

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application for Approval :
of an Economic Development:
Arrangement Between AK : Case No. 18-450-EL-AEC
Steel Corporation and Duke:
Energy Ohio, Inc. :

- - -

PROCEEDINGS

before Mr. Richard Bulgrin, Attorney Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-D, Columbus, Ohio, called at 10:00
a.m. on Tuesday, June 5, 2018.

- - -

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

- - -

APPEARANCES:

Boehm, Kurtz & Lowry
By Mr. Michael L. Kurtz
and Ms. Jody Kyler Cohn
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

On behalf of AK Steel Corporation.

Duke Energy Ohio, Inc.
By Ms. Elizabeth H. Watts
and Mr. Rocco D'Ascenzo
139 East Fourth Street
Cincinnati, Ohio 45202

On behalf of the Duke Energy Ohio, Inc..

McNees, Wallace & Nurick LLC
By Mr. Matthew Pritchard
and Mr. Frank Darr
21 East State Street, 17th Floor
Columbus, Ohio 43215

On behalf of the Industrial Energy Users
of Ohio.

Bruce E. Weston, Ohio Consumers' Counsel
By Ms. Amy Botschner-O'Brien,
Assistant Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-3485

On behalf of the Residential Customers of
Duke Energy Ohio, Inc.

Carpenter Lipps & Leland LLP
By Ms. Kimberly W. Bojko
and Mr. Brian W. Dressel
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of the Ohio Manufacturers'
Association Energy Group.

- - -

1 APPEARANCES: (Continued)

2 Mike DeWine, Ohio Attorney General
3 By Mr. Thomas W. McNamee,
4 Assistant Attorney General
5 Public Utilities
6 30 East Broad Street, 16th Floor
7 Columbus, Ohio 43215

8 On behalf of the Staff of the PUCO.

9 - - -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

- - -

Witness	Page
Larry Schutte	
Direct Examination by Mr. Kurtz	7
William Don Wathen, Jr.	
Direct Examination by Ms. Watts	12

- - -

AK Exhibit	Identified	Admitted
1 Application	7	11
2 Joint Stipulation and Recommendation	7	11
3 Direct Testimony of Larry Schutte	7	11

- - -

Duke Energy Ohio Exhibit	Identified	Admitted
1 Direct Testimony of William Don Wathen, Jr.	12	

- - -

Tuesday Morning Session,
June 5, 2018.

- - -

EXAMINER BULGRIN: Let's get started
then.

Good morning. This is the hearing in the
Case No. 18-450-EL-AEC, being in the Matter of the
Application for Approval of an Economic Development
Arrangement Between AK Steel Corporation and Duke
Energy Ohio, Inc.

My name is Dick Bulgrin. I'm the
Attorney Examiner assigned by the Commission to
conduct the hearing this morning and let's begin with
taking appearances from the parties.

MR. KURTZ: Good morning, your Honor.
Mike Kurtz and Jody Cohn for AK Steel, Boehm, Kurtz &
Lowry, 1510 URS Center, Cincinnati, Ohio.

EXAMINER BULGRIN: Thank you.

Ms. Watts.

MS. WATTS: Good morning, your Honor, and
thank you. On behalf of Duke Energy Ohio, Rocco
D'Ascenzo and Elizabeth Watts, 139 East Fourth
Street, Cincinnati, Ohio.

EXAMINER BULGRIN: Okay.

MR. PRITCHARD: Good morning, your Honor.

1 On behalf IEU-Ohio, Matt Pritchard and Frank Darr
2 with the law firm McNees, Wallace & Nurick, 21 East
3 State Street, Columbus, Ohio 43215.

4 MR. DRESSEL: Good morning, your Honor.
5 On behalf of the Ohio Manufacturers' Association
6 Energy Group, Brian W. Dressel and Kimberly W. Bojko,
7 the law firm Carpenter Lipps & Leland, 280 North High
8 Street, Suite 1300, Columbus, Ohio 43215.

9 MS. BOTSCHNER-O'BRIEN: Good morning,
10 your Honor. I'm Amy Botschner-O'Brien appearing on
11 behalf of the Office of the Ohio Consumers' Counsel,
12 65 East State Street, 7th Floor, Columbus, Ohio
13 43215.

14 EXAMINER BULGRIN: Mr. McNamee.

15 MR. McNAMEE: On behalf of the staff of
16 the Public Utilities Commission of Ohio, I am Thomas
17 W. McNamee, Assistant Attorney General. The address
18 is 30 East Broad Street, 16th Floor, Columbus, Ohio
19 43215.

20 EXAMINER BULGRIN: Thank you. Apparently
21 we have a stipulation filed. Is there anything we
22 need to do before we get to that?

23 MR. KURTZ: I don't think so, your Honor.
24 We did bring extra copies of the stipulation.

25 EXAMINER BULGRIN: Okay.

1 MR. KURTZ: Okay. Call our first
2 witness.

3 EXAMINER BULGRIN: Sure.
4 (Witness sworn.)

5 MR. KURTZ: Thank you, your Honor. I
6 guess for the record could we just have marked as AK
7 Exhibit 1 the application, AK Exhibit 2 the joint
8 stipulation and recommendation, and then AK 3 the
9 direct testimony of Mr. Schutte. And Jody, Ms. Cohn,
10 has copies for the court reporter. She already has
11 them.

12 HEARING OFFICER: Okay. So the
13 application is 1, the stipulation is 2, and testimony
14 is 3. Okay. Those will be so marked.

15 (EXHIBITS MARKED FOR IDENTIFICATION.)

16 MR. KURTZ: Thank you, your Honor.

17 - - -

18 LARRY SCHUTTE
19 being first duly sworn, as prescribed by law, was
20 examined and testified as follows:

21 DIRECT EXAMINATION

22 By Mr. Kurtz:

23 Q. Mr. Schutte, will you state your name and
24 business address for the record.

25 A. Larry Schutte, AK Steel, 9227 Centre

1 Pointe Drive, West Chester Ohio.

2 Q. Do you have in front of you a document
3 marked Direct Testimony of Larry Schutte?

4 A. Yes, I do.

5 Q. Was this prepared by you or under your
6 direct supervision?

7 A. Yes.

8 Q. If I were to ask you the same questions
9 as those contained herein, would your answers be the
10 same?

11 A. Yes.

12 MR. KURTZ: Your Honor, before tendering
13 the witness could I ask two foundational questions?

14 EXAMINER BULGRIN: Sure.

15 Q. Mr. Schutte, we don't have it in the
16 record yet, but how does AK Steel's Middletown works
17 produce steel?

18 A. We are an integrated steel company, so we
19 take in raw materials, iron ore and coal and other
20 additives, to put into our blast furnace to make pig
21 iron and that pig iron is then put into our blas --
22 basic oxygen furnace, or BOF, to produce the types
23 and grades of steel that we need. This is all done
24 with a lot of cranes and a lot of vessels and a lot
25 of heat and a lot of power.

1 From there, from the hot end, we then
2 take that molten steel and put it into our caster and
3 then produce the slabs, continuous slabs, 8 inch
4 thick, maybe 20 inches long, that we put into cold
5 storage. And from there we pick those out according
6 to customer order, put them into our reheat furnaces.
7 They go down the hot strip mill which is over a mile
8 long, and it will take 8 inch thick slab down to
9 about an 1/8, to a 1/16 of an inch coil and it's
10 coiled up and it's a hot band and we can sell those
11 hot bands from there or continue on to finish
12 further. We can cold roll it at our cold rolling
13 mill, so cold roll bands are also a product.

14 And then we can finish it with all kinds
15 of coatings, aluminized coating, electric galvanized
16 coating, zinc coating. We also temper roll and
17 anneal all of our steels, again, per customer order.

18 Q. Now, this is an application for a
19 reasonable arrangement for interruptible power. Can
20 you explain how AK Steel Middletown would interrupt
21 in the event of an emergency?

22 A. Yeah. We have what's called a QSOP, or
23 quality standard operating practice. So if an
24 emergency curtailment is called, it first goes to our
25 energy management department and then it's broadcast

1 throughout the mill and they all follow this
2 procedure. So every department manager has a
3 procedure when he gets this notice of how to orderly
4 shut down his operation except for the hot section.
5 The hot section handles the hot metal, and we try not
6 to limit them with any power just because of safety
7 issues.

8 But all of the departments would then --
9 after getting that notice would then in an orderly
10 manner get all the product through the -- through the
11 machine, allow the machine to put a warmer coil in,
12 which is kind of a waster coil but keeps everything
13 threaded throughout the machines so we can start back
14 up in a reasonable amount of time, and everything is
15 slowly brought down to a low power state.

16 The energy management watches the overall
17 power grid and -- or power meter to make sure we're
18 down to our firm service level. If we do not achieve
19 that, then they start going out and turning other
20 things off like pumps and fans and rectifiers to get
21 down to that 85. Our firm service level is 85. And
22 once we achieve that, then we monitor that throughout
23 the curtailment period until it's relieved.

24 Q. And getting the plant down to the firm
25 service level during an emergency is something that

1 is practiced at least one time a year?

2 A. One time a year at least for -- it's a
3 one-hour test that we run once a year, that's
4 correct.

5 MR. KURTZ: Okay. Thank you, your Honor.

6 EXAMINER BULGRIN: Any further questions?
7 Very good. You may be excused. Thank
8 you.

9 Any objections to the admission of AK
10 Exhibits 1, 2, or 3?

11 MS. WATTS: No objection, your Honor.

12 MR. McNAMEE: None from the staff, your
13 Honor.

14 EXAMINER BULGRIN: Okay. Hearing none,
15 they will be so admitted.

16 (EXHIBITS ADMITTED INTO EVIDENCE.)

17 HEARING OFFICER: Anything else for the
18 good of the order?

19 MR. McNAMEE: Nothing.

20 EXAMINER BULGRIN: Thank you, all.

21 MS. WATTS: We have a second witness.

22 EXAMINER BULGRIN: Oh, I'm sorry. I'm
23 sorry, Ms. Watts.

24 MS. WATTS: Then, your Honor, is it my
25 understanding you don't need copies of the testimony?

1 EXAMINER BULGRIN: Yes. I think I might
2 need a copy of his.

3 (Witness sworn.)

4 EXAMINER BULGRIN: Thank you.

5 MS. WATTS: Your Honor, may we have that
6 marked as Duke Energy Ohio Exhibit 1, please?

7 EXAMINER BULGRIN: Okay. It will be so
8 marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 - - -

11 WILLIAM DON WATHEN, JR.
12 being first duly sworn, as prescribed by law, was
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 By Ms. Watts:

16 Q. Mr. Wathen, would you state your name and
17 occupation, please.

18 A. My name is William Don Wathen, Jr. I'm
19 the director of rates and regulatory strategy for
20 Ohio and Kentucky for Duke Energy Business Services.

21 Q. Do you have before you what's just been
22 marked as Duke Energy Ohio Exhibit 1?

23 A. I do.

24 Q. Is that the testimony you caused to be
25 filed in this proceeding?

1 A. It is.

2 Q. And was it prepared by you?

3 A. Yes.

4 Q. And are the -- if I were to ask you the
5 questions contained therein again today, would your
6 responses be the same?

7 A. Yes.

8 Q. Are they true and accurate to the best of
9 your knowledge?

10 A. Yes.

11 MS. WATTS: Mr. Wathen is available for
12 cross-examination.

13 HEARING OFFICER: All righty. Any
14 questions?

15 MR. PRITCHARD: No questions, your Honor.

16 EXAMINER BULGRIN: All righty. Hearing
17 none, you may be excused, sir.

18 MR. KURTZ: Before closing the record
19 could we go off the record for 2 minutes, please?

20 I'm sorry, Don.

21 THE WITNESS: I wanted to talk.

22 MR. KURTZ: This isn't the ESP case, Don.
23 Could we go off the record for 2 minutes?

24 EXAMINER BULGRIN: Sure.

25 (Discussion off the record.)

1 EXAMINER BULGRIN: Mr. Kurtz.

2 MR. KURTZ: Yes, your Honor. I think
3 counsel for OCC and OMAEG were going to make a
4 statement for the record.

5 EXAMINER BULGRIN: Okay.

6 MS. BOTSCHNER-O'BRIEN: The Offices of
7 the Ohio Consumers' Counsel neither supports nor
8 opposes the stipulation.

9 EXAMINER BULGRIN: Okay.

10 MR. DRESSEL: Likewise, Ohio
11 Manufacturers' Association Energy Group neither
12 supports nor opposes the stipulation.

13 EXAMINER BULGRIN: Okay. And the same is
14 true for staff? Is the staff a party --

15 MR. McNAMEE: Yes.

16 EXAMINER BULGRIN: -- on the stip? Very
17 good.

18 Then if there is nothing further, then
19 this hearing will be concluded and the matter
20 submitted to the Commission. Thank you.

21 (Thereupon, at 10:11 a.m., the hearing
22 was concluded.)

23 - - -

24

25

CERTIFICATE

I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
taken by me in this matter on Tuesday, June 5, 2018,
and carefully compared with my original stenographic
notes.

Karen Sue Gibson

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6563)

- - -



This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/18/2018 10:44:18 AM

in

Case No(s). 18-0450-EL-AEC

Summary: Transcript In the Matter of the Application for Approval of an Economic Development Arrangement Between AK Steel Corporation and Duke Energy Ohio, Inc., hearing held on June 5, 2018. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.