

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Ohio Power :
Company for Authority to :
Establish a Standard :
Service Offer Pursuant to : Case No. 16-1852-EL-SSO
Section 4928.143, Revised :
Code, in the Form of an :
Electric Security Plan. :

In the Matter of the :
Application of Ohio Power :
Company for Approval of : Case No. 16-1853-EL-AAM
Certain Accounting :
Authority. :

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PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney
Examiners, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Room 11-A, Columbus,
Ohio, called at 10:00 a.m. on Monday, November 6,
2017.

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VOLUME IV

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Monday Morning Session,
November 6, 2017.

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EXAMINER PARROT: Let's go back on the
record.

This is the continuation of the hearing
in Case No. 16-1852-EL-SSO, et al. Let's take brief
appearances of the parties, starting with the company
to my right, and working our way around the table.

MR. NOURSE: Thank you, your Honor. On
behalf of Ohio Power Company, Steven T. Nourse,
Matthew S. McKenzie, Christen M. Blend; and from the
law firm of Ice Miller, Christopher L. Miller, Jeremy
M. Grayem; and from the law firm of Porter, Wright,
Morris & Arthur, Eric B. Gallon.

EXAMINER PARROT: Thank you.
Staff.

MR. MARGARD: On behalf of the staff of
the Public Utilities Commission, Assistant Attorneys
General Werner Margard and Robert Eubanks.

MR. MICHAEL: Good morning, your Honors.
On behalf of AEP Ohio's residential utility
consumers, the Office of the Ohio Consumers' Counsel,
Bill Michael, Kevin Moore; and Dane Stinson from the
law firm of Bricker & Eckler.

1 MR. PRITCHARD: Good morning, your
2 Honors. On behalf of IEU-Ohio, Matt Pritchard.

3 MR. BOEHM: Good morning, your Honors.
4 On behalf OEG, Kurt Boehm.

5 MR. OLIKER: Good morning, your Honors.
6 On behalf IGS Energy, Joseph Olikier and Michael
7 Nugent.

8 MS. PETRUCCI: Good morning, your Honors.
9 On behalf of Constellation NewEnergy, from the law
10 firm of Vorys, Sater, Seymour & Pease, Michael J.
11 Settineri and Gretchen Petrucci.

12 MR. WHITT: Good morning, your Honors.
13 On behalf of the Retail Energy Supply Association,
14 Mark Whitt and Rebekah Glover from the Whitt
15 Sturtevant law firm.

16 MS. FLEISHER: Good morning, your Honors.
17 On behalf of the Environmental Law and Policy Center,
18 Madeline Fleisher and Robert Kelter.

19 MR. BORCHERS: Good morning, your Honors.
20 On behalf of the Electric Vehicle Charging
21 Association, Dylan Borchers.

22 EXAMINER PARROT: Thank you.

23 Anyone else?

24 MR. WARNOCK: On behalf of the Ohio
25 Hospital Association, Matthew Warnock.

1 EXAMINER PARROT: Thank you, Mr. Warnock.

2 I think that's everyone.

3 All right. Are we ready to proceed with
4 our next witness?

5 MR. WHITT: I believe it's Mr. White is
6 next on the schedule. And Retail Energy Supply
7 Association would call Mr. White to the stand.

8 EXAMINER PARROT: Please raise your right
9 hand.

10 (witness sworn.)

11 EXAMINER PARROT: Please have a seat.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 - - -

14 MATTHEW WHITE

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

17 DIRECT EXAMINATION

18 By Mr. Whitt:

19 Q. Good morning, Mr. White. Could you
20 introduce yourself to the attorney examiners by
21 stating your name and business address.

22 A. My name is Matthew White. My business
23 address is 6100 Emerald Parkway, 43216, Dublin, Ohio.

24 Q. Mr. White, do you have a document with
25 you that we have marked for identification as RESA

1 Exhibit 1?

2 A. Yes.

3 Q. What is this document?

4 A. It's my direct testimony on behalf of the
5 Retail Energy Supply Association.

6 Q. Do you have any corrections to RESA
7 Exhibit 1?

8 A. No.

9 Q. If I were to ask you the same questions
10 that appear in RESA Exhibit 1 today, would your
11 answers be the same?

12 A. Yes.

13 MR. WHITT: Your Honors, at this time
14 RESA would move for the admission of RESA Exhibit 1,
15 subject to cross-examination.

16 EXAMINER PARROT: Thank you, Mr. Whitt.
17 Start in the back.

18 Mr. Borchers

19 MR. BORCHERS: No questions, your Honor.

20 EXAMINER PARROT: Mr. Warnock.

21 MR. WARNOCK: No cross.

22 EXAMINER PARROT: Ms. Fleisher.

23 MS. FLEISHER: No cross.

24 EXAMINER PARROT: Ms. Petrucci.

25 MS. PETRUCCI: No questions.

1 EXAMINER PARROT: Mr. Oliker.

2 MR. OLIKER: No questions, your Honor.

3 EXAMINER PARROT: Mr. Boehm.

4 MR. BOEHM: No questions, your Honor.

5 EXAMINER PARROT: Mr. Pritchard.

6 MR. PRITCHARD: No questions, your Honor.

7 EXAMINER PARROT: Staff?

8 MR. MARGARD: No questions, your Honor.

9 Thank you.

10 EXAMINER PARROT: Mr. Nourse.

11 MR. NOURSE: No questions, your Honor.

12 EXAMINER PARROT: All right. Thank you.

13 Mr. Moore.

14 MR. MOORE: Yes, thank you, your Honor.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Moore:

18 Q. Good morning, Mr. White.

19 A. Good morning.

20 Q. Mr. White, would you agree that before
21 switching from nonshopping to shopping, some
22 customers have questions about the product they're
23 buying?

24 A. Some customers may have questions.

25 Q. Would those questions include how much

1 money they could save by switching from nonshopping
2 to shopping?

3 A. It could be how much -- the difference
4 between their current rate versus, you know, the rate
5 they're considering, yes, that's -- that's a
6 potential.

7 Q. Fair enough.

8 Could other questions be whether AEP Ohio
9 will still be sending them a utility bill?

10 A. Yes, that could be a question they may
11 have.

12 Q. And customers may have these questions
13 because shopping may be a new experience for them; is
14 that correct?

15 A. It's possible that the first time a
16 customer -- the customer is switched, there is an
17 instance, yes.

18 Q. Do you know what the annual price to
19 compare is? Generally?

20 A. Yes, I know what that is, yes.

21 Q. Can you tell us what it is?

22 A. It is typically the utility's standard
23 for -- talking electric purposes -- the utility's
24 Standard Service Offer price which is usually very
25 variable based on the customer's consumption, and

1 typically the price to compare is a price that would
2 be the customer's price on the SSO based on their
3 consumption.

4 Q. So customers can use this as a comparison
5 tool if they are thinking about switching from
6 nonshopping to shopping; is that correct?

7 A. Yes, that's possible.

8 Q. And the price to compare is on a
9 nonshopping customer's AEP Ohio utility bill; is that
10 correct?

11 A. I believe the current rules do allow the
12 price to compare to be on the utility -- the
13 customer's utility bill if they're shopping.

14 Q. As well as nonshopping, correct?

15 A. If they're nonshopping then that would
16 just be the price.

17 Q. Okay. There's other usage data on the
18 utility bill as well, correct?

19 A. If you -- can you provide me a copy of
20 the utility bill so I can confirm that? I don't -- I
21 don't -- I don't -- I can't say.

22 Q. Would your answer be "I don't know" then?

23 A. Yes.

24 Q. Now, if a customer has a question about
25 switching from nonshopping to shopping, they could

1 call their utility, AEP Ohio, and attempt to have
2 those questions answered, correct?

3 A. I'm sorry. Can you repeat the question?

4 MR. MOORE: Could you have the question
5 read back, please.

6 (Record read.)

7 A. Yes, that's possible.

8 Q. And AEP Ohio has a call center that's
9 intended to address customer calls?

10 MR. WHITT: Objection.

11 Q. Correct?

12 MR. WHITT: I believe that assumes facts.
13 The question assumes call centers establish a purpose
14 of handling shopping customer calls. So it's
15 really --

16 MR. MOORE: Your Honor, I didn't mention
17 customer call -- or shopping calls.

18 EXAMINER PARROT: Overruled.

19 A. AEP has a call center. I cannot speak to
20 what the intent of the call center is.

21 Q. Do you know if there is a call center
22 specifically for shopping-related calls?

23 A. CRES providers have a call center which
24 typically addresses shopping customers' concerns so,
25 yes, there are -- they are provided and funded by

1 CRES providers.

2 Q. Do you know if AEP Ohio has a call center
3 specifically to address shopping-related calls?

4 A. No. AEP does not.

5 Q. Page 15 to 17 of your testimony, you
6 describe the "Enroll from My Wallet" program, the
7 proposed "Enroll from My Wallet" program, correct?

8 A. I'm sorry. What page did you say?

9 Q. 15 to 17.

10 A. Yes.

11 Q. This program is designed to allow a
12 customer to enroll with a CRES provider without the
13 customer having their utility bill in front of them;
14 is that correct?

15 A. Is it -- is that a statement in my
16 testimony or is that your --

17 Q. I am just asking the question.

18 A. Oh, you are just asking a question. Can
19 you repeat the question, please?

20 Q. The "Enroll from My Wallet" program is
21 designed to allow a customer to enroll with a CRES
22 provider without the customer having their utility
23 bill in front of them; is that correct?

24 A. Yes, that would allow -- the "Enroll From
25 Your Wallet" program would allow for a customer to

1 enroll without the utility bill.

2 Q. And that's because most customers can't
3 recall their account number which is on the utility
4 bill from memory; is that right?

5 A. Typically customers do not know their
6 account number off the top of their head.

7 Q. So, instead, the "Enroll from My Wallet"
8 program would allow a customer to enroll with a CRES
9 provider by providing other personally-identifiable
10 information, right?

11 A. Yes. And I would also like to make a
12 clarification that the -- it's not -- in AEP Ohio
13 it's the service delivery identifier that is
14 typically required to enroll, not the account number,
15 although the account number often is required with
16 other utilities.

17 Q. Okay. Thank you.

18 A. I am sorry. Did I answer your question?

19 Q. Specifically, a customer could enroll by
20 providing their phone number and then either the last
21 four digits of their Social Security number or the
22 amount of one of the customer's last three bills; is
23 that right?

24 A. That is a current -- that is a
25 functionality that AEP currently has, and I believe

1 that's the intent of the implementation of "Enroll
2 From Your Wallet" which would allow customers to
3 enroll with that information.

4 Q. Would the customers have to remember the
5 amount of their utility bill to the penny, the exact
6 amount?

7 A. Well, I am not 100-percent sure how it
8 would be implemented. My understanding is they would
9 not because they would be able to enroll with their
10 telephone number and the last four digits of their
11 Social Security number. So if -- they wouldn't be
12 required to know the exact bill amount to enroll
13 under this mechanism.

14 Q. RESA does not track how many customers
15 have ultimately not selected a product from a CRES
16 provider due to the customer not having their service
17 delivery identifier number readily available,
18 correct?

19 A. Can you repeat the question, please?

20 MR. MOORE: Can we have the question read
21 back, your Honor?

22 EXAMINER PARROT: Yes.

23 (Record read.)

24 A. There's a lot of notes in that question.
25 I'm not sure I understand the question.

1 Q. Does RESA track how many customers have
2 ultimately decided not to select a product from a
3 CRES provider because the customer did not have their
4 service delivery identifier number available to them?

5 A. Are you saying do we track customers that
6 don't enroll because they don't have the SDI number
7 available? Is that what you are trying to say?

8 Q. That is what I am saying.

9 A. Okay. No, currently, we don't track that
10 statistic.

11 Q. Thank you.

12 And RESA has also not quantified how many
13 more customers it expects would enroll with a CRES
14 provider if the "Enroll From My Wallet" program were
15 approved as proposed, correct?

16 A. Can you repeat the question, please?

17 MR. MOORE: Can we have the question read
18 back, your Honor?

19 EXAMINER PARROT: Yes.

20 (Record read.)

21 A. We have not -- you're correct, yes.

22 Q. Mr. White, there is a one-time
23 authorization fee for each CRES provider; is that
24 correct?

25 A. What do you mean by "a one-time

1 authorization fee"?

2 Q. To become a CRES provider, there is an
3 authorization fee; is that correct?

4 A. That we pay to AEP?

5 Q. Correct.

6 A. I don't know.

7 Q. On page 16, lines 339 to 340, you also
8 talk about another authorization fee. This is a
9 one-time authorization fee of \$5,000 to cover
10 implementation costs. Do you see that?

11 A. Oh, you mean from the "Enroll From Your
12 Wallet"? Okay. I thought you just meant to become a
13 CRES provider. Yes, under the stipulation there
14 would be a one-time authorization fee if you would
15 like to participate in "Enroll From Your Wallet".

16 Q. And currently there has been no
17 determination as to the method of the payment of that
18 authorization fee; is that correct?

19 A. I would just assume it would be a cash
20 transfer from the CRES provider to AEP.

21 Q. Is it possible for any of this \$5,000
22 authorization fee to be passed on and paid for by
23 residential consumers?

24 MR. WHITT: I'll object or I guess ask a
25 clarification in terms of passed on by who?

1 Q. By AEP Ohio.

2 MR. WHITT: In which case I'll object in
3 that it calls for speculation.

4 EXAMINER PARROT: Mr. White, you may
5 answer the question, if you know.

6 A. I can't speculate.

7 EXAMINER PARROT: So you don't know?

8 THE WITNESS: I don't know what AEP --
9 what AEP is going to do.

10 MR. MOORE: Thank you, your Honor.

11 Q. On page -- on lines 340 to 342, you state
12 that once implementation costs have been collected,
13 AEP Ohio will credit any additional funds to offset
14 the costs of changes to the supplier portal/EDI
15 protocol; is that correct?

16 A. I'm sorry. Can you repeat where in my
17 testimony?

18 Q. Sure. Lines -- excuse me. Page 16,
19 lines 340 to 342. Are you there, Mr. White?

20 A. Yes, I'm reading it right now. Yes.

21 Q. Okay. You cannot quantify the estimated
22 additional funds referred to in those lines, correct?

23 A. I don't know.

24 Q. You don't know what the additional funds
25 will be; is that -- is that correct?

1 A. I don't know the amount, no.

2 Q. And you cannot quantify the estimated
3 costs related to the changes to the supplier
4 portal/EDI protocol as a result of the "Enroll From
5 My Wallet" program; is that correct?

6 A. Although I can't quantify it, I would
7 suspect that it would be minimal given that AEP
8 already has the functionality in place to -- to look
9 up a customer's information based on their phone
10 number or the last four digits of their Social
11 Security number or their last bill amount, so I can't
12 quantify the exact amount, but I would expect it to
13 be minimal.

14 Q. If the sum of the implementation costs
15 and the costs of the changes to the supplier portal
16 are less than \$5,000, will that amount be credited
17 back to customers?

18 A. Can you repeat the question, please?

19 Q. Sure. Maybe a hypothetical would
20 clarify. If the implementation costs hypothetically
21 were \$3,000, AEP Ohio would credit \$2,000, which is
22 the amount remaining from the \$5,000 authorization
23 fee, to offset the costs of changes to the supplier
24 portal; is that right?

25 A. I don't know how AEP would handle that.

1 Q. Okay. RESA has not conducted any studies
2 or analysis to determine how often the current
3 customer enrollment procedures result in an
4 unsatisfactory consumer experience for AEP Ohio's
5 service territory customers, has it?

6 A. No.

7 Q. You have not conducted any studies or
8 analysis to determine whether AEP Ohio's service
9 territory customers desire a program designed to
10 achieve the objectives of the "Enroll From My Wallet"
11 program, correct?

12 MR. WHITT: Objection, relevance.

13 MR. MOORE: Your Honor, I think that the
14 customer's desire and whether the customer believes
15 they will benefit from the program is directly
16 related to the three-part test and how this entire
17 program and entire settlement will be determined.

18 EXAMINER PARROT: Overruled.

19 A. We haven't conducted any formal study,
20 although typically customers prefer simplicity. And
21 to the extent this enrollment mechanism will make the
22 enrollment experience simpler and more convenient for
23 the customer, then, yes, the customer would want that
24 kind of functionality.

25 Q. RESA has not conducted any studies or

1 analysis to determine if the "Enroll From My Wallet"
2 program would benefit the competitive electricity
3 market in Ohio either; is that correct?

4 A. We've conducted no formal studies on that
5 particular question. But, again, typically customers
6 prefer simplicity. And --

7 Q. Excuse me, I'm sorry.

8 A. And given this will simplify the
9 enrollment process, it will benefit the market and
10 customers.

11 Q. RESA has also not conducted any studies
12 or analysis to determine how the "Enroll From My
13 Wallet" program would impact the residential
14 consumer's utility bill, correct?

15 A. We have not done any formal studies, but
16 I expect it to be very minimal.

17 Q. You also have not conducted a
18 cost/benefit analysis on the "Enroll From My Wallet"
19 program, right?

20 A. We have not performed a cost/benefit
21 analysis.

22 Q. On page 13, lines 258 to 260.

23 A. You said 258 to 260?

24 Q. Yes.

25 A. Okay.

1 Q. You state under the supplier consolidated
2 billing pilot, a CRES provider would provide
3 customers with a single bill for all the components
4 of their electric service, correct?

5 A. Yes.

6 Q. And this only applies to CRES customers,
7 correct?

8 A. Yes, customers -- CRES customers, yes.

9 Q. So if you're a nonshopping customer, then
10 you can't take advantage of this program, correct?

11 MR. WHITT: Objection. It assumes facts
12 that the -- I mean -- the testimony is the program
13 would be available to anyone who chose to avail
14 themselves of the supplier consolidated billing. So
15 if a customer chooses not to participate, then, of
16 course, it's not going to be available to them.

17 MR. MOORE: Your Honor, I am simply
18 asking him some questions about how the program is
19 going to operate, how it's going to work.

20 EXAMINER PARROT: Overruled.

21 A. Can you repeat the question, please?

22 Q. So if you're a nonshopping customer, then
23 you can't take advantage of the program, correct?

24 A. That's not correct.

25 Q. Why is it not correct?

1 A. Because if you're a nonshopping customer,
2 you could shop and take advantage of the program.

3 Q. So you have to be a shopping customer in
4 order to take advantage of the program, correct?

5 MR. WHITT: Objection.

6 EXAMINER PARROT: Overruled.

7 A. Any customer can shop, so any customer
8 can take advantage of the program. Some customers
9 may shop for a while. Some customers go -- may go
10 back to the utility. But any customer can take
11 advantage of the program as they wish to.

12 Q. If they are shopping, correct?

13 A. I would say they could take advantage of
14 it at any time by shopping.

15 Q. So if you are a nonshopping customer with
16 AEP Ohio, you can take -- you can use the supplier
17 consolidated billing pilot; is that correct?

18 MR. WHITT: Objection.

19 MR. NOURSE: Objection, asked and
20 answered.

21 MR. MOORE: He hasn't answered the
22 question yet, your Honor.

23 MR. WHITT: He has answered it.

24 MR. MOORE: He is answering the question
25 he wishes to answer.

1 MR. WHITT: He hasn't given you the
2 answer you're looking for and he is not going to, so
3 move on.

4 EXAMINER PARROT: Response, Mr. Moore?
5 Anything else you wish to add?

6 MR. MOORE: No.

7 EXAMINER PARROT: You kind of got cutoff
8 there.

9 MR. MOORE: Thank you.

10 EXAMINER PARROT: I agree it's been asked
11 and answered in his fashion anyway, Mr. Moore.

12 MR. MOORE: Thank you, your Honor.

13 Q. (By Mr. Moore) So under the supplier
14 consolidated billing pilot, the marketer is
15 responsible for collecting all the charges from the
16 customer, correct?

17 A. When you say "all the charges," can you
18 please clarify what you mean by "all the charges"?

19 Q. Charges that a CRES provider would charge
20 to one of its customers.

21 A. Yes, under supplier consolidated billing,
22 we would collect all of the CRES provider's charges
23 as well as the utility distribution charges.

24 Q. And then the marketer would remit the
25 distribution revenues to the utility, correct?

1 A. Yes. I believe mechanically we would
2 purchase it -- purchase -- or AEP would purchase --
3 I'm sorry. We -- we would purchase the utility's --
4 or the utility would purchase the distribution
5 revenue -- revenues from us and we would be required
6 to collect those.

7 Q. Mr. White, so under the pilot, the pilot
8 will cost -- the pilot costs will be shared, a
9 million dollars being paid by AEP customers and a
10 million dollars being paid by marketers; is that
11 correct?

12 A. Are you referring to a specific portion
13 of my testimony?

14 Q. I'm referring to the supplier
15 consolidated billing pilot.

16 A. I believe that's the case, yes.

17 Q. And the million dollars paid by AEP
18 customers is not bypassable, correct?

19 A. I do not know how AEP will recover that
20 money or if they will recover it.

21 Q. Lines 265 to 266, you state that "More
22 and more customers are demanding value-added products
23 and services with their electric commodity." You
24 have not conducted any studies or analysis to support
25 this statement, correct?

1 A. Can you repeat the question, please?

2 MR. MOORE: Can we have the question read
3 back, your Honor?

4 EXAMINER PARROT: Yes.

5 (Record read.)

6 MR. OLIKER: Your Honor, can I have a
7 clarification? Who is "you" in this sentence?

8 MR. MOORE: RESA.

9 A. That's not correct.

10 MR. MOORE: Your Honor, may I approach?

11 EXAMINER PARROT: You may.

12 MR. MOORE: Your Honor, could we have
13 marked as Exhibit OCC Exhibit 6, RESA's Response to
14 OCC Interrogatory 33.

15 EXAMINER PARROT: So marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 Q. Do you have a copy of OCC Exhibit 6,
18 Mr. White?

19 A. I do.

20 Q. Are you familiar with this document?

21 A. Yes.

22 Q. So you've seen it before?

23 A. Yes.

24 Q. In response to the Interrogatory 33, you
25 quote, "In reference to the Direct Testimony of

1 Matthew White at page 13:266 to 266, have you
2 conducted any studies or analyses to support this
3 statement?" Did you respond, in part, "No, RESA has
4 not conducted such a study"?

5 A. In your question you asked studies or
6 analysis. I responded, "No, RESA has not conducted a
7 study." It did not mean we have not done an
8 analysis.

9 Q. Thank you for that clarification.

10 In lines 270 to 272, you state, "Further,
11 customers may not even want a separate price for each
12 service, but rather may want a bundle all-in price."
13 Do you see that?

14 A. I'm sorry. Can you please reference the
15 line again?

16 Q. Yes. 270 to 272.

17 A. Yes.

18 Q. You have not conducted any studies or
19 analysis to support this statement, correct?

20 A. I'll defer to my previous answer that we
21 have not conducted any formal studies, but we have
22 certainly done an analysis.

23 MR. MOORE: Your Honor, may I approach?

24 EXAMINER PARROT: You may.

25 MR. MOORE: Could we have marked as OCC

1 Exhibit 7, RESA's Response to OCC Interrogatory 30.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. Mr. White, do you have what has been
4 marked as OCC Exhibit 7?

5 A. Yes.

6 Q. Are you familiar with this document?

7 A. Yes.

8 Q. The response to the interrogatory reads,
9 "In reference to the Direct Testimony of Matthew
10 White at page" --

11 EXAMINER SEE: Just a moment.

12 Mr. Michael.

13 MR. MICHAEL: Sorry.

14 Q. -- "page 13, lines 270 to 272...have you
15 conducted any studies or analyses to support this
16 statement?" Did RESA respond, in part, "No"?

17 A. That was part of the response and then,
18 you know, just to clarify, we haven't done any
19 studies, formal studies, but understanding the market
20 and analyzing the market and knowing customers'
21 preferences because we're in the business of
22 providing products and services, our analysis is that
23 customers want a single billed product for simplicity
24 purposes.

25 Q. The response to this interrogatory which

1 cites the sentence "Further, customers may not even
2 want a separate price for each service, but rather
3 may want a bundled all-in price." OCC asked "Have
4 you conducted any studies or analyses to support this
5 statement." RESA responded "No," correct?

6 A. Correct, and I just clarified that
7 response.

8 MR. WHITT: And I would further indicate
9 for the record that the responses were provided
10 subject to objection. In part because of the
11 vagueness insofar as I still don't know what OCC
12 means by study or analysis, and I don't think the
13 witness and the lawyer are on the same page about
14 that either.

15 EXAMINER PARROT: Thank you, Mr. Whitt.

16 Q. (By Mr. Moore) Mr. White, have you
17 conducted any studies or analysis to determine
18 whether AEP Ohio's service territory customers desire
19 a program designed to achieve the objectives of the
20 supplier consolidated billing program?

21 A. Per my previous responses, the analysis
22 that's been conducted is an understanding of the
23 market and understanding what customers want in the
24 market, because our business is to know what
25 customers want, so we can provide them products and

1 services.

2 Q. So your answer is "yes"?

3 A. My answer is we have not conducted any
4 formal studies, but we've analyzed the market.

5 Q. You have also not conducted any formal
6 studies or analysis to determine whether AEP Ohio's
7 service territory customers prefer receiving a
8 consolidated bill from a CRES provider over AEP Ohio,
9 correct?

10 A. My answer is the same as the previous
11 answer.

12 Q. Which is "no"; is that correct?

13 A. It's the same as the previous answer.

14 MR. MOORE: Your Honor.

15 EXAMINER PARROT: Mr. White, please
16 answer the question.

17 A. We have not conducted any formal studies,
18 but we regularly analyze the market to understand
19 customers' preferences.

20 Q. Have you conducted any formal studies or
21 analysis to determine how the supplier consolidated
22 billing program impacts the average residential
23 consumer's utility bill?

24 A. We have not conducted any formal studies,
25 but we regularly analyze the market to understand

1 customers' preferences.

2 Q. You also have not conducted any formal
3 studies or analysis to determine if the customers in
4 the AEP Ohio service territory are in favor of paying
5 the costs associated with the supplier consolidated
6 billing pilot program in order to receive the
7 purported benefits of the pilot program, correct?

8 A. We have not conducted any formal studies,
9 but we do continue to analyze the market to
10 understand customers' preferences.

11 Q. You've also not conducted any formal
12 studies or analysis to determine if the supplier
13 consolidated billing program would benefit the
14 competitive market in Ohio, correct?

15 A. We have not conducted any formal studies,
16 but our general analysis is it would benefit the
17 market.

18 Q. But you have not conducted a formal study
19 or analysis, correct?

20 A. We've not conducted a formal study.

21 Q. Thank you.

22 Moving on to the competition incentive
23 rider, the CIR. If I refer to the competition
24 incentive rider as the "CIR," will you know what I am
25 referring to?

1 A. Yes.

2 Q. The CIR charge is meant to address costs
3 relating to SSO supply that are being recovered
4 through base distribution rates, correct?

5 A. I'm sorry. Can you repeat the question?

6 Q. Sure. The CIR charge is meant to address
7 costs relating to SSO supply that are being recovered
8 through base distribution rates, correct?

9 MR. MARGARD: Sorry.

10 A. Yes. Among other things, but yes.

11 Q. And the SSO price is the result of a
12 competitive auction, right?

13 A. That is a component, yes.

14 Q. Is one of the components of the
15 competitive SSO auction a CIR charge?

16 A. Currently, a CIR charge is not part of
17 the SSO price.

18 Q. Do you know if the proposed future SSO
19 auctions include a CIR component?

20 A. Can you repeat the question, please?

21 MR. MOORE: Can we have the question read
22 back, your Honor?

23 EXAMINER PARROT: Yes.

24 (Record read.)

25 A. If you're referencing the stipulation, if

1 the stipulation is approved, that would be included.

2 Q. That would be included as part of the SSO
3 auction?

4 A. I don't know how mechanically it would
5 work. But a CIR would be part of the SSO.

6 Q. So the SSO price, as you said, is
7 determined by an auction, right?

8 A. It's determined by multiple auctions
9 blended.

10 Q. Fair enough.

11 And to your knowledge would those
12 auctions, if the settlement is approved, now include
13 a CIR component or charge as part of the auction?

14 A. I think actually the CIR would be
15 separate. I think the way AEP sets their default
16 service price is they have an SSO rider and then they
17 have -- which effectively covers the costs of -- of
18 the auctions, and then they have other riders, most
19 of them being nonbypassable, so I don't believe the
20 CIR would actually be recovered through the SSO
21 rider, it would be a separate rider much like all the
22 other riders that AEP has.

23 Q. Okay. So it would be a rider that would
24 be determined outside of the auction, correct?

25 A. Yes.

1 Q. The CIR charge proposed in the settlement
2 is 0.00105 kilowatt-hours, correct?

3 A. Can you repeat that number, again, please
4 just to make sure.

5 Q. Yes. 0.00105 kilowatt-hours?

6 A. Cents per kilowatt-hour, yes.

7 Q. And the settlement proposes to keep that
8 base distribution rate case establishing a different
9 level, correct?

10 A. Yes.

11 Q. And you do not believe that the amount in
12 this settlement is the most accurate amount, correct?

13 A. I believe it should be higher.

14 Q. On page 8, lines 166 to 168, let me know
15 when you're there.

16 A. Yes.

17 Q. You state, "Therefore, I recommend that
18 the Commission adopt the CIR amount proposed in the
19 stipulation until a more accurate level can be
20 established in the next base distribution rate case,"
21 correct?

22 A. Yes.

23 Q. Why do you believe a base rate case would
24 be able to establish a more accurate level for the
25 CIR?

1 A. Well, in my initial testimony in this
2 proceeding, I set forth analysis that demonstrated a
3 true proper unbundling of costs would be closer to
4 .004 cents per kilowatt-hour which is roughly 25
5 percent -- which is four times as much as what was
6 ultimately settled on.

7 But because the settlement and the
8 stipulation was a product of negotiation, all of the
9 parties, including the PUCO staff, agreed to set the
10 CIR as a much lower number and that further analysis
11 would be done in the distribution rate case to
12 determine the actual number.

13 MR. MOORE: Your Honor, I move to strike
14 his entire response as nonresponsive to my question.

15 EXAMINER PARROT: I'll allow the answer
16 to stand, but I'm going to allow you to try it one
17 more time, Mr. Moore. I don't think we've addressed
18 the question. You sort of touched on it there a
19 little at the end, but please expand on that,
20 Mr. Moore. Go ahead and repeat the question,
21 Mr. Moore.

22 MR. MOORE: Okay.

23 Q. In reference to page 8, 166 to 168, you
24 state that "a more accurate level can be established
25 in the next base distribution rate case." Why do you

1 believe a more accurate level can be established in a
2 base distribution rate case?

3 A. Because the CIR, as proposed in this
4 proceeding, effectively takes the costs that are, for
5 the most part, uncontested, that they should be
6 attributed to default service including uncollectible
7 expense in the next base rate case. So it takes just
8 the, for lack of another term, no-brainer cost that
9 is, you know, it's hard to refute that it should be
10 allocated to default service.

11 The next base rate case you can look into
12 things that probably should be allocated to default
13 service such as customer care and account management
14 costs, but have a more fixed component and do a more
15 appropriate analysis about that, those costs.

16 Again, I did that analysis in my
17 testimony using AEP's C Schedules, but in the next
18 base rate case you'll have actual data.

19 Q. And the actual data will provide a more
20 accurate level of a proposed CIR charge?

21 A. I think in the next base rate case you'll
22 have the data to support a much higher charge for the
23 CIR.

24 Q. So the numbers you used that you
25 reference were from AEP's 2011 base rate case,

1 correct?

2 A. Yes.

3 Q. And so AEP's next base rate case will
4 have more recent figures, correct?

5 A. Yes.

6 Q. And those will produce a more accurate
7 number, correct?

8 A. Yes, that's why you have rate cases to
9 continue to revise rates based on current costs.

10 Q. So you stated to calculate your proposed
11 CIR charge, you analyzed certain accounts from AEP
12 Ohio's last base rate case, right?

13 A. Yes.

14 Q. And specifically, you looked at page 10,
15 line 1, there's a number there, \$168,812,000 of
16 expenses that you considered to determine how much
17 the CIR charge should be; is that right?

18 A. That's the base number. That's not the
19 actual amount that I -- that I calculated to be
20 allocated.

21 Q. Right. To determine how much of that
22 \$168,812,000 of expenses should be allocated to the
23 SSO, you divided the amount of SSO revenue by the
24 amount of total revenue; is that right?

25 A. The amount of SSO revenue divided by

1 AEP's total revenue, yes. To get the allocation
2 factor that I applied to the \$168 million of
3 expenses, the portion of which I -- I've identified
4 should be allocated to the SSO.

5 Q. Okay. Those expenses you used to
6 calculate the \$168 million are from Table 1 on
7 page 10; is that right?

8 A. Table 1 is a snapshot portion of AEP's
9 C Schedules which are further identified in my
10 exhibits.

11 Q. Let's take a closer look at some of
12 those. If you could turn to MW-6. Schedule C-2,
13 page 1 of 2. I think it's the third page of Exhibit
14 MW-6. Are you there, Mr. White?

15 A. No. I am trying to figure where exactly
16 it is. Okay. I'm sorry. I'm at MW-6. Which?

17 Q. I think it's page 3 of that exhibit.
18 It's Schedule C-2, page 1 of 2 of Schedule C-2.

19 A. Schedule C-2, page 1 of 2, yes.

20 Q. All right. So these -- the numbers on
21 this page correlate back to your table on page 10,
22 correct, specifically lines 15, 16, 18, and 26?

23 A. 15, 16. I am sorry, what are the lines
24 you are saying?

25 Q. 18 and 26.

1 A. Yes.

2 Q. If you turn to Schedule C-2.1, pages 2 to
3 3.

4 A. Yes.

5 Q. You have a breakdown of those -- there is
6 a breakdown of those expenses, correct?

7 A. Yes. I believe so.

8 Q. If you look on page -- Schedule C-2.1,
9 page 2, line 38, there is a meter reading expense; is
10 that correct?

11 A. Yes.

12 Q. Now, nonshopping customers have meters,
13 correct?

14 A. Yes.

15 Q. Shopping customers also have meters,
16 right?

17 A. Yes.

18 Q. And AEP Ohio reads meters for both
19 shopping and nonshopping customers, correct?

20 A. Yes.

21 Q. And those expenses will be included in
22 this line item in line 38, correct?

23 A. No, not the entire amount. It would be
24 an allocation portion of that amount. So as you --
25 as you alluded to previously, there would be an

1 allocation factor of -- applied to that amount.

2 Q. Okay. But the line item does not break
3 out how much expenses were for shopping customers'
4 meter reading, correct?

5 A. No, but what we would do is you would
6 take the allocation, which effectively was done in
7 the analysis, is you took the allocation factor and
8 not just that portion. I would like to point out
9 that was a very small portion of the overall number,
10 but you would take that and apply the allocation
11 factor to it to get to the amount that would be
12 allocated to the CIR.

13 MR. MOORE: Your Honor, I move to strike
14 everything after the word "No," as not responsive to
15 my question.

16 EXAMINER PARROT: The motion to strike is
17 denied, Mr. Moore.

18 MR. MOORE: I have no further questions,
19 your Honor.

20 EXAMINER PARROT: Any redirect?

21 MR. WHITT: No, your Honor.

22 EXAMINER PARROT: Thank you.

23 Thank you, Mr. White.

24 MR. WHITE: Thank you.

25 EXAMINER PARROT: Let's deal with the

1 exhibits. Are there any objections to the admission
2 of RESA Exhibit 1?

3 Hearing --

4 EXAMINER SEE: Let's go off the record
5 for a second.

6 (Discussion off the record.)

7 EXAMINER PARROT: Let's go back on the
8 record.

9 Any objections to the admission of RESA
10 Exhibit 1?

11 Hearing none, RESA Exhibit No. 1 is
12 admitted.

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 EXAMINER PARROT: Mr. Moore.

15 MR. MOORE: Yes. At this point, OCC
16 would move for the admission of OCC Exhibits 6 and 7.

17 EXAMINER PARROT: Are there any
18 objections?

19 MR. WHITT: No objection.

20 EXAMINER PARROT: OCC Exhibits 6 and 7
21 are admitted.

22 (EXHIBITS ADMITTED INTO EVIDENCE.)

23 EXAMINER PARROT: Let's go off the record
24 for a minute.

25 (Discussion off the record.)

1 EXAMINER PARROT: Let's go back on the
2 record.

3 At this point we're going to take a
4 20-minute recess. Thank you.

5 (Recess taken.)

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

8 Mr. Michael.

9 MR. MICHAEL: Yes, your Honor. OCC would
10 like to call Mike Haugh to the stand.

11 EXAMINER SEE: Mr. Haugh, if you would
12 raise your right hand.

13 (Witness sworn.)

14 EXAMINER SEE: Thank you. Have a seat.

15 MR. MICHAEL: Your Honors, we would like
16 to have marked as OCC Exhibit 8, the supplemental
17 testimony of Michael P. Haugh.

18 EXAMINER SEE: So marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 - - -

21 MICHAEL P. HAUGH

22 being first duly sworn, as prescribed by law, was
23 examined and testified as follows:

24 DIRECT EXAMINATION

25 By Mr. Michael:

1 Q. Would you state your name, please.

2 A. Michael Haugh.

3 Q. And where are you employed?

4 A. The Office of the Ohio Consumers'
5 Counsel.

6 Q. And did you do testimony for this matter?

7 A. I did.

8 Q. And do you have before you, Mr. Haugh,
9 what was previously marked as OCC Exhibit 8?

10 A. I do.

11 Q. Can you identify that document, please?

12 A. That is my supplemental testimony in
13 opposition to the Joint Stipulation and
14 Recommendation in this case.

15 Q. And was that testimony prepared by you or
16 at your direction?

17 A. It was.

18 Q. And do you have any corrections to that
19 testimony?

20 A. One minor correction. On page 18,
21 line 16, it is -- it says "AEP's bill" and it should
22 be "its bill." Reading the sentence in full in its
23 context, "Supplier consolidated billing allows a
24 Marketer to include its own branding and marketing on
25 its bill and also include line items that may not be

1 allowable on a traditional utility bill."

2 Q. Okay. Thank you, Mr. Haugh.

3 If I were to ask you the questions in
4 your supplemental testimony, would your answers be
5 the same with that correction?

6 A. Yes.

7 MR. MICHAEL: Your Honor, I move for
8 admission of OCC Exhibit 8, subject to
9 cross-examination.

10 EXAMINER SEE: Just for clarification,
11 what day is the testimony that you have marked as OCC
12 Exhibit 8 filed?

13 MR. MICHAEL: October 11, 2017.

14 EXAMINER SEE: Thank you.

15 Any cross-examination for this witness,
16 Mr. Whitt?

17 MR. WHITT: Yes, thank you, your Honor.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Whitt:

21 Q. Good morning, Mr. Haugh.

22 A. Good morning.

23 Q. Let me first ask you some questions about
24 the "Enroll With Your Wallet" proposal. And it's
25 true, isn't it, that today, customers currently need

1 to provide their service delivery identifier or SDI
2 to enroll with a CRES supplier, correct?

3 A. Under -- in AEP service -- excuse me --
4 service territory, yes.

5 Q. Okay. And the purpose of requiring that
6 identifier is so that the marketer and utility can
7 confirm that an applicant is who they say they are,
8 correct?

9 A. In part. I believe it's, from AEP's
10 point of view, it's also to make sure that the
11 correct account is being assigned and that the --
12 that there actually is an account set up for that
13 address.

14 Q. Okay. And OCC objects to allowing
15 customers to identify themselves with information
16 that the customer/consumer already knows, correct?

17 A. I am not sure I understand what you mean
18 by that.

19 Q. Well, I think we've agreed that the
20 purpose of requiring the SDI is, at least in part, to
21 identify an account and a real person associated with
22 that account, correct?

23 A. That's part of the reason.

24 Q. And the SDI is 17 digits typically, isn't
25 it?

1 A. I can't -- I don't know that for sure.

2 Q. Okay. Under the stipulation, accounts
3 could be identified by the customer's -- the last
4 four of their Social Security number or their -- and
5 their telephone number, correct?

6 A. I'm just trying to remember exactly what
7 it was. I believe it's the last four of their Social
8 Security number or one of their last three months'
9 bill amounts along with the phone number. I would
10 have -- I could double-check the stipulation to
11 verify that if that would help.

12 Q. Okay. Can we agree that a customer is
13 more likely to know from memory their telephone
14 number and the last four of their Social Security
15 number than they are their SDI?

16 A. I can't say that for sure.

17 Q. You don't have an opinion on that?

18 A. No.

19 Q. Okay. And it's OCC's position that --
20 that before enrolling with a marketer, customers
21 should consult their bills, correct?

22 A. Yes.

23 Q. And you testified at page 13, line 16,
24 toward the end of line 16, "The bill provides useful
25 information such as their current price to compare,

1 usage data, and information regarding their current
2 supply choice." Did I read that correctly?

3 A. That is correct.

4 Q. Is it fair to assume that customers are
5 likely to be aware of who their current supplier is
6 without having their utility bill in front of them?

7 A. Not always.

8 Q. The price to compare is widely available
9 from sources other than a customer's bill, isn't it?

10 A. Not widely.

11 Q. Well --

12 A. It's actually quite difficult to find.

13 Q. Well, in fact, you found it, didn't you,
14 at page 12 of your testimony, from the AEP website,
15 correct?

16 A. I have 20 years of experience in the
17 utility industry. Most people don't understand
18 shopping at all.

19 Q. Okay. But do you think people would find
20 it difficult to plug the letters "AEP" into Google to
21 get to the website if they are actively engaged in
22 shopping for a supplier?

23 A. To find the -- it wasn't as simple as
24 it's posted on the website. To find the price to
25 compare, I had to go to the AEP website, find a bill

1 calculator, fill in usage information on that bill
2 calculator, and then after the spreadsheet calculated
3 it, it gave the price to compare. So it's not an
4 easy process at all.

5 Q. And the PUCO web -- also has a website
6 that shows comparative data, doesn't it?

7 A. It does not.

8 Q. Customers can't go to the PUCO website to
9 show historical offers and the historical price to
10 compare?

11 A. Historical price to compare is not on the
12 Apples to Apples or the -- I can't remember the new
13 name of the website, but the formerly known as the
14 Apples to Apples.

15 Q. Okay. If a customer only looked at their
16 utility bill and nothing else in deciding whether
17 they want to accept an offer, that consumer would not
18 know what other offers were available in the market,
19 correct?

20 A. And I'm not saying they should only
21 consult their bill. I'm just saying that --

22 Q. Well, my question --

23 MR. MICHAEL: Do you want to let him
24 finish, Mr. Whitt, his answer, after you ask a
25 question, please? I don't think he was done.

1 EXAMINER SEE: Okay. Mr. Haugh, you can
2 finish your response.

3 THE WITNESS: Could you reread the
4 question and answer, please.

5 (Record read.)

6 A. The bill should be used as a tool when
7 deciding if to choose.

8 Q. Let me ask my question again.

9 If the only thing a customer looked at
10 was their bill, the customer would not know what
11 other offers are available, correct?

12 A. The bill does not provide other offers.

13 Q. Let's say a customer has their bill in
14 front of them and is ready to enroll with the
15 supplier, there's no way to know whether the customer
16 has researched all available offers, correct?

17 A. No way for who to know if the customer
18 has researched all offers?

19 Q. Anyone; even the customer.

20 A. I think the customer is the most
21 important person of the -- who is choosing. So the
22 customer would know if they had done research.

23 Q. Okay. Well, your testimony seems to be
24 assuming that if -- that the bill is going to give
25 the customer information that they need to make an

1 informed decision, correct?

2 A. Yes, I stated the bill gives important
3 information for a customer to have when choosing.

4 Q. And we also agree, I think, that there is
5 additional information that ideally the customer
6 should also consider in making a shopping decision,
7 correct?

8 A. Yes, there is a lot of information that a
9 customer should take into account when deciding to
10 choose.

11 Q. Okay. And would you agree that for
12 customers that have researched all available offers
13 and have used all the resources out there, that there
14 are legitimate reasons a consumer may make a decision
15 based on factors other than the per kilowatt-hour
16 rate between the price to compare and the price that
17 they are willing to pay?

18 THE WITNESS: Could you reread the
19 question, please?

20 (Record read.)

21 A. There are different -- different reasons
22 for customers to choose. In my experience, the top
23 reason would be to save money.

24 Q. Okay. But there could be other reasons,
25 correct? For example, friends and family of IGS may

1 wish to have IGS as their supplier even if they are
2 going to pay more. Would that seem logical?

3 A. I wouldn't say that's necessarily a
4 logical reason to choose a supplier, but it could be
5 a reason.

6 Q. You've worked for competitive suppliers
7 before, correct?

8 A. Yes.

9 Q. Have you -- had you ever been enrolled in
10 one of your employer's products?

11 A. No. I'm not a good advertisement for
12 them.

13 Q. And is it reasonable to assume that some
14 people, and I don't know who these people would be,
15 but some people may just not like AEP and they want
16 somebody different and they don't care what the price
17 is?

18 A. I imagine there's a lot of people that
19 don't like AEP. It's -- there are -- I cannot get
20 into the mind of everybody. There are millions of
21 reasons why. There are over a million customers in
22 AEP and there could possibly be a million different
23 reasons why people would want to choose.

24 Q. Okay.

25 A. But as I said, the vast majority in my

1 experience have been to save money.

2 Q. Okay. And you are able to render that
3 conclusion without having conducted any formal study
4 or analysis, correct?

5 A. It would be 20 years of experience, over
6 10 of those working with energy marketing companies.

7 Q. Okay. Assume that the SDI is a 17-digit
8 number. Would you agree that there is a margin of
9 error involved in a consumer reading a 17-digit
10 number and somebody on the other end transcribing the
11 number incorrectly or the person reading it off
12 incorrectly?

13 A. I honestly don't know.

14 Q. Would you agree that requiring a consumer
15 to supply information from their utility bill in
16 order to enroll with a supplier provides no assurance
17 that the consumer is making an informed decision?

18 A. If by -- when you put it that way, there
19 is no way you could say a customer is making an
20 informed decision. It's just giving the customer --
21 the idea here is giving the customer an additional
22 tool to make a choice that's best for them.

23 Q. Well, customers get their bill every
24 month, correct?

25 A. Yes.

1 Q. And that's true whether the stipulation
2 is approved or not, correct?

3 A. I hope they still get their bills every
4 month.

5 Q. Okay. Let me -- let's switch to the CIR.
6 Starting with page 15 of your testimony is where the
7 discussion starts. And on page 18, I'm paraphrasing
8 here, but you characterize the CIR as a mechanism
9 that artificially inflates the SSO, correct?

10 A. Yes.

11 Q. If an inflated SSO is not just and
12 reasonable, would it be fair to say that an
13 artificially deflated or depressed SSO also would not
14 be just and reasonable?

15 A. I think that the SSO does that to be
16 properly priced.

17 Q. It shouldn't be too high or too low,
18 correct?

19 A. It should represent what the -- the
20 proper market price.

21 Q. Okay. And at page 16, line 1, you
22 indicate that "The SSO is the result of a competitive
23 auction....," correct?

24 A. Yes.

25 Q. And the auction you're referencing is the

1 supplier tranches that are bid to establish the rate
2 for generation service, correct?

3 A. Yes.

4 Q. SSO customers need more than just
5 generation service to receive electricity in their
6 homes, correct?

7 A. Yeah. They will need a distribution --
8 distribution system, transmission system.

9 Q. Okay. And the distribution system or
10 distribution services include ancillary services like
11 meter reading and the other things Mr. White talked
12 about this morning, correct?

13 A. Yeah, there is a variety of things; meter
14 reading being one of them.

15 Q. And those services are -- the costs for
16 those services are recovered through AEP's
17 distribution rates, correct?

18 A. Partially. There's a number of riders
19 that would also cover some of the distribution costs.

20 Q. Distribution rates are nonbypassable,
21 correct?

22 A. I'm trying to think through all the
23 different riders, what they cover. I would say the
24 majority are nonbypassable.

25 Q. And the nonbypassable distribution rates

1 include the distribution-related components of SSO
2 service, correct?

3 A. I'm sorry. The distribution rates cover
4 distribution services; is that what you said?

5 Q. Well, AEP's distribution rates include
6 the distribution service components that are
7 necessary to also provide SSO service; is that
8 correct?

9 A. That I'm not sure. You might be taking a
10 jump one step beyond. I'm not sure of all the --

11 Q. Well, I think we've agreed that SSO
12 customers, when the SSO generation price is
13 established, that a default nonshopping customer
14 needs more than just the generation service to have
15 electricity when they flip their switches, correct?

16 A. Yes. Just like anybody needs additional.
17 So if you're shopping or nonshopping, you would need
18 that SSO or Choice.

19 Q. Okay. And apart from the SSO generation
20 service, the Standard Service Offer customers are
21 paying for the other service components they need
22 through distribution rates, correct?

23 MR. MICHAEL: Objection, asked and
24 answered.

25 EXAMINER SEE: You can -- overruled.

1 Answer the question, Mr. Haugh.

2 THE WITNESS: Could I have the question
3 reread, please?

4 EXAMINER SEE: Certainly.

5 (Record read.)

6 A. They're paying the distribution service
7 through distribution rates and then transmission
8 through a transmission rider.

9 Q. But there are -- do you agree that there
10 are -- AEP incurs costs to serve SSO customers that
11 aren't fully recovered through the SSO rate?

12 A. Do you have some examples of those?

13 Q. Well, all of the costs that Mr. White
14 discussed this morning in his testimony which I think
15 you were here for.

16 A. I'm trying to think through -- I didn't
17 necessarily agree with all of the costs that
18 Mr. White stated were charged to SSO customers. Or
19 costs that were incurred by SSO customers, but not
20 Choice supply customers.

21 Q. Well, let's take meter reading costs, for
22 example. AEP reads meters whether somebody shops or
23 not, correct?

24 A. Correct.

25 Q. So they're -- a portion of the meter

1 reading costs would be attributable to shopping
2 customers and a portion would be attributable to
3 nonshopping customers, correct?

4 A. Everyone needs to have their meter read,
5 so that's -- that's not necessarily -- that's not a
6 Choice versus an SSO issue. Whether you're -- you
7 are going to need to have your meter read regardless.

8 Q. Let's -- I am going to ask you now about
9 supplier consolidated billing. And what we're
10 talking about here basically is competitive suppliers
11 issuing bills to customers instead of the utility,
12 correct?

13 A. Yes.

14 Q. And the \$2 million pilot program cost
15 addressed in the stipulation would be split 50/50
16 between the marketers and AEP, correct?

17 A. Yes.

18 Q. And it's OCC's position that marketers
19 should pay all of those costs because marketers
20 primarily benefit from consolidated billing; is that
21 a fair characterization?

22 A. It's very generalized but close enough.

23 Q. Okay. Now, if a customer participates in
24 supplier consolidated billing, AEP is relieved of the
25 costs associated with billing that customer, correct?

1 A. A portion of the costs may be relieved.

2 Q. Okay. And the portion that is relieved,
3 AEP continues to recover that cost in its rate,
4 correct? Between rate cases?

5 A. I'm not sure of that. I'm not sure how
6 all of the costs are allocated.

7 Q. Well, if -- if test year billing costs
8 were established at X, based on an assumed level of
9 cost with an assumed number of customers, that's what
10 AEP will recover for those costs, correct?

11 A. Yes.

12 Q. And to the extent customers begin to
13 receive bills from marketers instead of from AEP,
14 AEP's costs would be reduced, wouldn't they?

15 A. In the -- yes. And the sticking point
16 there is how much would they be reduced and that's --
17 that's why if there is going to be a CIR, then there
18 needs to be a complete rate case to study the proper
19 allocation of costs and how much costs are with which
20 entity.

21 Q. Okay. But in terms of supplier
22 consolidated billing, to the extent costs are
23 effectively shifted from AEP to marketers, then it
24 would be fair to say that AEP also benefits from
25 supplier consolidated billing, wouldn't it?

1 A. I have no idea if AEP has any benefits.
2 I say that because I know there would still be a lot
3 of work that would have to be done on their end, and
4 it wouldn't be just easier for them, in the long run,
5 to issue their own bills.

6 Q. Well, would it be fair to assume that if
7 AEP is reducing costs below the revenue authorized in
8 its rates, that that would be a benefit to AEP?

9 A. And I'm saying I don't know what the --
10 if there necessarily is a benefit if what they lose,
11 what AEP loses by having to do the work to prepare
12 the bills, sending the information to the CRES
13 supplier, and losing the ability, essentially losing
14 their advertising by mailing out a bill to them every
15 month, having that constant point of contact with the
16 customer could actually be a detriment to AEP and not
17 a benefit.

18 Q. You would agree, wouldn't you, if
19 supplier consolidated billing was shifted entirely to
20 marketers, that those costs would have to be passed
21 along to the consumers participating in supplier
22 consolidated billing, correct?

23 A. They could be.

24 Q. And the supplier consolidated billing
25 customers would continue to pay distribution rates

1 that also reflect AEP's billing cost, correct?

2 A. There's some -- there's some timing
3 issues as to when -- when this would occur, if it's
4 pre or post rate case, things of that nature, but
5 there is a possibility for some lag in between rate
6 cases.

7 Q. Okay. And so in the scenario you just
8 described, supplier consolidated billing customers
9 would end up paying for billing services that they
10 don't use and that provide them the benefit, correct?

11 A. Yeah, but that's -- that's an issue you
12 are going to run into with just about anything that
13 occurs in this when you're -- when you're having to
14 work off a lagging system, but in this case they
15 would be -- if they are in between rate cases, then
16 you are at a point of it's -- it's never absolutely
17 perfect.

18 Q. Well, one way to mitigate the lag is for
19 AEP and the suppliers to split the costs, isn't it?

20 A. Not necessarily. Someone is always going
21 to be paying for something they don't -- that's not
22 benefiting them or they are not incurring the costs
23 for.

24 Q. Understood, but is there a reason to --
25 when -- when that phenomenon can be known in advance

1 and mitigated, wouldn't it make sense to mitigate it?
2 In this instance through a 50/50 cost sharing as
3 opposed to putting 100 percent of the costs on a
4 defined segment of the customer base?

5 A. Well, right now, you're -- you're -- the
6 proposal on the table is for customers to pay for
7 50 percent of this. When you're looking at roughly
8 30, 40 -- only 30, 40 percent of residential
9 customers are shopping and of that -- of that amount
10 there is a number that are never going to shop. And
11 you're asking these people that have no desire to
12 shop to pay for a system that is of no benefit to
13 them.

14 Q. Okay. Do you know what -- OCC is funded
15 largely through assessments on utilities and CRES
16 suppliers, correct?

17 A. Yes.

18 Q. Do you know roughly what -- what that
19 assessment was in the aggregate to OCC any time in
20 the last year or two?

21 A. Basically what our budget is?

22 Q. Yes.

23 A. I really don't want to go on record
24 saying "I don't know," but rough estimate in the 6 to
25 8 million dollar range.

1 Q. Okay. That 6 to 8 million dollars is
2 recovered from all utility and CRES supplier -- all
3 utilities and CRES suppliers pay an assessment that
4 is used to fund OCC's operations at least in part,
5 correct?

6 MR. MICHAEL: Objection, relevance.

7 EXAMINER SEE: Did you want to respond,
8 Mr. Whitt?

9 MR. WHITT: Well, I'm following up and
10 exploring the customer -- or the witness's testimony
11 that customers shouldn't have to pay for things that
12 don't benefit them.

13 MR. MICHAEL: We were here talking about
14 supply consolidated billing, not the OCC's budget.

15 MR. WHITT: We're talking about a more
16 general principle of what is recovered in rates.

17 MR. MICHAEL: We are created by statute,
18 as your Honor well knows. This is what it is. This
19 is a proposal and a stipulation, so I don't think
20 it's relevant.

21 EXAMINER SEE: And the objection is
22 sustained.

23 Q. (By Mr. Whitt) OCC's services are
24 available to all residential utility customers in
25 Ohio, correct?

1 MR. MICHAEL: Objection, relevance.

2 EXAMINER SEE: Sustained.

3 Q. (By Mr. Whitt) Residential utility
4 consumers pay utility rates that reflect the cost of
5 the OCC assessment regardless of whether those
6 consumers ever seek the assistance of OCC, correct?

7 MR. MICHAEL: Objection, relevance. We
8 are created by statute. Our obligations are defined
9 in statutes.

10 MR. WHITT: My point is the witness is
11 saying that 30 -- you know, with a 30 to 40 percent
12 shopping rate, it's not fair for the nonshopping
13 customers to pay for something that only benefits 30
14 to 40 percent of the customer base. And I think it's
15 a fair comparison.

16 EXAMINER SEE: The objection is
17 sustained. Move on, Mr. Whitt.

18 MR. WHITT: That's all I have. Thank
19 you.

20 EXAMINER SEE: Ms. Fleisher.

21 MS. FLEISHER: No questions, your Honor.

22 EXAMINER SEE: Mr. Borchers.

23 MR. BORCHERS: No questions, your Honor.

24 EXAMINER SEE: Ms. Petrucci.

25 MS. PETRUCCI: No questions.

1 EXAMINER SEE: Mr. Olikar.

2 MR. OLIVER: Thank you, your Honor.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Olikar:

6 Q. Good afternoon, Mr. Haugh.

7 A. Good afternoon.

8 Q. Are you going strong? Do you need a
9 break? Ready to continue?

10 A. I'm feeling good.

11 Q. All right. I wanted to make sure. Just
12 a few questions for you this afternoon.

13 First, following up on the questions
14 about the "Enroll From Your Wallet," you are a
15 residential customer, correct?

16 A. For AEP Ohio?

17 Q. AEP or -- that's a good place to start.
18 For AEP; is that correct?

19 A. Yes.

20 Q. You do not know your SDI number, do you?

21 MR. MICHAEL: Objection, relevance. He's
22 testifying here as an expert, and what he knows or
23 doesn't know in his personal capacity is not
24 relevant.

25 EXAMINER SEE: Overruled. You can answer

1 the question, Mr. Haugh.

2 A. Off the top of my head, no.

3 Q. But you do know the -- you don't have to
4 say it, but you do know your Social Security number,
5 correct?

6 A. Yes.

7 Q. Okay. Regarding the price to compare,
8 would you agree it's a historical number?

9 A. Not necessarily.

10 Q. Are you aware of how the price to compare
11 is calculated each month, Mr. Haugh?

12 A. Yes, roughly. I don't know the exact
13 formula.

14 Q. But you would agree it's based upon the
15 historical SSO rate and the customer's usage?

16 A. It's based on the current month's SSO
17 rate plus certain nonbypassable riders.

18 Q. Right. Would you agree it's based upon
19 kilowatt-hours that have already been utilized by the
20 customer?

21 A. Oh, yes, yes. The whole bill in theory
22 -- going off that, the whole bill is, in fact,
23 historical.

24 Q. Great. Glad we locked that down.

25 Now, the SSO rate in AEP is proposed to

1 be a straight-up cents per kWh rate, correct, on the
2 Standard Service Offer?

3 A. Which rate? I'm sorry.

4 Q. The residential customer rate.

5 A. Distribution, transmission, SSO, all
6 which -- there's a number of different rates, that's
7 the only reason I am asking.

8 Q. Thank you for that clarification.

9 The bypassable SSO rate is a
10 straightforward cents per kWh rate, correct?

11 A. I am hesitating only because I can't
12 remember if the AEP rate is tiered which would not be
13 as straightforward. It would be X amount at 750 kW
14 and another amount above that and I can't remember
15 the exact pricing structure for AEP off the top of my
16 head right now.

17 Q. Okay. Would you agree that a customer
18 does not have an individualized capacity rate if they
19 are residential?

20 A. Residential, no.

21 Q. Would you agree that AEP has commenced
22 the rollout of smart meters?

23 A. They have, yes.

24 Q. And within the term of this electric
25 security plan, there is the potential that a customer

1 could get an individualized capacity product from a
2 CRES supplier?

3 A. I know there is a section about exploring
4 the opportunities of individual capacity for
5 customers. I know one thing, there has been a lot of
6 difficulty of getting data to provide individualized
7 pricing for customers.

8 Q. To be clear, those -- those problems have
9 not been germane to AEP Ohio's service territory; you
10 are referring to Duke, correct?

11 A. I think all the utilities have had issues
12 with that; providing the information.

13 Q. And do you personally know whether AEP
14 has indicated it cannot provide individualized
15 capacity tags to suppliers within the duration of the
16 ESP?

17 A. I don't know.

18 Q. Assuming that a competitive supplier can
19 provide a product to a customer using an
20 individualized capacity tag, would you agree that
21 that product would not be comparable to the SSO
22 otherwise applicable rate?

23 A. I -- I don't know. There's a lot of
24 variables in there.

25 Q. So you would agree that looking at price

1 to compare may or may not give you an accurate
2 understanding of whether or not you would do better
3 on the SSO?

4 A. I don't know.

5 Q. Okay. And since we're talking about the
6 SSO, you testified regarding the CIR, correct?

7 A. Yes.

8 Q. Your testimony does not offer any level
9 of a CIR that is different than what is contained in
10 the stipulation, correct?

11 A. My testimony says it should be zero until
12 a rate case.

13 Q. And you have not undertaken any
14 evaluation of AEP Ohio's existing distribution rates
15 to recommend a number different than zero; is that
16 correct?

17 A. My testimony states that the rate case is
18 where they should be determined. I didn't give any
19 type of value other than zero.

20 Q. Okay. And you agree that the Standard
21 Service Offer established by the Commission should
22 comport with state policy, correct?

23 A. Can you point to where I said that?

24 Q. I am just asking your opinion, Mr. Haugh.

25 A. What particular state policy?

1 Q. Are there portions of the state policy
2 you agree with or disagree with?

3 A. I would have to address them -- state
4 policies I will -- I can address them -- I can't
5 address a sweeping of all state policies.

6 Q. Okay. Would you agree -- do you
7 understand that when I refer to state policy that I'm
8 talking about 4928.02 passed by the General Assembly?

9 A. Now that you state that, that's a little
10 bit more clear.

11 Q. Are you familiar with that statute?

12 A. Generally. I could not -- I cannot
13 recite it here or actually remember much of any of
14 it --

15 Q. Okay.

16 A. -- off the top of my head.

17 Q. Would you agree that if there are costs
18 that relate to default service, they should be
19 allocated to that service?

20 A. I think all costs should be properly
21 allocated.

22 Q. So the answer is yes?

23 A. The answer is that all costs should be
24 properly allocated.

25 MR. OLIKER: Your Honor, could the

1 witness be directed to answer my question? I don't
2 believe that answer was responsive so I would move to
3 strike.

4 EXAMINER SEE: The motion to strike the
5 answer is denied. You can try again, Mr. Olikar, if
6 you wish.

7 MR. OLICKER: May I approach the witness,
8 your Honor?

9 EXAMINER SEE: Yes.

10 Q. (By Mr. Olikar) Mr. Haugh, you've
11 testified in PUCO proceedings before, correct?

12 A. Yes.

13 Q. And one of the cases that you testified
14 in was Case No. 14-1693?

15 A. I did, yes.

16 Q. And that was a proceeding related to Ohio
17 Power Company, correct?

18 A. Yes. Well, AEP Ohio.

19 Q. And in that case there was the initial
20 recommendation to the Commission to establish a CIR,
21 correct?

22 A. I don't know if it was to establish a CIR
23 or to begin studying a CIR.

24 Q. Okay. Could you turn to page 5404 in
25 what is marked as Ohio Power Volume XXI. And we

1 don't need to mark this as an exhibit. It's just a
2 transcript.

3 A. I'm there.

4 Q. And line 20, you were asked the
5 question -- First, would you agree this transcript
6 was your cross-examination? Just take a moment to
7 look --

8 A. I am trying to find where it starts
9 with -- where it's -- it looks --

10 Q. Look on page 5399.

11 A. Okay.

12 Q. On line 25 maybe.

13 A. Yeah. I can work off the assumption that
14 this is mine. It looks -- either that or someone who
15 has a very similar background to mine.

16 Q. Okay. Thank you.

17 Now turning to page 5404.

18 A. Okay.

19 Q. On line 20, you were asked the question:

20 "And you would agree if they are
21 default -- if there are costs related to default
22 service, they should be allocated to default service?

23 "Answer: I'm sorry. Could you repeat
24 the question or have it reread?

25 "(Record read.)

1 "Answer: By default service you mean SSO
2 customers?

3 "Question: Yes.

4 "Answer: Yes."

5 Did I read that correctly?

6 A. That is correct.

7 Q. Okay. Thank you.

8 And you would agree that shopping
9 customers should not pay for costs that relate to
10 default service?

11 A. Correct. And default customers shouldn't
12 have to pay charges for -- that are incurred for
13 marketers or for Choice customers.

14 Q. And if we were to look on that same
15 transcript, you were asked that same question on
16 line 5, page 5405.

17 "Question: And you would agree that
18 shopping customers should not pay for costs that
19 relate to default service customers?

20 "Answer: Yes."

21 Did I read that correctly?

22 MR. MICHAEL: Objection, improper
23 impeachment. He testified consistently just now with
24 what he said here.

25 MR. OLIKER: And without the additional

1 response.

2 MR. MICHAEL: That doesn't make it useful
3 for impeachment purposes. The answers are
4 consistent.

5 MR. OLIKER: Another way, your Honor, I
6 could move to strike and he could save the rest of
7 the response for his redirect.

8 MR. MICHAEL: Which would be denied
9 because the attorney examiners have given witnesses
10 the opportunity to explain their answers throughout
11 the course of this hearing. That's exactly what
12 Mr. Haugh did.

13 EXAMINER SEE: Mr. Olier, are you asking
14 to strike a portion of Mr. Haugh's testimony?

15 MR. OLIKER: No. I'm moving to strike
16 his response where he says, "And default service
17 customers should not have to pay charges for," which
18 was nonresponsive to my question. It was a compound
19 answer to a different question.

20 EXAMINER SEE: I'm going to allow
21 Mr. Haugh's answer to stand as it was stated.

22 Q. (By Mr. Olier) Mr. Haugh, you would
23 agree that if shopping customers in retail energy
24 markets are required to pay for costs related to
25 default service customers, that can have a negative

1 effect on the market.

2 A. As I've stated before, I think all costs
3 need to be properly allocated to the cost causer, and
4 the best way to find -- the best way to discover the
5 cost allocations is through a distribution rate case.

6 Q. And do you agree that if we were to wait
7 for a distribution rate case to analyze default
8 service related costs, that could require shopping
9 customers to pay for costs twice for several years?

10 A. I think we don't know if anyone is being
11 improperly charged, so that -- I can't say that
12 customers are being charged twice necessarily.

13 Q. And you don't disagree that what I stated
14 is true possibly?

15 A. I'm sorry, what did you state? Could you
16 repeat that?

17 Q. Do you know what year AEP's proposed
18 distribution rate case is scheduled to be filed?

19 A. I'm not sure if they are required to file
20 it. The stipulation says by 2020.

21 Q. Would you agree that AEP Ohio collects
22 the OCC assessment cost through its base distribution
23 rates?

24 A. I believe that is a line item on the --
25 in the base distribution rate -- rates, yes.

1 Q. Would you agree that IGS Energy does not
2 have a rider to collect those costs?

3 A. I've never received a bill from IGS nor
4 have I seen one, so I don't know.

5 Q. Would you agree that IGS Energy pays the
6 OCC assessment?

7 A. I know they're charged an assessment. I
8 do not -- I am not part of the collection.

9 Q. So would you agree that if your
10 recommendation is accepted, for the next four years
11 AEP will continue to collect the OCC assessment
12 through base distribution rates, while IGS Energy
13 will continue to have to pay it out of its own
14 pocket?

15 MR. MICHAEL: Objection, relevance. Same
16 line of questioning as Mr. Whitt.

17 MR. OLIKER: Your Honor, it's a
18 completely different line of questioning. It goes to
19 the fact of default service being straightforwardly
20 subsidized while IGS has to bear a cost out of its
21 own pocket. And to be clear, I have no intention of
22 going down the road Mr. Whitt was going down which
23 was quite different.

24 MR. MICHAEL: You've already been there.
25 We're an agency created by statute with

1 statutorily-defined responsibilities and
2 statutorily-defined methods of collection. This is a
3 proposal in a stipulation. It's irrelevant.

4 MR. OLIKER: And that statute does not
5 say that IGS has to bear the cost of the OCC
6 assessment through its competitive rates, while AEP
7 gets to collect it through distribution rates. That
8 is a level of detail the statute did not go into.

9 EXAMINER SEE: The objection is
10 sustained. Move on, Mr. Olikier.

11 MR. OLIKER: Your Honor, just so I'm
12 clear, which portion of the objection is sustained
13 regarding the OCC assessment? Can we talk about the
14 PUCO assessment then? Is that a lighter subject, so
15 we're okay?

16 EXAMINER SEE: Mr. Olikier, do you have a
17 question for this witness?

18 MR. OLIKER: I do, thank you.

19 Q. (By Mr. Olikier) Mr. Haugh, would you
20 agree the PUCO assessment is a separate assessment to
21 retail suppliers and utilities?

22 A. I believe the PUCO assessment is charged
23 to suppliers, utilities, and -- there are others that
24 are being charged that -- that are being assessed
25 that.

1 Q. Okay. And it's based upon receipts,
2 correct? Total revenue?

3 A. Not positive of the exact -- how the
4 charge is calculated.

5 Q. So the answer is you don't know?

6 A. Not -- no, I'm not -- I don't know the
7 exact way that it's calculated.

8 Q. And so I'm clear, do you know how the OCC
9 assessment is calculated?

10 A. Not -- I don't know the exact formula. I
11 don't send out the bills.

12 Q. Do you or do you not know whether or not
13 default service revenue contributes to the PUCO
14 assessment to a utility?

15 MR. MICHAEL: Objection, relevance.
16 Switching agencies doesn't solve the problem.

17 MR. OLIKER: Your Honor, we've already
18 established it's collected in distribution rates.
19 Now we're drawing the nexus whether there is cost
20 causation to default service.

21 EXAMINER SEE: The objection is
22 sustained. Move on, Mr. Oliker.

23 MR. OLIKER: Then I will proffer, your
24 Honor, for purposes of the cross-examination, that
25 the witness would have responded if he had known that

1 default service contributes to the OCC and PUCO
2 assessments.

3 Q. (By Mr. Oliker) Mr. Haugh, you're
4 familiar with the concept of comparability for
5 purposes of establishing rates, correct?

6 A. Roughly, yes.

7 Q. And the concept of comparability means
8 that retail electric products should consist of
9 similar cost components.

10 A. Was that a question?

11 Q. Yes.

12 A. I would think -- I guess that is a
13 possible way to use comparability.

14 Q. Do you agree that is one possible way?

15 A. It's possible.

16 Q. And you have testified to that effect
17 before, correct?

18 A. I'm not sure if I have specifically
19 testified to that. If you could point it out.

20 Q. If you could turn to page 5407 of the
21 transcript we previously marked. Actually let's
22 start with --

23 EXAMINER SEE: First, let's be clear.
24 This portion of the transcript has not been marked.

25 MR. OLIKER: No, it has not been marked,

1 your Honor. Previously identified.

2 Q. Actually let's start on 5406 and on
3 line 25.

4 "Question: And what does 'comparable
5 retail electric service' mean to you?

6 "Answer: I would -- that it's similar to
7 what one would receive in a bundled situation.

8 "Question: So would you agree that the
9 idea is to have retail electric products consisting
10 of similar cost components?

11 "Answer: Yes."

12 Did I read that correctly, Mr. Haugh?

13 A. Yes.

14 Q. And in your experience in the retail
15 energy space, you've worked for several companies,
16 correct, Mr. Haugh?

17 A. Yes.

18 Q. And you've worn many hats, correct?

19 A. Had a lot of positions, yes.

20 Q. And you would agree that in that
21 experience you've learned that there are several
22 different departments or services that are necessary
23 to make a product available in the market?

24 A. Not always. I worked for large and small
25 shops. There has been some large shops that have

1 large corporate parents with a lot of different
2 departments that have the ability to use a lot of
3 different resources; and some that are very small
4 that use a very few -- very small number of
5 employees.

6 Q. And you would agree that some retail
7 providers incur millions of dollars to have a billing
8 system?

9 A. A building system?

10 Q. Billing system.

11 A. Billing, oh. I've never priced out a
12 billing system, so I don't know how much one would
13 cost.

14 Q. And would you agree that a billing system
15 could reach millions of dollars for a supplier?

16 A. I have no idea.

17 MR. OLIKER: Your Honor, may I approach,
18 please?

19 EXAMINER SEE: Yes.

20 Q. Mr. Haugh, you testified in the Dayton
21 Power & Light electric security plan case, did you
22 not?

23 A. The most recent one, yes.

24 Q. And that was Case No. 16-395, correct?

25 A. Correct.

1 Q. And does the transcript that has been
2 placed in front of you reflect your memory of your
3 cross-examination in that case?

4 A. I haven't read through it, but it appears
5 as though this is my cross-examination.

6 Q. And on page 668, line 8, let me know if
7 you're there.

8 A. I'm there.

9 Q. There was the question:

10 "Now, in your work for retail suppliers,
11 would you agree that you learned that retail
12 suppliers spend potentially millions of dollars to
13 maintain their billing systems?

14 "Answer: Depending on the size, it could
15 reach millions of dollars.

16 Did I read that correctly?

17 A. Yeah, but I -- I'm not sure what the
18 context was there, but I've never priced one out
19 specifically. I guess anything could happen.
20 Anything could price at anything depending on how
21 it's negotiated.

22 Q. And would you agree that a supplier's
23 billing system is necessary simply to interact with
24 the utility's consolidated billing system or EDI?

25 A. A billing system for what?

1 Q. Would you agree that a supplier's billing
2 system or IT system is necessary simply to interact
3 with the utility?

4 A. There has to be an interaction between
5 the marketer and the utility, yes.

6 Q. And would you agree that if the supplier
7 consolidated billing system moves forward, you don't
8 know whether that would require suppliers to incur
9 additional costs?

10 A. I have no idea.

11 Q. Mr. Haugh, are you familiar with any of
12 the fees that suppliers pay to AEP Ohio?

13 A. I know there's an initial \$100 fee to
14 basically say -- to start the application process.
15 There is a \$1 million fee. Other than that, I'm not
16 sure.

17 Q. Are you familiar with the switching fee?

18 A. I know there's a switching fee, but I do
19 not believe it's being charged to suppliers right
20 now.

21 Q. Have you reviewed AEP's tariffs recently,
22 Mr. Haugh?

23 A. Which specific part of the tariff?

24 Q. The portion that has the \$5 switching fee
25 assessable to suppliers or customers.

1 A. Yes. There is -- it is in the tariffs,
2 but it's not being charged. Tariffs aren't -- don't
3 necessarily mean it's up to the company to charge
4 that.

5 Q. What is the basis for your knowledge,
6 Mr. Haugh?

7 A. That -- when I was -- my most recent --
8 my most recent position with Just Energy, I believe
9 that was -- we were not being charged for the \$5
10 switch.

11 Q. And what year was that?

12 A. 2014 would be when I left.

13 Q. And would you agree that under AEP's
14 tariffs, customers are not charged to revert back to
15 default service?

16 A. I don't know that.

17 Q. So the answer is you don't know?

18 A. I don't know. Correct, I do not know.

19 Q. But the tariff would speak for itself,
20 correct?

21 A. It would.

22 MR. OLIKER: Okay. Thank you.

23 Those are all the questions I have, your
24 Honor.

25 EXAMINER SEE: Mr. Boehm.

1 MR. BOEHM: No questions, your Honor.

2 EXAMINER SEE: Mr. Pritchard.

3 MR. PRITCHARD: Yes, thank you, your
4 Honor.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. Pritchard:

8 Q. Good afternoon, Mr. Haugh.

9 A. Good afternoon.

10 Q. One of the portions of the stipulation
11 you address in your testimony is the Basic
12 Transmission Costs Rider Pilot, correct?

13 A. Correct.

14 Q. And one of your -- broadly speaking, one
15 of the criticisms you take with the BTCR Pilot is
16 that it could shift costs to residential customers,
17 correct?

18 A. Correct.

19 Q. And another criticism you state of the
20 pilot program is pilot participants will not
21 necessarily have to undertake much efforts to curtail
22 load during a transmission peak, correct?

23 A. Some -- some would not.

24 Q. Turning to the cost allocations. This is
25 not the first proceeding where a pilot program for

1 AEP Ohio's BTCR has been addressed, correct?

2 A. Correct. I'm trying to remember what the
3 other proceeding was, but I'm sure you'll let me
4 know.

5 Q. A version of the BTCR Pilot was addressed
6 as part of the Global Settlement earlier this year,
7 correct?

8 A. That being the -- one of the -- 10-2929,
9 a previous ESP, and a lot of other cases involved in
10 that.

11 Q. Yes, those are the case numbers I'm
12 referring to.

13 A. I just wanted to make sure it was clear
14 for the record.

15 Q. That proceeding, it's your recollection,
16 it did address the BTCR Pilot program, correct?

17 A. It did.

18 Q. And the PUCO issued an order on February
19 23rd of this year, approving the stipulation in those
20 cases, correct?

21 A. I believe it was this year. I can't
22 remember the exact date, but yes, the PUCO approved
23 it.

24 Q. Will you accept, subject to check, it was
25 February 23, 2017?

1 A. I don't like doing "subject to check" but
2 I -- if it has been approved, we can agree on that.

3 Q. Okay. And you would agree it was earlier
4 this year, correct?

5 A. I'm not sure exactly the date. We can --

6 Q. Fair enough. But within the last year.

7 A. That sounds right, yes.

8 Q. Okay. And OCC participated in that
9 proceeding and you offered testimony in that
10 proceeding, correct?

11 A. I did.

12 Q. So you have some general understanding of
13 the BTCR Pilot program, correct?

14 A. I do.

15 Q. And you are also aware that AEP Ohio
16 updates its BTCR Rider annually, correct?

17 A. I believe it's annually. There's quite a
18 few riders. I get them mixed up when they're
19 updated, but.

20 Q. Would you --

21 A. At a minimum it's updated annually.

22 Q. Would you agree, subject to check, that
23 AEP Ohio's annual application to adjust its BTCR was
24 last filed on June 15, 2017, in Case No. 17-1461?

25 A. I can agree that it was -- that it was

1 filed in June of this year. I do remember that.

2 Q. Would you accept my representation that
3 the Case No. was 17-1461?

4 A. I don't have any reason to doubt you.

5 Q. And would you also agree that the rider
6 was updated -- the application to update its rider
7 occurred after the Commission had approved what I
8 referred to as the Global Settlement?

9 A. Given the dates that the Global
10 Settlement was approved, either late last year or
11 this year, and that was filed in June, then the
12 BTC -- the BTCR filing was later, yes.

13 Q. And did you review this application for
14 purposes of your critique of the BTCR in this
15 proceeding?

16 A. I did not review the transmission -- the
17 BTCR filing from June.

18 Q. Would you agree -- have you reviewed
19 prior applications from AEP Ohio to update either its
20 BTCR or what was previously the GCRR?

21 A. I'm sure I have. I can't remember exact
22 case numbers or years when I did that.

23 Q. And is it your understanding that in the
24 annual transmission rider applications, AEP Ohio
25 identifies a revenue requirement for the following

1 year for the rider?

2 A. You're getting a little bit into the
3 specifics. I'm not -- I'm not positive of the --
4 what all is entailed in the BTCR or any transmission
5 rider.

6 Q. So just to be clear, you're not aware of
7 whether or not the transmission rider applications
8 specify a revenue requirement for the rider?

9 A. I can't remember off the top of my head.

10 Q. And are you aware of whether the most
11 recent BTCR application identifies how AEP Ohio will
12 assign its revenue requirement to the specific rate
13 classes?

14 A. No. I don't remember that or I don't
15 recall that.

16 MR. PRITCHARD: Your Honor, at this time
17 I would request that the Bench take administrative
18 notice of AEP Ohio's BTCR application in Case 17-1461
19 and specifically Schedule C-3, 1 of 2; Schedule C-3,
20 2 of 2; and Workpaper Schedule C-3, page 2 of 2.

21 And the basis for the request for
22 administrative notice is the witness is critiquing
23 how the costs of the transmission pilot may or may
24 not affect residential customers, and he has stated
25 on the record that he has no idea of how the

1 transmission costs are allocated.

2 So in lieu of moving to strike his
3 testimony, I would just ask the Bench take
4 administrative notice of these pages of AEP Ohio's
5 filed application which identifies the revenue
6 requirement and allocation methodology. And if it
7 would assist your Honors, I have brought copies of
8 the pages that I am requesting be taken
9 administrative notice of.

10 MR. NOURSE: Your Honor, the company
11 doesn't object to the request for administrative
12 notice, but we would suggest the entire application
13 be noticed and not just select pages. I don't think
14 it's voluminous.

15 MR. PRITCHARD: I have no objection to
16 Mr. Nourse's request.

17 MR. MICHAEL: Your Honor, we would object
18 because it's my recollection that in connection with
19 administrative notice, the party against whom, in
20 this case OCC, there is a request to take
21 administrative notice of a document, it has to have
22 prior notice and an opportunity to explain itself
23 and/or its position. And because we are just being
24 made aware of it now, it would be inappropriate to
25 take administrative notice.

1 MR. PRITCHARD: I have the judicial
2 notice rule in front of me; Rule 201. Mr. Michael is
3 correct that it provides an opportunity to be heard,
4 but I believe this would be the opportunity. His
5 witness took the stand and has testified about cost
6 allocations. I was working from the assumption that
7 he had reviewed the rider addressing the cost
8 allocations.

9 MR. MICHAEL: I don't want to speak for
10 the witness, but I think he's addressing what's in
11 this proposal, and you are asking him about prior
12 information and I think his testimony was he didn't
13 recall. I don't want to put words in his mouth, but
14 that's my recollection of his testimony.

15 EXAMINER SEE: Mr. Pritchard, you said
16 you have copies --

17 MR. PRITCHARD: I have copies of the
18 specific schedules that I had requested be taken
19 administrative notice. I also have --

20 EXAMINER SEE: Do you have a copy of the
21 entire --

22 MR. PRITCHARD: I have one copy of the
23 entire application.

24 EXAMINER SEE: Could you provide it to
25 counsel for OCC?

1 MR. MICHAEL: May we take a brief --

2 EXAMINER SEE: Let's go off the record
3 for a second.

4 (Discussion off the record.)

5 EXAMINER SEE: Let's go back on the
6 record.

7 How much more cross-examination do you
8 have for this witness, Mr. Pritchard?

9 MR. PRITCHARD: I would estimate 20 to 30
10 minutes, your Honor.

11 EXAMINER SEE: I tell you what, we are
12 going to take a break at this point to give OCC an
13 opportunity to review the documents that you've
14 requested be taken administrative notice of, and
15 we'll resume at -- at 2 o'clock. Let's go off the
16 record.

17 (Discussion off the record.)

18 (Thereupon, at 12:51 p.m., a lunch recess
19 was taken.)

20 - - -

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22

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25

Monday Afternoon Session,
November 6, 2017.

- - -

EXAMINER SEE: Let's go back on the
record.

Mr. Michael.

MR. MICHAEL: Yes, your Honor.

EXAMINER SEE: Have you had an
opportunity to look over the BTCR application?

MR. MICHAEL: Yes, your Honor, I did.
And in consultation with counsel for IEU, the way we
would propose proceeding, if it would be acceptable
to your Honor, he would ask questions of the witness
and, if necessary, based on that questioning, then
ask for the taking of administrative notice which we
will not object to if he is forced to go that route.

MR. PRITCHARD: That was my understanding
with respect to the other documents. I mentioned off
the record with respect to this specific document, I
already asked the witness if he was familiar with it
and he answered he was not.

MR. MICHAEL: And we don't object to
taking administrative notice of that document.

EXAMINER SEE: Okay.

MR. PRITCHARD: And pursuant to

1 Mr. Nourse's request, I would move for notice of the
2 entire application in Case 17-1461.

3 EXAMINER SEE: Okay. Administrative
4 notice is taken of the application.

5 Go ahead.

6 MR. PRITCHARD: Thank you, your Honor.

7 Q. (By Mr. Pritchard) Mr. Haugh, I would
8 like to run through a hypothetical with you. If AEP
9 Ohio's transmission BTCR rider allocated demand costs
10 on the basis of a customer class's single zonal
11 coincident peak, can you -- are you there with me?
12 That's one of the several assumptions.

13 A. So it's -- it's allocated by customer
14 class; 1CP by customer class.

15 Q. Yes. Next, assume that the residential
16 customer class's 1CP in the aggregate is 41 percent
17 of the AEP Ohio total, okay?

18 A. 40 percent, you said.

19 Q. 41 percent.

20 A. 41 percent, okay.

21 Q. Whether a -- next, assume that a customer
22 that is going to participate in the BTCR Pilot should
23 the Commission approve it in this proceeding is
24 served under the GS subtransmission/transmission rate
25 schedule, okay?

1 If that customer, the GS subtransmission
2 customer, left the GS subtransmission rate schedule
3 and began taking service under the BTCR Pilot, you
4 would agree with me that the cost would then be
5 allocated to the BTCR Pilot rate schedule instead of
6 the GS subtransmission rate schedule under this
7 hypothetical?

8 A. When you say "BTCR" you mean BTCR Pilot?

9 Q. Thank you, yes.

10 A. It gets a little -- it's not that clean
11 unfortunately. It's -- because everything is billed
12 based on the previous years -- sorry, I am thinking
13 through this out loud.

14 I don't think it's that clean that it can
15 just be removed, all costs, for a -- that all costs
16 can just be removed from a BTCR customer when they
17 move from the regular BTCR over to the pilot, just
18 due to PJM having a variety of fixed charges and
19 other costs that are included in the total bill sent
20 to AEP Ohio or AEP corporate, I guess, in this
21 instance.

22 Q. You would agree with me that under my
23 hypothetical, whether a customer participated in the
24 BTCR Pilot or did not, that it would not increase or
25 decrease the residential rate class aggregate 1CP,

1 correct?

2 A. Once again, I'm not -- I don't know the
3 exact costs that are included in the transmission
4 because AEP is a -- not just taking AEP Ohio. I
5 believe they are billed by PJM as a total -- total
6 company, so all AEP affiliates within PJM. And like
7 I said, I'm not sure if it's that clean that you can
8 break it up by class and then remove them, and if
9 there is a shortage of costs as a result of one
10 customer being removed from the BTCR and moved to the
11 pilot, if that does not leave some costs unaccounted
12 for.

13 Q. Leaving aside, under my hypothetical, the
14 cost side of the equation, the billing determinant
15 side, the 1CP, you would agree with me just sticking
16 to the billing determinant side that whether a
17 transmission voltage customer decided to participate
18 in the BTCR Pilot or not, that would not increase or
19 decrease the aggregate 1CP billing determinant for
20 the residential class, correct?

21 A. Sure. You're also taking an extra
22 assumption because I don't believe cust -- I believe
23 residential customers, I think actually all customers
24 not on this pilot are billed on a 12CP which would --
25 I'm going -- I'm not sure.

1 Q. Fair enough.

2 A. There's a lot -- there's a lot of
3 variables in there that I can't necessarily compute
4 all at this time.

5 Q. Fair enough. I'll move on to another
6 topic.

7 You also, as we discussed at the
8 beginning of my cross-examination, that a second
9 criticism of yours of the BTCR Pilot was, in my
10 characterization, that some customers would not have
11 to undertake much effort to curtail load during AEP
12 Ohio's 1CP, correct?

13 A. Yes.

14 Q. And specifically your criticism is based
15 on your testimony that the AEP Ohio 1CP traditionally
16 occurs in the summer, correct?

17 A. Yes.

18 Q. And if I refer to the 1CP as "network
19 service peak load" or "NSPL," do you understand those
20 to be the same terminology in this context?

21 A. I prefer "1CP" but I can -- I can try to
22 adjust my thought process.

23 Q. Okay. You would agree with me that those
24 are different acronyms in the transmission context
25 that mean the same thing, correct?

1 A. Yeah. I've always used "1CP."

2 Q. But you understand that "1CP" in this
3 context is an equivalent label as "NSPL"?

4 A. Sure, yes.

5 Q. Thank you.

6 And you understand that the 1CP for AEP
7 Ohio's transmission is calculated by transmission
8 zone, correct?

9 A. Yes.

10 Q. And the AEP Ohio 1CP is calculated as the
11 highest hour of demand on the AEP zonal transmission
12 system between the previous November 1 and the
13 following October 31 of each year, correct?

14 A. Yes.

15 Q. And you would agree with me, subject to
16 check, that AEP Ohio's highest zonal transmission
17 peak for purposes of establishing the 2018 1CP,
18 occurred on July 19, 2017, at hour ending 5 p.m.,
19 correct?

20 A. And it was the 19th. I would have to
21 double-check the exact hour of that.

22 Q. Would you accept, subject to check, that
23 it was 5 p.m., hour ending 5 p.m.?

24 A. That's fine, yes.

25 Q. And would you agree with me that the

1 load, hour ending 5 p.m. on July 19, 2017, was 21,660
2 megawatts?

3 A. I have no idea what that would be. I
4 don't know the exact load at that point.

5 Q. Would you agree with me the second
6 highest load for 2017 occurred at January 9, 2017, at
7 8:00 a.m., and registered 21,613 megawatts?

8 A. What was the date?

9 Q. January 9, 2017. Hour ending 8:00 a.m.

10 A. No, I didn't know that. I had a
11 different date. I thought it was -- I thought it was
12 July 17 was the second.

13 MR. PRITCHARD: Your Honor, I would move
14 for administrative notice of AEP Ohio's first and
15 second highest peaks of this calender -- of 2017, the
16 information is readily available on PJM's website,
17 and it directly goes to Mr. Haugh's testimony on
18 whether the 1CP is usually in the summer.

19 EXAMINER SEE: And I recognize that
20 Mr. Michael has indicated he didn't object.

21 MR. MICHAEL: That's correct, your Honor.

22 MR. PRITCHARD: And the -- if you would
23 like me to read it again, I can, but the two demands
24 that I would like noticed were in my prior two
25 questions, but if you would like me to read the

1 information I would like noticed and also the source
2 location on PJM's website, I would be happy to.

3 EXAMINER SEE: Please do.

4 MR. PRITCHARD: Thank you.

5 The highest demand in 2017 was July 19,
6 2017, hour ending 17:00, at a demand of 21,660. And
7 the second highest demand was July 9, 2017, hour
8 ending 8:00 a.m., at a demand of 21,613.

9 MR. NOURSE: I'm sorry. Could the
10 reporter read that question back?

11 EXAMINER SEE: Mr. Nourse, are you
12 talking about what Mr. Pritchard just --

13 MR. NOURSE: Yeah, I guess it wasn't a
14 question, but in his statement, I think there was an
15 inadvertent error.

16 EXAMINER SEE: Could you read the dates
17 again, Mr. Pritchard?

18 MR. PRITCHARD: The first date was July
19 19, 2017, at hour ending 5 p.m. And the second date
20 was July 9, 2017, at hour ending 8:00 a.m.

21 EXAMINER SEE: Thank you.

22 MR. PRITCHARD: And the source location
23 of this information is PJM's website at PJM.com,
24 under the tab "Markets & Operations," under the
25 further tab "Energy Market," under the further tab

1 "Hourly Load: Metered," and the document is titled
2 "2017-hourly-load.xls." And the specific information
3 I referenced was on tab "AEP" of this document in
4 column labeled "AD."

5 EXAMINER SEE: Go ahead.

6 Q. (By Mr. Pritchard) Mr. Haugh, would you
7 agree with me, subject to check, since 2009, the AEP
8 transmission system has peaked in the winter about
9 half the time, correct?

10 A. That the 1CP has?

11 Q. Yes, that the 1CP has occurred in the
12 winter months about half the time, specifically four
13 of the last nine years.

14 A. I can't confirm that.

15 MR. PRITCHARD: Your Honor, I would move
16 to take administrative notice of three documents on
17 PJM's website that establish the 2017 NSPL --
18 actually, two further documents. One document is for
19 the 2017 value and the second PDF is the 2009 to 2016
20 NSPLs which is the 1CP.

21 EXAMINER SEE: And it's my understanding
22 Mr. Michael has not objected?

23 MR. MICHAEL: That's correct, your Honor.

24 EXAMINER SEE: Okay.

25 MR. PRITCHARD: With that, I'll read in

1 the years and whether it was a winter or summer
2 month, and then I will follow-up with the location of
3 the information.

4 EXAMINER SEE: Okay.

5 MR. PRITCHARD: 2009, winter; 2010,
6 winter; 2011, summer; 2012, summer; 2013, summer;
7 2014, summer; 2015, winter; 2016, winter; 2017,
8 summer.

9 And the location of that information on
10 PJM's website is PJM.com, the tab "Markets &
11 Operations," the tab "Billing, Settlements & Credit,"
12 under the heading "Network Service Peak Loads." And
13 one document is titled "2017" and the other document
14 is titled "2009-2016."

15 MR. NOURSE: I'm sorry. Mr. Pritchard,
16 would you mind reading 2014 again, just to make sure
17 I had it.

18 MR. PRITCHARD: 2014, summer.

19 And these years were -- the information I
20 read was the NSPL for that year which was determined
21 by the prior year. So, for example, the 2014 1CP was
22 set in 2013, is the way these documents are titled.

23 MR. NOURSE: Thank you.

24 Q. (By Mr. Pritchard) With that, Mr. Haugh,
25 I would like to turn your attention to the IRP-D

1 Rider that you address in your testimony.

2 You are aware that the stipulation
3 addresses a provision of the IRP called the "IRP
4 Expanded Service Rider," correct?

5 A. Yes.

6 Q. And one of your concerns is whether
7 participating -- customers participating in the
8 programming will be required to actually interrupt
9 their service, correct?

10 A. Yes.

11 Q. The IRP Expanded Service Tariff is
12 included in the -- as an attachment to the
13 stipulation, correct?

14 A. Yes.

15 Q. And that tariff provides that customers
16 participating in the IRP Expanded Service Tariff
17 program are required to interrupt when AEP Ohio
18 provides an interruption notice to the customer,
19 correct?

20 A. That's correct, yes.

21 Q. And that interruption notice can be the
22 result of either a local emergency called by AEP Ohio
23 or an event called by PJM, correct?

24 A. Yes.

25 Q. And the tariff attached to the

1 stipulation provides for notice of up to 30 minutes,
2 correct?

3 A. That's correct, yes.

4 Q. And you're aware that under PJM's market
5 rules, demand response resources participating in the
6 PJM capacity market can request a notification time
7 up to 120 minutes, correct?

8 A. I think that's right. That's subject to
9 check, I can accept that.

10 Q. And under the IRP Expanded Service
11 Tariff, the load subject to interruption is
12 calculated as the difference between customer's
13 monthly billing demand and the contracted-for firm
14 service level, correct?

15 A. You said the IRP tariff, correct?

16 Q. Yes.

17 A. Okay. Yes.

18 Q. And the load subject to participation in
19 PJM's capacity market is calculated as the difference
20 between a customer's peak load contribution or PLC,
21 and the specified firm load that they bid into the
22 auction, correct?

23 A. Correct.

24 Q. And a customer that materially fails to
25 interrupt service under the IRP Expanded Service

1 Tariff, two or more times in a 12-month period, can
2 be removed from the tariff, correct?

3 A. That's one of the possible actions if
4 they do miss twice.

5 Q. A demand response resource that clears in
6 PJM's RPM capacity auction faces a different
7 nonperformance penalty, correct?

8 A. Yes. It's monetary.

9 Q. And you would agree with me, under the
10 IRP Expanded Service Tariff there's also a monetary
11 penalty for failure to comply under the IRP Expanded
12 Service Tariff, correct?

13 A. Under the first -- under the first
14 nonperformance they would -- there is monetary --
15 possible monetary penalty.

16 Q. And likewise if they failed a second
17 time, there would be a second monetary penalty as
18 well as the option to be removed from the tariff?

19 A. I was just clarifying because we were
20 talking about the second time you could be removed.
21 I just wanted to clarify that under the first one
22 there is a monetary penalty along with all
23 subsequent.

24 MR. PRITCHARD: I have no further
25 questions, your Honor.

1 EXAMINER SEE: Mr. Margard.

2 MR. MARGARD: Thank you, your Honor.

3 Just very briefly.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Margard:

7 Q. Mr. Haugh, you're testifying today as a
8 representative of OCC, correct?

9 A. Yes.

10 Q. And your testimony represents the
11 position of OCC, correct?

12 A. Yes.

13 Q. Let me ask you to turn to page 4 of your
14 testimony, Question No. 8.

15 A. Which question and answer?

16 Q. Question and Answer No. 8.

17 A. Okay.

18 Q. Do you have that?

19 A. Yes.

20 Q. Now, the question asks whether the
21 settlement, as a package, benefits customers and the
22 public interest, correct?

23 A. Yes.

24 Q. And you understand that to be part of
25 what we call the traditional "three-part test" for

1 the consideration of stipulations.

2 A. Correct.

3 Q. And that's a correct statement of that
4 prong of the test?

5 A. Benefit customers and the public
6 interest, yes.

7 Q. Very good.

8 Now, in your answer beginning on page --
9 on line 19 of page 4, you indicate that "This prong
10 is intended to evaluate if all, or a majority of
11 customers, benefit from the Settlement..., correct?

12 A. Yes.

13 Q. All right. So, first of all, you
14 understand this prong relates to the settlement as a
15 package, the entirety of the settlement, correct?

16 A. Yes.

17 Q. Not to individual elements or aspects of
18 the settlement?

19 A. I think the individual elements have to
20 be considered as being a positive or a negative to
21 the overall package.

22 Q. Is that OCC's position that the
23 individual elements must be considered in addition to
24 the package as a whole?

25 A. I'm trying -- I'm -- in this -- in this

1 instance, I can say that it is. I can't speak for
2 every case that OCC has been a part of though.

3 Q. You believe the test should be applied
4 differently in different cases?

5 A. I'm saying that in this case I'm sure of
6 what I'm stating. I don't know what others have
7 stated on behalf of the agency.

8 Q. But it's your position that OCC's
9 position in this case is that the test should be
10 applied to individual elements of the stipulation and
11 not the stipulation as a whole. I'm just trying to
12 be clear on OCC's position.

13 A. In this case it is saying that the
14 package, as a whole, does not pass the test.

15 Q. I see. And it's not applying it to the
16 individual elements of the stipulation.

17 A. That's correct.

18 Q. Okay. Thank you.

19 You also indicate the intention of this
20 part of the test as evaluating whether it benefits
21 all or a majority of the customers. What's the basis
22 of your understanding of that intent?

23 A. What I'm stating there is that in this --
24 I'm basically stating that this particular settlement
25 has a lot of individual parties that are benefiting,

1 that are receiving benefit to the signatory parties
2 and that those -- it should not be based on signatory
3 parties getting individual benefits and then state
4 that because these -- we have a -- we have these
5 signatory parties that this is in the public
6 interest.

7 Q. Well, I hope you understand why I'm
8 asking you. You seem to indicate that the test needs
9 to be applied to individual elements of the
10 settlement and you also seem to be indicating that
11 benefits need to enure to all of the ratepayers.

12 Now, is it OCC's position that all
13 ratepayers must benefit with respect to each
14 individual element of the stipulation? Is that what
15 you're suggesting the test requires in this case?

16 A. No. What I'm stating is that this
17 particular settlement has a variety of signatory
18 parties that are receiving benefits that are not
19 benefiting the entire public.

20 Q. With respect to individual components.

21 A. You have -- you have to take the
22 individual components when you're judging the
23 settlement as a whole.

24 MR. MARGARD: That's all I have. Thank
25 you, your Honor.

1 EXAMINER SEE: Mr. Nourse.

2 MR. NOURSE: Thank you, your Honor.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Nourse:

6 Q. Good afternoon, Mr. Haugh.

7 A. Good afternoon.

8 Q. Last witness, last cross-examiner. Make
9 sure --

10 A. Best for last on both sides.

11 Q. So I don't want to repeat any of the
12 prior questions, I'll try not to do that, but I do
13 have some related questions on the same topics.

14 Starting with what Mr. Margard was just
15 covering. So it is your testimony the main purpose
16 of your testimony is to address what I'll call the
17 three-part test for a contested settlement, correct?

18 A. I would say both the three-part test and
19 the MRO versus ESP.

20 Q. Thank you.

21 A. I don't want to rank either of those.
22 Those are both important parts.

23 Q. I was going to say that next, I
24 apologize.

25 Okay. So the three-part test, just are

1 you -- is OCC contesting the serious bargaining
2 component of the three-part test in this case?

3 A. Meaning the first prong?

4 Q. Yeah.

5 A. I did not address that.

6 Q. Okay. And so, you don't have any basis
7 to contest the first prong in your testimony?

8 A. I have no opinion on the first prong.

9 Q. Okay. Thank you.

10 And in the second prong -- well,
11 sometimes they are numbered differently, so I'll say
12 the "does the total package benefit the public
13 interest" prong, which I'll refer to as the second
14 prong. Is -- is my understanding correct that in
15 your testimony you're challenging four provisions in
16 the stipulation as individual provisions that you
17 don't believe have value or benefit to ratepayers?

18 A. Correct.

19 Q. Okay. And then to -- to the third prong,
20 the regulatory principles or purposes or practice,
21 excuse me, you list three riders, three components of
22 the stipulation, that you believe each individually
23 violate regulatory principles; is that correct?

24 A. I'm just counting them. I had to switch
25 back to make sure our numbers are correct. Yes,

1 three on the "important regulatory principle or
2 practice" prong.

3 Q. The CIR, the Supplier Consolidated
4 Billing, and the Renewable Generation Rider?

5 A. Correct.

6 Q. Okay. And if we look at -- if we look at
7 the second component about total package and benefit,
8 would you agree that an individual component of a
9 stipulation may -- may or may not have benefit even
10 where the total package does have a benefit?

11 A. That one -- that one individual piece of
12 a settlement?

13 Q. Right.

14 A. I suppose that's -- that's possible.

15 Q. Okay. Whereas, under the third part of
16 the test, if something violates a principle, then
17 that would cause the third prong to be failed as an
18 individual provision; is that correct?

19 A. Yeah, if it's violating a regulatory
20 practice or principle, then it should fail the test.

21 Q. Okay. And that's unlike what you were
22 saying earlier in discussing the test with
23 Mr. Margard, if a particular provision fails the
24 third prong of regulatory principles in one case, it
25 would also fail it in another separate case, correct?

1 A. I'm not an attorney, so I'm not sure of
2 the exact standard of -- I'm assuming you are asking
3 as a regulatory expert, not a legal?

4 Q. Yeah. Just your understanding and as it
5 relates to the purpose of your testimony. Under the
6 third prong, is a particular provision okay in one
7 case and not okay in another case?

8 A. I'd have to see those particular
9 situations to evaluate that. I don't want to make a
10 blanket statement right now.

11 Q. Okay. But you're saying, so by that
12 answer, I gather you're saying it's possible for a
13 provision to violate a regulatory principle in one
14 case, but to not violate a regulatory principle in a
15 separate case?

16 A. I -- once again, I just said I would have
17 to evaluate each on its own to see the -- to see --
18 to be able to say that.

19 Q. Okay. At the bottom of page 3 in your
20 testimony you refer to, I guess, an additional
21 consideration for diverse interests; whether the
22 stipulation represents diverse interests. Do you see
23 that?

24 A. Yes.

25 Q. All right. And you agree that that is

1 not part -- that factor of diverse interests is not
2 part of the three-part test?

3 A. Correct. It's just -- as it's stated in
4 the testimony, just the PUCO's considered that in the
5 past.

6 Q. So it's an additional consideration, but
7 it's not part of the three-part test.

8 A. Not part of the three-part test from the
9 Supreme Court decision.

10 Q. Okay. And is it OCC's position in this
11 case that OCC would have been the only intervenor to
12 represent the residential constituent interests?

13 A. We're the only statute -- we are -- we
14 are the only party that is -- that is statutorily
15 responsible to represent residential customers.

16 Q. Okay. But stated differently, would you
17 agree that other signatory parties, other intervenors
18 that were signatory parties, also represent
19 residential customer constituent interests?

20 A. I can't speak for the other parties.

21 Q. Well, I am not asking you to speak for
22 them; I am asking your understanding. Let me try to
23 give you more specific examples; see if that helps.

24 Do you -- do you agree that the Ohio
25 Partners for Affordable Energy represent residential

1 customer constituents?

2 A. No. I consider Ohio Partners for
3 Affordable Energy a trade group that represents
4 weatherization providers.

5 Q. Do you know if the Commission has ever
6 made a finding that conflicts with your statement?

7 A. I'm not sure.

8 Q. Okay. How about the -- I'll ask you as a
9 group. The intervenors that represent environmental
10 interests, the ELPC, the OEC, the EDF, or Sierra
11 Club; do those groups represent and have members that
12 are residential customers of AEP Ohio?

13 A. I don't know.

14 Q. Don't know?

15 How about the staff of the PUCO, is it
16 your understanding that the staff looks out for
17 residential customers along with all other customers?

18 A. I know -- I know the staff's position is
19 to represent all parties, or all customer classes.

20 Q. Okay. If you could move to page 4 and 5,
21 Question and Answer 8. So is it your position,
22 Mr. Haugh, or OCC's position that the -- the four
23 provisions that you're listing, page 5, lines 2 and
24 3, only benefit individual signatory parties and
25 convey no benefits to other customers?

1 A. I would say that the cost for these
2 programs would outweigh the benefits to all
3 customers.

4 Q. And so you're saying there are benefits
5 to other customers, but they're outweighed by costs.

6 A. I can't necessarily say there's benefits.
7 Any benefits that would be -- that there could be
8 would definitely be outweighed by the costs involved
9 in the program or programs.

10 Q. Did you -- did you look at the total
11 package of the stipulation or are you addressing that
12 in your testimony or are you just addressing these
13 four provisions that you don't believe have net
14 benefits?

15 A. In my testimony I'm only evaluating the
16 programs that are listed in my testimony. There were
17 other witnesses that opined on different other
18 aspects of the stipulation.

19 Q. And is it your position that none of
20 these four provisions we're talking about advance the
21 public interest either?

22 A. Correct.

23 Q. Do you know whether the Commission has
24 found any of these four items as being beneficial in
25 other cases?

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

2 Q. Do you know whether OCC has supported any
3 of these four items as part of a settlement in other
4 proceedings?

5 A. I believe so.

6 Q. Okay. Let me ask you to turn to page 5.
7 I guess we're already there. I want to talk about
8 the IRP-D rider. Now, is it your understanding that
9 the IRP -- I'll just call it "the IRP" if that's
10 okay.

11 A. That's fine.

12 Q. The IRP tariff was approved most recently
13 in the ESP III decision?

14 A. I'm sorry. I get the numbers mixed up.
15 We're still on III, right? Meaning currently we are
16 under the -- this is the -- it was approved under the
17 13 -- as my testimony states, 13-2385. I can't
18 remember if that's II or III or --

19 Q. Right?

20 A. -- we are on IV here or where exactly we
21 are.

22 Q. I'm sorry. Are you finished?

23 A. No, go ahead.

24 Q. This is -- this is the ESP III extension
25 case, I guess, is what I refer to it. So we are in

1 ESP III term, but there was already an ESP III
2 decision by the Commission that extends the plan
3 through May 2018; is that your recollection?

4 A. Yes. Out of the -- as I said, out of the
5 13-2385 case.

6 Q. Okay. That's correct. All right. And
7 so that's what I really wanted to ask you about, the
8 Opinion and Order in the 13-2385. Is it your
9 recollection that the Commission found that the IRP
10 program was beneficial in that case?

11 A. You know, I know the Commission approved
12 it in that case. I can't remember exactly how
13 they -- their reasoning for approval of it.

14 Q. Okay. Let me try to help refresh your
15 recollection. I would like to show you an excerpt of
16 the ESP III Opinion and Order. I don't want to mark
17 this as an exhibit. You've got the table of contents
18 as well as the Variable Price Tariff section of the
19 Order in this excerpt. I'll give you a minute to
20 look at that. And when you're ready, I would like
21 you to look at page 40, the last paragraph in
22 Section 5 there, and can you read the first sentence
23 out loud?

24 A. Sure.

25 "Finally, the Commission agrees with OEG

1 that the IRP-D offers numerous benefits, including
2 the promotion of economic development and the
3 retention of manufacturing jobs, and further state
4 policy, which we recognized in the ESP 2 case."

5 Q. So from that, Mr. Haugh, do you -- do you
6 recall now that the Commission has found the IRP
7 program to be beneficial in the last two ESP orders?

8 A. According to that sentence, yes.

9 Q. And do you know if OCC challenged that on
10 rehearing or appeal? That finding?

11 A. I do not know.

12 Q. Okay. Do you agree that the IRP furthers
13 Ohio's effectiveness in the global economy and in
14 furtherance of R.C. 4928.02(N)?

15 A. I would have to see 4928.02(N) to be able
16 to opine on that.

17 Q. All right. Do you -- do you agree that
18 the IRP furthers Ohio's effectiveness in the global
19 economy?

20 A. Not necessarily.

21 Q. Okay. Do you agree that energy intensive
22 IRP customers receive a lower quality of service than
23 other customers by choice?

24 A. I don't know that.

25 Q. They are subject to interruption,

1 correct?

2 A. Being the IRP customers are?

3 Q. Yes.

4 A. They are.

5 Q. And that's a distinction among all other
6 customers, correct?

7 A. They volunteer for that.

8 Q. And my question said "by choice" but --

9 A. I didn't hear you, yes.

10 Q. Okay. And would you agree there is a
11 cost-of-service basis to charge them less; IRP
12 customers?

13 A. I don't know if it's necessarily cost of
14 service. The discount is not necessarily cost of
15 service based because, as the order stated, it's for
16 economic development, which would not necessarily be
17 cost of service based.

18 Q. Well, do you agree, as a general matter,
19 that an interruptible customer would either cost less
20 to serve or would save other system costs that
21 everyone would benefit from?

22 A. Not necessarily.

23 Q. All right. So with respect to the legacy
24 portion of the IRP provision in the stipulation, do
25 you know -- do you happen to know who the legacy

1 customers are? I don't want you to mention them
2 necessarily.

3 A. That's confidential, so yeah, I do know,
4 yes. I did read that discovery.

5 Q. And are those parties signatory parties?

6 A. Not as individuals. I do not know if
7 they are members of any -- there is a number of large
8 industrial groups that they possibly could be part
9 of. I don't know the member list.

10 Q. Okay. And with respect to the new
11 industry IRP provision in the stipulation, are you
12 familiar with that?

13 A. Meaning new customer or new -- new IRP
14 customers?

15 Q. Well --

16 A. It's a little confusing at that point.

17 Q. I'm sorry. It's called "new industry" in
18 the stipulation. There are three categories of IRP
19 customers in the stipulation. Do you recall that?

20 A. Yes.

21 Q. Okay. And so you have legacy; you have
22 the expanded IRP, No. 2; and then; No. 3, new
23 industry. Is that your recollection?

24 A. Yes. I was -- I was mixing 2 and 3.

25 Q. Sure.

1 A. I will use your definition.

2 Q. Okay. So the -- are the -- are the
3 customers that receive new industry IRP participation
4 status, are they limited to signatory parties?

5 A. I believe the -- that has already -- the
6 120 megawatts for new industry is -- is -- I believe
7 it's potentially allocated to a -- one individual
8 customer based on another case, an economic
9 development case that was filed.

10 Q. That's a pending request before the
11 Commission, correct?

12 A. Yes, yes.

13 Q. Okay. So there's no requirement that
14 you're aware of in the settlement that would limit
15 the new industry IRP participation to signatory
16 parties?

17 A. It appears as though it's already been
18 allocated. But if that economic development is not
19 approved, then I'm not -- I -- there is not a
20 specific earmark.

21 Q. Is it your understanding that the case
22 you're referring to, that the Commission has made any
23 rulings in that case?

24 A. They have not made any rulings. I
25 believe comments will be due in the next few days.

1 Q. Okay. But, again, my question was
2 whether the settlement conditions or limits the
3 availability of the new industry IRP to signatory
4 parties?

5 A. It doesn't limit, but, as I said, it
6 appears as though it's already been allocated.

7 Q. Okay. Are you aware of customers that
8 are otherwise eligible and interested in
9 participating in the IRP program that are not members
10 of the signatory party groups?

11 A. Do I know of any?

12 Q. Yes.

13 A. I do not know of anybody that is
14 interested that's not -- but you are asking to
15 disprove a negative, so it's difficult to say. But
16 there are others out there.

17 Q. Okay. You are not aware of any, correct?

18 A. No.

19 Q. And you're not suggesting through your
20 testimony, are you, that residential customers are
21 capable of contributing to this program?

22 A. They could. There's a large number of
23 residential aggregation demand response programs.

24 Q. Individual residential customers would
25 not be able to effectively participate based on the

1 terms and conditions, correct?

2 A. I'm not sure what classes were -- were in
3 the tariffs, in the proposed tariffs for this. If
4 residential are specifically eliminated.

5 Q. Well, is it your understanding that
6 there's a minimum interruptible load that you have to
7 dedicate under the IRP tariff?

8 A. Yes, there is and that's what I'm saying.
9 I'm not sure what that minimum is.

10 Q. Okay. Now, you talk in Question 12,
11 Question and Answer 12 on page 7 of your testimony,
12 about some events that had been called under the --
13 under the program and in connection with PJM demand
14 response programs. Do you see that?

15 A. Yes.

16 Q. Since 2012 is the time frame that you're
17 looking at there, correct?

18 A. Yes.

19 Q. Okay. Now, would you agree, first of
20 all, that the company's ability to interrupt a
21 significant amount of load could be a valuable option
22 to use in the future regardless of how many times
23 it's been used in the past?

24 A. I guess I'm not sure of the overall value
25 when you have a PJM program and most -- or, well, the

1 planning and capacity markets are based on a regional
2 basis and PJM is the -- essentially the regional
3 planner. They are better at running a program such
4 as this.

5 Q. Okay. Well, you're saying that as a
6 local distribution company, there's no operational
7 value to AEP Ohio having the capability to interrupt?

8 A. I can't specifically speak for the
9 particular value to an EDU in this instance.

10 Q. Are you familiar with the PJM programs?

11 A. Yes.

12 Q. Demand response programs?

13 A. Yes.

14 Q. And are those programs that exist today
15 and are in effect today, do you know if they can
16 interrupt any time during the year?

17 A. I'm pausing because I'm thinking when
18 the -- there is -- I don't believe at this time they
19 are. Once the capacity performance requirement goes
20 into effect, then a demand response -- a person that
21 offers demand response into the PJM capacity market
22 will need to have an annual product.

23 Q. Okay.

24 A. Meaning they have the option to be
25 curtailed throughout the year.

1 Q. Okay. And let's look at your MPH-3, your
2 attachment here to your testimony that references
3 it's a Data Request Response that references these
4 interruption events. Do you see that?

5 A. Yes.

6 Q. So, if you know, were the interruptions
7 that occurred during the polar vortex, which I
8 believe were the January 7 two events in 2014, and
9 January 8 in 2014, that was the polar vortex,
10 correct?

11 A. Yes.

12 Q. And do you know if those interruptions
13 were mandatory under the PJM program?

14 A. I don't believe -- no. I believe they
15 were voluntary where PJM made the call to
16 interruptible customers to curtail their load.

17 Q. It was voluntary under the AEP Ohio
18 program that existed at the time?

19 A. I don't know the details of the AEP
20 program at that time. I'm sorry, I can't say.

21 Q. Are you aware of -- leaving aside the
22 economic buy-through provisions in those
23 circumstances, are you aware that the IRP tariff that
24 AEP Ohio has had in place, whether it's voluntary or
25 mandatory?

1 A. Under the current tariff it is mandatory.
2 The proposed tariffs are mandatory.

3 Q. And has it been optional in the past, to
4 your knowledge?

5 A. I don't know.

6 Q. You're not aware of any prior version
7 that was optional?

8 A. No. And I say that because I'm not
9 sure -- as we are -- I know it's -- the tariff states
10 that under -- under PJM -- when PJM calls on demand
11 response, then AEP customers are required to, and I'm
12 not sure if the -- in this instance whether it's a
13 voluntary call by PJM.

14 Q. So if it was mandatory under the AEP Ohio
15 program and optional under the PJM program for the
16 polar vortex interruptions, would you agree that the
17 AEP Ohio program has value?

18 A. I can't say that -- I'm not sure if it
19 was voluntary under AEP during -- in 2014.

20 Q. And I am asking you to accept that, at
21 least hypothetically, because you already confirmed
22 that the PJM program was voluntary. So assuming that
23 the AEP Ohio program was mandatory, would you agree
24 that the interruptions that occurred during the polar
25 vortex added value for the State of Ohio IRP program?

1 A. I can't necessarily say that.

2 Q. Okay. Let's switch to the BTCR,
3 Mr. Haugh, page 8 of your testimony, Question and
4 Answer 14, you begin addressing that. So you mention
5 here, I believe, in line 16 in the footnote that the
6 BTCR Pilot was established as part of the Global
7 Settlement, correct?

8 A. Yes.

9 Q. And OCC was a signatory party to the
10 Global Settlement, correct?

11 A. Yes, we were.

12 Q. In fact, you filed testimony in support
13 of the settlement, correct?

14 A. Yes.

15 Q. And you included the BTCR Pilot in your
16 testimony as well as the Supplier Consolidated
17 Billing provision, correct?

18 MR. MICHAEL: I am going to object, your
19 Honor, to the extent that those programs were part of
20 a settlement and contain a provision that says it
21 can't be used as precedent in any other cases.

22 MR. NOURSE: Yeah, your Honor, I am not
23 using it as precedent.

24 MR. MICHAEL: Then it's irrelevant.

25 MR. OLIKER: Except for purposes of

1 enforcement.

2 MR. NOURSE: If I could finish.

3 Yeah, I mean, actually what I am asking
4 is about what he said earlier that the -- that the,
5 you know, the distinction between the three-parts of
6 the test and under portion 3, you know, it doesn't
7 matter whether it's one case or another, whether it
8 violates regulatory principle. I asked about that
9 earlier. So I'm asking him a simple question whether
10 he filed testimony. I can -- I can show him the
11 testimony if he doesn't recall.

12 EXAMINER SEE: And your objection, again,
13 Mr. Michael?

14 MR. MICHAEL: My recollection of the
15 pending question is different than what Mr. Nourse
16 just represented. My recollection of the question
17 was more going down a substantive path of didn't you
18 agree to this thing in the Global Settlement and you
19 are opposing it now. And I objected on the grounds
20 that to the degree that was part of a Global
21 Settlement, those settlement provisions -- or those
22 settlement documents, as your Honors are aware,
23 contain provisions that state they can't be used as
24 precedent in future cases and that was the basis for
25 my objection.

1 MR. NOURSE: Well, I'm sorry.

2 EXAMINER SEE: Go ahead, Mr. Nourse.

3 MR. NOURSE: Go ahead. I was going to
4 say, again, I am not using it as precedent. He did
5 file testimony in that case that recommended the
6 three-part test be approved including the -- some of
7 these provisions and I believe we're currently
8 talking about the BTCR Pilot. So it's more about his
9 testimony than the stipulation.

10 MR. MICHAEL: But his testimony that he
11 filed was in support of the stipulation so I think,
12 your Honor, it's even more clear in my mind now that
13 the grounds for the objection are appropriate because
14 whatever was done in that particular case with that
15 particular settlement should not be used as precedent
16 here for any purpose.

17 MR. NOURSE: Well, your Honor, look, if
18 we establish something in a case as part of a
19 settlement, and then in the next case, a few months
20 later, they can turn around and attack that,
21 that's -- that's not -- that's a matter of the
22 settlement of what it was and not trying to use it as
23 precedent. I mean, it's something -- the BTCR Pilot
24 was established as part of that settlement.

25 So you can't sign a settlement and then

1 turn around a few months later and say we want to
2 attack this provision. I just don't think that's --
3 that's not the same as trying to use it. I'm not
4 saying in this case it's precedent you have to agree
5 and you have to sign this stipulation. But you
6 can't -- you can't attack it as violating the
7 three-part a couple months after signing the
8 agreement.

9 MR. MICHAEL: At the risk, your Honor, of
10 getting cross-eyes with your Honor, I do want to
11 point out that it's confusing. On the one hand,
12 proponents of the stipulation want to evaluate it as
13 a package and parties sign on to the stipulation for
14 any number of different reasons based on that
15 package. So there is simply no conclusions that can
16 be drawn and any positions taken in a prior
17 settlement that would be applicable and relevant to a
18 subsequent settlement, which is precisely why there's
19 provisions contained in those documents that says it
20 can't be used as precedent in future proceedings.
21 Thank you.

22 MR. NOURSE: And, your Honor, if that
23 helps, that was my only question I wanted him to
24 confirm, it was part of the stipulation, that he
25 included it in his testimony as part of his

1 recommendation in that case, the three-part test was
2 fulfilled.

3 EXAMINER SEE: Let's try it this way.
4 Try the question again, Mr. Nourse.

5 MR. NOURSE: Okay.

6 EXAMINER SEE: It's gone on for a while
7 and I'm not sure --

8 MR. NOURSE: Sure.

9 EXAMINER SEE: -- what the question is
10 going to be at this point.

11 Q. (By Mr. Nourse) Mr. Haugh, you did file
12 testimony in support of the Global Settlement and
13 recommended approval of the Global Settlement based
14 on the three-part test, correct?

15 A. As the entirety of the settlement,
16 correct?

17 Q. Okay.

18 A. I filed testimony as to supporting the
19 entirety of the settlement, yes.

20 Q. You recommended to the Commission that
21 the settlement, that included the BTCR Pilot,
22 fulfilled the three-part test and should be adopted,
23 correct?

24 MR. MICHAEL: Objection on the grounds
25 previously stated.

1 MR. NOURSE: I've got the testimony, your
2 Honor, if there is some question about what it is.
3 I'm simply asking him to confirm that.

4 EXAMINER SEE: The objection is
5 overruled. I am going to let the witness answer the
6 question.

7 THE WITNESS: Could you have the question
8 reread, please?

9 EXAMINER SEE: Sure.

10 (Record read.)

11 A. I agree that as a package, the Commission
12 should -- should accept the settlement in that case.

13 Q. Okay. Mr. Haugh, on the same -- well,
14 page -- page 9, line 10, your continuing discussion
15 about the BTCR Pilot and you assert that "A customer
16 can game the system if they are not able to reduce
17 their load on the 1CP because the customer can decide
18 not to participate and pay transmission costs based
19 on the class wide allocation." Do you see that?

20 A. Yes.

21 Q. Now, what is your understanding of when
22 the -- when the BTCR Pilot rates will change? Do you
23 have an understanding of the process and the timing
24 throughout the calendar year as to when that will
25 happen?

1 A. Yes. The -- as I stated in my testimony,
2 the -- using 20 -- using 2018 as an example. On
3 December 1 of 2017, the customer will announce if --
4 its intention. And then in 2018, I believe AEP
5 adjusts their transmission rider in June at the start
6 of the -- or at the end/start of the PJM planning
7 year.

8 Q. Well, I'm not sure that's -- that's a
9 complete example or not, but in your example --

10 A. I may have skipped over a few things, a
11 few steps in there, but those are the big-picture
12 items.

13 Q. Well, was -- was the customer in your
14 example a customer that had participated in the prior
15 year in 2017 and missed 1CP? Is that your example or
16 can you fill it in a little bit better?

17 A. Oh, sure, yes. So if -- in that instance
18 if a customer were to miss the 1CP and then by -- on
19 December 1 they could decide not to enter into the
20 BTCR Pilot for 2018.

21 Q. And when would that -- when would that
22 customer election take effect?

23 A. December 1 of 2017 for the 2018 pilot
24 program.

25 Q. So it's your understanding that the

1 customer can drop out effective January 1 in that
2 example?

3 A. No. I believe it happens -- I believe
4 the -- I apologize if I'm getting some of these
5 programs mixed up. That goes on the PJM planning
6 year. So they would actually withdraw on December 1
7 and then it would be in June that they would actually
8 be removed from the program.

9 Q. So they would continue paying the old
10 rate for several months.

11 A. Correct.

12 Q. Yeah.

13 Now, is it your understanding that the
14 BTCR Pilot program and the ability to participate in
15 that is limited to signatory parties?

16 A. Well, it's -- it's hard to say because a
17 number of marketers are allocated certain amounts.
18 So although the marketers signed; the individual
19 customers that are benefiting might not sign. I
20 would say that -- they weren't direct signatory
21 parties but their representatives are signatory
22 parties.

23 Q. Anything else?

24 A. Consult the stipulation quickly.

25 There's three -- there's three public

1 school customers, but I would consider those also
2 representative of Direct -- those are specifically
3 allocated to Direct Energy, so. Yes, I believe all
4 customers are signatory parties or represented by
5 signatory parties.

6 Q. Are you aware of a set-aside of 20
7 megawatts for schools in the stipulation's BTCR
8 Pilot?

9 A. I believe those are covered under the
10 Direct Energy customers.

11 Q. Okay. Do you have the settlement?

12 A. I'm looking at it right now.

13 Q. Okay. Let's refer to it. Okay.

14 A. I can -- I can stop this. I see it does
15 say the "BTCR Pilot will be similarly kept open for
16 schools." 20 megawatts for schools.

17 Q. All right. And there is nothing in the
18 language of paragraph 8 there that limits those
19 schools to being tied to a signatory party, correct?

20 A. Correct.

21 Q. Okay. Okay. Let's shift to the
22 automaker credit, Mr. Haugh, page 10 of your
23 testimony. Now, do you know how many current
24 automaker customers AEP Ohio has?

25 A. I -- I -- there was discovery asked on

1 that and no response given. The response was given
2 that AEP did not know what customers would be
3 eligible for this.

4 Q. Well, okay. So let me just ask you,
5 let's say hypothetically that there's an automaker,
6 we will call them Ford Motor Company just as an
7 example, okay?

8 A. I've heard of them.

9 Q. So does it matter -- well, let me back
10 up.

11 So you're challenging this baseline, 2009
12 being used as a baseline in your testimony, correct?

13 A. That's one -- that's one of the issues I
14 have with the automaker credit.

15 Q. Right. So that's your first --

16 A. Actually, the first would be it should be
17 treated as an economic development -- economic
18 reasonable arrangement, that would be my first issue
19 with the automaker credit.

20 Q. Okay. Well, that's Question and Answer
21 18. I am asking you about 17. The Question and
22 Answer 17 where you deal with the baseline. Are you
23 with me?

24 A. Yes.

25 Q. Okay. And so if -- if Ford Motor Company

1 in our hypothetical example had -- does it matter
2 whether they had a low point in production in 2009 to
3 your objection about the baseline?

4 A. No. No. The baseline, I'm saying that
5 the baseline should be a more recent aspect. I'm
6 saying it's a -- it's not an accurate representation
7 if the -- if the idea of this rider is to increase --
8 is for an automaker to increase production, then
9 using 2009 would not be a good way to judge an
10 increase in production for a credit that comes into
11 effect in 2017 or 2018.

12 Q. Well, your statement assumes that there
13 have been increases in production since 2009, doesn't
14 it?

15 A. Yes.

16 Q. Okay. And that may or may not be true,
17 correct?

18 A. For that particular, I have -- my
19 statistics show for the State of Ohio that 2009 was a
20 low point.

21 Q. Okay. But you didn't look at AEP Ohio's
22 service territory customers or specific automakers
23 within the company's service territory, correct?

24 A. I did not. As I stated, I wasn't -- I
25 asked for that information. I was not given it.

1 Q. But you in line 4, on page 11, you say
2 that this baseline greatly increases the amount of
3 credit, correct?

4 A. The potential for the credit.

5 Q. So it may or may not increase if you
6 change the baseline, correct?

7 A. It may or may not increase, but as I
8 said, the idea for the -- the origin of this credit
9 was to encourage an increase in production for
10 automakers, and to encourage an increase you should
11 use a more recent timeline.

12 Q. Well, if a -- if a particular customer
13 hasn't increased production since 2009, then the use
14 of the 2009 baseline would not -- would not affect
15 the credit at all, correct?

16 A. If there wasn't an increase since 2009?

17 Q. If there was not an increase until they
18 took advantage of the credit.

19 A. No. If they don't increase production
20 between 2009 and today, then they won't see any
21 credit.

22 Q. Okay. And similarly if a new automaker
23 comes into the territory and takes advantage of this
24 credit, the baseline here would also not impact the
25 credit because it would have been zero no matter what

1 year in the past you choose, correct?

2 A. Yeah. A new customer would only see an
3 increase obviously.

4 Q. Okay. Now, you mentioned earlier, in
5 Question and Answer 18, you're referring to the
6 reasonable arrangement statute, and I believe you
7 summarized earlier you think that the automaker
8 credit should only be awarded as part of a reasonable
9 arrangement proceeding, correct?

10 A. Yeah. As I state in Question and Answer
11 17 that this -- that the Commission should not accept
12 this; but if they do, they should switch the
13 baseline. And the reason that they should not accept
14 this is because it should be considered under a
15 reasonable arrangement.

16 Q. Okay. And if they considered it under a
17 reasonable arrangement, it would be reasonable,
18 correct?

19 A. That would be -- that would be yet to be
20 determined.

21 Q. All right. Well, do you -- do you see
22 any value in an off-the-shelf economic development
23 solution for an automaker?

24 A. For residential customers? Not -- one
25 does not come to mind immediately.

1 Q. So you're not -- it wouldn't -- for you
2 it wouldn't depend on the benefits associated with an
3 automaker either locating or expanding in an AEP Ohio
4 service territory; is that correct?

5 A. Well, what I'm saying in Question and
6 Answer 18 is that this has to be considered in its
7 totality that a reasonable arrangement would require
8 a certain number of jobs, capital expenditures, and
9 other aspects that are weighed together as to what
10 this is -- what this particular entity, how it is
11 benefiting the state and also the -- as a utility
12 customer. Where this is just handing out \$10 per
13 megawatt-hour for producing higher than eight years
14 ago.

15 Q. Okay. Setting aside the baseline because
16 you already addressed that, are you saying that in --
17 if an automaker increases their production and
18 creates new jobs, you don't see a benefit to other
19 customers in the service territory?

20 A. You're assuming that this will lead to
21 increased production and new jobs. There's -- there
22 is no requirement for an increase in production or
23 new jobs for -- in the instance of a new customer,
24 but in the instance of a -- there would be increased
25 production but that doesn't mean additional jobs or

1 additional capital investment would be required.

2 Q. But you're -- you're statement about the
3 increase in production is tied to the baseline issue,
4 right?

5 A. Correct.

6 Q. Okay. Let me just ask you a couple
7 questions about the "Enroll From Your Wallet" program
8 on page 13. Start with Question and Answer 19
9 through 21. Now, are you aware of any rule or
10 regulation that requires a customer to possess their
11 bill from AEP Ohio when they're making a decision to
12 shop or being approached by a marketer?

13 A. No. They have to have the information,
14 but what I'm saying here is that a bill provides a
15 useful tool in deciding to shop.

16 Q. And whether or not someone has their
17 bill, they can choose to shop or choose a CRES
18 provider during a call when they get a marketing call
19 at home; is that correct? That's one way?

20 A. I'm sorry. Could you reread the question
21 or --

22 Q. Sure. Yeah. What I am asking is you're
23 focused on the bill and I guess -- I gather from your
24 prior testimony having the price to compare from the
25 bill. So what I'm asking is aside from the "Enroll

1 From Your Wallet" program, in other contexts where a
2 customer is being marketed to, to switch or select a
3 CRES provider, is there any assurance that customers
4 would have their paper bill or consult it during that
5 process?

6 A. Well, they need to get the SDI number and
7 account number for a telemarketing call also.

8 Q. And is that -- is the paper bill the only
9 method to get the SDI?

10 A. Well, if you are on a phone call, it
11 would be difficult to call AEP to get your number, to
12 get the SDI number. I'm trying -- I'm not sure if
13 it's available any other way.

14 Q. Okay. Are you aware of whether it's
15 available online through the customer's online access
16 account?

17 A. I don't know that and I'm not sure how
18 easily available online it would be for someone that
19 would be on the telephone. Rolling through their
20 phone.

21 Q. Okay. Well, I was just asking you
22 whether you know whether it's available through the
23 online --

24 A. I don't know.

25 Q. Okay. All right. So then do you agree

1 that the Commission already has consumer safeguards
2 in place for switching process?

3 A. There are rules in place for enrollment.
4 Some would argue if they are secure enough.

5 Q. And do you agree the stipulation provides
6 for staff auditing of CRES activity under this
7 program?

8 A. Under the "Enroll From Your Wallet" --

9 Q. Yeah.

10 A. -- program? I can't remember that
11 specific part of the -- of the settlement.

12 Q. And is it your understanding that the
13 staff is going to oversee this program and review it?

14 A. I know staff is -- has a commitment to
15 review it. I don't know "overseeing."

16 Q. Okay. Let me move to the third prong of
17 the test and I believe this part of your testimony
18 starts on page 14, Question 22.

19 A. Did you say 14?

20 Q. Page 14, Question 22, I believe is where
21 you start.

22 A. Okay.

23 Q. The "violating the important regulatory
24 principle" portion. Are you there?

25 A. Yes.

1 Q. Okay. So, again, this -- your testimony
2 is the CIR, the Supplier Consolidated Billing, and
3 the Renewable Generation Rider violate important
4 regulatory principles, correct?

5 A. Yes.

6 Q. Now, has OCC previously agreed to any of
7 these three items in other cases?

8 A. I am not -- I know definitely not the CIR
9 nor the RGR. I'm not sure if the Supplier
10 Consolidated Billing is in a previous case.

11 Q. You are not sure whether the Supplier
12 Consolidated Billing was part of the Global
13 Settlement?

14 A. I'm trying to remember. I'm not sure at
15 this point.

16 Q. Okay. On page 15, Question and Answer
17 24, I just want to clarify why you included this
18 question and answer. I believe earlier you said that
19 you were not testifying and didn't challenge the
20 serious negotiations prong of the three-part test,
21 correct? Is that "yes"? I'm sorry, I think you were
22 nodding your head.

23 A. Oh, I wasn't nodding. I didn't know that
24 there was a question but. No, I am not -- I am not
25 opining on the first part of the test.

1 Q. And I noticed in your original testimony
2 you filed before the stipulation that was entered
3 into in this case, you had the same Q and A. Do you
4 recall that?

5 A. Yes.

6 Q. Okay. Is it your recollection that there
7 is a provision in the PPA rider settlement that
8 required signatory parties to meet and determine the
9 value for the CIR that the company would propose in
10 this case initially?

11 A. Yes, I believe that was from the 14-1693
12 case.

13 Q. Right. So the company's amended
14 application and supporting testimony from a year ago
15 in this case, that value, I believe it was the 62
16 cents, the CIR, was based on a discussion that was
17 had under the PPA settlement; is that your
18 understanding?

19 A. It's my understanding based on discovery
20 responses that this -- that there was a meeting and
21 that this was just an administratively-determined
22 number.

23 Q. But yeah, that's -- my questions are just
24 procedural since you included this question and
25 answer here. That -- that meeting to come up with --

1 at least an attempt to come up with an initial
2 proposal for the CIR value was amongst signatory
3 parties for the PPA rider, correct?

4 A. Yeah. Question and Answer 24 is
5 basically I am stating I have no knowledge as to
6 how -- how that came about, that we were not part of
7 that discussion, and that it was an
8 administratively-determined number without any input
9 from OCC.

10 Q. And because OCC was not a signatory party
11 to the PPA settlement, OCC was not required to be
12 included in that meeting under that provision,
13 correct?

14 A. No. But I would argue that the -- that
15 residential customer interests should have been
16 considered in that determination.

17 Q. Okay. I am trying to skip stuff that was
18 covered earlier.

19 A. You can skip as much as you want.

20 Q. Okay. Wait a second.

21 Well, okay. On page 19, line 1, I
22 believe there's a typo there. When you are talking
23 about regulatory principles, that's p-l-e, right?
24 And that's something like rates should be just and
25 reasonable, right?

1 A. Yes. Not the "principal" of the school.
2 You are correct.

3 Q. "A regulatory principal" would be like a
4 VIP, a regulatory VIP, like Bruce Weston or somebody
5 like that?

6 A. I was not referring to the Consumers'
7 Counsel in this. I was referring to a regulatory
8 principle.

9 Q. All right. All right.

10 RGR, page 30 -- Question and Answer 34,
11 page 19, Renewable Generation Rider. Are you with
12 me?

13 A. Yes, I'm there.

14 Q. All right. Do you acknowledge that the
15 ESP statute permits an electric distribution utility
16 to build new capacity and collect a nonbypassable
17 charge for the life of the facility?

18 MR. MICHAEL: Objection.
19 Mischaracterizes the requirements in the statute and
20 I think calls for a legal conclusion that this
21 witness isn't qualified to answer.

22 MR. NOURSE: I will be happy to rephrase,
23 your Honor.

24 EXAMINER SEE: Then do so.

25 Q. Mr. Haugh, based on your -- based on your

1 understanding as a -- as a non-attorney and based on
2 your understanding of the electric security plan
3 regime that's in place in Ohio, is it your
4 understanding that under some circumstances the
5 electric distribution utility can build new capacity
6 and collect a nonbypassable charge?

7 A. Yes. There are requirements that need to
8 be met for any generation to be built under the ESP
9 statute.

10 Q. And is it to be determined as to whether
11 any future proposal under the RGR meets those
12 requirements?

13 A. I believe there is a separate proceeding
14 for any projects that are -- that would be proposed
15 by the company under this rider.

16 Q. Okay. And on page 20, in Answer 35,
17 you -- I don't want to put too many words in your
18 mouth, but you seem to be complaining that AEP Ohio
19 already has too many riders and you note that there
20 are 25 currently?

21 A. Yes.

22 Q. And that -- is that an additional basis
23 that you have to object to the RGR?

24 A. Exactly. This is -- under the original
25 14-1693 case, the RGR and the OVEC PPA were both to

1 be included in the same rider. And once again, I'm
2 stating I don't think there should be a renewable
3 generation rider, but if -- if the Commission does
4 decide to allow for a renewable generation rider,
5 then it should be as stated in the 14-1693 case and
6 included in with the OVEC PPA.

7 Q. And while I understand your -- your views
8 about too many riders, that's your opinion, but I
9 guess my question for you is whether you would agree
10 or acknowledge that there are also benefits of
11 separately tracking costs and price transparency to
12 establish distinct riders that cover specific cross;
13 would you agree -- specific costs; would you agree?

14 A. Well, I think this -- this rider under
15 the -- is going to be treated in the same fashion as
16 the OVEC rider in that it's going to be liquidated
17 into the PJM market and costs -- the costs will be
18 offset by the market -- by the market -- by the
19 revenues from the market, which is the same way that
20 the OVEC PPA is being treated, so. And I believe
21 it's also stated this could be a hedge against
22 changing markets.

23 So I think -- I think the OVEC and the
24 Renewable Generation Rider are essentially one and
25 the same, other than that the Renewable Generation

1 Rider is to be proposed at a later date.

2 Q. Well, if we agree not to change the name,
3 is OCC supportive of the proposal?

4 A. As I stated earlier, we disagree with the
5 Renewable Generation Rider and, for that matter, the
6 OVEC rider; but if the Commission were to decide to
7 go with these, I'm suggesting that they continue to
8 be in the same rider.

9 Q. Okay. And you agree that the OVEC costs
10 do not reflect renewable energy costs, right?

11 A. OVEC in itself?

12 Q. The current OVEC costs and the PPA rider
13 today.

14 A. There is no renewable generation --

15 Q. Okay.

16 A. -- involved in that.

17 Q. Okay. And then page 20, line 13, you
18 reference 4905.33(B). Do you see that?

19 A. Yes.

20 Q. And when I read that sentence, to me the
21 key phrase is "for the purpose of destroying
22 competition." So my question for you is whether --
23 whether that's the assertion you're making that this
24 future project would be proposed for the purpose of
25 destroying competition or does that factor matter to

1 your analysis?

2 A. That factor has very large weight on me
3 in that -- in the statute there. The -- as I state
4 right below that, this allows for a customer looking
5 for renewable generation to purchase at a discount as
6 opposed to going through a competitive, either a CRES
7 or another competitive provider of renewable
8 generation. So this, in fact, if -- if you have the
9 two options, to get something that's subsidized or
10 not subsidized, most people would choose the
11 subsidized route.

12 Q. Well, okay. So you -- you agree that any
13 issues like that that relate to an actual proposal
14 that the company files can be taken up in a future
15 case?

16 A. I'm not sure what exactly would be the --
17 what would be encompassed in a future case.

18 Q. Well --

19 A. I would hope that that would be a -- it
20 wouldn't -- that these cases wouldn't happen at all
21 because there shouldn't be a Renewable Generation
22 Rider.

23 Q. Let me state it differently.

24 Is there anything today, Mr. Haugh, as
25 you sit here today and with the RGR being approved as

1 a placeholder under the stipulation, that presents an
2 issue about destroying competition?

3 A. If there's no charges, if there's no
4 projects ever being developed, there's no --
5 competition can't be destroyed. But the ability to
6 propose a Renewable Generation Rider at a discounted
7 rate would destroy competition, so one leads to --
8 one would lead to the other. The ability to have
9 this rider could lead to destroying competition.

10 Q. Okay. But if something materializes that
11 OCC has a concern like that, they'll have an
12 opportunity in the future case to address that,
13 correct?

14 A. I would hope the Commission would --
15 would heed my testimony and not have those cases at
16 all.

17 Q. Okay. Let me just ask you a few more
18 questions on your MRO testimony. So, let's see,
19 let's go to page 24. In Answer 39 you address, among
20 other things, the quantitative benefits regarding the
21 DIR. Do you see that?

22 A. Yes.

23 Q. And so, first of all, is it your opinion
24 that the DIR has no quantitative or qualitative
25 benefit for customers?

1 A. Yes. I'm basing that on OCC witness
2 Williams' testimony.

3 Q. Okay. So do you know whether the
4 Commission has previously determined that the DIR is
5 beneficial in the context of the MRO test?

6 A. I know that it's approved it in previous
7 cases. Once again, I'm not sure if they specifically
8 stated the benefits of it.

9 Q. And do you know whether the Commission
10 previously determined that the ESSR, that you go on
11 to address in Answer 39, also is beneficial?

12 A. Same answer as the previous. I know it's
13 been approved. I don't know how it was -- how it was
14 addressed in the Order.

15 Q. And then further down in Answer 39, do
16 you know -- you're addressing the RDCR, correct?

17 A. Yes.

18 Q. And do you know whether the Commission
19 has previously determined that the RDCR is beneficial
20 in the context of the MRO test?

21 A. Same answer as the previous. I know it
22 was approved. I'm not sure of the benefits that the
23 Commission would have determined.

24 Q. But if the Commission had made those
25 determinations, that wouldn't matter to you, correct?

1 A. I would say in this case they're not --
2 specifically for this case they are not -- they are
3 not adding a quantitative benefit or qualitative.

4 Q. "In this case" does that mean you agree
5 with the Commission's prior determinations that in
6 other cases that the DIR, the ESSR, and the RDCR are
7 beneficial in the context of the MRO test?

8 A. I have no opinion on the previous cases.

9 Q. Okay. Let's go ahead and show you that
10 then if you don't recall.

11 Mr. Haugh, I've included a separate
12 excerpt of the Opinion and Order in 13-2385. I will
13 await until they're handed out.

14 Thank you.

15 Okay. This is an excerpt of the February
16 25, 2015, ESP III Opinion and Order. It has the
17 table of contents.

18 A. I was handed two documents. It's the
19 13-2385?

20 Q. Yes.

21 A. Okay.

22 Q. It's the one that has the MRO section
23 starting at page 91.

24 A. Okay.

25 Q. Okay. And you testified in this case,

1 correct? In that case?

2 A. I did not, no.

3 Q. Okay. And so are you -- did you take a
4 look at this? You see the MRO section begins on
5 page 91 and feel free to take the time to look at it,
6 but I want to ask you some questions about the
7 Commission's findings beginning on page 94.

8 MR. MICHAEL: Your Honor, I'd object to
9 this line of questioning. The Opinion and Order says
10 what the Opinion and Order says. AEP certainly can
11 cite it in its briefs. Mr. Haugh just testified he
12 didn't offer any opinions in that case. And I don't
13 see any benefit of spending time on going through to
14 read what the Opinion and Order says. It says what
15 it says. And Mr. Haugh wasn't involved in the case,
16 so I would object to questioning about this.

17 MR. NOURSE: Well, your Honor, I am just
18 probing his testimony in this case and what
19 conclusions that he's made about the -- these riders
20 not having any value. In fact, having a cost in the
21 context of the MRO test, which I think conflicts. He
22 didn't recall what the Commission did, so I'm trying
23 to refresh his recollection and confirm his opinion.

24 EXAMINER SEE: And I'll allow the
25 question.

1 Q. Just briefly, Mr. Haugh, so are you with
2 me on page 94?

3 A. I'm on 94.

4 Q. Okay. This -- this Opinion and Order
5 discusses the RDSR -- RDCR first. If you look at the
6 last paragraph on 94 and if you can read the third
7 sentence aloud. Third and fourth sentence, I'm
8 sorry.

9 A. What word does the third sentence --

10 Q. "However."

11 A. "However, as part of its proposed ESP,
12 AEP Ohio has made a commitment to continue,
13 throughout the ESP term, the RDCR, which would
14 otherwise expire as of May 31, 2015, and which would
15 not be available under an MRO. The record reflects
16 that the residential distribution credit will provide
17 a quantifiable benefit in the amount of \$44,064,000
18 over the three-year term of the ESP."

19 Q. All right. Is there something about your
20 testimony in this case about the RDCR that's
21 different from what the Commission found here?

22 A. Well, I think my testimony states that in
23 the absence -- if we were under an MRO, there, in
24 turn, would not be a DIR, which is the reason for the
25 RDCR is as a result of a double-recovery of dollars

1 through both the base distribution and the DIR. So
2 the RDCR, it's sort of fruit of the poisonous tree.
3 If there's no DIR, there's no need for a RDCR.

4 Q. Well, would you agree with me that the
5 Commission, in the passage you just found, indicated
6 that there was a \$44 million benefit over the
7 three-year term of the ESP associated with the RDCR?

8 A. I read that sentence, but I would
9 disagree with what that sentence states.

10 Q. And is the understanding that the DIR is
11 also in place during the current ESP III term of 2015
12 through 2018?

13 A. Yes. The DIR is -- the DIR and the RDCR
14 are running tangentially with each other.

15 Q. Okay. And the -- to continue on page 94,
16 you can skip the next sentence that relates to the
17 bad debt rider and read the next two sentences,
18 "Finally," et cetera.

19 A. "Finally, regarding the DIR, ESSR, and
20 other approved distribution-related riders, we agree
21 with AEP Ohio that the revenue requirements
22 associated with the recovery of incremental
23 distribution investments should be considered to be
24 the same whether recovered through the ESP or through
25 a distribution rate case conducted in conjunction

1 with an MRO."

2 Q. Now, in your testimony in this case you
3 actually assign a more than a billion dollars cost in
4 your ESP-MRO --

5 A. Yes.

6 Q. -- comparison to the DIR, correct?

7 A. Correct. That's the -- all of the annual
8 caps added up to the \$1.01 billion.

9 Q. Right. So your -- in looking on page 27
10 at your Table 1 where you summarize your MRO test
11 analysis.

12 A. Yes.

13 Q. The column "ESP Costs," those are all
14 cumulative over the term of the extended term of the
15 ESP, correct?

16 A. Yes.

17 Q. And the column "Quantitative Benefits,"
18 is that also cumulative?

19 A. No. Those are annual. They would still
20 be below the 1.13 billion, essentially add --
21 multiplied that.

22 Q. That's fine. I am just asking --

23 A. That's the annual number.

24 Q. All right. And is the -- I think you may
25 have already answered this, but the DIR figure, aside

1 from disagreeing with what the Commission said in the
2 ESP III Opinion and Order, you're also extrapolating
3 that to the whole term even though there will be a
4 rate case in 2020, correct?

5 A. I'm showing what the maximum amount could
6 be for that. There's no -- AEP does not necessarily
7 have to have filed a rate case. They can select the
8 DIR all the way through 2021 under the ESP -- under
9 the settlement.

10 Q. It's not your understanding if, for
11 whatever reason, the company does not file the rate
12 case, that the DIR will expire?

13 A. It will, but the settlement allows for
14 AEP to collect DIR dollars in 2021.

15 Q. Is that --

16 A. Assuming a rate case has not been filed
17 at that point.

18 Q. So is your 1 billion cost only through
19 2021?

20 A. It is -- it is a combination of all of
21 the caps that are listed through 2021 in the
22 settlement.

23 MR. NOURSE: Okay. Thank you, your
24 Honor. That's all I have.

25 Thank you, Mr. Haugh.

1 EXAMINER SEE: Mr. Michael.

2 MR. MICHAEL: We would like a moment with
3 the witness, your Honor, please.

4 EXAMINER SEE: Certainly.

5 MR. MICHAEL: Thank you.

6 EXAMINER SEE: We're off the record.

7 (Discussion off the record.)

8 EXAMINER SEE: Let's go back on the
9 record.

10 Mr. Michael.

11 MR. MICHAEL: Yes, your Honor. I have a
12 brief redirect.

13 - - -

14 REDIRECT EXAMINATION

15 By Mr. Michael:

16 Q. Mr. Haugh, do you remember Mr. Margard's
17 questions to you about the package provision of the
18 stipulation test?

19 A. I do, yes.

20 Q. And do you recall your questioning from
21 Mr. Nourse regarding the IRP-D and his directing your
22 attention to the Opinion and Order in the 13-2385
23 case?

24 A. Yes.

25 Q. And if I could direct your attention to

1 page 40 of the Opinion and Order from the 13-2385
2 case Mr. Nourse asked you about. Let me know when
3 you're there, please.

4 A. I'm there.

5 Q. And Mr. Nourse had you read the first
6 sentence on the last paragraph of that page, correct?

7 A. Yes.

8 Q. And could you please read the second
9 sentence?

10 A. Sure. "We find that the IRP-D should be
11 modified to provide for unlimited emergency
12 interruptions and that the \$8.21 per kilowatt-month
13 credit should be available to new and existing
14 shopping and non-shopping customers." Which in
15 reading that, demonstrates that although the
16 Commission looks at the settlements as a whole, that
17 they do take individual parts of the settlement and
18 make modifications to it so that they look at both
19 the whole and the individual aspects of a settlement.

20 MR. MICHAEL: Thank you.

21 No further questions, your Honor.

22 EXAMINER SEE: Any recross for this
23 witness, Ms. -- Ms. Glover?

24 MS. GLOVER: No questions.

25 EXAMINER SEE: Ms. Petrucci?

1 MS. PETRUCCI: No questions.

2 EXAMINER SEE: Mr. Boehm?

3 MR. BOEHM: No questions.

4 EXAMINER SEE: Mr. Pritchard?

5 MR. PRITCHARD: No questions, your Honor.

6 EXAMINER SEE: Mr. Margard?

7 MR. MARGARD: No questions. Thank you,
8 your Honor.

9 EXAMINER SEE: Mr. Nourse?

10 MR. NOURSE: No, thank you.

11 EXAMINER PARROT: Mr. Haugh, just a
12 follow-up, do you know if 13-2385-EL-SSO was a
13 settled case? Was there a stipulation and
14 recommendation submitted to the Commission in it, in
15 the case?

16 THE WITNESS: I can't recall if it was a
17 settlement or if it was not.

18 EXAMINER PARROT: Okay. Thank you.

19 EXAMINER SEE: Mr. Michael, did you
20 already move the admission of OCC Exhibit 8?

21 MR. MICHAEL: Yes, I had, your Honor,
22 subject to cross.

23 EXAMINER SEE: Are there any objections
24 to the admission of OCC Exhibit 8?

25 Hearing none, OCC Exhibit 8 is admitted

1 into the record.

2 (EXHIBIT ADMITTED INTO EVIDENCE.)

3 EXAMINER SEE: Mr. Nourse?

4 MR. NOURSE: Yes, your Honor. Could we
5 go off the record for a moment?

6 EXAMINER SEE: Okay. Let's go off the
7 record.

8 (Discussion off the record.)

9 EXAMINER SEE: Let's go back on the
10 record.

11 Mr. Nourse, will the company be asking
12 for rebuttal testimony?

13 MR. NOURSE: No, your Honor. Thank you.

14 EXAMINER SEE: Okay. And the parties
15 have come to an agreement on a proposed briefing
16 schedule which would be initial briefs due -- first,
17 let me represent that the company indicated that they
18 would be putting the transcripts in the record on
19 November 8 and have requested -- the parties have
20 agreed to a briefing schedule of initial briefs to be
21 filed on November 30 with reply briefs on the 20th or
22 the 21st?

23 MR. NOURSE: Let's just go with the 21st,
24 your Honor. It's always better to have an extra day.

25 EXAMINER SEE: Okay. And the Bench has

1 accepted that proposal. So briefs will be due
2 accordingly.

3 I would like -- are there any other
4 matters we need to address?

5 MR. NOURSE: Your Honor, I was just going
6 to make one additional statement. The company
7 appreciates the Commission's work on these cases and
8 would like to request a decision as soon as possible
9 and would appreciate a decision the first quarter of
10 2018, if at all possible. Thank you.

11 EXAMINER SEE: Is there anything else we
12 need to take up?

13 There is one issue that the Bench would
14 like to note. There will be a confidential
15 transcript included in this record that relates to a
16 tangential issue. It is a tangential issue that was
17 raised in this matter that the Bench thought best to
18 address in that manner.

19 And with that, this matter is adjourned.

20 (Thereupon, at 4:02 p.m., the hearing was
21 concluded.)

22 - - -

1 CERTIFICATE

2 I do hereby certify that the foregoing is
3 a true and correct transcript of the proceedings
4 taken by us in this matter on Monday, November 6,
5 2017, and carefully compared with our original
6 stenographic notes.

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9

Karen Sue Gibson, Registered
Merit Reporter.

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11
12

Carolyn M. Burke, Registered
Professional Reporter.

13 (KSG-6448)

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Case No(s). 16-1852-EL-SSO, 16-1853-EL-AAM

Summary: Transcript in the matter of the Ohio Power Company hearing held on 11/6/17 - Volume IV electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.