are talking  
15 about when we are talking about switch rates,  
16 correct?

17 A. Right. But you said "total sales" so.

18 Q. Okay. I appreciate that clarification.  
19 If we look at the Electric Choice sales switch rate  
20 for DP&L in this exhibit, that figure is  
21 71.56 percent; is that correct?

22 A. Yes.

23 Q. And again, compared to Cleveland  
24 Electric, which we'll stay with for a moment here,  
25 that's roughly a 12-and-a-half percent difference?

1           A.     Roughly.

2           Q.     Okay.  If we look at the Electric Choice  
3     sales switch rate for AEP Ohio in this exhibit, their  
4     figure is 70.18 percent, correct?

5           A.     Correct.

6           Q.     And, again, compared to Cleveland  
7     Electric Illuminating Company, that's almost a  
8     14 percent difference, is that accurate?

9           A.     Almost.

10          Q.     Sir, let's look briefly at the data for  
11     the other two FirstEnergy companies which is also on  
12     the demonstrative, but on the next page of your hard  
13     exhibit if you are looking at that.  The Electric  
14     Choice sales switch rate for the Ohio Edison Company,  
15     according to this exhibit, is 78.98 percent; is that  
16     correct?

17          A.     Yes.

18          Q.     And fair to say that that 78.98 percent  
19     switch rate is higher than for AEP, Duke, and DP&L?

20          A.     Yes.

21          Q.     Finally, let's take a look at the Toledo  
22     Edison Company.  If we look at their Electric Choice  
23     sales switch rate, which, according to this exhibit,  
24     is 76.81 percent, that figure would also be higher  
25     than the figures for Duke, DP&L, and AEP, correct?

1 A. Yes, it is.

2 Q. Okay. So fair to say, summing that up,  
3 that Duke, DP&L, and AEP all have lower shopping  
4 rates than each of the FirstEnergy companies?

5 A. Yes. At least through December 31, 2015.

6 Q. Okay. And assuming all else being equal,  
7 that means line 10 revenue for the companies would be  
8 lower for -- than for Duke, DP&L, and AEP.

9 A. If all else is equal.

10 Q. And, again, all else being equal, that  
11 means the cost cap for the companies would be lower  
12 for the companies than Duke, DP&L, and AEP?

13 A. If all else is equal.

14 Q. Mr. Donlon, let's focus momentarily here  
15 on the "Residential Sales" column of this report. Do  
16 you see that in about the middle of the figures that  
17 are provided?

18 A. Yes.

19 Q. Okay. If you take a look at residential  
20 sales for Cleveland Electric Illuminating Company,  
21 the figure for Electric Choice sales switch rates is  
22 71.21 percent; is that correct?

23 A. Did you say "Cleveland"?

24 Q. Yes, sir.

25 A. Yes.



1           Q.    And I take it that means that 71.21  
2   percent of the total megawatt-hours sold to  
3   residential customers for CEI, or Cleveland Electric,  
4   were provided by Electric Choice suppliers; is that  
5   right?

6                   THE WITNESS:  Sorry, can you reread that?  
7                   (Record read.)

8           A.    Again, caveating generation, yes.

9           Q.    Okay.  And the flip side of that is shown  
10  on the line just above that figure, is it not, and  
11  specifically the question is, that means that only  
12  28.79 percent of the total megawatt-hours sold to  
13  residential customers were provided by Cleveland  
14  Electric under their Standard Service Offer; is that  
15  right?

16          A.    For generation, yes.

17          Q.    And I appreciate that clarification.  For  
18  this line of questioning, can we assume when we are  
19  talking about this, we are talking about generation?

20          A.    That's fine.

21          Q.    Okay.  Thank you.

22                   Let's take a look at AEP's residential  
23  figure, if we could.  According to the Exhibit 13 and  
24  the demonstrative, that shows residential sales for  
25  AEP Ohio.  The figure for Electric Choice sales

1 switch rate is 32.88 percent; is that right?

2 A. Yes.

3 Q. And that means that only 32.88 percent of  
4 the total megawatt-hours sold to residential  
5 customers by AEP Ohio were provided by Electric  
6 Choice suppliers, correct?

7 THE WITNESS: I'm sorry, I blanked on the  
8 numbers that he said. I am sure they are right since  
9 he is just reading this off, but...

10 (Record read.)

11 A. Yes.

12 Q. Okay. And, again, the flip-side, doing  
13 the math, as shown on the chart in Exhibit 13, is  
14 that 67.12 percent of the total megawatt-hours sold  
15 to residential customers were provided by AEP Ohio  
16 under its Standard Service Offer, correct?

17 A. That is correct.

18 Q. Let's turn briefly to the two other  
19 FirstEnergy companies. If we take a look at the  
20 column called "Residential Sales" for Ohio Edison,  
21 the figure for Electric Choice sales switch rates is  
22 65.17 percent; is that correct?

23 A. Yes.

24 Q. And, again, that means that 34.83 percent  
25 of the total megawatt-hours sold to residential

1 customers by Ohio Edison were provided under its  
2 Standard Service Offer, correct?

3 A. Yes.

4 Q. And if we take a look finally at the  
5 column on the board for residential sales for Toledo  
6 Edison, the figure for Electric Choice sales rates --  
7 switch rates is 65.57 percent?

8 A. Yes.

9 Q. And, again, by consequence, that means  
10 that 34.43 percent of the total megawatt-hours sold  
11 to residential customers were provided by Toledo  
12 Edison under its Standard Service Offer, correct?

13 A. Yes.

14 Q. Do you know, Mr. Donlon, what the -- and  
15 you can set that exhibit aside. I think we're done,  
16 so we don't block our friends at the end of the table  
17 anymore.

18 MR. GLADMAN: If it's okay, your Honor,  
19 we would like to leave that up; we may have a few  
20 others to look at. Thank you.

21 Q. Mr. Donlon, do you know what the Standard  
22 Service Offer is for the FirstEnergy companies?

23 A. Not off the top of my head, no.

24 Q. Okay. Let's --

25 MR. GLADMAN: May we approach, your

1 Honor?

2 EXAMINER BULGRIN: Sure.

3 MR. GLADMAN: For the record we are going  
4 to mark as Company Exhibit 14, a document titled "A  
5 Report by the Staff of the Public Utilities  
6 Commission of Ohio, Ohio Utility Rate Survey,  
7 December 1, 2015."

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. Mr. Donlon, do you have Company Exhibit  
10 14 in front of you?

11 A. Yes.

12 Q. And is this a document you've seen  
13 before?

14 A. Yes.

15 Q. And this is a document that was prepared  
16 by your department?

17 A. As long as it was pulled off the website,  
18 yes.

19 Q. And I will represent to you that it was.

20 MR. GLADMAN: And, accordingly, ask if we  
21 could take administrative notice of this one?

22 EXAMINER BULGRIN: Yeah, for all these  
23 exhibits, if you could provide us with the URL where  
24 it's posted, that may be helpful.

25 MR. GLADMAN: Okay.

1 EXAMINER BULGRIN: Not right now.

2 MR. GLADMAN: Okay. We will provide  
3 that. Thank you, your Honor.

4 Q. Mr. Donlon, if we can take a look at the  
5 table at the top of the fourth page of this document,  
6 which is titled "Ohio Energy Bills - Residential  
7 Customers, 8 Major Ohio Cities, As of December 1,  
8 2015." Do you see that?

9 A. Which one are you on? I'm sorry.

10 Q. It's the fourth physical page of the  
11 document as of December 31.

12 A. I thought you said fourth table, I  
13 apologize. Okay.

14 Q. If you look at the column "Per  
15 kilowatt-hour" for the City of Cleveland which is in  
16 Cleveland Electric's territory, would you agree that  
17 the dollars per kilowatt-hour is .14 cents,  
18 representing the average Cleveland Electric customer  
19 rate for electric Standard Service Offer customers?

20 A. That is what it shows, yeah.

21 Q. Okay. And just hit a couple more here.  
22 For the City of Toledo, same column, which is in  
23 Toledo Edison's territory, would you agree that the  
24 dollars per kilowatt-hour is also 14 cents; again  
25 representing the average Toledo Edison customer rate

1 for electric Standard Service Offer customers?

2 A. Yes.

3 Q. And also then for the cities of Akron and  
4 Youngstown, which are in Ohio Edison's territories,  
5 would you agree the dollars per kilowatt-hour is also  
6 .14, representing, again, the average Ohio Edison  
7 customer rate for electric Standard Service Offer  
8 customers?

9 THE WITNESS: Can you repeat that,  
10 please.

11 MR. GLADMAN: Would you read that back.

12 (Record read.)

13 A. Yes.

14 Q. Okay. And finally, again, looking at the  
15 column "Per kilowatt-hours" for the cities of Canton,  
16 and Columbus which are in AEP's Ohio territory, would  
17 you agree that the dollars per kilowatt-hour is also  
18 .14, representing the average AEP customer rate for  
19 electric Standard Service Offer customers?

20 A. Yes.

21 Q. Okay. You can put that one aside, thank  
22 you.

23 Mr. Donlon, you testified yesterday that  
24 staff had looked at EE acquisition rates as part of  
25 its cost cap development process, but ultimately

1 decided not to use that metric; is that correct?

2 A. Yes.

3 Q. Okay. I would like to talk about that  
4 decision just a little bit here. And some of this  
5 may require you to do a little bit of basic math. I  
6 don't know if you have an iPhone or something you can  
7 calculate on. If not, we can provide one for you.

8 A. No. I left it over there so I don't get  
9 distracted.

10 Q. Fair point. I try to turn mine  
11 upside-down.

12 A. It will just keep buzzing. Took off my  
13 smart watch too.

14 Q. I can relate to that. Why don't we just  
15 do this so you have got it up there.

16 MR. GLADMAN: May I approach, your Honor?

17 EXAMINER BULGRIN: Yes.

18 MR. JONES: I would just make an  
19 objection to this line of questioning since this  
20 isn't the methodology that the staff ultimately chose  
21 to pursue, so they went a different route, different  
22 methodology, so this isn't relevant to the  
23 proceedings.

24 MR. GLADMAN: Your Honor, this clearly  
25 goes -- Mr. Donlon testified they considered all the

1 options in preparing the cost cap. This is one he  
2 specifically called out as they considered and  
3 rejected, and I would like to explore where this  
4 would have gone if, in fact, they had considered this  
5 method and implemented it. I think that's fair.

6 EXAMINER BULGRIN: Okay. I am going to  
7 give you a little leeway. I don't know that we need  
8 to have him run the numbers, though, if you just  
9 asked it subject to check.

10 MR. GLADMAN: Okay. Fair enough.

11 EXAMINER BULGRIN: It will speed things  
12 up.

13 MR. GLADMAN: Happy to do that.

14 THE WITNESS: Do you want your phone  
15 back? Sorry.

16 MR. GLADMAN: Thanks.

17 THE WITNESS: Yep.

18 Q. (By Mr. Gladman) Mr. Donlon, under  
19 staff's proposed 3 percent cost cap, the companies  
20 would be permitted to spend \$80,099,551 on energy  
21 efficiency and peak-demand reduction programs in 2017  
22 as set forth on page 5, lines 92 to 95 of your  
23 testimony; is that right?

24 A. That is correct.

25 Q. Okay. And you understand from the



1 companies' filings in this case that their statutory  
2 energy efficiency benchmark for 2017 is 535.23  
3 gigawatt-hours?

4 A. That sounds correct based on forecasted  
5 energy sales.

6 Q. Okay. And I'll represent to you that  
7 that figure is reflected in Company Exhibit 1, the  
8 Denise Mullins amended direct testimony which was  
9 admitted without objection, I believe.

10 And so, again, doing the math 535.23  
11 gigawatt-hours is 535,230,000 kilowatt hours? Is  
12 that -- I will represent that to you. Does that  
13 sound right?

14 A. I didn't realize there was a question.  
15 I'm not that good at math. I will, subject to check.

16 Q. Okay. Fair enough. And that's  
17 understood. Yeah, the decimal points can get tricky  
18 when you are doing those calculations.

19 So if we take the cost cap amount of  
20 80,099,551 and divide by the 2017 benchmark of  
21 535,230,000 kilowatt-hours, that gives us 14.9 cents  
22 per kilowatt-hour acquisition costs for the  
23 companies; would you agree with that, subject to  
24 check?

25 A. Subject to check.

1           Q.    Okay.  In other words, with the revised  
2   program portfolio plans being capped, under your  
3   proposal, at \$80.1 million, and with the 2017  
4   statutory benchmark of 535.23 gigawatt-hours, the  
5   companies would need to implement programs under  
6   their plans in 2017 that save energy at a cost of  
7   about 15 cents per kilowatt-hour in order to meet  
8   those benchmarks; is that right?

9           A.    Subject to check.

10           MR. GLADMAN:  May we approach again, your  
11   Honor?

12           EXAMINER BULGRIN:  Sure.

13           Q.    And, Mr. Donlon, is it fair to say that  
14   the demonstrative we have put up represents that  
15   mathematical calculation that we just walked through?

16           A.    It appears to.

17           Q.    Okay.  And that acquisition cost would  
18   not consider the impact of potential shared savings  
19   the companies may earn under staff's cost cap  
20   proposal; is that fair to say?

21           THE WITNESS:  Can you reread that?

22           (Record read.)

23           A.    I guess that depends on how you view it  
24   and calculate it.

25           Q.    Sure.  Let me ask it a little bit

1 different way. My understanding of your cost cap  
2 proposal is that program costs, plus pretax shared  
3 savings, less the PJM offset, cannot exceed  
4 3 percent. So my question is, this metric that we  
5 put up here does not consider the potential impact of  
6 any shared savings which would impact the  
7 calculation; is that fair to say?

8 A. And maybe this is just semantics, but I  
9 guess it depends on how you calculate it. So how you  
10 think about it, it could, it couldn't, depending on  
11 how you really want to think about that framework.

12 Q. Okay. So -- let me try it this way.  
13 Under your cost cap proposal, the companies have  
14 approximately \$80.1 million to spend on program costs  
15 and pretax shared savings. Let's set-aside the PJM  
16 offset for a moment. Is that accurate?

17 A. Yes.

18 Q. So the 80.1 that's reflected in this to  
19 spend on actual EE programs assumes no shared savings  
20 in that metric; is that right?

21 A. If that's what the company is proposing,  
22 then I will accept that as the answer, but that's not  
23 how staff is viewing it. So I think that gets back  
24 to the "depends on how you want to slice and dice the  
25 number."

1           Q.    Okay.  Fair enough.  So let me ask one  
2 more to try to sum up and I will move off.  I think  
3 we are saying the same thing, but maybe a little bit  
4 differently.

5                   Fair to say if you consider program costs  
6 and shared savings, the total cap that you guys have  
7 proposed is \$80.1 million, however you slice it.

8           A.    Uh-huh.

9           Q.    Is that a "yes"?

10          A.    Oh, sorry.  Also including the PJM  
11 offset, yes.

12          Q.    I appreciate that clarification.

13                   Do you know how that approximately  
14 15-cent spending cap per kilowatt-hour saved under  
15 staff's proposal compares to other Ohio utilities?

16          A.    Off the top of my head, I do not.

17          Q.    Is that something staff considered when  
18 contemplating and considering the acquisition cost  
19 metric?

20          A.    Yeah.  As I said yesterday, staff  
21 considered many different proposals.  This was one we  
22 discussed.  We decided not to go with this, and I  
23 don't remember exactly all of the computations that  
24 went into it, so.

25          Q.    Okay.  Fair enough.  Let's take a look at

1 AEP. Under staff's 4 percent cost cap, fair to say  
2 that AEP is permitted to spend approximately  
3 \$110,310,902 on EE and PDR programs in 2017?

4 MR. JONES: I would object, your Honor.  
5 That's a different plan. There's different --  
6 different budgets involved with that -- that case.  
7 It's not -- it's not the same as FirstEnergy.

8 EXAMINER BULGRIN: A little leeway I'll  
9 grant you.

10 MR. GLADMAN: Let me just say where I am  
11 going. I want to do the same calculation for each of  
12 the others and then I will move off of this.

13 EXAMINER BULGRIN: That would be good.

14 MR. GLADMAN: Thank you.

15 Q. Do you know whether or not -- and I can  
16 show you the document from the AEP order if that  
17 would help refresh your recollection about what the  
18 cost cap is for AEP. Would that be useful?

19 A. I know the cost cap is 110 million. The  
20 rest of it, you know, where the variance is, I'll  
21 believe that subject to check.

22 Q. So subject to check. And also accurate  
23 to say that AEP's statutory energy efficiency  
24 benchmark for 2017 is approximately 431,700,000  
25 kilowatt-hours?

1           A.     Subject to check. I don't have that off  
2 the top of my head.

3           Q.     Fair enough.

4           MR. GLADMAN: Okay. So may we approach  
5 again?

6           EXAMINER BULGRIN: Sure.

7           MR. GLADMAN: Thank you, your Honor.

8           MR. HEALEY: Your Honor, I am going to  
9 object to this, too, as irrelevant. We are talking  
10 about a comparison of a metric that staff has already  
11 stated they did not use and now we are talking about  
12 that metric as it applies to another utility. We are  
13 getting really far outside the realm of what's going  
14 on in this proceeding here.

15          MR. JONES: Your Honor.

16          MR. GLADMAN: You have already ruled on  
17 this objection. I have already made this argument  
18 that Mr. Donlon has testified one of his goals in  
19 implementing this cost cap was to ensure consistency  
20 across the utilities. We are entitled to explore all  
21 the options he considered. I will do so briefly.

22          MR. JONES: I will object. You gave a  
23 little leeway, now we are trying to bust down the  
24 door and go all the way down the road.

25          MR. GLADMAN: I already told your Honor

1     what I was going to do.

2                   EXAMINER BULGRIN: Slightly a little more  
3     leeway, but let's wrap this up.

4                   MR. GLADMAN: Thank you, your Honor.

5                   Q. And if we take the cost cap amount for  
6     AEP of \$110,310,902 and divide by their 2017  
7     benchmark of 431,700,000 kilowatt-hours, that would  
8     give us that same metric, which here is 25.25 cents  
9     per kilowatt-hour; is that correct?

10                  A. Subject to check your math.

11                  Q. Okay. And finally, let's take a look at  
12     DP&L. Under staff's 4 percent cost cap, DP&L is  
13     permitted to spend approximately \$33,022,141 on  
14     EE/PDR programs in 2017?

15                  MR. HEALEY: I would object to this, your  
16     Honor. That case has not been approved, so we are  
17     talking about a proposal in the other case; not an  
18     actual order.

19                  MR. JONES: I object too.

20                  EXAMINER BULGRIN: I'll sustain on this.

21                  MR. GLADMAN: Thank you, your Honor.

22                  Q. Fair to say then, Mr. Donlon, that staff  
23     is recommending that the FirstEnergy companies spend  
24     no more than 15 cents per kilowatt-hour saved while,  
25     at the same time, permitting AEP to spend 25.5 cents

1 per kilowatt-hour saved?

2 MR. GLADMAN: Could we approach with a  
3 comparison to make sure he has got the numbers in  
4 front of him?

5 MR. JONES: I would object, again, your  
6 Honor to the comparison being made in this  
7 proceeding.

8 Q. Does that, Mr. Donlon, fairly summarize  
9 the calculation we just walked through?

10 EXAMINER BULGRIN: I will overrule your  
11 objection. You can answer this last question.

12 THE WITNESS: Which company am I supposed  
13 to answer because he asked two?

14 EXAMINER BULGRIN: Can you rephrase your  
15 question?

16 MR. GLADMAN: Sure.

17 Q. Is this a demonstrative you are looking  
18 at, which reflects the acquisition cost of the  
19 FirstEnergy companies of 14.96 cents per  
20 kilowatt-hour, and AEP Ohio of 25.55 cents per  
21 kilowatt-hour, accurately reflect the calculations we  
22 just walked through?

23 A. While staff does not agree that it's  
24 relevant, it is a representation of the numbers you  
25 just calculated.



1           Q.    Okay.  Out of curiosity -- and you can  
2   take that down so we don't block the end of the  
3   table -- how much would the companies be permitted to  
4   spend under a 4 percent cap to achieve their 535  
5   gigawatt-hour statutory benchmark?

6           MR. JONES:  I would object again, your  
7   Honor, not relevant.  That's not staff's proposal in  
8   this proceeding.  It's 3 percent; not 4 percent.

9           MR. GLADMAN:  Again, I am exploring the  
10  inconsistency.  They are using 4 percent for others.  
11  We are just doing a very quick comparison of what the  
12  math would be.

13          EXAMINER BULGRIN:  Very quick comparison.

14          MR. GLADMAN:  Thank you, your Honor.

15          Q.    Let me ask this again.  Subject to check,  
16  if we use the FERC line 10 information included on  
17  page 5, lines 92 through 95 of your testimony, which  
18  is \$2,669,985,047, and multiply that times 4 percent,  
19  is it accurate to say that you would have a 4 percent  
20  cost cap of \$106,799,401?

21          A.    That sounds roughly accurate.

22          Q.    And if I divide that amount by the  
23  statutory benchmark of 535,230,000, I get an  
24  acquisition cost of 19.95 cents per kilowatt-hour,  
25  subject to check?

1           A.     Subject to check.

2                     MR. GLADMAN:   Your Honor, it might be  
3     good for maybe just a 5-minute break.  Is that okay?

4                     EXAMINER BULGRIN:  Let's take 5 minutes.  
5                     (Recess taken.)

6                     EXAMINER BULGRIN:  Let's go back on the  
7     record.

8                     MR. GLADMAN:  Thank you, your Honor.

9           Q.     Mr. Donlon, we discussed yesterday the  
10    fact that the statutory requirements for utilities'  
11    EE/PDR obligations in this state stem from Revised  
12    Code 4928.66.  Do you recall that conversation?

13           A.     Yes.

14           Q.     And, again, 4928.66 requires an EDU to  
15    implement energy efficiency and peak-demand reduction  
16    programs that achieve certain statutory benchmarks  
17    for any given year, correct?

18           A.     Correct.

19           Q.     Also fair to say that 4928.66, itself,  
20    says nothing about a specific cost cap on energy  
21    efficiency, correct?

22           A.     As I said yesterday, it doesn't say  
23    anything specifically for or against the cost cap.

24           Q.     Okay.  And same question with respect to  
25    Administrative Code provision 4901:1-3-904 that we

1 discussed yesterday. Is there anything expressly  
2 authorizing cost cap and energy efficiency in that  
3 section?

4 MR. JONES: Object, your Honor. This has  
5 already been asked and answered yesterday.

6 EXAMINER BULGRIN: Sustained.

7 Q. Mr. Donlon, would you agree that staff's  
8 cost cap proposal would add cost requirements that  
9 are not currently part of Ohio law?

10 MR. JONES: Objection, your Honor.  
11 Calling for a legal opinion, legal conclusion. I  
12 think this question was asked yesterday, too.

13 EXAMINER BULGRIN: Sustained.

14 Q. Okay. Sir, are you familiar with Ohio  
15 Revised Code 111.15 relating to PUCO rulemaking  
16 provisions?

17 A. Could you provide that?

18 Q. Sure, I can.

19 MR. GLADMAN: Your Honor, if we could  
20 mark as Company Exhibit 15, Revised Code 111.15.

21 MR. JONES: And object, your Honor.  
22 There is no foundation as to how we are getting to  
23 this statute for him to discuss it.

24 MR. GLADMAN: I am about to lay that  
25 foundation by asking.

1 EXAMINER BULGRIN: Objection. Very  
2 little leeway on this.

3 MR. GLADMAN: Okay.

4 EXAMINER BULGRIN: Is this statute for  
5 the actual rulemaking?

6 MR. GLADMAN: Yes.

7 EXAMINER BULGRIN: Okay.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. (By Mr. Gladman) Mr. Donlon, do you have  
10 what we have marked as Company Exhibit 15 in front of  
11 you?

12 A. I do.

13 Q. And is that a provision that you're  
14 familiar with?

15 MR. JONES: I would object, your Honor.  
16 This is beyond the scope of his testimony. It's not  
17 relevant to the proceeding.

18 MR. GLADMAN: The questions are about how  
19 this cost cap is being implemented. It is very  
20 relevant to this proceeding.

21 EXAMINER BULGRIN: I am going to sustain  
22 the objection.

23 MR. GLADMAN: Okay.

24 Q. Mr. Donlon, is it true that staff has  
25 recommended certain proposed changes to the Ohio

1 Administrative Code provisions relating to rules on  
2 energy efficiency programs?

3 MR. JONES: Objection, your Honor.  
4 Relevance.

5 MR. GLADMAN: I am going to ask him  
6 whether or not they have proposed a rule relating to  
7 the cost cap.

8 MR. HEALEY: I make the same objection,  
9 your Honor. This is irrelevant. This is not a  
10 rulemaking proceeding.

11 EXAMINER BULGRIN: Sustained.

12 Q. (By Mr. Gladman) Mr. Donlon, are you  
13 aware of any other Commission-administered programs  
14 that have a cost cap implemented by statute or  
15 Revised Code or Administrative Code provision?

16 MR. JONES: Objection, that was asked and  
17 answered yesterday.

18 MR. GLADMAN: Not asked and answered that  
19 question.

20 MR. JONES: He asked him about other  
21 states yesterday, your Honor.

22 MR. GLADMAN: I am asking about Ohio.

23 EXAMINER BULGRIN: How much more?

24 MR. JONES: The Commissions; didn't you  
25 say other Commissions?

1 EXAMINER BULGRIN: Excuse me. How much  
2 more do we have on this?

3 MR. GLADMAN: On this particular topic?  
4 Just a very few questions. There's a --

5 EXAMINER BULGRIN: Okay. I will allow  
6 you one more question. What was the pending  
7 question? I'm sorry.

8 MR. GLADMAN: Can I ask a different one  
9 if I get one?

10 EXAMINER BULGRIN: Yes.

11 Q. (By Mr. Gladman) Mr. Donlon, are you  
12 aware that there are Revised Code and Administrative  
13 Code provisions implementing a cost cap for Ohio  
14 EDUs' alternative energy resource requirements?

15 A. I am.

16 Q. Let's turn to your objection to the  
17 request in the stipulation that the Commission  
18 approve lowering the shared savings trigger for the  
19 companies in 2017. Fair to say that your  
20 understanding is that the stipulation filed in this  
21 case provides for the reduction of the companies'  
22 shared savings trigger for 2017 only?

23 A. Yes.

24 Q. And so it does not recommend in the  
25 stipulation any changes to the triggers for 2018 or

1 '19?

2 A. Correct.

3 Q. Fair to say that the companies first  
4 filed their proposed energy efficiency and  
5 peak-demand reduction plans -- peak-demand reduction  
6 plans with the Commission in April of 2016?

7 A. Subject to check. I am bad with dates.

8 Q. Fair enough. And that means that the  
9 companies filed their plans over nine months ago; is  
10 that correct?

11 A. Subject to check.

12 Q. And fair to say that staff reviewed those  
13 proposed plans shortly after they were filed with the  
14 Commission?

15 A. I --

16 MR. JONES: I would object as to the  
17 relevance.

18 MR. GLADMAN: Your Honor, Company Witness  
19 Miller was cross-examined on the docket on the delays  
20 that have occurred in this case, and I want to  
21 briefly go through some of that with Mr. Donlon.

22 MR. JONES: Your Honor, Mr. Donlon's  
23 testimony doesn't speak to that.

24 MR. GLADMAN: If we can have a  
25 stipulation that the docket accurately reflects that

1 staff moved for a continuance in January of 2016,  
2 that staff moved for --

3 EXAMINER BULGRIN: I think the record is  
4 what it is. I think you can look at the docket card  
5 and make that argument, so let's move on.

6 MR. GLADMAN: Okay. I appreciate that,  
7 your Honor. Thank you.

8 Q. (By Mr. Gladman) Mr. Donlon, is it fair  
9 to say the companies may elect to wait to implement  
10 some or all of their programs until after Commission  
11 approval?

12 A. The company has that choice. I know  
13 other companies have implemented or continued to run  
14 their programs while not having an order, but that's  
15 the companies' prerogative.

16 Q. Okay. Do you have any opinion, yourself,  
17 on whether that's a reasonable or unreasonable  
18 choice?

19 MR. JONES: Objection, your Honor.

20 EXAMINER BULGRIN: I'll overrule. You  
21 can answer that.

22 A. Speaking for staff, I think that's the  
23 companies' decision, not staff's.

24 Q. Once the programs are ultimately  
25 approved, do you understand there is a ramp-up period



1 before the launch of many energy efficiency programs?

2 A. Considering that the company suspended  
3 their program under Senate Bill 2 -- 1 -- 310, sorry,  
4 that seems reasonable.

5 Q. Would you agree that the delay in getting  
6 the Commission order and that ramp-up period would  
7 make it more difficult for the companies to achieve  
8 their statutory benchmarks in 2017?

9 A. If the companies' choice is to wait until  
10 the final order to do that, which is again the  
11 companies' choice, and based on the companies'  
12 decision to suspend their program for two years, that  
13 seems plausible.

14 MR. GLADMAN: Your Honor, I think I am  
15 just about done. Could I have just one quick moment  
16 to confer with my colleagues and wrap up?

17 EXAMINER BULGRIN: Sure.

18 MR. GLADMAN: Thank you.

19 (Discussion off the record.)

20 MR. GLADMAN: Your Honor, subject to  
21 recross and admission of Company Exhibits 11, 12, 13,  
22 and 14, we don't have any further questions of  
23 Mr. Donlon at this time, and I thank you for your  
24 time, sir.

25 THE WITNESS: Thank you.

1 EXAMINER BULGRIN: Mr. Kelter.

2 MR. KELTER: Can you give me a couple of  
3 minutes just to go through my cross to see if I can  
4 eliminate some more of it based on what we did this  
5 morning?

6 EXAMINER BULGRIN: Do you want another 5  
7 minutes?

8 MR. KELTER: Yeah. That would be great.

9 EXAMINER BULGRIN: Okay. 5-minute break.  
10 We will be back at 10:30.

11 (Recess taken.)

12 EXAMINER BULGRIN: Let's go back on the  
13 record.

14 Mr. Kelter.

15 MR. KELTER: We're back on the record?

16 EXAMINER BULGRIN: We are back on the  
17 record.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Kelter:

21 Q. Good morning, Mr. Donlon. My name is Rob  
22 Kelter. I represent the Environmental Law & Policy  
23 Center, and I've got a few questions for you today.

24 A. Good morning.

25 Q. At this point, is it fair to say that

1 you've familiarized yourself with FirstEnergy's  
2 energy efficiency programs?

3 A. The individual programs, at a high level  
4 I have knowledge on, but certainly not the intimate  
5 knowledge of each program.

6 Q. You're aware that FirstEnergy has a  
7 collaborative process, aren't you?

8 A. Yes.

9 Q. And the collaborative process meets  
10 quarterly at the Commission, doesn't it?

11 A. Where and how often, I'm not -- I  
12 don't -- I haven't attended them, but my staff does.

13 Q. Has staff participated in that process?

14 A. Yes.

15 Q. And is it fair to say that part of the  
16 purpose of the collaborative is for staff and other  
17 intervenors to have input on the efficiency programs?

18 A. That is my understanding of it, yes.

19 Q. Do you recall when FirstEnergy first  
20 submitted its draft plan to the collaborative?

21 A. I do not.

22 Q. Would you agree that it's several months  
23 before it was actually filed with the Commission?

24 MR. JONES: Object, your Honor. He  
25 doesn't have knowledge.

1 EXAMINER BULGRIN: You can answer it if  
2 you know.

3 A. Subject to -- subject to check, I'm  
4 willing to accept that.

5 Q. And do you recall when FirstEnergy first  
6 filed its efficiency plan with the Commission?

7 A. Again, I think FirstEnergy's Counsel said  
8 it was April or May. I am really bad with dates, so.  
9 I have got a lot of cases that come through my  
10 department.

11 Q. So subject to check, April?

12 A. I am willing to accept that.

13 Q. Can you name any proposed programs from  
14 that April 15 plan that staff suggested FirstEnergy  
15 modify?

16 A. Are you speaking of the individual  
17 programs?

18 Q. Yeah.

19 A. Staff only takes -- staff is agnostic to  
20 the individual programs other than specific programs  
21 that shouldn't count for shared savings. So, to my  
22 knowledge, we haven't really taken a stance, at least  
23 in this case, maybe in some of the collaboratives we  
24 might have, but on the individual programs.

25 Q. Back in April, did staff ever express

1 concerns about the cost of the overall plan?

2 A. Not being in those meetings, I don't know  
3 if staff did address that or not.

4 Q. When did staff first express concerns  
5 about the cost of the plan?

6 MR. HEALEY: I would object, your Honor,  
7 to the extent this could potentially call for  
8 confidential settlement negotiations.

9 MR. JONES: I would join the objection.

10 MR. KELTER: Your Honor, this is just the  
11 date; none of the substance of the negotiations.

12 MR. HEALEY: Well, your Honor --

13 MR. KELTER: As to the times.

14 MS. FLEISHER: Your Honor, the  
15 collaboratives are not generally a confidential  
16 forum. I don't believe it's anyone's understanding  
17 what goes on there is confidential.

18 EXAMINER BULGRIN: Let's go off the  
19 record here for a minute.

20 (Discussion off the record.)

21 EXAMINER BULGRIN: Let's go back on the  
22 record.

23 MR. KELTER: Actually, can I have the  
24 question reread, please.

25 (Record read.)

1                   EXAMINER BULGRIN: You can answer if you  
2 know.

3                   A. So I'm fuzzy on what I can say about  
4 settlement and what I can't. And individually in the  
5 collaboratives I'm not sure. Staff had a strong  
6 stance for a one-year program that was met through  
7 settlement talks with very strong resistance. Staff  
8 went back and tried to figure out a different way to  
9 address our concerns.

10                   So if you are talking about concerns with  
11 cost, I think it was early on in the process because  
12 of how we did that. If you are taking about  
13 specifically the cost cap, that was later because we  
14 adjusted where we were coming from due to settlement  
15 talks.

16                   MR. KELTER: Well, your Honor, the  
17 witness just opened the door on discussing some of  
18 the substance of those talks. I think it's fair that  
19 we ask, given what he just said about the staff  
20 proposing a one-year plan, that he tell us when staff  
21 first proposed the three-year plan -- I'm sorry, the  
22 3 percent cost cap.

23                   MR. JONES: Your Honor, he did not open  
24 the door. He just tried to explain generally how  
25 things developed over the months.

1 MR. KELTER: He did. He just said in  
2 negotiations staff proposed a one-year plan.

3 EXAMINER BULGRIN: I'll allow you to  
4 answer if you know when the cost cap was first  
5 proposed by staff.

6 THE WITNESS: I do not.

7 MR. HEALEY: I would just like to object  
8 for the record, your Honor. I still believe this is  
9 a confidential settlement communication just so we  
10 have that on the record.

11 MR. JONES: I would object, too, your  
12 Honor.

13 EXAMINER BULGRIN: Those objections are  
14 duly noted.

15 And, I'm sorry, your answer?

16 THE WITNESS: Is I am really bad about  
17 dates and I have no idea what the date was, but I'm  
18 sure -- it was on a settlement call, and I'm sure  
19 that one of the parties knows that date. I don't  
20 know it.

21 Q. (By Mr. Kelter) Generally speaking, do  
22 you know the month?

23 A. Honestly, no.

24 Q. Do you know if it was -- do you know the  
25 season of the year?

1 EXAMINER BULGRIN: Okay.

2 MR. JONES: Objection, your Honor.

3 EXAMINER BULGRIN: Sustained.

4 MR. KELTER: Your Honor, I would like to  
5 make an offer of proof here. The witness was  
6 involved in these discussions. He just said that  
7 staff had offered, in negotiations, that it wanted a  
8 one-year plan. It's incredible to believe that he  
9 has no idea when they proposed a 3 percent cap.

10 MR. HEALEY: Your Honor, I move to strike  
11 Mr. Kelter's comments as irrelevant and testimony of  
12 Counsel.

13 EXAMINER BULGRIN: I'll grant that.  
14 Let's move on.

15 Q. (By Mr. Kelter) Let's turn to page 5 of  
16 your amended testimony. Are you there?

17 A. Yes.

18 Q. At page 5, line 105 of your amended  
19 testimony, you state "the costs have been escalating  
20 to the point that the rider in which the energy  
21 efficiency costs are collected has become one of the  
22 highest riders on residential customers' bills,"  
23 correct?

24 A. Yes.

25 Q. How much is that rider for the average



1 residential customer?

2 A. For -- as of October of 2016, depending  
3 on which company you're talking about --

4 Q. First --

5 A. There's three FirstEnergy companies. So  
6 in -- one is roughly just under, as of that date, for  
7 a 750-kilowatt-hour customer, it was roughly a  
8 buck-98 up to, I think the highest one of the three  
9 companies was 2.90 something.

10 So, again, it's the -- for two of the  
11 companies, and I said which ones yesterday and now I  
12 am blanking on which ones they were, two of the  
13 companies it was the fourth highest out of 16 riders,  
14 and the third it was the fifth highest out of 16  
15 riders as of October of '16.

16 Q. Do you know what percentage of the  
17 average customer's bill that rider would represent?

18 A. No, I don't.

19 Q. And are you aware of any other riders on  
20 the customer bill that actually produces savings that  
21 can lower the customer's bill?

22 A. I think that question implies also that  
23 energy efficiency does so, not addressing that  
24 assumption --

25 Q. Let's address that assumption. Do you

1 believe that energy efficiency has the potential to  
2 save customers money on their bill?

3 A. That's -- it has the potential, yes.

4 Q. Do you believe that it does save some  
5 customers money on their bill?

6 A. Some customers, yes.

7 Q. Now, I will go back to my original  
8 question. Are you aware of any other riders that --  
9 that have the potential to reduce customers' bills?

10 A. There are other riders that have the  
11 potential to reduce other -- or some customers'  
12 bills, yes, other than this one.

13 Q. Can you tell us which ones those are?

14 A. I don't have the exact -- because of all  
15 the different EDUs have different names for their  
16 riders and put costs in different items, but economic  
17 development is one that can reduce costs for some  
18 than others. Universal Service Fund is one that  
19 reduces costs for some. So those are two off the top  
20 of my head I can think do.

21 Q. So I think you acknowledged that -- well,  
22 strike that.

23 Would you agree that participants in the  
24 programs save money on their bills?

25 A. Energy e-- customers that participate in

1 the energy efficiency rebates and programs, yes.

2 Q. And do you know an average of how much?

3 A. I do not.

4 Q. And do you know how many FirstEnergy  
5 customers are projected to be participate --  
6 participants in FirstEnergy's revised plan,  
7 participants in the programs under FirstEnergy's  
8 revised plan?

9 A. Off the top of my head, I do not.

10 Q. So -- well, do you have any projections  
11 of how many fewer customers might take advantage of  
12 the discount and rebates under the 3 percent cap  
13 compared to FirstEnergy's revised plan?

14 A. Staff does not believe there is a link  
15 between the -- that there should be a link between  
16 the two.

17 Q. And do you believe that nonparticipants  
18 benefit from the plan as well as participants?

19 A. I think that's very debatable.

20 MR. KELTER: Your Honor, I would like to  
21 show the witness a letter from the Commission that  
22 addresses this issue, if I could approach.

23 EXAMINER BULGRIN: Sure.

24 MR. KELTER: This will be marked as ELPC  
25 Exhibit 1.

1 EXAMINER BULGRIN: Okay. It will be so  
2 marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 Q. Mr. Donlon, do you have before you a  
5 letter from the PUCO to the Ohio legislature Study  
6 Committee dated February 26, 2015?

7 A. I do.

8 Q. Are you familiar with this letter?

9 A. I am.

10 Q. So you don't have any doubt of its  
11 authenticity?

12 A. I do not.

13 Q. Can you turn to page 2 and, just for  
14 context, can you please read the first sentence of  
15 the letter?

16 A. "The following data and information has  
17 been compiled by the Public Utilities Commission of  
18 Ohio (PUCO) in order to respond to questions posed by  
19 the Energy" Study -- "Energy Mandate Study Committee  
20 (Study Committee) on November 26, 2014."

21 Q. And did you -- did you participate in the  
22 preparation of this?

23 A. I did.

24 Q. Okay. Could you please turn to page 12  
25 and you see there is a heading "Market price

1 suppression"?

2 A. Yes.

3 Q. And can you please just review the first  
4 two paragraphs?

5 A. I have.

6 Q. Okay. Are you ready for a question?

7 A. Yes.

8 Q. Now, if you go down a few lines -- well,  
9 it says -- the second paragraph says, "The PUCO  
10 forecasted how an overall 1 percent reduction in  
11 demand affects wholesales pricing," correct?

12 A. Yes.

13 Q. And then it says that the PUCO estimates  
14 a per megawatt-hour market price decrease from \$52.71  
15 to \$49.87 per megawatt-hour, correct?

16 A. Yes.

17 Q. And that this results in a 5.7 percent  
18 price reduction for customers, correct?

19 A. No. It says in the "wholesale market,"  
20 but it doesn't necessarily mean that it gets back to  
21 residential customers.

22 Q. 5.7 percent reduction for the wholesale  
23 market. Did you do any analysis of what wholesale  
24 price suppression benefits might be from  
25 FirstEnergy's programs in its revised plan?

1           A.    Can you expand on what you mean by that?

2    I'm sorry.  I want to make sure I get the --

3           Q.    Sure.  Well, FirstEnergy -- I think we've  
4    established that this letter says there's some  
5    wholesale market price suppression when you reduce  
6    demand.  Would you agree with that?

7           A.    On the wholesale level.

8           Q.    Yes.  So what I am asking is FirstEnergy  
9    submitted its revised energy efficiency plan, and I  
10   am asking if staff did any analysis on what the  
11   wholesale market price suppression would be from that  
12   revised plan?

13          A.    We did not.

14          Q.    Okay.  And did you analyze how the  
15   wholesale price suppression might be affected by the  
16   3 percent cap?

17          A.    We did not.

18          Q.    This next question may have been asked, I  
19   don't think it was asked the way I am going to ask  
20   it, but it's hard to keep it all straight at this  
21   point.  Would you agree that it's possible  
22   FirstEnergy will not be able to achieve the same  
23   level of savings under a 3 percent cap as it would  
24   under the revised plan?

25          A.    Which savings?  Are you talking about

1 shared savings? Energy efficiency savings?

2 Q. Energy efficiency savings.

3 A. I want to make sure we are all on the  
4 same page with "savings."

5 Q. And the question is, is it possible that  
6 they wouldn't be able to achieve the same level of  
7 savings?

8 A. It's possible.

9 Q. FirstEnergy and alternative suppliers  
10 purchase electricity for customers on the wholesale  
11 market, correct?

12 A. While the energy is purchased on the  
13 wholesale market, there is not a direct correlation  
14 to consumers and residents get the wholesale  
15 market price, but, yes, purchase on the wholesale.

16 Q. Okay. And would you agree that the less  
17 energy customers use, the less energy FirstEnergy and  
18 the competitive suppliers have to purchase on the  
19 wholesale market?

20 A. That would be a lineal deduction.

21 Q. So that would be a yes, you would agree?

22 A. For the most part.

23 Q. Would you agree that FirstEnergy's  
24 efficiency programs help customers use less energy?

25 A. For the participating customers, yes.

1           Q.    That overall in the entire pool of  
2 customers, if the participants use less energy, the  
3 whole pool uses less energy; is that correct?

4           MR. JONES:  Objection, asked and  
5 answered.

6           MR. KELTER:  That wasn't asked and  
7 answered.

8           EXAMINER BULGRIN:  I will overrule.  You  
9 can answer if you know.

10          MR. HEALEY:  I will object as incomplete  
11 hypothetical, as well, your Honor.

12          MR. KELTER:  I don't understand the  
13 objection.

14          MR. HEALEY:  Is he creating some  
15 hypothetical world where we are talking about?

16          EXAMINER BULGRIN:  I will overrule.  You  
17 can ask.

18          THE WITNESS:  Could you repeat that,  
19 please.

20                (Record read.)

21          A.    So if the question is asking if the  
22 energy efficiency portfolios lower the overall demand  
23 of FirstEnergy, then yes.

24          Q.    Would you agree that energy efficiency  
25 reduces usage at peak times?



1           A.    Reviewing the information I've seen, that  
2    is accurate.

3           Q.    Would you agree that energy efficiency  
4    benefits nonparticipants by reducing the amount of  
5    energy FirstEnergy purchases on the market?

6           A.    No, I would not.

7           Q.    Why is that?

8           A.    FirstEnergy is -- doesn't actually  
9    purchase --

10          Q.    Well, somebody purchases for FirstEnergy,  
11   the auction.

12          A.    For the wholesale market there is a --  
13   there is the potential for a price suppression as our  
14   forecast laid out.

15          Q.    Would you agree that if the Commission  
16   imposes a 3 percent cap, that FirstEnergy may need to  
17   purchase additional electricity to meet demand beyond  
18   what it would purchase under the revised plan?

19               MR. JONES:  Objection, speculation, what  
20   they may do.

21               EXAMINER BULGRIN:  I'll overrule.  You  
22   can answer if you know.

23          A.    Clarifying, again, FirstEnergy, but in  
24   the auction or the CRES providers in the FirstEnergy  
25   territory -- actually, now I blanked on the

1 question.

2 EXAMINER BULGRIN: Could you maybe reask  
3 it?

4 THE WITNESS: Or just reread it, I'm  
5 sorry.

6 (Record read.)

7 A. Again, with the clarification on who is  
8 purchasing it, I think there is always a possibility,  
9 but staff does not believe it is a likely  
10 possibility, particularly in this portfolio plan.

11 Q. Does staff believe that programs produce  
12 long-term savings and provide added value over  
13 programs that produce short-term savings?

14 A. Staff, in this case, is not taking a  
15 stance on the individual programs.

16 Q. That wasn't my question. I'm asking, in  
17 general, do you believe that energy efficiency  
18 programs that produce long-term savings provide value  
19 over programs that produce short-term savings?

20 A. Staff is not taking an opinion on that at  
21 this time.

22 Q. Do you have an opinion on that? You said  
23 staff is not taking an opinion, so I want to clarify  
24 do you personally --

25 EXAMINER BULGRIN: I think that's

1 enough.

2 MR. JONES: Objection.

3 EXAMINER BULRGRIN: That's enough. Let's  
4 move on.

5 Q. All right. Let's change to page 7, line  
6 122 of your testimony. Is that right? I'm sorry.  
7 That's not right. Give me one second here. Give me  
8 a second. I have got a bunch of questions about the  
9 programs that I am not going to ask because you've  
10 said that -- that staff is not taking a position on  
11 any of the programs, correct? So I am going to try  
12 to save us some time, save some objections.

13 EXAMINER BULRGRIN: We appreciate that.

14 MR. KELTER: Just give me one minute.

15 Q. So given your previous answers on the  
16 programs, is it fair to say that staff has not made  
17 any recommendations regarding what programs  
18 FirstEnergy should modify in order to meet the  
19 3 percent cap?

20 MR. JONES: Objection, asked and  
21 answered.

22 EXAMINER BULRGRIN: I'll let him answer.

23 MR. HEALEY: Objection, your Honor, to it  
24 also assumes facts not in evidence. It assumes there  
25 must be modifications to comply with the cap which is

1 not in the record.

2 MR. KELTER: I'll clarify that, your  
3 Honor.

4 EXAMINER BULGRIN: Thank you.

5 Q. (By Mr. Kelter) If -- if the company  
6 needs to make modifications -- actually, strike that.

7 Does staff acknowledge that the company  
8 might have to make some modifications to the plan in  
9 order to meet the 3 percent cost cap?

10 A. Might?

11 Q. Yeah.

12 A. They may.

13 Q. And has staff done any projections  
14 regarding what programs it believes FirstEnergy  
15 should modify in order to meet the cap?

16 A. So staff's opinion is the company should  
17 manage the program as it sees fit. Staff's role, as  
18 the regulatory body, is putting parameters around, a  
19 guardrail, in auditing for prudence and that that  
20 work was done so this is -- staff wouldn't get  
21 into -- doesn't believe they should micromanage to  
22 that level for the company, but we are putting up the  
23 guardrails.

24 Q. So is it fair to characterize that last  
25 answer is a "no," with the qualifications you just

1 gave? Does staff --

2 A. Can you repeat the question? I'm sorry.  
3 Just to make sure I do have it. Or reread it.

4 Q. I believe the question is, has staff done  
5 any projections regarding what programs FirstEnergy  
6 should modify in order to meet the cap?

7 A. No.

8 Q. Thank you.

9 If the Commission orders FirstEnergy to  
10 adjust its plan for a three-year cost cap, does staff  
11 envision the company filing a new plan?

12 A. No.

13 MR. JONES: Objection, speculation.

14 EXAMINER BULGRIN: I'll overrule the  
15 objection.

16 A. I talked too quick. No. Again, it is  
17 actually staff's belief that the company can achieve  
18 the mandate and all that they need to under the cap  
19 with their current plan.

20 Q. Can you turn to page 6, line 131 of your  
21 amended testimony.

22 A. Yes.

23 Q. Here you state that "Each year the  
24 Companies file an annual rider case...in which Staff  
25 audits the prudence of the costs incurred and

1 included in the rider," correct?

2 A. Correct.

3 Q. And that process would occur under the  
4 current FE -- FirstEnergy plan the company has  
5 proposed, correct?

6 A. Yes. That audit is really looking at an  
7 accounting prudence. And what that is talking about  
8 is the accounting prudence of it.

9 Q. Well, just to clarify, you are looking at  
10 whether the company's meeting the goals in the plan,  
11 aren't you, in that annual review?

12 A. Not in this rider, no. This rider is  
13 really an accounting and cost recovery review. And  
14 making sure that the accounting is there that the --  
15 those items that go into the rider are prudent.

16 Q. There is some annual review process to  
17 make sure that the company's conforming to the plan  
18 and meeting its goals; is that correct?

19 A. That's an EM&V problem which, yes, it is,  
20 but that's not what I was referring to in this  
21 question.

22 Q. Okay. Thanks.

23 Turning to page 7, line 154, there you  
24 state that "The Stipulation lacks a provision  
25 controlling the costs of programs and shared

1 savings," correct?

2 A. Correct.

3 Q. When the Commission approves a plan, is  
4 the company authorized to spend more money than the  
5 amount in the plan?

6 A. I think in the authorization, they can  
7 always seek recovery after that, and they can go over  
8 and then seek for that recovery. So while I think  
9 the authorization is -- the simple answer is no, but  
10 there is not necessarily a hard stop either, because  
11 they could always spend more and ask for a recovery.

12 Q. Okay. So they can spend more and ask for  
13 recovery, but when the Commission approves the plan,  
14 it's authorizing the amount in the plan; is that  
15 fair?

16 A. Yes.

17 Q. Okay. All right. Can you pull out the  
18 FirstEnergy's amended plan, please, the revised plan.

19 A. Are you speaking of Exhibit B?

20 Q. Yes, Exhibit B. And turn to page 5 of  
21 the amended plan. Are you there?

22 A. Yes.

23 Q. Okay. So looking just below the table,  
24 there's some figures there. And the company  
25 estimates that over the life of the plan, Ohio Edison

1 will spend 131 million; Cleveland Electric,  
2 90 million; and Toledo Edison, 47 million; for a  
3 total of 268 million; is that correct?

4 A. You got that from the third paragraph  
5 under -- the second paragraph under the table?

6 Q. Yes.

7 A. So, again, just making sure that the  
8 numbers are correct here, they are -- the company is  
9 stating that the total proposed costs to these  
10 programs is 268 million.

11 Q. Okay. And the company estimates total  
12 discounted lifetime benefits of -- well, scrap that.  
13 We don't need to ask that.

14 Based on your testimony on page 5,  
15 line 109.

16 A. My testimony?

17 Q. Going back to your testimony, you believe  
18 utilities can meet or exceed their statutory mandate  
19 levels under the cap, correct?

20 A. Correct.

21 Q. Do you believe that the company can  
22 achieve the same savings level under the cap in the  
23 revised plan?

24 A. What I don't know off the top of my head  
25 is how high over the mandated level that they are



1 proposing with that energy level, but I think, again,  
2 if you use historical as an estimate of what it was,  
3 they were 21 percent under budget, which is roughly  
4 \$70 million of the proposed, like roughly \$90 million  
5 of their budget or amended budget, and they  
6 overachieved by 50 percent of that. So I don't know  
7 how that all falls out in the math. I didn't -- I  
8 haven't -- I don't have it memorized, so. I think  
9 it's possible.

10 MR. KELTER: Could we have that question  
11 read back? I would like to see -- I would like to  
12 figure out if we got a clear answer to the question.

13 A. And I might be able to clean that up some  
14 too.

15 Q. Thank you.

16 A. I was doing math in my head while I was  
17 talking.

18 (Record read.)

19 A. So what I had said is --

20 Q. Could you start with a "yes" or "no" and  
21 explain?

22 A. Yes, I do think they can achieve that  
23 potentially. The -- if you look at the -- what they  
24 did historically and we have a \$90 million proposed  
25 budget, roughly, I am going to use very rough numbers

1 here, you take 21 percent which is the underspend of  
2 their former budgets for '12 through '14 at  
3 21 percent, it's roughly \$70 million, so -- and then  
4 with that they also overachieved by 50 percent in  
5 the -- when they underspent under their budget by  
6 21 percent. They also achieved by 51 percent. What  
7 I don't have off the top of my head is whether or not  
8 that overspend would be in the kilowatt energy  
9 savings, but I think it seems likely that they can  
10 achieve what they -- what they are projecting.

11 Q. So they cannot only achieve -- they can  
12 achieve the projected savings under the revised plan  
13 under the 3 percent cap.

14 A. I think it's possible and likely, yes.

15 Q. Okay. Page 5, line 99, you state  
16 "...based on the Companies 2012 to 2014 annual status  
17 reports demonstrating achievement related to their  
18 prior compliance." The companies can meet or exceed  
19 their statutory benchmark and comply with the  
20 3 percent cap, correct? Do you know how much savings  
21 FirstEnergy got from CFLs during that 2012 to 2014  
22 period?

23 A. Everything I looked at was in the  
24 aggregate. I did not --

25 MR. KELTER: I'm sorry, your Honor. I am

1 going to ask that you direct the witness to answer  
2 the specific question, do you know how much savings  
3 FirstEnergy got from CFLs during that period.

4 MR. JONES: Objection. He has answered  
5 that question.

6 EXAMINER BULGRIN: Well, you can answer  
7 if you know.

8 A. Again, no. Everything I looked at was in  
9 the aggregate of kilowatt savings, not individual  
10 programs.

11 Q. So do you know how much savings  
12 FirstEnergy got from Home Energy Reports during that  
13 period?

14 MR. JONES: Objection.

15 EXAMINER BULGRIN: Sustained.

16 Q. Do you know how many kits FirstEnergy  
17 gave away during that period?

18 MR. JONES: Objection, same objection.

19 EXAMINER BULGRIN: Sustained.

20 Q. Has staff done any analysis of the cost  
21 of discounting CFLs in the 2012 to 2014 plan compared  
22 to the cost of discounting LEDs under the revised  
23 plan?

24 MR. JONES: Objection.

25 EXAMINER BULGRIN: You can answer this

1 one if you know.

2 A. So with Senate Bill 310 and its  
3 adjustments into what can be counted and can't be  
4 counted, we didn't look specifically into individual  
5 programs because so many new items can be counted in  
6 the new legislation, so we didn't break it out into  
7 things because we felt there was a wash.

8 Q. Do you have -- do you know what  
9 percentage of the residential savings in the revised  
10 plan come from lighting programs?

11 A. I do not off the top of my head.

12 Q. And do you know what percentage of  
13 savings under the revised plan come from commercial  
14 lighting?

15 A. Not off the top of my head.

16 MR. KELTER: That's all the questions I  
17 have.

18 EXAMINER BULRGRIN: Anybody else?

19 MR. JONES: Your Honor, could we just  
20 have 5 minutes to talk about?

21 EXAMINER BULRGRIN: Certainly. Why don't  
22 we take a break. 5 minutes.

23 (Recess taken.)

24 EXAMINER BULRGRIN: Let's go back on the  
25 record.

1 MR. JONES: Thank you. We just have a  
2 few questions, your Honor.

3 EXAMINER BULGRIN: Sure.

4 - - -

5 REDIRECT EXAMINATION

6 By Mr. Jones:

7 Q. Mr. Donlon, will every participating  
8 customer save more money than what they paid into the  
9 rider?

10 A. Not necessarily, no.

11 Q. And why is that, Mr. Donlon?

12 A. Again, if a -- I don't know why I said  
13 again. If a customer goes out and purchases one  
14 lightbulb at Home Depot or wherever and, A, doesn't  
15 actually install it, they participated, but they are  
16 actually not getting the benefits. If they do  
17 install it, they still may be paying more in the  
18 rider than they actually are receiving in reduced  
19 energy. So it depends on the level of your  
20 participation.

21 Q. Thank you.

22 I also want to direct your attention to  
23 the Company Exhibit 14, staff report from December 1,  
24 2015. Do you have that in front of you?

25 A. I left it over there. Sorry.

1 EXAMINER BULGRIN: I got it.

2 MR. JONES: Your Honor, may I approach?

3 EXAMINER BULGRIN: I've got it.

4 Q. And I want to refer you to that exhibit  
5 to the second-to-the-last page which is titled "Ohio  
6 Energy Bills - Industrial Customers, 8 Major Ohio  
7 Cities, As of December 1, 2015." Do you see that?

8 A. Yes.

9 Q. Okay. And could you please read what's  
10 presented for the price per kilowatt-hour for Toledo?

11 A. Toledo --

12 Q. I'm sorry.

13 A. I'm sorry. Go ahead. Were you finished?

14 Q. Yes.

15 A. 10 cents.

16 Q. Okay. And could you also tell us what  
17 the per kilowatt-hour is for Cleveland?

18 A. 11 cents.

19 Q. And for Akron?

20 A. 10 cents.

21 Q. And compare that to Columbus.

22 A. 7 cents.

23 Q. So the cost then for the kilowatt-hours  
24 for the FirstEnergy companies are higher than AEPs?

25 A. They are roughly, it would be, this is

1 rounded, so 3 to 4 percent -- or cents, depending on  
2 which city you are in.

3 Q. Okay. And also I would like to refer  
4 your attention to Company Exhibit 13. If you would  
5 look to the third to the last page, it's titled  
6 "Summary of Switch Rates from EDUs to CRES Providers  
7 in Terms of Sales For the Month Ending December 31,  
8 2015." Do you see that?

9 A. Yes, I do.

10 Q. And if you look at the Cleveland Electric  
11 Illuminating Company, which is the first provider  
12 information, and if you look at industrial sales,  
13 would you please tell us what is provided there for  
14 the switch rates for industrial sales for CEI?

15 A. 88.46 percent.

16 Q. Okay. And also for then the next page  
17 for Ohio Edison for industrial sales switch rates?

18 A. 89.78.

19 Q. And lastly for Toledo Edison?

20 A. 78.8.

21 Q. Okay. And with a comparison then, would  
22 you look back to that first page we were just on and  
23 compare AEP's industrial sales for switch out rates?

24 A. 90.99.

25 Q. Likewise, Mr. Donlon, let's look at

1 the -- again, focusing on the industrial sales for  
2 the FirstEnergy companies, let's start again with  
3 Cleveland Electric Illuminating Company, look at the  
4 EDU share there for industrial sales, what's it read  
5 for CEI?

6 A. 11.54 percent.

7 Q. Okay. And then on the next page for Ohio  
8 Edison, what is the EDU share there for industrial  
9 sales?

10 A. 10.22.

11 Q. And for Toledo Edison EDU share for  
12 industrial sales?

13 A. 21.20.

14 Q. Okay. And when you would compare that  
15 back to the first page, we are just on AEP Ohio, EDU  
16 share for industrial sales is what?

17 A. 9 percent -- well, 9.01.

18 Q. Okay. And what is the significance of  
19 those numbers, Mr. Donlon?

20 MR. GLADMAN: Objection, vague,  
21 foundation.

22 Q. How much of a difference is that between  
23 AEP and FirstEnergy?

24 MR. GLADMAN: Objection. On what metric?

25 Q. For the industrial sales.



1 MR. GLADMAN: On what metric? Kilowatt?  
2 Dollars? Customers?

3 Q. Looking at customers.

4 A. Customers or the percentage?

5 Q. The percentage, I'm sorry, yes.

6 A. Difference in the percentage? You take  
7 the biggest discrepancy of Toledo and AEP, it's 20  
8 percent roughly, a little over. Ohio Edison it's  
9 about 1.21. And Cleveland it's, we'll say,  
10 3 percent, a little under 3 percent.

11 Q. So in terms of these metrics provided in  
12 Company Exhibit 13 and 12 -- or 14, excuse me, is it  
13 fair to say that the staff took into consideration  
14 all classes in considering these metrics for its  
15 analysis for its cost cap proposal?

16 A. Yes. Staff took many items into  
17 consideration and there's many moving parts, many  
18 different pieces. So looking at and highlighting one  
19 individual piece doesn't show the whole picture, so  
20 staff tried to take a holistic view.

21 MR. JONES: Thank you. No further  
22 questions, your Honor.

23 EXAMINER BULRGRIN: Anything further?

24 MR. KELTER: Yes, your Honor.

25 EXAMINER BULRGRIN: Okay.

1                               - - -

2                               RECROSS-EXAMINATION

3       By Mr. Kelter:

4               Q.     Mr. Donlon, your counsel just asked you a  
5       question about customers purchasing one bulb. Do you  
6       remember that question?

7               A.     That was my example but, yes.

8               Q.     Do you know what customers get on savings  
9       per bulb between an incandescent bulb and a CFL or  
10      LED?

11              A.     Not off the top of my head, I do not.

12              Q.     So do you know if a customer purchased 10  
13      bulbs, if the customer would cover their costs of the  
14      rider?

15              A.     Assuming that they actually installed  
16      them.

17              Q.     Installed them.

18              A.     I do not have that calculation off the  
19      top of my head.

20              Q.     Would you agree that when customers  
21      purchase a CFL, that it's expected to last for a  
22      period of years?

23              A.     Not to be flippant in my response, it's  
24      not what I've seen with the CFLs I've purchased.

25              Q.     All right. So let me ask you, when

1 customers purchase -- do you know what the life  
2 expectancy of an LED bulb is?

3 A. I do not know that off the top of my  
4 head.

5 Q. Do you know if it's more than 10 years?

6 MR. JONES: Objection. He has already  
7 answered he doesn't know.

8 EXAMINER BULGRIN: You can answer if you  
9 know.

10 A. I do not have it off the top of my head.

11 MR. KELTER: Okay. That's all the  
12 questions I have.

13 MR. GLADMAN: Just a couple to follow up,  
14 your Honor.

15 - - -

16 RECROSS-EXAMINATION

17 By Mr. Gladman:

18 Q. Mr. Donlon, you testified at the very end  
19 of your redirect by your counsel about the fact that  
20 staff considered all classes in terms of switch rates  
21 that are set forth on Company Exhibit 13; is that  
22 correct?

23 A. To be more correct -- more specific, I  
24 think I said that we took a holistic view, not  
25 necessarily one individual metric --

1 Q. Okay.

2 A. -- to that.

3 Q. Okay. So fair to say that means that you  
4 took a look at not just residential sales but also  
5 commercial sales and industrial sales on this table?

6 A. In a -- I don't want to imply like we  
7 used this in particular and took this and this was a  
8 major piece of it. We were aware of these types of  
9 variances, but it wasn't like we pulled this off the  
10 website and used this in our...

11 Q. So I just want to understand, so maybe  
12 not this specific month end of December 31, 2015, but  
13 staff did consider the switch rates in connection  
14 with its cost cap implementation proposal?

15 A. As part of many other factors, it was in  
16 the discussion, yes.

17 Q. Okay. And it's fair to say you  
18 considered the switch rates for all of the different  
19 classes, as you put it, residential, commercial, and  
20 industrial?

21 A. Yes.

22 Q. Can you tell me what was the cumulative  
23 financial impact on the FirstEnergy companies' FERC  
24 line 10 revenues as a result of these switch rates?

25 A. We did not go into that detailed

1 analysis.

2 MR. GLADMAN: That's all the questions I  
3 have.

4 EXAMINER BULRGRIN: Anything further?

5 MR. JONES: No further questions, your  
6 Honor. Thank you.

7 EXAMINER BULRGRIN: Thank you,  
8 Mr. Donlon.

9 MR. GLADMAN: Your Honor, we would move  
10 for the admission of Company Exhibits 11, 12, 13, and  
11 14, but not 15 based upon your Honor's ruling on that  
12 one.

13 EXAMINER BULRGRIN: Okay. Any objections  
14 to I guess Staff Exhibit 1? I'm sorry. Go ahead.

15 MR. JONES: I'm sorry. What are we  
16 addressing? What he just moved for?

17 EXAMINER BULRGRIN: Well, let's do them  
18 all at the same time. Staff Exhibit 1 is  
19 Mr. Donlon's testimony.

20 MR. JONES: Yes. Staff moves for the  
21 admission of Staff Exhibit 1.

22 And there is no objections to that so  
23 that will be admitted.

24 (EXHIBIT ADMITTED INTO EVIDENCE.)

25 EXAMINER BULRGRIN: And then we also have

1 Company Exhibits 10 through 14.

2 MR. GLADMAN: 11 through 14.

3 EXAMINER BULRGRIN: Oh, well, 10 was --

4 MR. GLADMAN: 10 was the newspaper  
5 notices I believe that Ms. Dunn moved in yesterday.

6 EXAMINER BULRGRIN: Okay. Yeah. Any  
7 objections to those?

8 MR. JONES: Your Honor, I would object to  
9 Company Exhibits 11 and 12. We could just take  
10 administrative notice of these orders. Obviously  
11 these are Commission orders and prefer to have  
12 administrative notice taken of these orders instead  
13 of admitting them as exhibits into the proceeding.

14 EXAMINER BULRGRIN: Yes. So, yes, if  
15 it's a Commission order, yes, we will take  
16 administrative notice.

17 (EXHIBITS ADMITTED INTO EVIDENCE.)

18 EXAMINER BULRGRIN: And I also have  
19 ELPC's Exhibit 1.

20 MR. KELTER: Yes, your Honor. We would  
21 like to move for admission into the record of ELPC  
22 Exhibit 1.

23 EXAMINER BULRGRIN: Any objections?

24 That will be admitted as well.

25 (EXHIBIT ADMITTED INTO EVIDENCE.)

1 EXAMINER BULGRIN: Is that all of them?

2 Okay. And then the hearing will resume  
3 Friday at 10 o'clock?

4 Very good. Thank you all.

5 (Thereupon, at 11:41 a.m., the hearing  
6 was adjourned.)

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## 1 CERTIFICATE

2 I do hereby certify that the foregoing is a  
3 true and correct transcript of the proceedings taken  
4 by me in this matter on Wednesday, January 25, 2017,  
5 and carefully compared with my original stenographic  
6 notes.

7  
8 

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Karen Sue Gibson, Registered  
9 Merit Reporter.

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11 

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Carolyn M. Burke, Registered  
12 Professional Reporter.

13 (KSG-6306)

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Summary: Transcript in the matter of Ohio Edison Company, The Cleveland Electric Illuminating Company and the Toledo Edison Company hearing held on 01/25/17 - Volume III electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.