

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1830-EL-AIR
 for an Increase in Its :
 Electric Distribution :
 Rates. :

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1831-EL-AAM
 for Accounting Authority. :

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 15-1832-EL-ATA
 for Approval of Revised :
 Tariffs. :

- - -

PROCEEDINGS

before Mr. Gregory Price and Ms. Patricia Schabo,
 Attorney Examiners, at the Public Utilities
 Commission of Ohio, 180 East Broad Street, Room 11-C,
 Columbus, Ohio, called at 9:00 a.m. on Tuesday,
 July 24th, 2018.

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Volume II

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Tuesday Morning Session,
July 24th, 2018.

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EXAMINER SCHABO: Public Utilities
Commission of Ohio calls for hearing at this time and
place Case Nos. 15-1830-EL-AIR, et al., being In the
Matter of the Application of the Dayton Power and
Light Company for an Increase in Its Electric
Distribution Rates. My name is Patricia Schabo.
With me is Gregory Price. We're the
Attorney-Examiners assigned by the Commission to
preside over this hearing.

We'll dispense with taking appearances
this morning. Mr. Olikier, I believe.

MR. OLIKER: Thank you, your Honor.
Interstate Gas Supply, Inc., would call Devin Crist
to the stand.

EXAMINER SCHABO: Mr. Crist, will you
raise your right hand? Do you swear to tell the
truth, the whole truth, and nothing but the truth?

MR. CRIST: Yes.

EXAMINER SCHABO: Go ahead and have a
seat. State your name and your business address,
please.

THE WITNESS: Devin Crist, Interstate

1 Gas Supply.

2 MR. OLIKER: Thank you, your Honor.

3 - - -

4 Devin Crist,
5 being first duly sworn, as prescribed by law, was
6 examined and testified as follows:

7 DIRECT EXAMINATION

8 By Mr. Oliker:

9 Q. Good morning, Mr. Crist.

10 A. Good morning.

11 Q. Did you -- state your name for the
12 record.

13 A. Devin Crist.

14 Q. Who is your employer?

15 A. Interstate Gas Supply.

16 Q. And what is your title?

17 A. Manager of Treasury and Risk.

18 Q. And did you prepare testimony in this
19 proceeding?

20 A. I did.

21 Q. And is that testimony in front of you?

22 A. Yes.

23 MR. OLIKER: Your Honor, at this time I
24 would mark the direct testimony filed July 16, 2018
25 of Devin Crist as IGS Exhibit 3, I believe.

1 EXAMINER SCHABO: So marked.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 EXAMINER SCHABO: Actually, will it be
4 RESA/IGS like the other ones were?

5 MR. OLIKER: He's only IGS.

6 EXAMINER SCHABO: Thank you.

7 By Mr. Oliker:

8 Q. And, Mr. Crist, did -- was this
9 testimony prepared by you or under your direction?

10 A. Yes, it was.

11 Q. And do you have any corrections to this
12 testimony?

13 A. No, I don't.

14 Q. If asked you these same questions today,
15 would your answers be the same?

16 A. Yes.

17 MR. OLIKER: With that, your Honor, I
18 would move the admission of the exhibit and tender
19 the witness for cross-examination.

20 EXAMINER SCHABO: We'll defer admission
21 pending cross-examination. Who do we start with?
22 Mr. Pritchard?

23 MR. PRITCHARD: No cross, your Honor.

24 EXAMINER SCHABO: Mr. Healey?

25 MR. HEALEY: Yes, your Honor, briefly.

- - -

CROSS-EXAMINATION

By Mr. Healey:

Q. Mr. Crist, can you turn to page 8 of your testimony? At the very top you state that having to post millions of dollars in collateral was unduly burdensome to privately held companies with strong balance sheets. Who are you referring to here as having to post millions of dollars in collateral?

A. Specifically referring to companies without credit ratings that still have strong balance sheets.

Q. Have you identified specific CRESs in DP&L's service territory that have had to post at least \$2 million in collateral?

MR. OLIKER: Your Honor, to that question I would reserve any questions regarding the level of collateral that a supplier has to post to a confidential session given that it reveals potentially the size of a supplier's book of business.

I'm okay talking in generalities, but once we say 2 million, 4 million, 6 million, then it gets into competitive information.

MR. HEALEY: Your Honor, he uses the

1 word "millions", that's plural. That's why I went
2 with 2 million, would necessarily mean at least 2, so
3 I'm asking if he's aware of any specific supplier
4 that has at least \$2 million consistent with his
5 testimony that's publicly filed. I don't need a
6 specific number.

7 EXAMINER SCHABO: So we'll reserve that
8 for confidential?

9 MR. OLIKER: I prefer to reserve that to
10 confidential if we're talking numbers. If he says
11 millions, that's one thing, but if you're talking
12 about a specific dollar amount, then we're getting
13 into competitively sensitive information about a
14 supplier.

15 EXAMINER SCHABO: Are you comfortable if
16 the question is more than one million?

17 MR. OLIKER: That would be fine.

18 MR. HEALEY: Sure.

19 By Mr. Healey:

20 Q. Mr. Crist, can you identify any specific
21 CRES in DP&L's service territory that has to post at
22 least one million in collateral?

23 A. I'm aware of at least one.

24 Q. Also on page 8 at line 5 you state -- I
25 guess actually beginning on line 4 -- "Typically

1 speaking, privately held, unrated companies such as
2 IGS may have little or no business reason to get a
3 credit rating."

4 You understand that they could, in fact,
5 get a credit rating if they wanted to, correct?

6 A. I would say that companies such as IGS
7 have no need to get a credit rating, because credit
8 ratings generally are used for issuing long-term
9 debt. But yes, they could.

10 Q. And do you know how much it costs to get
11 a credit rating?

12 A. Not specifically, no.

13 Q. And when you say there's no need to get
14 a credit rating, wouldn't the point you're making in
15 your testimony that not having a credit rating
16 requires them to post collateral be precisely the
17 type of reason that they might want to get a credit
18 rating?

19 A. The point of the testimony is it would
20 be incredibly burdensome to get a credit rating, not
21 specifically knowing the fees, but there would be
22 additional staff and resources that would need to
23 maintain that credit rating.

24 Q. If your recommendation is adopted, and
25 IGS is no longer required to post collateral, would

1 that enable IGS to lower the rates that it offers to
2 residential customers in DP&L's service territory?

3 MR. OLIKER: Objection to the extent I'm
4 not sure Mr. Crist is saying in his testimony that
5 IGS does not want to post collateral. I think it's
6 an incomplete or misleading hypothetical that assumes
7 facts not in evidence.

8 EXAMINER SCHABO: Overruled.

9 MR. HEALEY: I can take it back.

10 By Mr. Healey:

11 Q. Are you telling us that IGS should not
12 be required to post collateral for DP&L?

13 A. I'm stating that the collateral that IGS
14 should post with DP&L should be in line with the
15 other utilities in Ohio.

16 Q. And would that -- to make it consistent
17 with the other utilities in Ohio, would the amount of
18 collateral be zero?

19 A. Not necessarily.

20 Q. When you say "not necessarily", does
21 that mean that there are other utilities in Ohio for
22 which IGS posts no collateral; at least one?

23 MR. OLIKER: I'll defer to Mr. Crist if
24 he thinks that's confidential, but if -- if such one
25 exists.

1 THE WITNESS: I say there has in the
2 past been utilities we have not had to post
3 collateral for. There are utilities that we have a
4 minimum amount that we have to post.

5 By Mr. Healey:

6 Q. And your proposal would apply to all of
7 CRESSs, not just IGS, correct, if adopted?

8 A. Correct.

9 MR. HEALEY: That's all I have, your
10 Honor.

11 EXAMINER SCHABO: Okay. Thank you.
12 Staff?

13 MR. MC NAMEE: Mr. Healey asked my three
14 questions, so thank you, no.

15 EXAMINER SCHABO: Mr. Sharkey?

16 MR. SHARKEY: Thank you, your Honor.

17 - - -

18 CROSS-EXAMINATION

19 By Mr. Sharkey:

20 Q. Good morning. My name is Jeff Sharkey.
21 I represent the Dayton Power and Light Company. We
22 met via telephone a few weeks ago.

23 In your testimony, if you would turn,
24 please, to Exhibit 2, which is a copy of DP&L's G8
25 tariff sheet, and in particular, to page 23 of 30.

1 A. I don't have that with me.

2 Q. It's an exhibit to your testimony.

3 A. I don't have it.

4 MR. OLIKER: You don't have the
5 attachments?

6 THE WITNESS: No.

7 MR. OLIKER: May I approach, your Honor?

8 EXAMINER SCHABO: You may.

9 THE WITNESS: Again, the question?

10 By Mr. Sharkey:

11 Q. Page 23 of 32 to DP&L's G8 tariff sheet.
12 Paragraph 12.4 of that tariff sheet identifies and
13 explains how the calculation of any bond or security
14 that IGS is required to post is calculated, correct?

15 MR. OLIKER: Could I have that question
16 read back again?

17 (Question read back.)

18 MR. OLIKER: Objection to the extent
19 counsel is willing to clarify if he's referring to
20 the entire section, not the paragraph.

21 MR. SHARKEY: Correct.

22 MR. OLIKER: Okay. Thank you. I
23 withdraw the objection.

24 EXAMINER SCHABO: Thank you. Proceed.

25 By Mr. Sharkey:

1 Q. Do you understand the question,
2 Mr. Crist?

3 A. Could you repeat it?

4 Q. Sure. Paragraph 12.4, and as your
5 counsel points out correctly, talks about the entire
6 section, moving on to 24, explains how any credit
7 arrangement is to be calculated for DP&L, correct?

8 A. That is correct.

9 Q. And what you're asking the Commission to
10 do is to revise that paragraph to DP&L would use
11 AEP's methodology, right?

12 MR. OLIKER: Objection to the extent the
13 question is vague.

14 EXAMINER SCHABO: In what way?

15 MR. OLIKER: I think there are several
16 recommendations in Mr. Crist's testimony, and I'm not
17 sure that he can answer the question that was just
18 posed to him as it was stated. If Mr. Crist
19 understands the question, I'll withdraw it.

20 EXAMINER SCHABO: If you could narrow it
21 down.

22 By Mr. Sharkey:

23 Q. Turn to your testimony, page 7, line 10.
24 The question posed to you was, "Do you support AEP's
25 methodology over Dayton's methodology for collateral

1 calculation," and the answer was, "Yes, I believe
2 using an energy only estimate for the collateral
3 would provide the utility with a reasonable amount in
4 case of default. I also believe 15 days' exposure is
5 more reasonable than 30 days." Did I read that
6 accurately?

7 A. Yes.

8 Q. Okay. Mr. Crist, you understand this is
9 a distribution rate case, right?

10 A. I'm not understanding your question.

11 Q. Do you know whether or not this is a
12 distribution rate case?

13 A. Yes.

14 Q. And you understand the tariff sheet G8
15 is the generation tariff?

16 A. It states electric generation service.

17 Q. On the -- there's a black binder in
18 front of you that contains DP&L exhibits.

19 A. Yes.

20 Q. Would you grab that binder, please? And
21 turn to Tab 5. You're aware of the fact that Dayton
22 Power and Light Company filed an electric security
23 plan back in 2016, correct?

24 MR. OLIKER: Counsel, do you have a copy
25 of the exhibit you're asking him about?

1 MR. SHARKEY: We emailed copies of those
2 out in advance. I believe we have extra copies if
3 need be.

4 MR. OLKER: I would appreciate an extra
5 copy if you have one available.

6 MR. SHARKEY: Yes.

7 MR. OLKER: Thank you.

8 MR. SHARKEY: It's Exhibit 5.

9 MR. OLKER: Okay.

10 By Mr. Sharkey:

11 Q. The question posed to you, Mr. Crist,
12 was are you aware that Dayton Power and Light filed
13 an electric security plan case in 2016?

14 MR. OLKER: Object -- sorry, your
15 Honor. To clarify, is counsel asking the witness
16 about the document, or his general knowledge?

17 MR. SHARKEY: General knowledge at this
18 point.

19 MR. OLKER: Okay.

20 THE WITNESS: I'm not aware of that.

21 By Mr. Sharkey:

22 Q. Were you aware that IGS signed a
23 Stipulation with the Dayton Power and Light Company
24 in an ESP case?

25 A. I don't have specific knowledge of that.

1 I'm aware it was, yes.

2 Q. That, in fact, in an earlier version of
3 your testimony, not the one in front of you, you had
4 quoted from a provision of that Stipulation, correct?

5 MR. OLIKER: Objection.

6 EXAMINER SCHABO: Basis?

7 MR. OLIKER: Your Honor, that testimony
8 is not in front of Mr. Crist, and we've had a lot of
9 discussion in this case about parties choosing the
10 testimony that they would like to file, and not
11 cross-examining them about testimony that they do not
12 file. And it seems like counsel is trying to go into
13 a piece of testimony that is not currently before
14 Mr. Crist.

15 EXAMINER SCHABO: I don't remember those
16 conversations, but I do agree that if you're not
17 offering the testimony, then you shouldn't be
18 questioning on it.

19 By Mr. Sharkey:

20 Q. You did review the ESP Stipulation to
21 prepare testimony in this case, correct?

22 A. I reviewed parts of the Stipulation.

23 Q. Okay. And if you would turn actually
24 then, please, to Exhibit 7 within that same binder.
25 It's a copy of the Amended Stipulation and

1 Recommendation in this case, which I believe the
2 Commission has previously taken administrative notice
3 of.

4 And turn if you would, please, to
5 page 40. Do you see there that IGS signed the
6 Stipulation, correct?

7 A. That is correct.

8 Q. Okay. Turn with me then to page 37,
9 paragraph 2, third sentence, says, "Except as
10 modified by the Stipulation, DP&L's application in
11 these matters is approved." Did I read that
12 accurately?

13 A. And where are you looking again? I'm
14 sorry.

15 Q. Page 37.

16 A. Page 37.

17 Q. Paragraph 2.

18 A. Yep.

19 Q. Third full sentence begins with the word
20 "Except". Do you see that?

21 MR. OLKER: Objection.

22 EXAMINER SCHABO: Basis?

23 THE WITNESS: I do.

24 MR. OLKER: Counsel never established
25 that he had experience with this section of the

1 Stipulation, and it says what it says.

2 It's already been administratively
3 noticed, and wherever counsel may be going with this
4 argument, I'm sure it's a legal matter and not one
5 for cross-examination.

6 We're not offering Mr. Crist to provide
7 a legal opinion, he's not an attorney. And if
8 there's no relevance to his testimony or the matters
9 in this case, if Mr. Sharkey has an argument related
10 to the Stipulation, that's better for brief.

11 EXAMINER SCHABO: Mr. Sharkey?

12 MR. SHARKEY: Mr. Crist testified that
13 he reviewed the Stipulation and -- the ESP
14 Stipulation in preparing his testimony here.

15 The ESP Stipulation, in fact, approved
16 the G8 tariff that he's now disputing, and I'm simply
17 just trying to establish the document that he
18 reviewed bars IGS from making these arguments.

19 I believe that that's a question of the
20 effect of the ESP Stipulation, which is a mixed
21 question of law and fact, not a pure question of law,
22 which I should be entitled to question him.

23 MR. OLKER: Your Honor, briefly, I
24 think he just admitted this is a legal argument, and
25 this document has been administratively noticed.

1 Nothing prevents Mr. Sharkey from making
2 that argument in brief, and this cross-examination
3 simply subjects a nonlawyer to a discussion of what
4 this document may have decided, and based upon an
5 amended Application that Mr. Sharkey never
6 demonstrated that the witness has never seen, so I
7 think, if anything, it just muddies the water.

8 EXAMINER SCHABO: Let's establish
9 whether or not Mr. Crist has knowledge of this
10 specific paragraph, and move on very slowly from
11 there.

12 So for now your objection is overruled,
13 but if we get too far into it we'll revisit that.
14 By Mr. Sharkey:

15 Q. Mr. Crist, did you -- have you read
16 paragraph 2 on page 37 of the ESP Stipulation
17 previously?

18 A. I would say I reviewed the Stipulation.
19 I can't speak that I've read cover to cover every
20 paragraph.

21 MR. SHARKEY: Okay. Your Honor, is that
22 sufficient for me to inquire as to that paragraph?
23 Just want to make sure it covers your ruling.

24 EXAMINER SCHABO: Are you familiar with
25 the paragraph to which he's directing your attention?

1 THE WITNESS: I mean, I've read and
2 reviewed, but I'm not a lawyer, so I wouldn't be able
3 to speak to the -- the technicalities of the
4 paragraph.

5 EXAMINER SCHABO: Let's move on.

6 MR. SHARKEY: I'm sorry?

7 EXAMINER SCHABO: Let's move on.

8 MR. SHARKEY: Okay.

9 By Mr. Sharkey:

10 Q. Mr. Crist, your testimony does not
11 include an estimate of the costs that DP&L would
12 incur if IGS were to default, does it?

13 A. No, there is no estimate of costs.

14 Q. Nor does your testimony deal with how
15 many customers IGS has in DP&L's service territory,
16 right?

17 A. That was not mentioned.

18 Q. The testimony does not identify the kWh
19 per month that IGS serves on average in DP&L service
20 territory, right?

21 A. It does not.

22 Q. Your testimony doesn't identify the peak
23 kW for IGS in DP&L's service territory on a monthly
24 or annual basis, right?

25 A. No, it is not in the testimony.

1 Q. Please turn in your testimony to page 7,
2 line 20. Are you there?

3 A. I am there.

4 Q. Okay. The question posed to you is,
5 "Why is this an issue for suppliers owned by
6 privately held companies?"

7 And the answer which you discussed
8 briefly with Mr. Healey was, per sentence, "Having to
9 post millions of dollars in collateral is unduly
10 burdensome to privately held companies with strong
11 balance sheets." Did I read that accurately?

12 A. That is correct.

13 Q. And IGS is privately held, correct?

14 A. Correct.

15 Q. Okay. Your testimony doesn't include a
16 copy of IGS' balance sheet, does it?

17 A. I believe DP&L has a copy of all of our
18 financials annually, but no, it's not in the
19 testimony.

20 Q. And your next sentence refers to,
21 "Similar public companies with credit ratings,"
22 correct? And you in fact say, "Similar public
23 companies with credit ratings are not required to
24 post any collateral"?

25 A. That is correct.

1 Q. Okay. It's true, isn't it, that you
2 can't point me -- start that question over.

3 It's true, isn't it, that you can't
4 point me to any language in DP&L's tariff that treats
5 publicly held companies more favorably than privately
6 held companies?

7 A. In general, public companies would
8 obtain a credit rating more often than privately held
9 companies, so as far as is there a difference between
10 public and private in the tariff having a credit
11 rating, giving advantage to a public company over a
12 private company.

13 Q. As testified to Mr. Healey, there's
14 nothing that prevents a privately held company from
15 obtaining a credit rating, correct?

16 MR. OLIKER: Objection. Asked and
17 answered, as counsel noted in his question.

18 EXAMINER SCHABO: It's leading to a
19 secondary question?

20 MR. SHARKEY: Yes.

21 EXAMINER SCHABO: Could you just answer
22 the question, please?

23 THE WITNESS: Again, private companies
24 would not necessarily need to, especially one with
25 strong balance sheets, since credit ratings are used

1 primarily for long-term debt.

2 But as far as restrictions on a private
3 company, they could obtain one, although there are
4 fees and other costs associated with obtaining that
5 credit rating.

6 By Mr. Sharkey:

7 Q. It's true, isn't it, that you can't
8 identify a single competitive provider that's
9 operating in DP&L's service territory that has not
10 posted bond with DP&L, correct?

11 MR. OLIKER: And -- go ahead. Answer
12 it.

13 THE WITNESS: I'm not aware of any
14 because I don't have access to that information.

15 By Mr. Sharkey:

16 Q. And IGS has in fact been able to post a
17 bond in DP&L's service territory and is currently
18 operating in that territory, right?

19 A. We were able to post collateral. We
20 were able to do so based on the strength of our
21 financials. We were able to post the bond to meet
22 our collateral requirements.

23 Q. Okay. And it's true, isn't it, that
24 you've not done any analysis regarding whether
25 reducing the amount of the bond or surety would have

1 any impact on rates that IGS offers to customers?

2 A. We haven't done any specific analysis.
3 However, our collateral costs are part of our rates
4 and are included in our rates.

5 MR. SHARKEY: Your Honor, no further
6 questions.

7 EXAMINER SCHABO: Mr. Olikier.

8 MR. OLIER: If we could just have two
9 or three minutes, I think -- I don't anticipate much,
10 if any, redirect.

11 EXAMINER SCHABO: Let's go off the
12 record.

13 (Recess taken.)

14 EXAMINER SCHABO: Mr. Olikier?

15 MR. OLIER: Thank you, your Honor.
16 Just very briefly on redirect.

17 - - -

18 REDIRECT EXAMINATION

19 By Mr. Olikier:

20 Q. Mr. Crist, do you remember questions
21 that you received from counsel for the company about
22 Section 12.4 in the supplier tariff?

23 A. Yes.

24 Q. And do you remember when counsel asked
25 you if you were requesting to change the methodology

1 for calculating the bond requirement in the tariff?

2 A. Yes, I do.

3 Q. Is that your only recommendation in this
4 case?

5 A. No, I have other recommendations.

6 Q. And what are those?

7 A. The first would be to take back the
8 language in the tariff that would require the
9 security amount be commensurate with the risk placed
10 on the company by the supplier.

11 Q. Okay. And is that the only other
12 recommendation?

13 A. Also that any changes to the bond form,
14 especially the remedy period, be approved by the PUCO
15 prior to making any changes.

16 That was changed unilaterally while we
17 were issuing our bond; changed from 30 days down to
18 five days. And I believe the current remedy period
19 of the bond form states two days.

20 MR. OLIKER: Thank you. Your Honor,
21 those are all the questions I have for Mr. Crist.

22 EXAMINER PRICE: I have a question. Did
23 you review the company's Application before filing
24 your testimony?

25 MR. OLIKER: Your Honor, which

1 Application? Which Application?

2 EXAMINER PRICE: Company's distribution
3 rate case Application.

4 THE WITNESS: Not to my knowledge.

5 EXAMINER PRICE: Are you aware of
6 whether the company proposed any changes to
7 Attachment 2 of your Exhibit 2 of your testimony in
8 their rate case Application?

9 THE WITNESS: I am not aware of any.

10 EXAMINER PRICE: Thank you. That's all
11 I have.

12 EXAMINER SCHABO: Any recross?

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

15 EXAMINER SCHABO: Thank you very much,
16 Mr. Crist. You may step down.

17 (Witness excused.)

18 EXAMINER SCHABO: Mr. Olikier.

19 MR. OLIER: Thank you, your Honor. IGS
20 would move for the admission of IGS Exhibit 3.

21 EXAMINER SCHABO: Any objections? It
22 will be admitted.

23 (EXHIBIT ADMITTED INTO EVIDENCE.)

24 EXAMINER PRICE: Mr. Olikier, you may
25 call your next witness.

1 MR. OLIKER: Are we moving on to the
2 company witness, Mr. Parke?

3 EXAMINER PRICE: He's IGS witness
4 Mr. Parke, but yes.

5 MR. OLIKER: Your Honor, RESA/IGS would
6 call Mr. Parke to the stand.

7 EXAMINER PRICE: Mr. Parke, do you swear
8 to tell the truth, the whole truth, and nothing but
9 the truth?

10 MR. PARKE: Yes.

11 EXAMINER PRICE: Please be seated and
12 state your name and business address for the record.

13 THE WITNESS: My name is Nathan Parke.
14 My business address is 1065 Woodman Drive, Dayton,
15 Ohio 45432.

16 EXAMINER PRICE: Thank you. Let's go
17 off the record at this time.

18 (Discussion off the record.)

19 EXAMINER PRICE: Let's go back on the
20 record.

21 Mr. Olikar, you may proceed.

22 MR. OLIKER: Thank you.

23 - - -

24

25

1 Nathan Parke,
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 CROSS EXAMINATION

5 By Mr. Olikar:

6 Q. Good morning, Mr. Parke.

7 A. Good morning.

8 Q. And could you please state your title
9 for the record?

10 A. My title is Senior Manager of Regulatory
11 Operations for Dayton Power and Light.

12 Q. And how long have you held that role?

13 A. Recently promoted this year to Senior
14 Manager, but prior to that I've been in the
15 regulatory group for 11 years, and with Dayton Power
16 and Light for 16.

17 Q. And when were you promoted?

18 A. It was at the beginning of this year.

19 Q. And you were in your prior role for how
20 long?

21 A. I believe it was approximately 2010.

22 Q. And what was your title at that point in
23 time?

24 A. Manager, Regulatory Operations.

25 Q. So am I correct that that would have

1 been your title at the time that the distribution
2 rate case application that we're discussing today was
3 filed?

4 A. That is correct.

5 Q. And could you explain, what was your
6 role in that filing?

7 A. I was a witness for supporting some of
8 the schedules. I was part of the team that developed
9 the case.

10 Q. And which schedules did you develop?

11 A. From memory, I believe I supported
12 Schedules A-1 and C-1, and likely some workpapers in
13 the E section.

14 Q. And could you explain what the C-1
15 schedule is?

16 A. I believe that was the overall financial
17 statement summary.

18 Q. And does that contain information at the
19 DP&L jurisdictional level?

20 A. Yes, I believe so.

21 Q. And am I also correct that you responded
22 to discovery in this proceeding?

23 A. Yes, I did.

24 Q. Could you -- taking a step back, what
25 was your role -- how did you go about preparing

1 Schedule C-1, what documents did you look at?

2 MR. SHARKEY: I'm going to object, your
3 Honor. At the hearing last week regarding the scope
4 of the subpoena here, the -- Mr. Olikier explained,
5 and there's an argument about the scope of whether or
6 not we could bring in witnesses.

7 Mr. Parke -- his testimony was -- he was
8 needed because, according to Mr. Olikier, he supported
9 five answers in response to DR-187, which Staff
10 Witness Smith supports, and that was to be the limit
11 of the cross-examination.

12 As your Honors ruled, it was available
13 here for Mr. Parke today, and Mr. Olikier is straying
14 beyond the scope of that limit.

15 EXAMINER PRICE: Mr. Olikier?

16 MR. OLIER: Your Honor, the questions
17 I'm asking are background to determine the scope of
18 his duties leading up to the discovery responses
19 which I believe these schedules directly relate to.

20 It may be a question of order and how we
21 get there, but I don't think that it's very far of a
22 leap to get from the Schedule C to the discovery
23 responses he's going to speak about.

24 EXAMINER PRICE: I think Mr. Sharkey is
25 most likely right, but we'll give you a little bit of

1 leeway to establish the background information you're
2 talking about, but don't push it too far.

3 MR. OLIKER: Of course not.

4 EXAMINER PRICE: You can answer the
5 question.

6 THE WITNESS: Schedule C-1 is a summary
7 of all the other C schedules, which I did not support
8 any other C schedule, I'm simply supporting the
9 summary of those on C-1.

10 By Mr. Olikar:

11 Q. Okay. Just so I understand that
12 response, am I correct that other witnesses when --
13 took the information from the unadjusted financial
14 statements and brought that to the DP&L jurisdiction,
15 and then you took their information and made Schedule
16 C-1?

17 A. That is correct.

18 Q. Thank you. And you relied upon their
19 information rather than independently undertaking
20 that analysis?

21 A. That is correct. The witnesses that
22 supported those schedules, I relied upon their
23 technical expertise in developing the schedules.

24 Q. And earlier we discussed -- by way of
25 background, you are familiar with the DP&L ESP case,

1 correct?

2 A. I am.

3 Q. And you provided some discovery
4 responses in this case related to an issue in that
5 case, correct?

6 MR. SHARKEY: Objection. That's vague,
7 your Honor.

8 EXAMINER PRICE: Sustained. Can you be
9 more specific, please?

10 MR. OLIKER: Okay.

11 By Mr. Oliker:

12 Q. Do you have a copy of the Stipulation
13 from the DP&L ESP case?

14 A. Is it in this book? I believe it may
15 be.

16 EXAMINER PRICE: It is. I think it's
17 Tab 7.

18 By Mr. Oliker:

19 Q. And turning to page 9. You're
20 familiar -- let me know when you get there.

21 A. I'm there.

22 Q. You're familiar with Section D, correct?

23 MR. SHARKEY: Objection, your Honor.
24 Again, we're straying well beyond the scope of
25 permissible bounds of cross that was established last

1 week for this witness.

2 EXAMINER PRICE: I am sympathetic to
3 your objection, but I think that Mr. Olikier is just
4 about to get to the heart of the matter, so we'll
5 allow this question.

6 MR. OLIER: Thank you, your Honor.

7 THE WITNESS: Can I have the question
8 reread, please?

9 (Question read back.)

10 THE WITNESS: That is correct.

11 By Mr. Olikier:

12 Q. And Section D provides that there would
13 be an evaluation of costs containing distribution
14 rates that may be necessary to provide standard
15 service offer service, correct?

16 A. That's what it says.

17 Q. You responded to discovery from the
18 Staff that was related to this provision, did you
19 not?

20 A. That is correct.

21 Q. Okay. And do you have a copy of those
22 discovery responses with you?

23 A. Is it the attachment to PUCO Witness
24 Smith?

25 Q. Yes.

1 A. I have that with me.

2 Q. You have that with you. Great.

3 EXAMINER PRICE: Mr. Olikier, you had
4 already marked that as an IGS exhibit. Let's refer
5 to it as Exhibit 1 so the Supreme Court will know
6 which document we're referencing here.

7 MR. OLIKER: Thank you, your Honor.

8 By Mr. Olikier:

9 Q. So referring to the attachment in
10 discovery responses that we just referenced, we'll
11 refer to that as IGS Exhibit 1, which has been marked
12 but not admitted. And you would agree your name is
13 on several of these discovery responses?

14 MR. SHARKEY: Your Honor, let me
15 interject. I believe IGS Exhibit 1 was DR-181, as I
16 have these marked.

17 EXAMINER SCHABO: When you get to
18 Attachment 7 it starts with --

19 MR. OLIKER: It is 181 and 187.

20 MR. SHARKEY: My apologies. I withdraw.

21 By Mr. Olikier:

22 Q. And I guess I can clarify for the
23 record, you provided responses to PUCO Data Request
24 187?

25 A. Only the first five parts of that.

1 Q. Okay. And am I correct that -- turning
2 back to the Stipulation, to paragraph D, you did not
3 respond to the specific question of whether or not
4 there are distribution -- let me restate that.

5 You did not undertake an analysis that
6 was specific to quantifying potential SSO related
7 costs in distribution rates?

8 A. In responding to this data request, it
9 performed an evaluation of the costs. And as I
10 stated in Response No. 1, that DP&L is unable to
11 quantify the differences, and the costs are not
12 tracked with that level of granularity.

13 And I gave some examples and stated that
14 it would be prohibitively expensive to track the
15 costs.

16 MR. OLIKER: Could I have my question
17 read again?

18 EXAMINER PRICE: You may.

19 (Question read back.)

20 MR. OLIKER: And, your Honor, I would
21 move to strike because I didn't ask him about any of
22 his discovery responses.

23 I asked him whether or not he answered
24 the specific question that I asked in discovery,
25 which is whether or not there are SSO costs in

1 distribution rates. He went on to talk about nonSSO
2 costs and other things in a different question.

3 EXAMINER PRICE: I think your question
4 was phrased in a vague and difficult to understand
5 manner, and that's the answer you got. But if you'd
6 like to rephrase the question I'm sure he'd be happy
7 to answer it.

8 MR. OLIKER: Okay.

9 By Mr. Oliker:

10 Q. Mr. Parke, would you agree that you did
11 not attempt to evaluate -- first, getting to these
12 discovery responses, what documents did you look at
13 to answer them?

14 A. I don't recall relying on any documents
15 for these responses.

16 Q. You looked at no documents to provide
17 any of the discovery responses identified in
18 Attachment 9 and Attachment 10?

19 A. If you're talking about the first five
20 subparts to Data Request 187 --

21 Q. Yes.

22 A. -- no, I don't recall using documents to
23 answer those.

24 Q. Did you perform any mathematical
25 analysis of figures to reach your conclusions?

1 A. No. As stated, we determined that it
2 would be prohibitively expensive to try to calculate
3 costs, and believed that it was unnecessary because
4 the costs DP&L incurs on behalf of shopping or
5 non-shopping customers are distribution utility costs
6 and are appropriately charged as they are today.

7 MR. OLIKER: Your Honor, I would move to
8 strike. I asked him if he performed any mathematical
9 analysis to reach his conclusion.

10 EXAMINER PRICE: I think every witness
11 deserves one warning. Mr. Parke, this is it. Please
12 listen carefully to counsel's questions, and answer
13 the question he asks and only the question he asks.
14 Otherwise the motion to strike is denied.

15 By Mr. Olikier:

16 Q. Am I correct, Mr. Parke, in answering
17 these discovery responses you did not evaluate any of
18 the costs that were proposed as part of the
19 jurisdictional DP&L allocation to determine whether
20 they were properly functionalized in distribution
21 service because you accepted those numbers from other
22 witnesses?

23 MR. SHARKEY: I'm going to object as
24 vague. It's not specific enough to determine exactly
25 what Mr. Olikier is referring to.

1 EXAMINER PRICE: He can answer if he
2 understood the question.

3 THE WITNESS: I don't understand the
4 question.

5 MR. OLIKER: Which part of my --

6 EXAMINER PRICE: Would you rephrase?

7 MR. OLIKER: -- question don't you
8 understand?

9 THE WITNESS: Could we have it reread or
10 reasked?

11 EXAMINER PRICE: Let's have the question
12 back again.

13 (Question read back.)

14 THE WITNESS: No, I don't agree with
15 that. I think I evaluated them based on the nature
16 of the costs.

17 Now, I did not pull accounting records
18 and look at detailed actual numbers or anything like
19 that. This was simply a nature of the costs
20 response.

21 By Mr. Oliker:

22 Q. And am I correct that you have some
23 familiarity with billing systems?

24 MR. SHARKEY: Objection, your Honor.
25 Well outside the scope of these --

1 MR. OLIKER: He mentions providing bill
2 ready and rate ready billing in his discovery
3 responses, your Honor.

4 EXAMINER PRICE: Overruled.

5 THE WITNESS: Generically, yes.

6 By Mr. Oliker:

7 Q. Would you agree that suppliers have to
8 have billing systems?

9 A. I don't know that they actually do.

10 Q. In order to -- what is bill ready
11 billing, do you know?

12 A. Bill ready billing is where the utility
13 has the ability to receive dollar amounts from CRES
14 providers and issue that on the bill.

15 Q. And that comes through an EDI
16 transaction from a CRES or a third party that they
17 may utilize, correct?

18 A. I believe so.

19 Q. And the CRES has to pay for the third
20 party to do that, or have their own systems, correct?

21 A. I would assume so. I don't know.

22 Q. And regarding the TCRR-N pilot program,
23 are you familiar with the operation of that program?

24 A. Generically, yes.

25 Q. Did CRES providers ask for that program?

1 MR. SHARKEY: Objection. Object. That
2 was a matter that was established in the ESP
3 Stipulation pursuant to settlement negotiations, so I
4 believe that revealing the source of how that got
5 negotiated would be revealing settlement negotiations
6 from the ESP case.

7 EXAMINER PRICE: Would you rephrase your
8 question in a manner that does not limit itself for
9 asking for settlement negotiations information?

10 By Mr. Olier:

11 Q. Mr. Parke, would you agree that that
12 program allows for large customers to obtain their
13 transmission under the 1CP on the local transmission
14 system as determined by PJM, if you know?

15 A. I believe that to be true, although I
16 don't know for sure.

17 Q. And has DP&L resisted attempts to
18 allocate all transmission costs to customers based
19 upon cost causation under the 1CP?

20 A. I'm not sure what you mean.

21 Q. Well, isn't it true that the pilot
22 program simply allows for cost causation principles
23 at the wholesale level to dictate rates?

24 A. I believe the provision allows certain
25 customers to work with a CRES provider to obtain

1 those services, and not DP&L.

2 Q. And isn't it true that the pilot program
3 would be unnecessary if DP&L's rate structures simply
4 followed the PJM process?

5 MR. SHARKEY: Objection, calls for a
6 legal conclusion. It's argumentative.

7 EXAMINER PRICE: Could I have the
8 question back, please?

9 (Question read back.)

10 EXAMINER PRICE: Overruled.

11 THE WITNESS: I don't think that's
12 necessarily true.

13 By Mr. Olier:

14 Q. Well, are you aware of how, outside of
15 the pilot program, transmission revenue
16 responsibility is assigned to customers?

17 A. Generically, yes. I think part of the
18 pilot program was for customers to individually
19 obtain services. I believe there was an issue of
20 rates developed by DP&L that are by class.

21 Q. And those rates use a customer's highest
22 usage within a month, correct?

23 A. I'm not sure what you mean.

24 Q. Well, then why don't you explain for the
25 record how a transmission revenue responsibility is

1 assigned for each month for a customer outside of the
2 pilot program, if you know?

3 A. I don't know for sure.

4 Q. Would you agree it's not the way the PJM
5 does it?

6 A. I don't know. I mean, I think it's
7 reflective of PJM, so I don't really know.

8 Q. Does it use a 1CP?

9 A. There are allocators. I think you're
10 talking about costs that would be charged through the
11 TCRR, and there are items that are allocated on 1CP.
12 I really don't know beyond that.

13 Q. But not all of those items, correct?

14 MR. SHARKEY: Your Honor, I'm going to
15 object as Mr. Parke's discovery response merely
16 indicated that DP&L incurred costs for administering
17 the TCRR and opt-out program. His testimony didn't
18 purport to explain the exact details of the ins and
19 outs of how the program is supposed to operate.

20 EXAMINER PRICE: I agree. I don't know
21 why we're talking about a transmission service in a
22 distribution rate case. Sustained. You can ask him
23 about the costs they incur.

24 By Mr. Olikar:

25 Q. Mr. Parke, are you an accountant?

1 A. No.

2 Q. And are you familiar with the FERC
3 Uniform System of Accounts?

4 A. Generically, yes.

5 Q. Are you familiar with allocation
6 factors?

7 A. Generically, yes.

8 Q. What is an allocation factor?

9 A. It's a factor used to assign costs to
10 customers or classes of customers.

11 Q. And am I correct that allocation factors
12 are typically used when it would be cost prohibitive
13 to do direct allocation?

14 MR. SHARKEY: Object, your Honor. I
15 don't see how that falls within the scope of the five
16 responses in 187 Mr. Parke is responsible for.

17 EXAMINER PRICE: Mr. Olikar.

18 MR. OLICKER: Your Honor, he's saying it
19 would be cost prohibitive to track the costs that he
20 discusses in his testimony, and I'm trying to figure
21 out what his understanding is about how allocations
22 are done in the utility industry.

23 EXAMINER PRICE: Overrule the objection
24 at this time. We'll give Mr. Olikar a little bit of
25 leeway, but it needs to come together soon.

1 THE WITNESS: Allocators are typically
2 used and developed after thorough examination and
3 studies of costs to determine an appropriate level to
4 allocate.

5 By Mr. Olikar:

6 Q. And am I correct to the question I
7 asked, that allocation factors are often used when it
8 is determined that it would be cost prohibitive to do
9 a direct allocation?

10 A. That's generally true.

11 Q. And one of those allocation factors
12 could be customer count?

13 A. It could be.

14 Q. And another one could be revenue?

15 A. Sure.

16 Q. Can you turn to your response to
17 Question No. 5, which is on Attachment 10? And where
18 it says, "The company subsidizes SSO in distribution
19 rates," you said no, and my question is, you do not
20 deny that there are costs proposed for recovery
21 through distribution rates which are necessary to
22 provide the SSO?

23 A. No, what I'm stating here is that all
24 approved generation costs are appropriately assigned
25 to the SSO and being charged through the SSO.

1 There are several items, including the
2 competitive bid auction result, as well as the
3 auction manager to conduct the auction, as well as a
4 third-party auditor, as well as internal company
5 resources that are directly charged to the SSO, and
6 all those costs are charged directly to SSO
7 customers.

8 MR. OLIKER: Can I have my question and
9 his answer read again?

10 EXAMINER PRICE: You may.

11 (Record read back.)

12 MR. OLIKER: And, your Honor, I would
13 move to strike everything after "No". I didn't ask
14 him what was being allocated to the SSO, I asked him
15 whether or not there were costs related to the SSO
16 being proposed for recovery in distribution rates,
17 and to that he said no and then he answered a
18 different question.

19 EXAMINER PRICE: I disagree. Motion to
20 strike is denied. He answered the question and
21 explained his answer.

22 By Mr. Olikar:

23 Q. And under Question No. 4 when you
24 discuss costs of transmission and generation, am I
25 correct that in that response you're defining

1 generation as the commodity of generation energy
2 capacity, as well as the auction manager and process
3 costs that you just referenced in your prior
4 response? That is the limit of your definition?

5 A. Yeah, all the items I listed in there as
6 far as the auction manager, the third-party auditor,
7 and there are company resources that charge directly
8 to the SSO. Yes, all those items together.

9 Q. And am I correct that you have not --
10 you would agree that a portion of DP&L's call center
11 provides responses regarding bypassable rates and
12 tariffs, if you know?

13 THE WITNESS: Could I have that reread?

14 (Question read back.)

15 THE WITNESS: I believe that DP&L's call
16 center is a distribution function of the utility, and
17 we would respond to questions about the competitive
18 market. Whether it be a CRES related issue or an SSO
19 issue, we would respond to both.

20 By Mr. Olier:

21 Q. So the answer is yes, you agree?

22 THE WITNESS: Could I have the question
23 again?

24 (Question read back.)

25 THE WITNESS: Yes, the call center

1 responds to SSO and CRES related issues, both.

2 MR. OLIKER: And, your Honor, you did
3 give him a warning. He continues to respond to
4 questions that are not asked of him that are narrowly
5 tailored, so I would move to strike everything after
6 the SSO.

7 EXAMINER PRICE: Can I have the question
8 back again, please? I'm not sure which answer you're
9 moving to strike, his preceding answer or the next
10 one.

11 MR. OLIKER: I would move to strike all
12 of the preceding answer, which was very vague and
13 rambling, and eventually kind of got to the question,
14 but also had a lot of other information in there
15 regarding questions that were not asked of him.

16 And the followup is slightly more
17 succinct, but then he continued to respond to
18 questions that were not asked.

19 EXAMINER PRICE: So you're moving to
20 strike both answers?

21 MR. OLIKER: All of the first and a
22 portion of the second.

23 EXAMINER PRICE: Which portion of the
24 second?

25 MR. OLIKER: The portion discussing

1 choice.

2 EXAMINER PRICE: Okay. Can I have both
3 the questions and both answers back again?

4 (Record read back.)

5 MR. SHARKEY: May I be heard, your
6 Honor?

7 EXAMINER PRICE: Yes.

8 MR. SHARKEY: The question specifically,
9 your Honor, referred to bypassable components, and
10 that's relatively vague as to whether it's limited to
11 the SSO or how do you go about bypassing costs by
12 switching, which would specifically relate to how to
13 switch to CRES providers.

14 So Mr. Parke's answer, I believe, was
15 well within the scope of a question about whether the
16 call center responds to questions about bypassable
17 riders.

18 EXAMINER PRICE: I agree. Mr. Olikar,
19 if you want a more specific answer you're going to
20 have to ask a more specific question. You're
21 entitled to treat this as a hostile witness, you can
22 lead, you're just going to have to ask more narrow
23 questions.

24 MR. OLIKER: Your Honor, with all due
25 respect, I don't believe bypassable charges ever has

1 referred to those charges of a CRES provider, but I
2 will do my best.

3 EXAMINER PRICE: I was saying it's kind
4 of an open-ended question, a vague question, you got
5 a vague answer. Just ask him the questions narrowly.
6 By Mr. Olier:

7 Q. Mr. Parke, what are your
8 responsibilities within the call center, if any?

9 A. As part of the regulatory group we do
10 support the call center from time to time for a
11 couple of different issues.

12 One of the -- from time to time if there
13 is an escalated call that's specific about rates, we
14 may either provide guidance to the call center, or at
15 times we do handle the calls directly.

16 We also, from time to time, provide
17 talking points for our call center reps as our rates
18 change, and from time to time when there's
19 significant changes to either rate structures or
20 different provisions within tariffs we will provide
21 training materials to help educate our call center.

22 Q. And are any of the costs of your time
23 performing those services allocated to the standard
24 service offer?

25 A. I don't believe so, no.

1 Q. Would you agree that CRES providers have
2 to have talking points as well?

3 MR. SHARKEY: Objection, your Honor,
4 outside the scope of DR-187.

5 EXAMINER PRICE: He can answer it if he
6 knows.

7 THE WITNESS: I don't know for sure that
8 they do. But I would say that as companies interact
9 with customers they probably would want a support and
10 be knowledgeable about their products for customers.

11 EXAMINER PRICE: Have you ever worked
12 for a CRES provider?

13 THE WITNESS: No, I have not.

14 EXAMINER PRICE: Okay.

15 By Mr. Olikar:

16 Q. And do you have a background in IT?

17 A. That's not my profession, no.

18 Q. And have you ever done any analysis of
19 the cost of IT upgrades?

20 A. No, not that I know of.

21 Q. And for purposes of this application
22 that we're discussing today, did you validate any of
23 the costs of IT or software?

24 A. No, I don't believe I did.

25 Q. Regarding EDI -- you're familiar with

1 that term, right?

2 A. Generally, yes.

3 Q. Would you agree that that provides
4 customer usage information to CRES providers?

5 A. I believe that it does.

6 Q. Would you agree that there is no other
7 way for a CRES provider to get a customer's usage
8 information other than through an EDI transaction
9 with DP&L?

10 A. I don't believe that to be true.

11 Q. How else would they get it?

12 A. The customer usage data?

13 Q. Yes.

14 A. I believe they can get it through email.

15 Q. Okay. Well, let me state the question
16 differently.

17 A CRES provider cannot get customer
18 usage data from any other source than DP&L, correct?

19 MR. SHARKEY: I would object, your
20 Honor, he's straying into -- strike that.

21 He's straying away from DR-187 and
22 appears to be other issues that IGS witnesses have
23 raised regarding costs charged to them for EDI
24 transactions.

25 EXAMINER PRICE: Mr. Olikier.

1 MR. OLIKER: I'm simply exploring some
2 of the responses that he provides about competitive
3 services for shopping customers.

4 EXAMINER PRICE: Well, you should ask
5 him about whether Dayton incurs costs -- whether
6 Dayton incurs costs in EDI transactions, not what
7 CRES providers do. Sustained.

8 By Mr. Oliker:

9 Q. Just so we're clear, when DP&L is
10 administering EDI so the CRES providers can get
11 information, that is technically a monopoly service,
12 correct, because a CRES provider cannot get the data
13 from anyone else?

14 MR. SHARKEY: Objection. Whether or not
15 something is a monopoly service is beyond the scope
16 of DR-187.

17 EXAMINER PRICE: I'll sustain the
18 objection, but you can ask him if it's a distribution
19 service, if you care to.

20 By Mr. Oliker:

21 Q. Mr. Parke, would you agree that CRES
22 providers have no other option than to look to DP&L
23 to obtain customer's usage information to offer a
24 product?

25 MR. SHARKEY: Same objection, your

1 Honor. You said he could ask him if it was a
2 distribution service, but instead of using the word
3 "monopoly" he said "no other option".

4 EXAMINER PRICE: I disagree with your
5 grounds, but I think it was asked and answered, so
6 your objection is sustained. Been down that path.
7 By Mr. Olikar:

8 Q. Mr. Parke, can I refer you to actually
9 Attachment 1 which is Data Request 181?

10 A. I don't know where that is. Is it in
11 the binder?

12 Q. It is I believe -- do you have the --
13 I'm trying to avoid not confusing the record. Do you
14 have the testimony of the Staff witness?

15 EXAMINER PRICE: Now you're confusing
16 the witness. Why don't you give him a copy of IGS
17 Exhibit 1? You may approach to give it to him.

18 MR. OLIKER: I'll give him my copy.

19 By Mr. Olikar:

20 Q. And I just simply want to ask you while
21 you're here -- first, do you see IGS Exhibit 1, which
22 contains responses to Staff Data Request 181?

23 A. Yes, I believe I have that now.

24 Q. And were you involved in the preparation
25 of the cost-of-service study?

1 MR. SHARKEY: Objection, your Honor.

2 It's outside the scope of DR-187 which is the limited
3 scope he's permitted to ask questions regarding per
4 your ruling.

5 EXAMINER PRICE: We'll allow the
6 background question. You're probably correct, but
7 we'll allow the background question.

8 MR. OLIKER: Thank you, your Honor. And
9 it may be, I'm just trying to make sure.

10 THE WITNESS: Yeah, I was part of the
11 team that developed the case, so I was aware that we
12 hired Bruce Chapman to perform the cost-of-service
13 study.

14 By Mr. Oliker:

15 Q. You didn't personally participate in the
16 preparation of the cost-of-service study?

17 A. Not directly, no.

18 Q. And therefore you wouldn't have felt
19 comfortable sponsoring the cost-of-service study as a
20 witness?

21 A. No, I didn't perform the calculations.

22 Q. And turning back to interrogatory -- or
23 Staff Data Request 187, when you were preparing your
24 response to Question 1, you didn't undertake any
25 specific analysis of DP&L's uncollectible expense

1 experience, correct? That would have been outside
2 your level of expertise?

3 A. That is correct. We didn't evaluate
4 uncollectible expense, I believe that issue was
5 already resolved in the electric security plan.

6 Q. Do you know whether there is an
7 allowance for overhead associated with uncollectible
8 expense proposed for recovery in the distribution
9 rates which we're evaluating in this proceeding?

10 A. I don't know.

11 Q. And likewise, the responses from
12 Mr. Bentley, you would rely on his responses for
13 purposes of answering questions about uncollectible
14 expenses and disconnection?

15 MR. SHARKEY: Objection, your Honor,
16 beyond the scope.

17 EXAMINER PRICE: Sustained. Mr. Bentley
18 was here yesterday. You could have asked him that
19 question.

20 MR. OLIKER: Your Honor, I'm simply
21 trying to make sure that Mr. Bentley is the witness
22 that could answer the questions, that's all I'm
23 trying to explore; that he's not offering any
24 opinions on that, which I believe is the case.

25 EXAMINER PRICE: Sustained.

1 By Mr. Olikar:

2 Q. And, Mr. Parke, earlier you mentioned
3 costs that are allocated to the SSO. Would you agree
4 that there was no allocation to the SSO price
5 regarding expenses incurred by DP&L to litigate its
6 electric security plan?

7 THE WITNESS: Could I have that reread?

8 EXAMINER PRICE: Please.

9 (Question read back.)

10 THE WITNESS: It's my understanding that
11 the electric security plan is required by electric
12 utilities in the State of Ohio, and the costs to do
13 that, they were included in the application in this
14 case.

15 By Mr. Olikar:

16 Q. Do you have a copy of the Staff Report?

17 A. I do not.

18 Q. Well, first, before we go there, you
19 would agree -- to answer the question I asked, there
20 was no allocation to the SSO price for ESP litigation
21 expense?

22 A. There was not.

23 Q. Okay. And would you agree -- is the --

24 MR. OLICKER: Is that figure
25 confidential? I don't believe it is.

1 EXAMINER PRICE: What is the relevance
2 of the figure?

3 MR. OLIKER: What?

4 EXAMINER PRICE: What is the relevance
5 of the figure? He said it wasn't allocated to the
6 SSO.

7 MR. OLIKER: It goes to the issue of
8 subsidies, whether or not it's allocated to the SSO
9 and it's a free ride for the SSO.

10 EXAMINER PRICE: I understand why you're
11 making the issue, I'm saying why is the figure
12 important?

13 MR. OLIKER: It's a big number.

14 EXAMINER PRICE: Okay.

15 MR. SHARKEY: The answer to the question
16 is the number is not confidential.

17 By Mr. Oliker:

18 Q. And first, Mr. Parke, do you know how
19 much money DP&L incurred to litigate the electric
20 security plan?

21 A. I know the approximate number, yes.

22 Q. Can you give that number?

23 A. It's approximately \$5 million.

24 Q. And was it your -- if the Staff Report
25 recommended that DP&L not collect that money through

1 distribution rates, you would defer to the Staff
2 Report, correct?

3 MR. SHARKEY: Objection. It's a
4 question that the Stipulation provides. I think it's
5 outside the scope of DR-187.

6 EXAMINER PRICE: I also think it's a
7 legal question. Sustained.

8 Mr. Olikar, they either have an
9 objection or it's in the Stipulation. There's no
10 objection, it's not in the Stipulation, the Staff
11 Report will control.

12 MR. OLIKER: Right. And that's --
13 trying to clean up the record, your Honor, simply
14 because I think the witness said something
15 inconsistent with the Staff Report. That's why I
16 needed to show it to him.

17 By Mr. Olikar:

18 Q. Let me come at it this way. Mr. Parke,
19 if a portion -- let me do this differently.

20 If \$2 million was allocated to the SSO
21 price, would you agree that if you were to collect
22 that figure from all SSO customers it would be
23 approximately in the range of half of a mil?

24 A. I don't know that.

25 Q. Would you agree that it would be a

1 material change?

2 MR. SHARKEY: Objection, your Honor,
3 it's outside the scope of 187.

4 MR. OLIKER: Your Honor --

5 EXAMINER PRICE: Material change of
6 what?

7 MR. OLIKER: Of the rate. He says that
8 there are no subsidies from the distribution utility
9 to the SSO service, and we're talking about costs
10 that he's admitted the SSO avoids, and I'm simply
11 trying to discuss with him the impact of not
12 assigning that cost to the SSO.

13 EXAMINER PRICE: I thought you
14 represented to the Bench that the Staff Report said
15 that they cannot collect the SSO in the cost of their
16 ESP.

17 MR. OLIKER: I did, but it's also an IGS
18 objection that the SSO avoids that cost, and I'm
19 simply exploring how that may be a subsidy to allow
20 the SOS to avoid the cost.

21 EXAMINER PRICE: Now you are telling me
22 that it's outside of the grounds of DR-187.

23 MR. OLIKER: He already said there's no
24 subsidy to the SSO, and that's why it's relevant.

25 EXAMINER PRICE: One more time. The

1 Staff Report said that DP&L could not collect the
2 costs of the ESP; is that correct?

3 MR. OLIKER: That's correct.

4 EXAMINER PRICE: Does the Stipulation
5 provide for the Staff Report in the cost -- does the
6 Stipulation provide for DP&L to collect the costs of
7 litigating the ESP?

8 MR. OLIKER: No, it does not.

9 EXAMINER PRICE: So DP&L will collect
10 zero dollars for litigating the ESP from ratepayers;
11 is that correct?

12 MR. OLIKER: That is correct, and that's
13 why it's a subsidy. A subsidy doesn't always have to
14 exist of the assignment of cost from one entity to
15 the other. As long as the cost is still paid, the
16 subsidy exists by avoiding the assignment of the
17 cost.

18 The distribution utility still incurred
19 that cost, still paid for the litigation expenses on
20 behalf of the SSO, therefore it's a subsidy whether
21 or not it's an unfunded subsidy.

22 EXAMINER PRICE: You're saying that
23 shareholders are subsidizing the SSO?

24 MR. OLIKER: I'm saying that the
25 distribution utility clearly paid for those services.

1 It may have reduced the return on equity of the
2 distribution utility, but it was still the payment of
3 an SSO related cost using distribution revenue.

4 EXAMINER PRICE: Okay. Well, I think
5 the simplified matter is I will go with Mr. Sharkey's
6 you're well outside the scope of 187.

7 By Mr. Olikar:

8 Q. So am I correct, Mr. Parke, that there
9 is no -- you testified to costs that are assigned to
10 the SSO, correct?

11 A. You mean just a few minutes ago?

12 Q. Yes.

13 A. Yes.

14 Q. Would you agree that there -- first, are
15 you familiar with the term "cash working capital"?

16 A. Yes.

17 Q. Would you agree that there is no cash
18 working capital element for the SSO rate that is
19 bypassable?

20 A. That is true.

21 Q. DP&L had originally proposed a cash
22 working capital requirement for the SSO, correct?

23 A. That is correct, and it was not
24 approved.

25 Q. All right. But by not having a cash

1 working capital for the SSO, the cost doesn't
2 actually go away though, does it?

3 A. No, it's just not recovered.

4 Q. And it's borne by the distribution
5 utility and it reduces their net income, correct?

6 A. It may, I don't know.

7 Q. Or do you know, is there an allowance in
8 distribution rates intended to cover all the cash
9 working capital requirements of DP&L?

10 A. I don't know for sure.

11 Q. Okay. And you didn't undertake that
12 analysis to respond to these discovery requests, did
13 you?

14 A. No, I don't believe that there is
15 related to the SSO. As I stated, it was not
16 approved, so it's not in distribution rates today.

17 Q. But did you evaluate whether there was a
18 cash working capital requirement in distribution
19 rates?

20 A. For distribution services, is that what
21 you're asking?

22 Q. For any service.

23 A. I don't know for sure that there is
24 today or not. I think our current rates were a
25 result of a settlement. I'm not sure what was in

1 there for cash working capital.

2 MR. OLIKER: If I could have one minute,
3 your Honor.

4 (Pause.)

5 By Mr. Olier:

6 Q. Just a few more questions.

7 Mr. Parke, have you ever prepared a
8 cost-of-service study?

9 A. Not for distribution rates, no.

10 Q. And lastly, who is the witness that
11 sponsored the underlying cost estimates of operating
12 expenses in the application that you relied upon?

13 MR. SHARKEY: Objection, your Honor. I
14 think it's outside the scope.

15 EXAMINER PRICE: I'll allow it.

16 THE WITNESS: I believe there was a
17 couple of witnesses on many of the C schedules. I
18 believe Craig Forestall is one of them.

19 By Mr. Olier:

20 Q. And Emily Rabb is the other one?

21 A. Correct.

22 Q. And just so I'm correct, I think you
23 said this earlier, those are the witnesses that were
24 responsible for functionalizing costs that may have
25 been incurred at the parent level to distribution

1 service for purposes of this application, correct?

2 A. I don't believe it was answered exactly
3 like that, but generally, yes.

4 MR. OLIKER: I believe those are all the
5 questions I have, your Honor. Thank you, Mr. Parke.

6 EXAMINER PRICE: Mr. Whitt?

7 MR. WHITT: No questions.

8 EXAMINER PRICE: Mr. Alexander?

9 MR. ALEXANDER: No questions.

10 EXAMINER PRICE: Mr. Healey?

11 MR. HEALEY: No.

12 EXAMINER PRICE: Mr. Pritchard?

13 MR. PRITCHARD: No questions, your
14 Honor.

15 EXAMINER PRICE: Mr. Sharkey?

16 MR. SHARKEY: No questions, your Honor.

17 EXAMINER PRICE: I've got a couple.

18 - - -

19 EXAMINATION

20 By Examiner Price:

21 Q. Got to me much more quickly than I
22 expected. Do you have a copy of the Amended
23 Stipulation from the SSO case, IGS Exhibit 2?

24 A. Tab 7, the Stipulation?

25 Q. Also Tab 7.

1 A. Yes.

2 Q. Okay. Mr. Olier asked you several
3 questions about the standard service offer, and it's
4 your understanding that Dayton is required -- Dayton
5 Power and Light is required to provide a standard
6 service offer; is that correct?

7 A. Yes.

8 Q. And if you can turn to the Stipulation,
9 page 8, it indicates that part of the Stipulation
10 covers the Standard Service Offering; is that
11 correct?

12 A. Correct.

13 Q. And if you turn to page 3, it indicates
14 another element of the electric security plan is
15 distribution service and grid modernization; is that
16 correct?

17 A. Correct.

18 Q. And that is not unique to SSO customers,
19 is that correct?

20 A. It is not.

21 Q. And if you turn to page 7 -- sorry,
22 page 9, you see a header for an economic development
23 program -- rider which relates to economic
24 development programs, correct?

25 A. Correct.

1 Q. And standard service offer customers
2 benefit from those; is that correct?

3 A. Yeah. All customers do.

4 Q. All customers benefit from this?

5 A. Correct.

6 Q. Turn to page 14 -- wrong reference.
7 Let's go to page 21 instead. There's a header for
8 "Competitive Retail Market Enhancements", is that
9 correct?

10 A. Correct.

11 Q. Do customers who are currently serving
12 on the standard service offer benefit directly from
13 competitive retail market enhancements?

14 A. Not directly, no.

15 Q. Would you say they benefit in the sense
16 of having a competitive environment is a benefit
17 because they can go shop off the standard service
18 offer if they choose to?

19 A. Correct. There may be some benefit by
20 having that service available.

21 Q. Correct. And likewise, would you agree
22 that shopping customers can at any time join the
23 standard service offer if they are unhappy with the
24 prices in the market when their current term comes to
25 an end?

1 A. That is correct.

2 Q. And they can leave at any time; is that
3 correct?

4 A. That is correct.

5 Q. So they have an option to come back and
6 forth, you agree with that?

7 A. Yes, they do.

8 Q. And do you think that's a benefit for
9 shopping customers?

10 A. Yes, it is.

11 Q. Okay. Mr. Olikier asked you some
12 questions regarding EDI transactions. Does Dayton
13 Power and Light incur costs for EDI transactions to
14 bill shopping customers?

15 A. Yes.

16 Q. Are those costs recovered through
17 distribution rates?

18 A. They may be in part, although there
19 is -- there are some fees to CRES providers for
20 certain components.

21 Q. So do you know today whether all of
22 those fees cover all of those, or you're not sure?

23 A. I don't know. I don't know for sure.

24 Q. That's fair.

25 EXAMINER PRICE: I think that's

1 everything I have for now. Thank you. You're
2 excused.

3 (Witness excused.)

4 EXAMINER PRICE: Let's go off the
5 record.

6 (Discussion off the record.)

7 EXAMINER PRICE: Let's go back on the
8 record. Call your first witness.

9 MR. MC NAMEE: Staff would call Krystina
10 Schaefer.

11 EXAMINER PRICE: Do you swear to tell
12 the truth, the whole truth, and nothing but the
13 truth?

14 MS. SCHAEFER: Yes.

15 EXAMINER PRICE: State your name and
16 business address for the record.

17 THE WITNESS: Name is Krystina Schaefer.
18 My business address is 1830 East Broad Street,
19 Columbus, Ohio 43215.

20 EXAMINER PRICE: Please proceed.

21 - - -

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

25 DIRECT EXAMINATION

1 By Mr. McNamee:

2 Q. Ms. Schaefer, by whom are you employed
3 and in what capacity?

4 A. I'm employed by the Public Utilities
5 Commission of Ohio as a chief of the Grid
6 Modernization and Security Division within the Rates
7 and Analysis Department.

8 Q. Okay.

9 MR. MC NAMEE: Your Honor, at this time
10 I'd ask to have marked for identification as Staff
11 Exhibit 3 the document filed in this case on July 16,
12 marked Prefiled Testimony of Krystina Schaefer.

13 EXAMINER PRICE: It will be so marked.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 By Mr. McNamee:

16 Q. Ms. Schaefer, do you have before you
17 what's been marked for identification as Staff
18 Exhibit 3?

19 A. Yes, I do.

20 Q. What is it?

21 A. It's my prefiled testimony.

22 Q. Okay. Was that prepared by you or under
23 your direction?

24 A. Yes, it was.

25 Q. Okay. Do you have any corrections to

1 make to that document today?

2 A. I do.

3 Q. Would you go through those very slowly
4 so that the reporter can --

5 A. Just one change. Page 6 of the
6 testimony, in the answer to Question No. 9, the first
7 sentence, "Company witness Kathryn N. Storm described
8 that the company's proposed changes to the Private
9 Outdoor Lighting," and then there's a reference to
10 the company witness' direct testimony.

11 Just that whole sentence I would like to
12 strike so that the answer starts with, "As proposed."
13 And that's the only change.

14 Q. Do you intend to strike the footnote,
15 too?

16 A. Yes, Footnote 8.

17 Q. All right. With that deletion are the
18 contents of what's been marked for identification as
19 Staff Exhibit 3 true to the best of your knowledge
20 and belief?

21 A. Yes.

22 Q. If I asked you the same questions that
23 are contained within what's been marked for
24 identification as Staff Exhibit 3 again here this
25 morning, would your answers be the same?

1 A. Yes, they would.

2 MR. MC NAMEE: Your Honor, the witness
3 is available for cross.

4 EXAMINER PRICE: Mr. Alexander?

5 MR. ALEXANDER: No questions.

6 EXAMINER PRICE: Mr. Healey?

7 MR. HEALEY: No.

8 EXAMINER PRICE: Mr. Pritchard?

9 MR. PRITCHARD: No questions.

10 EXAMINER PRICE: Mr. Sharkey?

11 MR. SHARKEY: No questions.

12 EXAMINER PRICE: Mr. Whitt?

13 MR. WHITT: Yes, your Honor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Whitt:

17 Q. Ms. Schaefer, I wanted to ask you about
18 the -- well, if you'll refer with me to page 3 of
19 your testimony.

20 A. I'm on page 3.

21 Q. Okay. And the Question and Answer 6
22 refers to Staff's initial decision to select the
23 DP&L's billing systems and customer information
24 systems as a subject of the management and operations
25 review in the rate case, correct?

1 A. Yes, it does.

2 Q. And as you go on to explain on page 4 of
3 your testimony, Staff later determined that that
4 review would be more appropriately conducted as part
5 of an Advanced Metering Infrastructure application,
6 correct?

7 A. Yes.

8 Q. Is it Staff's position that DP&L is
9 unable to provide customer energy usage data without
10 Smart Meters?

11 A. I believe the company can provide access
12 on customer energy usage data for C&I customers that
13 have interval data recorders which are essentially
14 hourly meters for C&I customers that don't have full
15 Smart functionality.

16 And then for electromechanical meters, I
17 didn't address this specifically, but I believe it
18 would be contained in the supplier tariff, the
19 provisions related to data access for those types of
20 meters.

21 Q. Okay. And the supplier tariff was not
22 something that was reviewed in this filing; is that
23 correct?

24 A. I believe another Staff witness may have
25 reviewed the supplier tariff. That wasn't within the

1 scope of my review, though, no.

2 Q. Okay. Would it be fair to say that
3 nothing would have prevented Staff from proceeding
4 with a review of customer billing systems in this
5 case?

6 A. I think because if you look to the
7 initial Staff Report, the specific language was
8 around the accommodation for meter information from
9 AMI and Smart Meter deployment, that's why the review
10 was not conducted, because the company has plans for
11 an August filing for a grid modernization plan that
12 would include AMI and Smart Meters.

13 Q. Okay. And there's no predetermined
14 schedule that the grid modernization filing would
15 proceed on, is there?

16 A. Do you mean when the application is due
17 to be filed?

18 Q. No, once the application is filed,
19 there's no -- no schedule established for how long it
20 may take to process that application?

21 A. Once the application is filed I would
22 expect the procedural schedule to be established by
23 the Attorney Examiners.

24 And then in terms of as far as
25 implementation goes, I would expect that the company

1 would detail the implementation plans as part of the
2 application.

3 But again, you know, the final approval
4 of any case that would be pending would be subject to
5 the Commission's discretion, to some extent.

6 Q. Okay. And are you aware of a grid
7 modernization filing made by the FirstEnergy
8 utilities in case 16-0481?

9 A. Yes.

10 Q. And subject to check, would you agree
11 that application was filed in February of 2016?

12 A. Subject to check, yes.

13 Q. Would you agree, also subject to check,
14 that no procedural schedule has been entered in that
15 proceeding?

16 A. I don't believe so. However, the
17 Commission has addressed that case in that they --
18 the Commission essentially stated that the companies
19 should press pause until the Power Forward Initiative
20 has concluded, which the final policy document
21 associated with that is expected to be released by
22 the end of this calendar year.

23 Q. Would you expect that the pause button
24 will also be hit on DP&L's filing if it's made on
25 August 1, 2018, until the Power Forward Order, for

1 lack of a better term, is issued?

2 MR. MC NAMEE: Objection.

3 EXAMINER PRICE: Grounds?

4 MR. MC NAMEE: Calls for speculation
5 what the Commission may do.

6 EXAMINER PRICE: Actually, just so the
7 record is clear, that August 1st date was extended to
8 December 1st by Attorney-Examiner entry in the last
9 two weeks. So if you reference the case you'll see
10 that it is now a December 1st filing deadline.

11 MR. WHITT: Okay.

12 By Mr. Whitt:

13 Q. With that clarification, we can move
14 along.

15 Is it Staff's expectation that when
16 the -- when DP&L files its grid modernization
17 application, that there will be cost information
18 included in that application?

19 A. Yes.

20 Q. If you'll turn with me to page 7 of your
21 testimony. Page 7 is carryover, I guess, of Question
22 and Answer 9 from the preceding page, but it talks
23 about a new LED lighting service and proposed rates,
24 as well as outdoor lighting rates for incandescent
25 lighting, correct?

1 A. Yes.

2 Q. And is it the case that LED lighting
3 service would be provided essentially at no cost; in
4 other words, the rate specified is zero?

5 A. And this is where I was -- and I address
6 this within my testimony. I was a little confused by
7 RESA's objection.

8 I think within the charges under the
9 energy efficiency rider as originally proposed in the
10 application -- and again, this was back in 2015 --
11 there was charges for all of the different types of
12 technology for outdoor street lighting for that
13 specific energy efficiency rider that RESA referenced
14 in the objection, and there was a zero charge.

15 However, my understanding is that since
16 that was filed there was an amendment to that tariff
17 through the energy efficiency portfolio plan case, so
18 that that's no longer the case.

19 Q. Okay. So it would not be Staff's
20 expectation that LED lighting would be provided as a
21 free service, that there would be, if not the LED
22 lighting schedule, some other rate schedule mechanism
23 to recover the cost of that service?

24 A. Yes.

25 MR. WHITT: Those are all my questions.

1 EXAMINER PRICE: Redirect?

2 MR. MC NAMEE: I seriously doubt it, but
3 let me -- if I may approach the witness.

4 EXAMINER PRICE: You may.

5 MR. MC NAMEE: No redirect, your Honor.
6 Staff would move the admission of Staff Exhibit 3.

7 EXAMINER PRICE: Ms. Schaefer, you're
8 excused. Any objection to the admission of Staff
9 Exhibit 3?

10 (No response.)

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

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 EXAMINER PRICE: Call your next witness.

15 MR. MC NAMEE: Do you want to wait for
16 Mr. Olikar?

17 EXAMINER PRICE: Not really, but in the
18 meantime we can at least do the preliminaries for the
19 next witness, and we will let the witness step down
20 subject to recall. Let's keep moving.

21 MR. MC NAMEE: Staff would call Marchia
22 Rutherford.

23 EXAMINER SCHABO: Do you swear to tell
24 the truth, the whole truth, and nothing but the
25 truth?

1 MS. RUTHERFORD: I do.

2 EXAMINER SCHABO: Sit down.

3 MR. MC NAMEE: Has the witness been
4 sworn?

5 EXAMINER SCHABO: She has.

6 MR. MC NAMEE: I missed that.

7 - - -

8 Marchia Rutherford,
9 being first duly sworn, as prescribed by law, was
10 examined and testified as follows:

11 DIRECT EXAMINATION

12 By Mr. McNamee:

13 Q. Ms. Rutherford, could you state and
14 spell your name for the record?

15 A. Marchia Rutherford, M-a-r-c-h-i-a,
16 R-u-t-h-e-r-f-o-r-d.

17 Q. By whom are you employed and in what
18 capacity?

19 A. Public Utilities Commission of Ohio as a
20 Utility Analyst 2.

21 Q. And what is your business address?

22 A. 180 East Broad, Columbus, Ohio 43215.

23 Q. Okay.

24 MR. MC NAMEE: Your Honor, at this time
25 I would ask to have marked for identification a

document filed in this case a week ago titled
Prepared Testimony of Marchia Rutherford as Staff
Exhibit 1.

EXAMINER SCHABO: So marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

By Mr. McNamee:

Q. Ms. Rutherford, do you have before you
what's been marked for identification Staff
Exhibit 1?

A. I do have marked prefiled testimony.

Q. And could you identify what that is for
me?

A. It is my prefiled testimony.

Q. I'm sorry. Good. Was it prepared by
you or under your direction?

A. Yes, it was.

Q. Do you have any corrections to make to
that document this morning?

A. No, I do not.

Q. Are the contents of what's been marked
for identification as Staff Exhibit 1 true to the
best of your knowledge and belief?

A. Yes, it is.

Q. Okay. If I were to ask you the
questions that are contained within what's been

1 marked for identification as Staff Exhibit 1 again
2 here this morning, would your answers be as they are
3 presented therein?

4 A. Yes, it would.

5 MR. MC NAMEE: With that, your Honor,
6 the witness is available for cross.

7 EXAMINER SCHABO: Thank you.

8 Mr. Alexander?

9 MR. ALEXANDER: Actually, I think I do
10 have one, your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Alexander:

14 Q. Ms. Rutherford, just a clarifying
15 question. Page 4, lines 1 to 3. I just want to
16 understand the difference between the first sentence
17 and the second sentence.

18 So when you say that the Staff reviewed
19 all tariffs, are you referring to the language in the
20 tariff, or are you referring to the amount of cost to
21 be charged in the tariff?

22 A. It's relative to any amendment that is
23 reflected in the Application as filed, so that would
24 be cost or textual changes.

25 Q. Okay. So -- but Staff's analysis was

1 focused solely on changes, not on the existing
2 language?

3 A. That would be correct.

4 MR. ALEXANDER: Nothing further, your
5 Honor. Thank you.

6 EXAMINER SCHABO: Thank you.
7 Mr. Healey?

8 MR. HEALEY: Nothing, your Honor.

9 EXAMINER SCHABO: Mr. Pritchard?

10 MR. PRITCHARD: No questions, your
11 Honor.

12 MR. SHARKEY: No questions, your Honor.

13 EXAMINER SCHABO: Mr. Whitt?

14 MR. WHITT: Yes, thank you.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Whitt:

18 Q. Ms. Rutherford, the rates that DP&L
19 charges today have been previously approved by the
20 Commission, correct?

21 A. That would be correct.

22 Q. And the purpose of this proceeding is to
23 review those rates, correct?

24 A. As it pertains to distribution rates,
25 yes.

1 Q. Okay. And Staff is generally supportive
2 of cost-based rates, correct?

3 A. Yes.

4 Q. And as indicated in your testimony,
5 Staff has not reviewed whether the switching fees
6 proposed by DP&L reflect the cost associated with the
7 various -- the costs associated with the switching
8 fee, correct?

9 A. The costs were not evaluated for
10 switching fees, that is correct.

11 Q. And would that be true of any charge
12 that was -- for which those changes were posed, that
13 the costs associated with those charges were not
14 reviewed in this proceeding?

15 A. The general protocol for tariff review
16 basically is to go back to a prior proceeding and
17 determine if there are any prior Commission decisions
18 or directives, or if there are any lingering
19 recommendations that were previously made by Staff
20 that needs to be taken into consideration.

21 In this particular case there was none
22 pertaining to the switching fee.

23 Q. And the switching fee was -- do you know
24 when that was established?

25 A. I do not.

1 Q. Would it be fair to conclude that
2 whenever the switching fee -- or any fee that DP&L
3 has proposed, that whenever those fees were initially
4 approved, there was an effort to -- that the fee was
5 cost-based when approved?

6 MR. MC NAMEE: Objection.

7 EXAMINER SCHABO: Basis?

8 MR. MC NAMEE: It asks the witness to
9 speculate about some undefined prior case at an
10 undefined time about which we have no reason to
11 believe she has any knowledge.

12 EXAMINER SCHABO: Can you reread the
13 question?

14 (Question read back.)

15 EXAMINER SCHABO: Sustained.

16 By Mr. Whitt:

17 Q. Has Staff -- is it fair to say that
18 where the application did not propose to change any
19 existing fee, Staff did not review whether there are
20 any costs at all associated with the fee as proposed
21 in the application?

22 A. Again, the fee was previously approved
23 in another proceeding.

24 Q. But you don't know -- well, how do you
25 know that?

1 A. It is a docketed tariff.

2 Q. And -- but you can't tell us when the
3 switching fee was approved?

4 A. I'm not aware.

5 Q. Is it reasonable to assume that the
6 company's costs of providing any type of service may
7 change over time?

8 MR. MC NAMEE: Objection. I think
9 that's outside the scope of what she's testifying
10 about.

11 EXAMINER SCHABO: Overruled.

12 THE WITNESS: Could you read that
13 question again?

14 (Question read back.)

15 THE WITNESS: I believe there is a
16 possibility, but not necessarily a probability.
17 By Mr. Olikar:

18 Q. And the only way to confirm that would
19 be to review the underlying cost at the time of an
20 application, correct?

21 A. If in the review there were merits to
22 review the cost-based issue, then there would be.

23 MR. WHITT: Would you read the answer
24 back?

25 (Answer read back.)

1 MR. WHITT: Close enough. Those are all
2 my questions. Thank you.

3 THE WITNESS: You're welcome.

4 EXAMINER SCHABO: Ms. Rutherford, you
5 may step down subject to being recalled if Mr. Olier
6 has any questions.

7 THE WITNESS: Okay.

8 EXAMINER SCHABO: Thank you.

9 (Witness excused.)

10 MR. MC NAMEE: And your Honors, I'll
11 reserve moving our exhibit until the Olier situation
12 is resolved.

13 Staff would call Jonathan Borer, who is
14 here, thankfully.

15 EXAMINER SCHABO: Raise your right hand.
16 Do you swear to tell the truth, the whole truth, and
17 nothing but the truth?

18 THE WITNESS: I do.

19 EXAMINER SCHABO: Thank you. Have a
20 seat.

21 - - -

22 Jonathan J. Borer
23 being first duly sworn, as prescribed by law, was
24 examined and testified as follows:

25 DIRECT EXAMINATION

1 By Mr. McNamee:

2 Q. Mr. Borer, could you state and spell
3 your name for the record, please?

4 A. Jonathan Borer, J-o-n-a-t-h-a-n,
5 B-o-r-e-r.

6 Q. Mr. Borer, by whom are you employed and
7 in what capacity?

8 A. The Public Utilities Commission of Ohio
9 as a Utility Auditor.

10 Q. What is your business address?

11 A. 180 East Broad Street, Columbus, Ohio
12 43215.

13 Q. Thank you.

14 MR. MC NAMEE: Your Honor, at this time
15 I'd ask to have marked for identification as Staff
16 Exhibit No. 2 the document filed in this case
17 denominated Testimony of Jonathan J. Borer.

18 EXAMINER SCHABO: So marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 By Mr. McNamee:

21 Q. Mr. Borer, do you have what's been
22 marked for identification as Staff Exhibit 2 before
23 you?

24 A. Yes.

25 Q. What is it?

1 A. It is my prefiled testimony.

2 Q. Was it prepared by you or under your
3 direction?

4 A. Yes.

5 Q. Do you have any corrections to make to
6 that document this morning?

7 A. I do not.

8 Q. Okay. Are the contents of what's been
9 marked for identification as Staff Exhibit 2 correct
10 to your -- true to the best of your knowledge and
11 belief?

12 A. Yes.

13 Q. If I were to ask you the questions that
14 are contained within what's been marked for
15 identification as Staff Exhibit 2 again here this
16 morning, would your answers be as presented therein?

17 A. They would.

18 MR. MC NAMEE: Thank you. With that,
19 your Honor, Mr. Borer is available for cross.

20 EXAMINER SCHABO: Mr. Alexander?

21 MR. ALEXANDER: No thank you, your
22 Honor.

23 EXAMINER SCHABO: Mr. Whitt?

24 MR. WHITT: No questions.

25 EXAMINER SCHABO: Mr. Healey?

1 MR. HEALEY: No questions, your Honor.

2 EXAMINER SCHABO: Mr. Pritchard?

3 MR. PRITCHARD: No questions.

4 EXAMINER SCHABO: Mr. Sharkey?

5 MR. SHARKEY: No questions.

6 EXAMINER SCHABO: Mr. Borer, you may
7 step down subject to being recalled.

8 (Discussion off the record.)

9 EXAMINER SCHABO: Do you swear or affirm
10 that the testimony you are about to provide is the
11 truth?

12 MR. GOINS: I do.

13 - - -

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

17 DIRECT EXAMINATION

18 By Mr. McNamee:

19 Q. Mr. Goins, good morning.

20 A. Good morning.

21 Q. State and spell your name for the
22 record, please.

23 A. Yes, Chuck, C-h-u-c-k, Goins, G-o-i-n-s.

24 Q. You got that microphone to work very
25 well.

1 A. It wasn't on.

2 Q. That would explain it.

3 Mr. Goins, by whom are you employed and
4 in what capacity?

5 A. By the Public Utilities Commission of
6 Ohio as a Utility Special 2 in the Rates and Analysis
7 Division.

8 Q. And what is your business address?

9 A. 180 East Broad Street, Columbus, Ohio
10 43215.

11 MR. MC NAMEE: Your Honor, at this time
12 I would ask to have marked for identification as
13 Staff Exhibit 4 the document entitled Prepared
14 Testimony of Chuck Goins filed in this docket
15 yesterday, and also distributed to the parties
16 yesterday.

17 EXAMINER SCHABO: So marked.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 By Mr. McNamee:

20 Q. Mr. Goins, do you have before you what's
21 been marked for identification as Staff Exhibit 4?

22 A. Yes.

23 Q. And what is that document?

24 A. My prefiled testimony.

25 Q. Okay. Was it prepared by you or under

1 your direction?

2 A. Yes, it was.

3 Q. Do you have any corrections to make to
4 that document this morning?

5 A. Yes, I do have one correction. Under
6 Question 6, Answer B, the demand charge increase for
7 Secondary 3 Phase customer should be 14-1/2 percent
8 as opposed to 14 percent.

9 Q. I'm sorry, where is that?

10 A. That's under question B -- Question 6,
11 B -- answer B, where it says demand charge increase
12 14 percent for Secondary 3 Phase customers, it should
13 be 14-1/2 percent.

14 Q. Okay. Instead of --

15 A. 14.5. And that's the only change.

16 Q. All right. With that correction as
17 noted, are the contents of what's been marked for
18 identification as Staff Exhibit 4 true to the best of
19 your knowledge and belief?

20 A. Yes, they are.

21 Q. If I were to ask you the questions
22 contained within the document that's been marked for
23 identification as Staff Exhibit 4 again here this
24 morning, would your answers be as presented therein?

25 A. Yes, they would.

1 MR. MC NAMEE: With that, your Honor,
2 the witness is available for cross-examination.

3 EXAMINER SCHABO: Mr. Alexander?

4 MR. ALEXANDER: No thank you, your
5 Honor.

6 EXAMINER SCHABO: Mr. Whitt?

7 MR. WHITT: None, your Honor.

8 EXAMINER SCHABO: Mr. Healey?

9 MR. HEALEY: Nothing for this witness.
10 Thank you.

11 EXAMINER SCHABO: Mr. Pritchard?

12 MR. PRITCHARD: No questions, your
13 Honor.

14 EXAMINER SCHABO: Mr. Sharkey?

15 MR. SHARKEY: No questions, your Honor.

16 EXAMINER SCHABO: Mr. Goins, you may get
17 down subject to being recalled.

18 THE WITNESS: I didn't wear a suit today
19 because I wasn't expecting to be here today.

20 EXAMINER PRICE: Let's go off the
21 record.

22 (Recess taken.)

23 EXAMINER SCHABO: We can go back on the
24 record. Mr. Rutherford, I'd just like to remind you
25 that you are still under oath.

1 THE WITNESS: Yes.

2 - - -

3 Marchia Rutherford,
4 being previously duly sworn, as prescribed by law,
5 was examined and testified as follows:

6 CROSS EXAMINATION

7 By Mr. Olikar:

8 Q. Good morning still, Ms. Rutherford.

9 A. Good morning.

10 Q. Just a few questions for you. My name
11 is Joe Olikar with Interstate Gas Supply. Turning to
12 page 3 of your testimony.

13 A. I have it.

14 Q. Question 7 indicates that you responded
15 to an objection regarding the alternative generation
16 supplier coordination tariff; is that correct?

17 A. Yes.

18 Q. And which -- does this portion of your
19 testimony respond to issues identified in the
20 testimony of Mr. Crist, or does it respond to issues
21 related to switching fees and interval data charges?

22 A. I'm not aware of Mr. Crist's testimony.

23 Q. So am I correct that you're not
24 responding regarding collateral issues in your
25 testimony?

1 A. No, I'm not.

2 Q. And did you have responsibility for
3 contributing to any specific portions of the Staff
4 Report?

5 A. I did.

6 Q. Which portions are those?

7 A. I reviewed tariffs, and I also performed
8 the cost-of-service study.

9 Q. I'm sorry, I didn't hear the last part
10 of the answer.

11 A. I performed a review of the
12 cost-of-service study.

13 Q. Is that the cost-of-service study that
14 was provided by Mr. Chapman?

15 A. That is correct.

16 Q. And are you the Staff witness, or is
17 Mr. Goins the Staff witness, that had
18 responsibilities over the cost study?

19 A. In this particular case I reviewed the
20 cost-of-service study.

21 Q. And did you evaluate the allocation
22 factors that DP&L utilized to functionalize costs to
23 the distribution utilities, or did you simply review
24 whether or not those costs were appropriately
25 allocated to different rate schedules?

1 A. I looked at the appropriateness of the
2 allocation factors based on functionalization and
3 classification.

4 Q. And did you look at -- so you looked at
5 the parent company information that DP&L provided?

6 A. I did not.

7 Q. Okay. So let's unpack that then. You
8 are familiar with what an allocation factor is,
9 correct?

10 A. I'm sorry, can you repeat that, please?

11 Q. You're familiar with what an allocation
12 factor is, correct?

13 A. Correct.

14 Q. And sometimes costs are incurred at the
15 parent company level, and then a subset of those
16 costs are allocated to electric distribution
17 utilities?

18 A. I'm aware.

19 Q. And did you -- now, moving to the
20 cost-of-service study, do you agree that the
21 allocation factors in the cost-of-service study are
22 used to allocate costs from the revenue requirement
23 to the rate schedules?

24 A. That is correct, yes.

25 Q. And so for purposes of your testimony,

1 you started with the revenue requirement that was
2 determined to be functionalized to distribution, and
3 then you looked at the allocation of the revenue
4 requirement, correct?

5 EXAMINER PRICE: Mr. Olikar, which
6 objection are you referring to when you say for
7 purposes of her testimony?

8 MR. OLIKER: As I understand it, your
9 Honor, this witness is being offered to support the
10 Staff Report.

11 EXAMINER PRICE: No, that's not correct.
12 She's testifying to two objections. I'm asking you
13 which objection your last question referred to.

14 MR. OLIKER: It refers to IGS -- maybe I
15 can state it differently.

16 EXAMINER PRICE: No, you can answer my
17 question, and then may explain why it's different,
18 but why don't you answer my question first?

19 MR. OLIKER: My question doesn't respond
20 to one of the objections she identifies in her
21 testimony, but it does follow up on one of the
22 answers she previously provided regarding her
23 responsibilities with respect to the Staff Report.

24 EXAMINER PRICE: Okay. Mr. McNamee has
25 no objection, I won't interpose one.

1 MR. MC NAMEE: I suspect you'll get one
2 soon.

3 MR. OLIKER: Is there a pending
4 question?

5 EXAMINER PRICE: Probably.

6 MR. MC NAMEE: I didn't think there was.
7 (Question read back.)

8 MR. MC NAMEE: Well, now I will object
9 because it doesn't go to the subject of her
10 testimony. It's a general question. Her testimony
11 is specific.

12 EXAMINER SCHABO: Mr. Olikier?

13 MR. OLIKER: Your Honor, the Staff has
14 submitted prefiled testimony to support the
15 Stipulation and respond to objections and to defend
16 the Staff Report as modified by the Stipulation.

17 EXAMINER PRICE: You just added
18 something that's not true. You just added a phrase
19 "and to defend the Staff Report."

20 The Staff is putting on witnesses to
21 support the Stipulation and to defend objections. If
22 you didn't object to part of the Staff Report you
23 don't get to litigate it at this point. That's the
24 point of having objections.

25 MR. OLIKER: Your Honor, the IGS

1 objections and the RESA objections are quite clear of
2 what was objected to, and that --

3 EXAMINER PRICE: And Staff is putting on
4 Mr. Smith to respond to those objections. You do not
5 get a free shot at any Staff witness that might be
6 testifying as to an unrelated objection. That's not
7 the way the system works.

8 MR. OLIKER: And, your Honor, we are
9 perfectly fine if we are stipulating that they are
10 not offering any other witnesses to defend the Staff
11 Report to that effect, and they won't rely upon that
12 in their brief.

13 EXAMINER PRICE: I don't think you have
14 a choice what to ask them to stipulate or not.
15 You're way outside of her objections, and you're not
16 in a position to negotiate. But if you care to ask
17 Mr. McNamee, you can ask.

18 MR. MC NAMEE: He will say no.

19 EXAMINER SCHABO: The objection is
20 sustained.

21 EXAMINER PRICE: Now, I do have a
22 question. I'm concerned that the witness did not
23 understand your reference to your Witness Crist's
24 testimony, so as to question 7, if you could direct
25 her as to which objection you were referring to.

1 MR. OLIKER: Yes. And I think the
2 witness did clarify, but I think you're right, it's
3 important to make sure the record is clear.

4 By Mr. Olier:

5 Q. You -- are you familiar with any of the
6 collateral issues and credit requirement issues which
7 have been presented in this proceeding?

8 A. I did establish that originally by
9 saying no.

10 Q. So therefore your testimony does not
11 address any of those issues?

12 A. It does not.

13 EXAMINER PRICE: Isn't the collateral --
14 is not the collateral issue contained in Sheet No.
15 G8?

16 MR. OLIKER: I believe it is, and that
17 was why I asked the question in the initial instance,
18 and I think she clarified that she's not --

19 EXAMINER PRICE: I think you may be
20 talking past the witness. Let me rephrase his
21 question.

22 You're here to respond to any questions
23 related to objections related to Sheet No. G8,
24 alternative generations of supplier coordination
25 tariffs; is that correct?

1 THE WITNESS: Correct, based on the
2 scope of my review, or lack thereof.

3 MR. OLIKER: Your Honor, I think I can
4 help clarify.
5 By Mr. Oliker:

6 Q. Ms. Rutherford, when you referenced IGS
7 objection 2B, am I correct you're discussing the
8 historical usage fees?

9 A. That is not correct. I'm responding in
10 the basis that it was stated that Staff did not
11 review the supplier tariff. That is the portion that
12 I am responsible for, reviewing tariffs that are
13 filed in the application.

14 EXAMINER PRICE: Ms. Rutherford, were
15 there any changes proposed by the company to tariff
16 No. G8, alternative generation supplier coordination
17 tariff?

18 THE WITNESS: It was not part of the
19 distribution application.

20 EXAMINER PRICE: And that is a
21 generation tariff?

22 THE WITNESS: That is a generation
23 tariff.

24 EXAMINER PRICE: Thank you.
25 By Mr. Oliker:

1 Q. And page 4, Staff did not review the
2 cost related charge in its investigation. What are
3 you referring to? And that's on line 2 and 3.

4 A. That would be applicable to any charge
5 that is reflected in the supplier tariff.

6 Q. And am I correct then, because the Staff
7 did not review the supplier tariff, the Staff is not
8 taking a position regarding the proposals related to
9 that tariff?

10 A. The position is that it was not offered
11 in the application, therefore there was no review.

12 Q. And is your testimony taking a position
13 one way or another regarding the proposed changes to
14 the supplier tariff?

15 A. My response is it was not offered in the
16 application, therefore there was no basis for
17 accepting or rejecting the supplier tariff. It was
18 not part of the distribution filing.

19 Q. Did you review Witness Ringenbach's
20 testimony?

21 A. I don't recall. I've looked at several
22 testimonies at the time.

23 Q. Did you review Mr. Crist's testimony?

24 A. Not familiar. I think I established
25 that earlier that I'm not familiar with it.

1 MR. OLIKER: Thank you, your Honor. No
2 further questions, Ms. Rutherford.

3 EXAMINER SCHABO: Any redirect?

4 MR. MC NAMEE: If I may approach the
5 witness.

6 (Pause.)

7 MR. MC NAMEE: No redirect, your Honor.
8 The Staff would move for the admission of Staff
9 Exhibit 1.

10 EXAMINER SCHABO: Any objections?
11 Seeing none, the Staff Exhibit 1 is admitted.

12 (EXHIBIT ADMITTED INTO EVIDENCE.)

13 EXAMINER SCHABO: Ms. Rutherford, you
14 may step down. Thank you.

15 (Witness excused.)

16 EXAMINER SCHABO: Mr. Olikier, will you
17 be calling Mr. Borer?

18 EXAMINER SCHABO: Yes, just briefly,
19 your Honor.

20 Mr. Borer, I would also just like to
21 remind you that you're still under oath.

22 THE WITNESS: Okay.

23 - - -

24 Jonathan Borer,
25 being first duly sworn, as prescribed by law, was

1 examined and testified as follows:

2 CROSS EXAMINATION

3 By Mr. Olikar:

4 Q. Thank you, Mr. Borer. Just briefly, am
5 I correct that for purposes of this case you are only
6 presented to provide testimony regarding the tax
7 adjustments proposed in the Stipulation?

8 A. Testimony, yes.

9 Q. And you are not offered to respond to
10 any other objections, correct?

11 A. Correct.

12 Q. Okay.

13 MR. OLICKER: Thank you, your Honor. No
14 more questions.

15 EXAMINER SCHABO: Thank you. Any
16 redirect?

17 MR. MC NAMEE: No. Staff would move for
18 the admission of Staff Exhibit 2.

19 EXAMINER SCHABO: Any objections?
20 Seeing none it will be admitted.

21 (EXHIBIT ADMITTED INTO EVIDENCE.)

22 MR. MC NAMEE: Want to recall Goins?

23 EXAMINER SCHABO: Mr. Goins, you are
24 still under oath. Mr. Olikar.

25 - - -

1 Chuck Goins,
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 CROSS EXAMINATION

5 By Mr. Olier:

6 Q. Good afternoon, Mr. Goins.

7 A. Good afternoon.

8 Q. And am I correct that you have submitted
9 revised testimony in this case?

10 A. Yes.

11 Q. And that revised testimony responds to
12 an objection submitted by IGS?

13 A. That is correct.

14 Q. And am I correct -- are you familiar
15 with the manner in which demand charges are
16 calculated for billing purposes?

17 A. Yes.

18 Q. And are you familiar with what's known
19 as the noncoincidental peak?

20 A. Yes.

21 Q. And what is that?

22 A. That's the point in which -- best way to
23 explain that. That's the point in which -- the
24 noncoincident peak is when the -- that's when the --
25 it's not the --

1 Q. Mr. Goins, I don't want you to
2 speculate. Maybe I can try to ask the question
3 different and make it easier. And I don't mean to
4 cut you off, either.

5 If you want to finish your answer -- I'm
6 just trying to help streamline the question. For
7 purposes of distribution demand calculations, do you
8 know if DP&L uses the highest amount of usage that a
9 customer has in a specific month?

10 A. No, they don't.

11 Q. Could you explain how they calculate a
12 customer's distribution billing determinative?

13 A. Well, if they use the highest, that
14 would be the coincident peak. They are not using the
15 highest.

16 Q. Okay. So let me back up for a second.
17 When I'm talking about billing determinants, I'm
18 talking about how the billing determinants for an
19 individual customer are determined.

20 A. Okay.

21 Q. And how does DP&L assign a -- what a
22 customer's demand is for purposes of assessing demand
23 charges, if you know, for each month?

24 A. I'm not sure.

25 Q. Okay. And if you know, what is your

1 understanding of how DP&L assigns an individual
2 customer's billing demand for a month?

3 A. I think it's based on average.

4 Q. So are you familiar with distribution
5 planning and how DP&L plans the operation of the
6 various distribution circuits?

7 A. No.

8 MR. MC NAMEE: Objection. Go ahead.

9 THE WITNESS: No.

10 By Mr. Olier:

11 Q. And so likewise, when you were drafting
12 your testimony, am I correct, you didn't consider the
13 impact of assigning demand charges on the development
14 of distributed generation?

15 A. No.

16 Q. And do you think the Commission should
17 consider the impact of demand charges on the
18 construction of distributed generation?

19 A. I don't have any opinion on that. I'm
20 really not sure. I can't say.

21 Q. And does the Staff have any objection or
22 opposition to calculating an individual customer's
23 billing determinant based upon their peak usage
24 during the coincident peak on a distribution circuit?

25 A. Would we have any objection to that?

1 Q. Yes.

2 A. I guess it would depend on the situation
3 and circumstance and the customer. I can't say yes
4 or no, it would just depend.

5 Q. Would you agree that one of the purposes
6 of establishing distribution, or any rate, is to send
7 an efficient price signal to a customer?

8 A. Yes.

9 MR. MC NAMEE: Objection.

10 By Mr. Olier:

11 Q. And turning to page, I believe it's 2
12 and 3, starting at line 15 -- first, do you agree
13 that there were two parts to IGS's objection? The
14 first part was objecting to the increase in the
15 customer charge for --

16 A. Right.

17 Q. And the second part was objecting to the
18 manner in which demand charges were calculated for
19 commercial customers, correct?

20 A. Yes.

21 Q. And did you do any analysis to
22 determine -- actually, first, on line 16 you indicate
23 demand charges increase 14 percent for Secondary 3
24 Phase customers.

25 And would you agree that if DP&L changed

1 the methodology for determining billing determinants
2 to use peak demand on a circuit, a customer could
3 actually get a rate decrease if their peak usage was
4 lower during that peak?

5 MR. MC NAMEE: Just a minor objection
6 here. That was the number that was changed in the
7 witness' introduction to 14.5.

8 MR. OLIKER: With that clarification,
9 I'll accept that.

10 THE WITNESS: I mean, it's possible.
11 Without doing the analysis I can't say "yes" or "no".
12 It's possible.
13 By Mr. Oliker:

14 Q. And to your knowledge, are peaks on
15 distribution circuits likely to happen at times when
16 there's -- during the peak hours?

17 A. Yes.

18 Q. And those peak hours would be probably
19 between 8:00 and 6:00?

20 A. Yes.

21 Q. And would you agree those --

22 A. 8:00 a.m., 6:00 p.m.

23 Q. And those are hours when solar is
24 usually producing electricity, correct?

25 MR. MC NAMEE: Objection. When solar

1 produces electricity is not a subject of this
2 witness' testimony in any regard.

3 EXAMINER SCHABO: Sustained.

4 MR. OLIKER: I'm sorry?

5 EXAMINER SCHABO: Sustained.

6 By Mr. Oliker:

7 Q. And lastly, Mr. Goins, you're not being
8 offered as a witness to respond to any other
9 objections other than the ones identified in your
10 testimony, correct?

11 A. That is correct.

12 MR. OLIKER: Thank you, your Honor.

13 Thank you, Mr. Goins.

14 THE WITNESS: Thank you.

15 MR. MC NAMEE: Your Honor, if I might
16 have a moment with the witness.

17 EXAMINER SCHABO: You may.

18 MR. MC NAMEE: No redirect, your Honor.
19 Staff would move for the admission of Staff
20 Exhibit 4.

21 EXAMINER SCHABO: Any objections?
22 Seeing none Staff Exhibit 4 will be admitted.

23 (EXHIBIT ADMITTED INTO EVIDENCE.)

24 EXAMINER PRICE: Let's go off the
25 record.

1 (Lunch recess from 12:10 to 1:15.)

2 EXAMINER PRICE: On the record. Do you
3 swear to tell the truth, the whole truth, and nothing
4 but the truth?

5 MR. SMITH: Yes.

6 EXAMINER PRICE: Please be seated and
7 state your full name and business address for the
8 record.

9 THE WITNESS: Craig Smith. My business
10 address 180 East Broad Street, Columbus, Ohio 43215.

11 EXAMINER PRICE: Mr. McNamee, you may
12 proceed.

13 - - -

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

17 DIRECT EXAMINATION

18 By Mr. McNamee:

19 Q. By whom are you employed and in what
20 capacity?

21 A. I'm employed by the State of Ohio Public
22 Utilities Commission as a Public Utilities
23 Administrator 2.

24 Q. What is your business address?

25 A. 180 East Broad Street, Columbus, Ohio

1 43215.

2 MR. MC NAMEE: Your Honor, at this time
3 I would ask to have marked for identification as
4 Staff Exhibit 5 the Prefiled Testimony of Craig Smith
5 previously documented in this case.

6 EXAMINER PRICE: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MR. MC NAMEE: Thank you, your Honor.

9 By Mr. McNamee:

10 Q. Mr. Smith, do you have before you what's
11 been marked for identification as Staff Exhibit 5?

12 A. Yes.

13 Q. What is it?

14 A. It's my prefiled testimony.

15 Q. Was it prepared by you or under your
16 direction?

17 A. Yes.

18 Q. Do you have any corrections to make to
19 that document here this afternoon?

20 A. Yes, I do.

21 Q. Would you go through those slowly for
22 the reporter, please?

23 A. There's only one on the title page.
24 It's not service analysis and reliability division,
25 it's Reliability and Service Analysis Division.

1 That's the only change.

2 Q. All right. With that change as noted,
3 are the contents of what's been marked for
4 identification as Staff Exhibit 5 true to the best of
5 your knowledge and belief?

6 A. Yes.

7 Q. If I were to ask you the questions that
8 are contained within what's been marked for
9 identification of Staff Exhibit 5 again here this
10 afternoon, would your answers be as presented
11 therein?

12 A. Yes.

13 MR. MC NAMEE: With that, your Honor,
14 the witness is available for cross.

15 EXAMINER PRICE: Thank you.

16 Mr. Alexander?

17 MR. ALEXANDER: No questions.

18 EXAMINER PRICE: Ms. Whitfield?

19 MS. WHITFIELD: No questions, your
20 Honor.

21 EXAMINER PRICE: Ms. Bojko?

22 MS. BOJKO: No questions, your Honor.

23 EXAMINER PRICE: Mr. Healey?

24 MR. HEALEY: No thank you, your Honor.

25 EXAMINER PRICE: Mr. Pritchard?

1 MR. PRITCHARD: No questions.

2 EXAMINER PRICE: Mr. Sharkey?

3 MR. SHARKEY: No questions, your Honor.

4 EXAMINER PRICE: Mr. Olikar.

5 MR. OLIKER: Thank you, your Honor.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Olikar:

9 Q. Good afternoon, Mr. Smith.

10 A. Good afternoon, Joe.

11 Q. Great to see you again.

12 A. Great to see you, too.

13 Q. Just a few questions for you today.

14 Regarding your background, am I correct that you have
15 been in your existing role for -- first, let me step
16 back.

17 You've been in the Service Monitoring
18 Enforcement Department; is that correct?

19 A. That is correct.

20 Q. And if I call it SMED, would you know
21 what I'm talking about?

22 A. Yes.

23 Q. And am I correct that you've been in
24 that department since October 2014?

25 A. Yes.

1 Q. And you were with the Commission for
2 about 10 months before that, correct?

3 A. Yes, but I had a prior engagement with
4 the Commission from '96 to 2000 as a management legal
5 intern in the consumers department, which became
6 SMED.

7 Q. Okay. Just for clarification, the
8 consumers department you were in prior in the late
9 '90s was a similar department that you're in now?

10 A. Exact same department.

11 Q. And am I correct, the purpose of SMED is
12 to examine the quality of service provided by utility
13 companies to ensure that safe, dependable, and
14 quality services are being provided?

15 A. That's part of our mission, yes.

16 Q. And that department also handles
17 requests for information, complaints, and attempts to
18 resolve consumer problems without the need for a
19 formal hearing?

20 A. Yes, that's also a part of the mission.

21 Q. Okay. And that's a -- that is a
22 separate department from the Rates and Analysis
23 Department, correct?

24 A. Correct.

25 Q. And the Rates and Analysis Department,

1 if you know, is usually responsible for handling rate
2 related issues in rate cases?

3 A. It's a joint measure. As you can see on
4 the Staff Report, our director and the director of
5 rates analysis both sign off the Staff Report. It's
6 a joint analysis.

7 Q. Okay. And would you agree the rates
8 analysis department usually deals with the rate
9 related issues in the Staff Report?

10 A. Correct.

11 Q. And you are responding to objections
12 submitted by the Retail Energy Supply Association and
13 IGS, right?

14 A. Yes.

15 Q. And are you being offered to support any
16 other part of the Staff Report or to respond to any
17 other objections?

18 A. Other than to the RESA and IGS
19 objections? No.

20 EXAMINER PRICE: Can you specify which
21 RESA and IGS objections you're --

22 THE WITNESS: Generally I'm responding
23 to the objections to the -- or and explaining the
24 evaluation of the cost in -- the SSO cost, and also
25 providing testimony on collateral issues, too.

1 By Mr. Olikar:

2 Q. And turning to page 3 of your testimony
3 where it states the Rates and Analysis Staff reviewed
4 a cost-of-service study provided by DP&L in this
5 case -- and you're not in that department, are you?

6 A. No.

7 Q. So who does this answer refer to?

8 A. This answer refers to -- you mean who in
9 the rates and analysis? You want a name?

10 Q. Yes.

11 A. Marchia A. Rutherford, as well as,
12 tangentially, Chuck Goins.

13 Q. But they have not been offered to
14 respond to any RESA or IGS' objections, correct?

15 MR. MC NAMEE: Objection.

16 EXAMINER PRICE: Basis?

17 MR. MC NAMEE: He's not testifying as to
18 what other witnesses are responsible for, he's
19 testifying to respond to the specific objections that
20 are laid out on page 3 of his testimony in the second
21 paragraph.

22 EXAMINER PRICE: Sustained.

23 By Mr. Olikar:

24 Q. So regarding the review of the
25 cost-of-service study that's identified on lines 4

1 through 7, you didn't undertake this analysis,
2 correct?

3 A. Correct.

4 MR. OLIKER: Your Honor, I would move to
5 strike this portion of his testimony as being not
6 within his capacity to testify to based upon his own
7 knowledge; hearsay.

8 EXAMINER PRICE: Mr. McNamee?

9 MR. MC NAMEE: I believe he does have
10 the knowledge to know what those other witnesses did,
11 it's part of his job as a Staff member.

12 EXAMINER PRICE: The question is how did
13 the Staff review it. He explains how did the Staff
14 review it. He's not saying they did a great job or a
15 poor job, he asked what the process was.

16 MR. MC NAMEE: They did a job.

17 MR. OLIKER: Well, then we'll continue.

18 By Mr. Olikier:

19 Q. And on lines 7 through 13, am I correct
20 that you reference the functionalization and
21 classification of costs to distribution service?

22 A. Yes.

23 Q. And you have no experience
24 functionalizing costs between distribution,
25 generation, and transmission, correct?

1 A. Correct.

2 Q. Mr. Smith, did you evaluate the
3 cost-of-service study?

4 A. No.

5 Q. Mr. Smith -- and for purposes of your
6 testimony you relied upon the company to
7 functionalize distribution costs, correct?

8 A. I relied that the cost-of-service study
9 was a cost of distribution service, and as such a
10 cost -- I relied that it was a cost for distribution
11 services.

12 Q. Okay. And in order to evaluate costs
13 proposed for recovery in this case that may be
14 necessary to provide the SSO, you served discovery on
15 the company, correct?

16 A. Correct.

17 Q. And you relied upon the company to
18 provide information regarding its services to SSO and
19 shopping customers, correct?

20 A. Not entirely. I also relied on Staff's
21 experience and my experience and the interaction
22 between SSO choice customers and EDUs.

23 Q. Okay. Would you agree that there are
24 several portions of your testimony which are based
25 upon discovery responses and facts provided by the

1 company?

2 A. Yes, that is to provide context to my
3 testimony.

4 Q. And on page 4, line 19 --

5 A. Which line?

6 Q. Line 19. There's a quote, it starts
7 here that goes on to the following page with a
8 discovery response in the footnote, correct?

9 A. Correct.

10 Q. And that discovery response was provided
11 to you by DP&L?

12 A. Correct. It was provided to Staff.

13 Q. And in Footnote 1, would you agree this
14 discovery response references the cost-of-service
15 study that's prepared as part of the application?

16 A. Yes.

17 Q. And that cost-of-service study was
18 performed prior to the Stipulation in the electric
19 security plan, correct?

20 A. Subject to check.

21 Q. And am I correct that DP&L did not file
22 an updated cost-of-service study in this case after
23 the Stipulation in the ESP case?

24 A. That is correct.

25 Q. And on page 5, going to the second

1 quotation which starts on line 3. This quotation
2 ends on line 10. That is also a discovery response
3 provided by DP&L to the Staff, correct?

4 A. Correct.

5 Q. And in this quotation, and I assume the
6 prior quotation you referenced, you're relying on
7 information provided by DP&L?

8 A. Yes.

9 Q. Turning to -- can you turn to page 6,
10 line 7? And going to line 7 to line 8 it says,
11 "Staff did consider an allocation methodology using
12 the assumption that there are costs embedded to
13 service SSO customers."

14 Did Staff attempt to do any mathematical
15 quantification of SSO costs proposed for recovery
16 through distribution rates?

17 A. No.

18 Q. And is the Staff that's referenced in
19 page 6 line 5 in SMED, or the rates and analysis
20 department?

21 A. Both.

22 Q. And on page 6, line 13, what is your
23 definition of significant?

24 A. My definition of significant would be
25 that it would have -- it would have to be noticeable

1 on a billing determinant.

2 Q. And what would be noticeable on the
3 billing determinants for a residential customer?

4 A. Well, it would depend.

5 Q. Would you agree -- first, do you know
6 what a mil is?

7 A. No. Depends on the context.

8 Q. What about a mil per kilowatt-hour?
9 Does that mean anything to you?

10 A. No.

11 Q. How about -- let's go to a different
12 measurement. Is a dollar per megawatt-hour for
13 residential customer significant?

14 A. No.

15 Q. Would you agree that most customers use,
16 you know, in the range of a megawatt or maybe 200
17 kilowatts less than that a month?

18 A. Which customers?

19 Q. Residential.

20 A. Residential customers use about 800 kWh
21 a month.

22 Q. Okay. So would you agree that a dollar
23 a megawatt-hour charge for a residential customer
24 under your typical size would be about 80 cents a
25 month?

1 A. Would that be significant?

2 Q. Would you agree with I have the math
3 right, first?

4 A. I don't know.

5 Q. 800 times -- would the math be .8
6 times 1?

7 A. If one megawatt equals a thousand kWh,
8 yes.

9 Q. So would you agree, subject to check,
10 that a dollar per megawatt-hour is about 80 cents a
11 month for a residential customer?

12 A. Subject to check, yes.

13 Q. Okay. And so we can drill down to that.
14 You don't believe that's a significant amount?

15 A. I don't -- well, the statement is that
16 we couldn't make the assumption that there is a
17 significant amount. I don't believe that their .8 --
18 80 cents per month is the actual amount.

19 Q. Okay. But to be clear, in this
20 statement what amount would there have to be to be
21 significant for a residential customer on a monthly
22 basis?

23 A. To be significant?

24 Q. Yes.

25 A. You would have to look at how much it

1 would cost Dayton Power and Light to orchestrate
2 the -- I mean, there's an offsetting cost to anything
3 you do, and it would have to offset whatever it cost
4 Dayton Power and Light to administrate that change,
5 and there's cost involved in that, too.

6 Q. Okay. Assume for a second there are
7 zero costs associated with doing this. What is the
8 amount of cost that you need for the allocation to be
9 significant enough to matter?

10 MR. MC NAMEE: Objection.

11 EXAMINER PRICE: Grounds?

12 MR. MC NAMEE: It assumes an impossible
13 scenario. I don't know of any action that one
14 could -- that any business could take that would
15 involve zero cost. I don't think that is even
16 conceivable.

17 MR. OLIKER: Your Honor, I'm simply
18 trying to get an answer to what he means in his
19 testimony, and I'm trying to simplify it for him so
20 that he can give us some information in the record on
21 the issue.

22 EXAMINER PRICE: Can you quantify --
23 when you use the word significant in your testimony,
24 can you quantify what you believed at that time was
25 significant, either in terms of your percentage

1 change, or increase?

2 THE WITNESS: At the time I wrote that,
3 it was in comparison to choice customers. In other
4 words, we couldn't -- because we had no
5 cost-of-service study, we had no supplemental service
6 study, and no cost data on SSO from the company, we
7 were looking at similar services between the
8 provision of SSO generation and choice generation.

9 And because the provision of services
10 was very similar, the provision of cost would also be
11 very similar. And under that we didn't see a
12 significance between the services that are provided
13 by DP&L for provision of generation, whether it's SSO
14 or choice.

15 So if you don't see a difference in
16 services, there really isn't a difference in cost.
17 And if there's no difference in cost, then there's no
18 reason to make an allocation.

19 By Mr. Olier:

20 Q. So you had no dollar amount in mind?

21 A. I have no dollar amount in mind. That's
22 why service monitoring is giving you this testimony
23 and not rates and analysis.

24 Q. And you mentioned that there was no
25 supplemental cost-of-service study; is that right?

1 A. That is correct.

2 Q. And isn't it correct that there were
3 issues in this case where the Staff hired outside
4 auditors to evaluate issues when it didn't feel that
5 it had enough information?

6 MR. MC NAMEE: Objection.

7 EXAMINER PRICE: Grounds?

8 MR. MC NAMEE: Again, this witness is
9 not testifying to anything other than the response to
10 specific objections.

11 He's being asked now to address whether
12 the Commission hired outside consultants to perform
13 other activities within this case. It's not tied
14 to -- to the objections that he's responding to.

15 EXAMINER PRICE: Sustained.

16 MR. OLKER: Your Honor, if I may at
17 least be heard.

18 EXAMINER PRICE: Take a shot at it.

19 MR. OLKER: The question goes to the
20 reasonableness of the evaluation that the Staff
21 performed.

22 I think it's relevant how they may have
23 addressed other issues where they didn't feel that
24 they had sufficient information, and there is a wide
25 disparity, which we know based upon the Blue Ridge

1 evaluation which is a very extensive analysis, when
2 the Staff did not think they had sufficient
3 information regarding rate base issues.

4 EXAMINER PRICE: It's an interesting
5 point. Sustained.

6 By Mr. Olier:

7 Q. Mr. Smith, was there anything that
8 prevented the Staff from requesting an outside
9 consultant or auditor to evaluate this issue that you
10 discussed in your testimony?

11 A. No, but if -- if the company doesn't
12 have the underlying data in the first place, it
13 doesn't really matter whether Staff evaluates costs
14 or an outside auditor.

15 If costs aren't available to review from
16 Dayton, then there's no -- nothing prevented us, but
17 nothing would have pointed us to go that route based
18 on what we already had.

19 Q. And again, you specifically did not
20 evaluate the assignment of costs to the distribution
21 function, correct?

22 A. Correct.

23 Q. And you have no experience regarding how
24 issues such as the one you address in your testimony
25 have been addressed in other states, do you?

1 EXAMINER PRICE: Can I have that
2 question back again, please?

3 (Question read back.)

4 MR. MC NAMEE: Objection.

5 EXAMINER PRICE: Grounds?

6 MR. MC NAMEE: Relevance. It doesn't
7 really matter what other states have done, we're
8 trying to sort out what we're trying to do here.

9 EXAMINER PRICE: He's talking about the
10 reasonableness of Staff's approach. He can answer if
11 he knows.

12 THE WITNESS: I did -- I personally
13 don't have any experience, but I did search on Google
14 looking for similar case -- similar allocations as
15 IGS is proposing, and I couldn't find anything on
16 Google.

17 By Mr. Olier:

18 Q. Did you look -- you mentioned Google.
19 Did you look into any of the Commonwealth/Edison
20 cases?

21 A. No. I just said I didn't find anything
22 on Google.

23 Q. And did you use anything else besides
24 Google?

25 A. No.

1 Q. And flip to page 5. The answer on
2 page 5 going on to page 6. Am I correct that the
3 source information for that question and answer is
4 provided in Footnote 3?

5 A. Yes.

6 Q. And that was a discovery response
7 provided by DP&L?

8 A. Correct.

9 Q. And looking at page 6, line 16, is there
10 a missing question in this part of your testimony?

11 A. No. No, this is the approach that Staff
12 took. When we didn't have access to actual cost data
13 or a supplemental cost-of-service study, we turned
14 and looked at services to see if they are similar
15 services, and this was our explanation that CRES
16 customers actually used distribution services in the
17 interaction with their generation company.

18 Q. And when you discussed EDI in your
19 testimony, would you agree that CRES providers have
20 no ability to obtain customer usage data other than
21 from DP&L?

22 A. They can obtain it from the customer.

23 Q. Is it -- do you believe they could use
24 that information for billing purposes?

25 A. Not for billing purposes, but you didn't

1 ask for billing purposes, you asked if they could
2 obtain the information. If the customer has the
3 bills, they know exactly what their kWh is.

4 Q. For purposes of issuing a bill to a
5 customer with any sort of accuracy, would you agree
6 that they would have to obtain usage information from
7 DP&L?

8 A. Yes. DP&L provides the metering
9 information.

10 Q. Okay. And turning to page 7,
11 footnote -- well, I guess the line starting on 1
12 going to line 3, am I correct that all these
13 statistics were provided to you by DP&L in a
14 discovery response?

15 A. Yes.

16 Q. And that discovery response is cited in
17 Footnote 4?

18 A. Yes, it's in -- it's -- Footnote 4 is an
19 explanation of IVR, but it's in the Data Request 187.

20 Q. And that was my next question, is
21 although there's not a specific discovery response
22 cited on page 7, lines 1 through 5, this data was
23 taken from the discovery response attached to your
24 testimony?

25 A. Correct.

1 Q. And am I correct that for purposes of
2 DP&L's phone system, you're relying upon information
3 provided by Barry Bentley?

4 A. Subject to check, yes.

5 Q. He would be the expert on the details
6 behind those discovery responses, correct?

7 A. He or Nathan. I'd have to look at the
8 specific --

9 Q. Okay. And on page 7, line 4 to 5, any
10 questions to any customer complaints would have been
11 specifically provided by Mr. Bentley or whoever the
12 DP&L witness was on the subject, correct?

13 A. Correct.

14 Q. And you were not involved in the
15 development of DP&L's IVR system, were you?

16 A. In the development of the system?

17 Q. Yes.

18 A. No.

19 Q. And would you agree, subject to check,
20 that if we were to divide the number on page 7,
21 line 2 regarding electric choice contacts, that the
22 number would be approximately one percent of all
23 contacts to the IVR?

24 A. Subject to check, I have no reason to --

25 Q. Likewise, Footnote 6 on line 7 --

1 actually, withdraw that question.

2 On page 7, line 8, the footnote that you
3 provide, No. 5, that's also a discovery response from
4 DP&L, correct?

5 A. Correct.

6 Q. And you're relying upon the data
7 provided by DP&L to support your statements, correct?

8 A. Yes.

9 Q. And --

10 EXAMINER PRICE: Let's go off the record
11 for a minute.

12 (Discussion off the record.)

13 EXAMINER PRICE: Let's go back on the
14 record.

15 By Mr. Olikar:

16 Q. Turning to page 8 of your testimony,
17 Mr. Smith. At line 10 you mention that all customers
18 utilize the call center, communication channels,
19 accounting resources, IT, legal, and administrative
20 and regulatory resources.

21 You are not testifying today that there
22 are no costs proposed for recovery in distribution
23 rates that are necessary to support the SSO, correct?

24 MR. HEALEY: I'm going to object to the
25 form as very confused based on the double negatives.

1 EXAMINER PRICE: Please rephrase,
2 Mr. Olikar.

3 By Mr. Olikar:

4 Q. Mr. Smith, there are, in fact, costs
5 proposed for recovery in distribution rates that are
6 necessary to support the SSO, correct?

7 A. There are embedded distribution costs
8 needed to interact with SSO customers, yes.

9 Q. And one of those costs proposed for
10 recovery in distribution rates does in fact relate to
11 the call center, correct?

12 A. Correct.

13 Q. And another one of those costs necessary
14 to support SSO for proposed recovery in distribution
15 rates is IT?

16 A. Correct.

17 Q. Another one of those costs is legal,
18 correct?

19 A. Correct.

20 Q. Another one of those costs is
21 regulatory, correct?

22 A. Correct.

23 Q. Were you responsible for the portion of
24 the Staff Report that addresses the PUCO and OCC
25 assessments?

1 A. The page 28 -- SMED was responsible,
2 yes.

3 Q. And that -- that portion of the Staff
4 Report has not been modified by the Stipulation, has
5 it?

6 MR. HEALEY: Objection. I'm going to
7 object now as well. My understanding was that his
8 testimony is responding to objections and that he is
9 not sponsoring the Staff Report here, and
10 cross-examination should focus on his responses.

11 MR. MC NAMEE: Mr. Healey is quicker
12 than I am. I agree with him.

13 EXAMINER PRICE: Mr. Olier.

14 MR. OLIER: I'm simply trying to
15 clarify his response on page 9, line 6 through 8
16 where he mentions the PUCO and OCC assessment
17 expense. I'm trying to drill that down.

18 EXAMINER PRICE: Can I have the
19 reference again?

20 MR. OLIER: Page 9, line 6 through 8.

21 EXAMINER PRICE: Will you explain how
22 that relates to their objection about assessment?

23 MR. OLIER: My understanding is this
24 portion of the Staff Report has not been changed, and
25 I'm trying to confirm that.

1 EXAMINER PRICE: I'll give you a little
2 bit of leeway.

3 MR. OLIKER: I think the record would
4 benefit. Thank you, your Honor.
5 By Mr. Oliker:

6 Q. Mr. Smith, we have already established
7 there was a recommendation in the Staff Report to
8 unbundle and allocate to the SSO the portion of the
9 PUCO and OCC assessment that is relating to the SSO,
10 correct, generally speaking?

11 A. Generally speaking, at the time of the
12 Staff Report, Staff's opinion was one possible avenue
13 of costs that may have a direct relationship and a
14 direct causation to SSO revenue was the PUCO/OCC
15 assessment at the time of the Staff Report.

16 Q. Okay. And the Stipulation does not
17 indicate that that portion of the Staff Report is
18 being modified, correct?

19 MR. HEALEY: Objection, your Honor. Now
20 we're getting into the Stipulation. He's not
21 supporting the Stipulation, he's supporting
22 objections to the Staff Report. This is going
23 another step beyond. The Stipulation speaks for
24 itself on its plain terms.

25 EXAMINER PRICE: He can answer if he

1 knows.

2 THE WITNESS: The Staff has changed its
3 opinion regarding PUCO/OCC assessment. The Staff
4 doesn't believe that there's a direct cause to -- to
5 SSO revenue.

6 EXAMINER PRICE: Does that mean the
7 Stipulation -- what does the Stipulation say?

8 THE WITNESS: The Stipulation doesn't
9 address this because it didn't accept it. It's not
10 part of the Stipulation.

11 MR. OLIKER: And do you have a copy of
12 the Stipulation with you?

13 EXAMINER PRICE: Now I'm confused.
14 Let's roll back one second. Staff proposes in the
15 Staff Report that OCC/PUCO assessments be recovered
16 on a bypassable rider paid only by SSO customers,
17 right?

18 THE WITNESS: Possibility, yes.

19 EXAMINER PRICE: Possibility? Okay. It
20 was not black and white?

21 THE WITNESS: When Staff went and
22 researched how the PUCO assessment -- because on its
23 face it makes sense that the assessment would be
24 directly proportional to the SSO generation.

25 But when Staff further investigated on

1 how the PUCO/OCC assessment is calculated we found --
2 we came to the realization that -- that the PUCO/OCC
3 assessment doesn't have a direct correlation to
4 revenue of anything.

5 EXAMINER PRICE: And this epiphany --
6 okay. Let's get back -- on page 28 of the Staff
7 Report it states, "Staff recommends the SSO
8 generation revenue percentage of the PUCO/OCC
9 assessment expense be recovered through an
10 appropriate bypassable rider;" is that correct?

11 THE WITNESS: That is correct.

12 EXAMINER PRICE: And that Staff
13 recommendation was not objected to; is that correct?
14 Or the only objection was RESA/IGS saying it didn't
15 go far enough?

16 THE WITNESS: The objection is it didn't
17 go far enough.

18 EXAMINER PRICE: And now you want to
19 take back this part of the recommendation?

20 THE WITNESS: Yes. It was not
21 incorporated into the Stipulation and Staff erred on
22 that analysis.

23 EXAMINER PRICE: And you are making a
24 legal conclusion because it was not changed by the
25 Stipulation, you can take it back?

1 THE WITNESS: I'm just providing you
2 what happened.

3 MR. HEALEY: Your Honor, if I may.
4 Mr. Willis did testify yesterday on this issue a
5 little bit and tried to give some clarity that were
6 this recommendation implemented in the Stipulation,
7 it would have to be reflected in some of the
8 schedules that are attached to the Stipulation, and
9 it is not, thereby suggesting, at least under some
10 interpretation, that this is not carried through the
11 Stipulation.

12 MR. OLIKER: Your Honor, that's why I
13 was going to turn his attention to the Stipulation.

14 EXAMINER PRICE: Please proceed,
15 Mr. Olikier. Thank you, Mr. Healey, for at least a
16 clarification.

17 MR. HEALEY: I try.

18 By Mr. Olikier:

19 Q. And is there a binder up on the witness
20 stand?

21 A. Yep.

22 Q. Would you turn to page 1? That's the
23 Stipulation, correct?

24 A. Yes.

25 Q. And am I correct, you said the

1 Stipulation does not explicitly address the PUCO and
2 OCC assessment?

3 A. It addresses it by its absence.

4 Q. Can you turn to page 3?

5 EXAMINER PRICE: One second. It
6 addresses it by its absence?

7 MR. OLIKER: Your Honor, we can get
8 there I think with my next question.

9 EXAMINER PRICE: I just want to know how
10 many other issues are addressed by their absence in
11 the Stipulation.

12 MR. PRITCHARD: Can we go off the
13 record, your Honor?

14 EXAMINER PRICE: When can. We're off
15 the record.

16 (Discussion off the record.)

17 EXAMINER PRICE: Back on the record.

18 By Mr. Olier:

19 Q. Are you on page 3, Mr. Smith?

20 A. Yes.

21 Q. And does Section 1, subheading 1, state,
22 "The signatory parties agree that the Commission
23 should adopt the findings and recommendations of the
24 Staff Report, except as otherwise agreed in the
25 Stipulation"?

1 A. It does say that.

2 Q. Okay. And you discuss the testimony of
3 Mr. Hess. Am I correct that you have performed no
4 fiscal analysis of your own to identify any costs
5 embedded in distribution rates necessary to provide
6 SSO service?

7 A. That is correct.

8 Q. On page 9, line 15, your definition of
9 direct generation costs is the commodity of
10 electricity and capacity, correct?

11 A. For the most part; ancillary services
12 and the regular rule requirements.

13 Q. And that's reflected in your answer on
14 page 10?

15 A. Correct.

16 Q. And again, turning to page 10. Am I
17 correct that your answer on page 8 relies upon
18 discovery provided by DP&L?

19 A. Yes.

20 MS. BOJKO: I'm sorry, did you say
21 page 8?

22 MR. OLIKER: Page 10, line 8.

23 By Mr. Olikar:

24 Q. And in this response you're relying upon
25 the company when you say the company has expressed,

1 correct?

2 A. Yes. DR-187.

3 Q. And turning to your discussion of
4 Mr. Hess' testimony on page 11. And let me know when
5 you get there. Are you there, Mr. Smith?

6 A. Yes.

7 Q. And on page 11, line 16 and 17, you
8 indicate that IGS' and RESA's analysis errs by
9 allocating based on revenue. Do you believe that IGS
10 and RESA allocated exclusively based upon revenue?

11 A. Some of it was based on revenue.

12 Q. Do you know if it was all based on
13 revenue?

14 A. I forgot. Maybe some of it is on
15 customer counts, too.

16 Q. Do you know what portion is based on
17 customer count and what portion is based on revenue?

18 A. I don't remember.

19 Q. In the following sentence on line 17 of
20 page 11, you say, "RESA'S and Interstate Gas Supply's
21 revenue allegation assigns one-third of the estimated
22 distribution cost to SSO customers and one-third of
23 the customer allocation to SSO customers."

24 And do you believe that Mr. Hess
25 allocated one-third of all of DP&L's distribution

1 costs to SSO customers?

2 A. No. I believe when -- what he was
3 attempting to do was some of the customer charge he
4 was allocating -- some of the administrative
5 operating and nonoperating costs that he could
6 identify that he believed that were involved in
7 provision of SSO service. It's just a portion.

8 But he -- he's giving the SSO customer
9 the same weight as any distribution customer, and
10 he's not giving any weight to the choice customers.

11 Q. Do you know how Mr. Hess devised his
12 customer allocation factor?

13 A. I think he -- how he devised it?

14 Q. Yes.

15 A. He went top down from the FERC accounts,
16 and that's how he --

17 Q. That's not my question, Mr. Smith.

18 My question is, do you know how he
19 determined to weight SSO customers and distribution
20 customers in his customer allocation factor?

21 A. The specifics, no.

22 Q. Did you look into his customer
23 allocation factor when you prepared your testimony?

24 A. Yes.

25 Q. And would you agree that -- first

1 stepping back, when you mentioned the one-third of
2 costs being allocated to SSO customers, would you
3 agree that Mr. Hess identified approximately \$11
4 million to allocate to the SSO?

5 A. I believe I remember his testimony of
6 that -- somewhere in that number.

7 Q. And would you agree that DP&L proposed
8 for recovery somewhere in the range of \$283 million
9 through distribution rates?

10 A. Subject to check. I don't really know.

11 Q. And just roughly speaking, that's
12 about -- 11 million is about three percent of the
13 total distribution revenue requirement?

14 A. Yes.

15 Q. And going back to the customer
16 allocation factor, would you agree that Mr. Hess --

17 MR. OLIKER: First, may I approach, your
18 Honor?

19 EXAMINER PRICE: You may.

20 MR. OLIKER: And what I've handed him is
21 a copy of Mr. Hess' testimony.

22 By Mr. Olikar:

23 Q. And you've seen this testimony before,
24 Mr. Smith, correct?

25 A. Yes.

1 Q. And it's a copy of Edward Hess'
2 testimony?

3 A. Correct.

4 Q. The allocation factor he devised for
5 customer count is on the very back page, correct? I
6 think it's JEH-4.

7 MR. HEALEY: Can you tell what version
8 of Mr. Hess' testimony you just handed him?

9 MR. OLIKER: July 16th version.

10 MR. HEALEY: We'll just point out that
11 that was filed the same day as Mr. Smith's testimony,
12 so he necessarily could not have relied on that. So
13 I guess I would object to questions about that
14 version of the testimony since Mr. Smith could not
15 have relied on it in preparing --

16 EXAMINER PRICE: Sustained.

17 MR. OLIKER: Fair enough.

18 By Mr. Olikar:

19 Q. Do you have any reason to believe that
20 Mr. Hess used a different customer allocation factor
21 between his two testimonies?

22 A. I don't know.

23 Q. First, you agree the testimony I've
24 given you now is the testimony Mr. Hess presented in
25 this case, correct?

1 A. Yes.

2 Q. And for purposes of your testimony, this
3 would be the correct piece of testimony that the
4 Commission should consider?

5 MR. MC NAMEE: Objection.

6 EXAMINER PRICE: Grounds?

7 MR. MC NAMEE: I don't know what -- I
8 don't know how this witness would have an opinion
9 about what opposition testimony the Commission should
10 rely on in reaching its decision.

11 MR. OLIKER: It's just foundational your
12 Honor.

13 EXAMINER PRICE: I think it's unfair to
14 the witness to not give him the other document that
15 he did rely upon to at least compare as to whether
16 anything has changed from the nonpresented testimony
17 to the testimony that was actually presented. You're
18 asking him to do it from memory, and I don't think
19 that's fair.

20 MR. OLIKER: Well, I can change the form
21 of the question and not focus on the references, if
22 that will help.

23 EXAMINER PRICE: That will work.

24 By Mr. Oliker:

25 Q. Mr. Smith, is it your belief that

1 Mr. Hess has weighted SSO customers and distribution
2 customers the same for purposes of his customer
3 allocation factor?

4 A. Would you repeat your question?

5 Q. Maybe I can come at it differently.

6 How many customers does DP&L have that
7 are -- just total customers?

8 A. I don't know their customer count.

9 Q. Okay. And if you look on the JEH-4, is
10 that the sort data for the customer count allocation?

11 MR. HEALEY: I'm going to object again.
12 We already discussed the fact that questions on the
13 JEH-4 that's in front of him are not appropriate.

14 EXAMINER PRICE: Well, at a minimum, lay
15 a foundation for this particular document.

16 By Mr. Olier:

17 Q. Mr. Smith, did you review Mr. Hess'
18 testimony that he filed July 16th?

19 A. No.

20 Q. You didn't? Okay. I'm happy to move
21 on.

22 Your testimony does not discuss whether
23 or not Mr. Hess' customer allocation factor was
24 appropriate, correct?

25 A. My testimony is that you cannot assume

1 that choice customers don't have equal services and
2 equal costs as SSO customers in the provision of
3 generation performed by the distribution company.

4 MR. OLIKER: Your Honor, I would move to
5 strike. That did not answer my question. It was not
6 even remotely close.

7 EXAMINER PRICE: Could I have the
8 question and answer back again, please?

9 (Record read back.)

10 EXAMINER PRICE: Explained what his
11 testimony is. Motion to strike is denied.

12 By Mr. Olikar:

13 Q. Am I correct that your testimony does
14 not reference a customer allocation factor anywhere?

15 A. Correct, because I do not believe the
16 customer allocation factor is appropriate in a
17 distribution case between shopping and non-shopping
18 based on my personal experiences and the responses
19 from the company regarding distribution service in
20 the provision of SSO and choice generation.

21 MR. OLIKER: Your Honor, I again would
22 move to strike. I'm simply asking whether his
23 testimony references subject matter at all.

24 EXAMINER PRICE: I understand that,
25 Mr. Olikar, but you're going to have to do better

1 than just making a statement and appending "correct"
2 to it.

3 If you want to try to narrow him down to
4 a yes or no answer as a followup, you'll probably get
5 the yes or no answer that you would like. But I just
6 don't think just appending correct to making a
7 statement calls strictly for a yes or no answer.

8 By Mr. Oliker:

9 Q. And on page 12, line 18, when you say
10 choice customers do not pay these costs twice, you
11 agree that any cost that a supplier incurs they must
12 recover through their competitive rates and charges?

13 A. That's up to them how they recover their
14 costs.

15 Q. And you would agree that if they do not
16 recover those costs, they would lose money?

17 MR. MC NAMEE: Objection.

18 EXAMINER PRICE: Grounds?

19 MR. MC NAMEE: Are we speculating now
20 about CRES providers making a profit or not?

21 EXAMINER PRICE: Sustained.

22 MR. OLIKER: If I could have one minute,
23 your Honor.

24 EXAMINER PRICE: You may.

25 (Pause.)

1 By Mr. Olier:

2 Q. Mr. Smith, you're familiar with the
3 regulatory requirements of CRES providers, correct?

4 A. Correct.

5 Q. And would you agree that a CRES provider
6 has to have a call center or outsource the functional
7 call center to a third party?

8 A. I agree that -- I would agree not
9 necessarily to a call center, but I believe that they
10 have to respond to complaints regarding their
11 products.

12 Q. And therefore, a CRES provider must
13 incur expenses relating to the operation of a call
14 center whether operated by them or somebody else?

15 A. There are expenses on the generation,
16 yes.

17 Q. And you'll agree that a CRES provider
18 must incur expenses for EDI?

19 A. Yes.

20 Q. And do you have -- and you're familiar
21 with the switching fee, correct?

22 A. Yes.

23 Q. And that's a \$5 switching fee when a
24 customer goes from the SSO to a CRES, correct?

25 A. Correct.

1 Q. Or a CRES to a CRES, correct?

2 A. Correct.

3 Q. But if a customer goes from a CRES to
4 the SSO, there's no switching fee, correct?

5 A. That's a default, not a switch.

6 Q. In the instance that a customer goes
7 from a CRES to the SSO, there is no switching fee,
8 right?

9 A. Because there's no switch, it's a
10 default to standard service offer.

11 Q. But the answer is there is no fee?

12 A. There is no fee.

13 Q. Okay. And you have undertaken no
14 analysis for what it may cost to facilitate the
15 switch, or default in your words, from the CRES to
16 the SSO?

17 A. No analysis on the cost? No, I have not
18 done an analysis on the cost.

19 Q. And are you familiar with the process of
20 holding auctions for the SSO rate?

21 MR. MC NAMEE: Objection.

22 EXAMINER PRICE: Grounds?

23 MR. MC NAMEE: Has literally nothing to
24 do with the purposes that the witness is being
25 offered for. It does not go to any of the objections

1 that I can see.

2 EXAMINER PRICE: Mr. Oliker.

3 MR. OLICKER: Your Honor, it goes to the
4 issue of the cost allocation to the SSO. It's merely
5 a foundational question.

6 EXAMINER PRICE: Proceed.

7 THE WITNESS: Could you repeat the
8 question? I'm sorry.

9 (Question read back.)

10 THE WITNESS: No.

11 By Mr. Oliker:

12 Q. For the purpose of your testimony, did
13 you evaluate whether there are any costs to make the
14 SSO rate available to the auctions?

15 A. No.

16 Q. And likewise, did you evaluate whether
17 any interval data was provided to auction bidders?

18 A. No.

19 Q. And you would agree that there is a \$150
20 interval data charge provided to CRES providers?

21 A. Subject to check.

22 Q. And would you agree that there are other
23 fees applicable to the CRES providers in the supplier
24 tariff?

25 A. Yes.

1 Q. And Mr. Smith --

2 - - -

3 EXAMINATION

4 By Examiner Price:

5 Q. Do you know how the utility recovers its
6 cost of service of holding the auction and paying the
7 auction managers and consultants?

8 A. From Mr. -- only from what I heard this
9 morning from Mr. Parke.

10 Q. Which was?

11 A. That it's included in the energy -- it's
12 included in the rate.

13 Q. So it's included through a nonbypassable
14 rider -- or bypassable rider?

15 A. Bypassable rider, yes.

16 Q. And do you believe the retail customers
17 benefit from the SSO?

18 A. Yes.

19 Q. So should the Commission reconsider --
20 if retail customers benefit from the SSO, should they
21 reconsider collecting all the costs of the auction
22 solely from SSO customers and spread them amongst all
23 customers who benefit?

24 A. No.

25 Q. No?

1 A. I believe those are direct costs that
2 you can -- you can actually tie to a particular
3 function, and that's the SSO. What you're talking
4 also about --

5 Q. No, no, no, don't respond to him, it's
6 my question. Thank you.

7 EXAMINER PRICE: Thank you, Mr. Olikier.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Olikier:

11 Q. Regarding -- you discussed the call
12 center in your testimony. And would you agree that
13 Duke -- sorry, I'm in the wrong hearing room.

14 Would you agree that DP&L does not
15 market or provide information regarding specific CRES
16 offers, that's not their role?

17 A. Specific CRES offers? No, that's not
18 their role, outside of possibly referring them to our
19 apples to apples or outside of referring them to a
20 specific CRES provider.

21 Q. Likewise, if IGS were to get a call
22 about a customer with their power out, they should
23 refer that customer to DP&L and not answer their
24 questions, correct?

25 A. I don't believe that IGS can do anything

1 about a power outage, or a distribution function.

2 Q. We should not claim any responsibility,
3 correct?

4 A. Unless you default on your power
5 supplies.

6 EXAMINER PRICE: We're going to strike
7 that last question and answer. I think it assumes a
8 fact not in evidence as to whether customers call
9 their marketer as to power outages.

10 By Mr. Olikar:

11 Q. And, Mr. Smith, do you know of a
12 customer ever calling a CRES provider regarding their
13 power outage?

14 A. It would be highly unlikely, but I don't
15 know of any instance.

16 EXAMINER PRICE: Do you know of a
17 specific instance?

18 THE WITNESS: No, I never heard of one.

19 MR. OLIKER: Then I'm happy for the
20 striking.

21 By Mr. Olikar:

22 Q. And we have talked a little bit about
23 allocation factors, correct?

24 A. Correct.

25 Q. And would you agree that allocation

1 factors are often used when a cost cannot be directly
2 assigned to a cost causer?

3 A. Yes.

4 Q. Turning to the portion of your testimony
5 that addresses IGS' objection about collateral and
6 credit. And first, the Staff did not take a position
7 regarding IGS' objection other than to say it did not
8 evaluate it as part of the Staff Report, correct?

9 A. Correct.

10 Q. And as you sit here today, you're not
11 offering an opinion regarding the proposal in
12 Mr. Crist's testimony, correct?

13 A. Correct.

14 Q. Okay. And you are familiar with the
15 supplier tariff, correct?

16 A. Correct.

17 Q. And would you agree that in the supplier
18 tariff there is a requirement by DP&L to establish
19 credit requirements based upon the commensurate risk
20 associated with a CRES provider, and to consider
21 things such as the CRES provider's experience?

22 A. I don't have it in front of me, but it
23 sounds about right.

24 Q. And are there any examples, things you
25 think DP&L should consider when they consider the

1 CRES rates for the CRES provider?

2 MR. MC NAMEE: Objection.

3 EXAMINER PRICE: Grounds?

4 MR. MC NAMEE: I believe he's indicated
5 in his testimony that the Staff has no testimony
6 about this, and so the question is inappropriate.
7 It's just not a topic on which the Staff has an
8 opinion.

9 EXAMINER PRICE: Mr. Olikar.

10 MR. OLICKER: Your Honor, he does address
11 it in his objection, and although --

12 EXAMINER PRICE: He addressed it by
13 saying they're under no obligation to review it and
14 they take no position.

15 MR. MC NAMEE: Which kind of completes
16 things, I think.

17 MR. SHARKEY: Your Honor, we would also
18 move to strike the prior question and answer as also
19 beyond the scope.

20 EXAMINER PRICE: We'll sustain the
21 objection. We'll deny the motion to strike.

22 MR. OLICKER: And I'm very close to being
23 done, your Honor, just want to review my notes and --
24 By Mr. Olikar:

25 Q. Just briefly, going to page 7. When you

1 refer to the collection process, would you agree that
2 after charges are -- CRES charges are taken off the
3 DP&L bill, it's the responsibility of the CRES
4 provider to collect those charges?

5 A. When it's eventually taken off, yes.

6 Q. And there's overhead associated with the
7 collection process that a CRES provider must incur?

8 MR. MC NAMEE: Objection.

9 EXAMINER PRICE: Grounds?

10 MR. MC NAMEE: Calls on the witness to
11 speculate about what charges or expenses a CRES
12 provider may have. Outside the scope of his
13 testimony, and really not something he could possibly
14 know.

15 EXAMINER PRICE: Mr. Olier.

16 MR. OLIER: Your Honor, the collection
17 process for a CRES provider should not be materially
18 different for DP&L.

19 And if -- and in any event, if he's able
20 to testify to what DP&L does, I think he should be
21 able to be asked about what we may do, and
22 Mr. McNamee's arguments about speculating should be
23 equally applicable to this section.

24 EXAMINER PRICE: Except that we regulate
25 electric distribution utilities, we do not regulate

1 CRES providers. CRES providers don't report how they
2 develop their prices or what their expenses are in
3 any given time period. Objection sustained.

4 By Mr. Olikar:

5 Q. Okay. Now, Mr. Smith, does DP&L incur
6 costs associated with the collection process, if you
7 know?

8 A. Yes, they do.

9 Q. And there's charge-offs -- first, do you
10 know what a charge-off is?

11 A. Yes.

12 Q. What is a charge-off?

13 A. A charge -- well, depends on the context
14 of the -- a charge-off could either be you're
15 actually writing it off, or a charge-off could be
16 taking it off your books and putting it into
17 collections.

18 Q. Okay. And charge-off is the difference
19 between the amount you're able to collect and the
20 total receivable, correct?

21 A. That sounds right.

22 Q. And DP&L incurs overhead expenses in
23 addition to the receivables themselves, correct?

24 A. Yes, there's a cost to collection.

25 Q. And when you were writing your testimony

1 here in this section, did you consider the costs that
2 CRES providers may incur to collect their own
3 receivables?

4 A. No.

5 Q. And as I was thumbing through your
6 testimony, I noticed there are certain statutory
7 references, and certain words mentioned throughout
8 that may have a legal significance. You're not
9 offering a legal opinion in your testimony, are you,
10 Mr. Smith?

11 A. No, I'm not.

12 MR. OLIKER: I believe those are all the
13 questions I have, Mr. Smith. Thank you. Thank you,
14 your Honor.

15 EXAMINER PRICE: Redirect?

16 MR. MC NAMEE: Yes, your Honor, sadly I
17 will have some redirect. If we could break for a few
18 minutes.

19 EXAMINER PRICE: Take a break until ten
20 until 3:00. We're off the record.

21 (Recess taken.)

22 EXAMINER PRICE: Let's go back on the
23 record. Mr. McNamee.

24 MR. MC NAMEE: Thank you, your Honor.
25 We have reconsidered, we have no redirect. I move

1 the admission of Staff Exhibit 5.

2 EXAMINER PRICE: Any objection to the
3 admission of Staff Exhibit 5?

4 MR. OLIKER: Your Honor, subject to the
5 prior motion to strike, I would renew that now.

6 EXAMINER PRICE: The motion to strike
7 will still be denied, so Staff Exhibit No. 5 will be
8 admitted.

9 (EXHIBIT ADMITTED INTO EVIDENCE.)

10 Mr. McNamee, call your next witness.

11 MR. MC NAMEE: Our final witness, your
12 Honor, would be David Lipthratt.

13 EXAMINER PRICE: Do you swear to tell
14 the truth, the whole truth, and nothing but the
15 truth?

16 MR. LIPTHRATT: Yes.

17 EXAMINER PRICE: Please be stated and
18 state your name and business address for the record.

19 THE WITNESS: David Lipthratt, public --
20 excuse me, Public Utilities Commission of Ohio, 180
21 East Broad, Columbus, Ohio 43215.

22 - - -

23

24

25

1 David Lipthratt,
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. McNamee:

6 Q. Mr. Lipthratt, by whom are you employed?

7 A. Public Utilities Commission.

8 Q. And in what capacity?

9 A. I am the Chief of the Research and
10 Policy Division in the Rates and Analysis Department.

11 MR. MC NAMEE: Okay. Your Honor, I'd
12 move to have marked for identification at this time a
13 document entitled Prepared Testimony of David
14 Lipthratt, mark that as Staff Exhibit 6.

15 EXAMINER PRICE: So marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 By Mr. McNamee:

18 Q. Mr. Lipthratt, do you have before you
19 what's been marked for identification at Staff
20 Exhibit 6?

21 A. Yes, sir.

22 Q. Could you tell me what that is, sir?

23 A. My prefiled testimony in this case.

24 Q. Okay. Do you have any corrections that
25 you would make to that document?

1 A. Yes, sir, I do.

2 Q. Could you explain those slowly for us,
3 please?

4 A. On page 3, beginning on line 1, "and"
5 should be inserted prior to the comma, after
6 "coalition".

7 Q. I'm sorry, where are you?

8 A. Excuse me. Page 3, line 17.

9 Q. Yes.

10 A. After "Ohio Partners for Affordable
11 Energy," there should be a period. And line 18
12 should be stricken.

13 Q. Okay.

14 A. And then on page 4, line 3, after
15 "Buckeye Power, Inc.", there should be a comma and
16 "City of Dayton" inserted.

17 Q. Anything else?

18 A. No, sir.

19 Q. Okay. Thank you, Mr. Lipthratt. With
20 those corrections, are the contents of what's been
21 marked as Staff Exhibit 6 true to your knowledge and
22 belief?

23 A. Yes.

24 Q. Are they prepared by you or under your
25 direction?

1 A. Yes, sir.

2 Q. If I were to ask the questions contained
3 within what's been marked for identification as Staff
4 Exhibit 6 again here this afternoon, would your
5 answers be as presented therein?

6 A. They would.

7 MR. MC NAMEE: Your Honor, the witness
8 is available for cross.

9 EXAMINER PRICE: City of Dayton?

10 MR. ALEXANDER: No questions, your
11 Honor.

12 MS. WHITFIELD: No questions, your
13 Honor.

14 EXAMINER PRICE: Mr. Whitt?

15 MR. WHITT: Yes, your Honor, just a few.

16 EXAMINER PRICE: I'm sorry, I thought
17 you were going to have no questions. I'll come back
18 to you. I want to get the other parties out of the
19 way so there's no rehabilitating the witness.

20 Mr. Healey?

21 MR. HEALEY: Nothing, your Honor.

22 EXAMINER PRICE: OCC?

23 MS. FLEISHER: Nothing, your Honor.

24 EXAMINER PRICE: IEU Ohio?

25 MR. PRITCHARD: I do, your Honor.

1 EXAMINER PRICE: No friendly.

2 MR. PRITCHARD: I assume my questions --
3 I will cut them off as soon as I confirm where I'm
4 going, if you will give me leeway, your Honor.

5 EXAMINER PRICE: Very well.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Pritchard:

9 Q. Mr. Lipthratt, you understand that
10 there's a Stipulation filed in this case, correct?

11 A. Yes, sir.

12 Q. And you are the Staff witness who has
13 filed testimony supporting that Stipulation, correct?

14 A. That is correct.

15 Q. And the Staff has signed that
16 Stipulation, correct?

17 A. Yes, sir.

18 Q. And do you have a copy of that
19 Stipulation in front of you?

20 A. I do.

21 Q. And page 3 of that Stipulation -- let me
22 know when you're there.

23 A. I'm there.

24 Q. Bullet point 1, paragraph 1, do you see
25 that in the middle of the page?

1 A. Yes, sir.

2 Q. And the paragraph reads, "The signatory
3 parties agree that the Commission should adopt the
4 findings and recommendations of the Staff Report
5 except as otherwise agreed in the Stipulation." Do
6 you see that?

7 A. Yes, sir.

8 Q. And the Staff is supporting the
9 Stipulation as a whole, correct?

10 A. Yes, sir.

11 MR. PRITCHARD: I have no further
12 questions, your Honor.

13 EXAMINER PRICE: Thank you.

14 Mr. Sharkey?

15 MR. SHARKEY: No questions, your Honor.

16 EXAMINER PRICE: Now Mr. Whitt.

17 - - -

18 CROSS-EXAMINATION

19 By Mr. Whitt:

20 Q. Could you turn, please, to page 5 of
21 your testimony?

22 A. Yes, sir. I'm there.

23 Q. Okay. And there's a list here of bullet
24 point items where you're indicating the Staff's
25 opinion of the benefits of the Stipulation, correct?

1 A. Yes, sir.

2 Q. And at the third bullet point from the
3 bottom you indicate that the Stipulation commits DP&L
4 to develop innovative electric vehicle charging
5 infrastructure and a non-wires pilot program. Do you
6 see that?

7 A. Yes, sir.

8 Q. Now, if you will turn with me, please,
9 to page 9 of the Stipulation.

10 A. I'm there.

11 Q. And would it be fair to say that
12 paragraph 2 on page 9 discusses the Stipulation
13 commitments with regard to the installation of
14 electric vehicle charging infrastructure, correct?

15 A. Yes.

16 Q. And DP&L's commitment in the Stipulation
17 is to dedicate up to \$1 million in capital investment
18 related to electric vehicle infrastructure, correct?

19 A. Yes, sir.

20 Q. And the last sentence on page 9
21 discusses how DP&L will commit to work with the Ohio
22 EPA and charging station host applicants within its
23 service territory, so on and so forth, correct?

24 A. Yes, sir.

25 Q. Based on the language of the Stipulation

1 in particular on page 9, paragraph 2 -- well, it
2 sounds -- as we look at the actual Stipulation, would
3 you agree with me that what DP&L is actually required
4 to do is something that would fall short of an actual
5 commitment for DP&L itself to develop the EV
6 infrastructure?

7 A. I'm not sure I agree with that statement
8 in the fact that the very first sentence of that
9 paragraph, DP&L will dedicate up to a million -- 1
10 million in total capital investment eligible for the
11 DIR.

12 There's an opportunity cost. The
13 company may have -- without this commitment, those
14 dollars could have perhaps been used for other
15 purposes, so I do view it as a commitment.

16 Q. Well, the -- the Stipulation doesn't use
17 the word "commitment" or "commit" or any derivative,
18 does it?

19 MS. FLEISHER: Objection, your Honor.
20 Just ensuring we have a clear record, there's also a
21 provision at the bottom of page 12 relating to
22 electric vehicle issues, and so I think it may be
23 unclear whether Mr. Whitt is asking about that as
24 well.

25 EXAMINER PRICE: Are you asking in

1 reference -- about the reference on 9 and 12,
2 Mr. Whitt?

3 MR. WHITT: Well, I was focussing on 9
4 for now, but if 12 changes the meaning of 9, or
5 supplements it, we can certainly look at that, too.

6 All I'm -- I think it's obvious, what
7 I'm trying to get at is what exactly is the
8 requirement under the Stipulation in what DP&L will
9 do.

10 EXAMINER PRICE: You can answer.

11 THE WITNESS: I believe the answer to
12 your question is DP&L will dedicate up to 1. -- 1
13 million in total capital investment eligible for DIR
14 recovery beginning in 2019 to fund distribution grid
15 investment necessary to support installation of EV
16 charging infrastructure in its service territory.
17 By Mr. Whitt:

18 Q. Okay. And are you saying that where the
19 Stipulation said that DP&L will commit up to a
20 million to fund distribution grid investments
21 necessary to support installation of electric vehicle
22 charging infrastructure, means what you have said in
23 your testimony at page 5, that the language I just
24 referenced should be construed as a commitment by
25 DP&L to develop -- not just fund, to develop

1 innovative electric vehicle charging infrastructure?

2 MR. SHARKEY: Objection. It sounds like
3 Mr. Whitt is asking for an interpretation of the
4 Stipulation that's been signed by multiple parties,
5 and seeking to get commitments from the company that
6 aren't necessarily there in writing.

7 EXAMINER PRICE: Overruled. You may
8 answer the question.

9 THE WITNESS: Can you reread it, please?
10 (Question read back.)

11 THE WITNESS: I believe the language in
12 my testimony and the Stipulation is consistent in
13 that by funding you are in part developing the
14 infrastructure.

15 EXAMINER PRICE: Let me try this another
16 way. Your language on page 5, lines 14 and 15, is
17 not intended to broaden, expand on anything other
18 than the plain language of the Stipulation; is that
19 correct?

20 THE WITNESS: Yes.

21 EXAMINER PRICE: It's just a summary.

22 MR. WHITT: Thank you, your Honor.

23 By Mr. Whitt:

24 Q. If we turn to page 13 of the
25 Stipulation.

1 A. Yes, sir.

2 Q. Basically the entirety of page 13
3 discusses the non-wires alternatives, does it not?

4 A. It does.

5 Q. And if we again look at the same bullet
6 point third from the bottom on page 5 of your
7 testimony, it would seem that you are saying that
8 DP&L is committed to a non-wires pilot program; is
9 that a fair characterization?

10 MR. SHARKEY: Same objection, your
11 Honor, that I made earlier.

12 EXAMINER PRICE: Overruled.

13 THE WITNESS: That bullet point you're
14 referencing in my testimony is a summary of the
15 commitments that were agreed to by all parties that
16 agreed to the Stipulation, and that, you know, as
17 laid out on this page, there will be a pilot program
18 in accordance with the language therein.

19 By Mr. Whitt:

20 Q. Okay. And if we read through
21 paragraph 3 on page 13, by the time we get to the
22 bottom, it's fair to say there's actually an out
23 there for DP&L to not file a non-wires pilot program,
24 isn't there?

25 A. Yes, you're correct. That last

1 sentence, "To the extent no final NWA pilot is
2 developed, DP&L and the environmental parties will
3 file a status report with the Commission explaining
4 DP&L's decision not to pursue the pilot program
5 within three months of the decision not to file the
6 plan."

7 Q. Okay. And just to close the loop here,
8 I'll ask that the question that his Honor so
9 eloquently asked when we were talking about EV
10 charging, and your testimony that you have offered,
11 you're not intending to change the words of the
12 Stipulation itself?

13 A. No, sir, I'm not.

14 Q. Okay. Thank you. The next bullet point
15 on page 5, which would be the second from the bottom,
16 you indicate the Stipulation also implements revenue
17 decoupling, correct?

18 A. Yes, sir.

19 Q. And with a revenue decoupling mechanism,
20 that mechanism would true up annual -- actual
21 revenues to the company's revenue requirement,
22 correct?

23 A. That is correct.

24 Q. And so there could be refunds or charges
25 under that mechanism to ensure that the company

1 recovers its revenue requirement, no more, no less?

2 A. That is correct. It could be a charge
3 or a credit.

4 Q. Now, if the Commission eliminated DP&L's
5 switching fees and historical usage fees, set those
6 at zero or eliminated them somehow, under revenue
7 decoupling DP&L would still recover its revenue
8 requirement even though the supplier fees would be
9 zero, wouldn't it?

10 A. To answer your question, yes. However,
11 I believe the -- there's the potential the revenue
12 requirement would not be the same revenue requirement
13 as -- as agreed to as part of the Stipulation.

14 Q. Well, the Stipulation agrees to a
15 revenue requirement, correct?

16 A. But it's based upon a clean set of
17 schedules, a clean A-1. It is a -- it's based in
18 fact from the audit and the investigation.

19 So all I'm trying to say is if you
20 modify any revenue sources as part of those -- those
21 schedules, it would pro- -- it could theoretically
22 produce a different revenue requirement.

23 Q. Well, that's true of ratemaking,
24 generally, isn't it, that all of our revenues and
25 expenses -- we have a test year which is intended to

1 be a proxy for the rate affected period, but it's not
2 ever exact, right?

3 A. The only point I was trying to make is I
4 agree with you that decoupling will true up the
5 revenues upward or downward to ensure the company is
6 able to earn the revenues that was agreed to by the
7 Commission or approved by the Commission.

8 All I'm trying to say is I agree with
9 that point. However, if you take out those different
10 components, the revenue requirement calculation would
11 produce a different revenue requirement. That's my
12 only point.

13 Q. Well, would it be the case that if the
14 Commission set the switching fees, historical usage
15 fee to zero, the source of the company's revenue
16 ultimately would be changed to ensure that it meets
17 its revenue requirement?

18 In other words -- and I think the
19 revenue requirement is around 250 million, give or
20 take. If, let's say, 1 million of that was supplier
21 fees -- and I'm not suggesting it is, I don't think
22 it's close to that -- but if the company wasn't
23 recovering money through supplier fees, then it would
24 recover that money through a charge under the revenue
25 decoupling rider?

1 MR. MC NAMEE: Objection.

2 EXAMINER PRICE: Grounds?

3 MR. MC NAMEE: I think this has been
4 asked and answered. I think the witness has already
5 indicated that if you pull those fees out now, it
6 would change the revenue requirement now as well.

7 MR. WHITT: Well, and I'm -- what I'm --
8 I'm trying to close a loop on this, because I think
9 what the witness is actually saying is -- what I was
10 going to try to get him to agree with, is that the
11 Stipulation establishes a revenue requirement, and
12 that requirement has to be met somehow, whether it's
13 through base rates or supplier charges or what have
14 you, so if there were no supplier charges, then to
15 get our total revenue requirement, if the company
16 wasn't otherwise earning that revenue, there would
17 need to be a charge under the decoupling rider.

18 MR. MC NAMEE: Yes, your Honor, and I
19 believe that's exactly the assumption that the
20 witness was rejecting in his answer.

21 EXAMINER PRICE: I'm going to overrule
22 the objection. You can restate your answer. You can
23 restate your answer.

24 THE WITNESS: So it sounds like there's
25 a chicken/egg thing here. The decoupling mechanism

1 is intended to true up a revenue requirement that has
2 been approved by the Commission.

3 I'm stating that prior to that
4 Commission approval, if you were to eliminate a
5 million dollars from any revenue source, the
6 revenue -- your expenses -- you're increasing your
7 revenue deficiency.

8 Therefore, the revenue requirement would
9 grow, and it would produce a different revenue
10 requirement than the one that's agreed to as part of
11 this Stipulation.

12 EXAMINER PRICE: Bottom line,
13 Mr. Lipthrott, is if the Commission were to eliminate
14 the two provisions Mr. Whitt was saying, the
15 decoupling rider would not necessarily make the
16 company whole; is that correct?

17 THE WITNESS: Not if we keep the -- Yes,
18 not if we keep the revenue requirement where it's
19 currently set.

20 By Mr. Whitt:

21 Q. So let's -- let's assume that the
22 Commission approves a revenue requirement of 250
23 million. Just use that as a round number. And that
24 that is what DP&L's authorized to recover in rates.
25 With me?

1 A. Yes.

2 Q. If DP&L recovered \$249 million, then
3 there would need to be a million dollar charge to
4 ratepayers to get that missing \$1 million, correct?

5 A. That is correct.

6 Q. Okay. And it's conceivable, if DP&L
7 recovered \$251 million, then there would be a million
8 dollar credit to customers, correct?

9 A. Yes, sir.

10 Q. If the Commission approved the
11 Stipulation in its entirety, but also found that the
12 switching fees, historical usage fees should be zero,
13 then the approval of the revenue decoupling mechanism
14 would ensure that the Commission's elimination of
15 those fees would be revenue neutral to the company,
16 correct?

17 A. Yes. It would ensure that the company
18 would be able to basically, on an annual bases,
19 collect the \$250 million in your hypothetical.

20 However, it would -- that revenue
21 requirement would not be then tied to the Staff
22 supported schedules attached to the Staff Report and
23 modified as spoken to as part of the Stipulation.

24 Q. Okay. But you agree with the economic
25 effect of my hypothetical, which is if the only

1 change was that the fees should be set to zero, that
2 that would be revenue neutral to the company?

3 A. It wouldn't -- probably not be revenue
4 neutral, because under your hypothetical you've
5 eliminated your -- a certain number -- a certain
6 amount of revenue.

7 It would perhaps be earning neutral, but
8 from a revenue perspective over a year-over-year
9 basis your expenses and your revenues are probably
10 not matching out, so from an earnings perspective it
11 would take some time to true that up.

12 So I'm not going to go on record to say
13 it's revenue neutral within a year; however, over
14 time it should wash out from a revenue perspective.

15 Q. Okay. And let's take the hypothetical
16 further and indulge the fantasy that the Commission
17 actually eliminated the historical usage fee and the
18 switching fee, but otherwise approved the Stipulation
19 as filed.

20 Would you agree that there is nothing in
21 the Stipulation that would prevent DP&L from coming
22 back to the Commission and filing an application for
23 approval of a cost-based historical usage fee, a
24 cost-based switched fee, or any other cost-based fee?

25 A. I can't really speak to what the company

1 is -- you know, to my knowledge, there's nothing to
2 prevent them from doing that.

3 MR. WHITT: Okay. That's all I have.

4 EXAMINER PRICE: Thank you. Mr. Oliker?

5 MR. OLIKER: Just briefly.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Oliker:

9 Q. Mr. Lipthratt, am I correct that you are
10 sponsoring the Stipulation itself?

11 A. Yes, that is correct.

12 Q. And you are not being offered as a
13 witness to respond to any objections to the Staff
14 Report or modifications by the Stipulation?

15 A. My testimony is not responding to any --
16 any objections. However, I am supporting the
17 modifications from the Staff Report to the
18 Stipulation.

19 Q. Okay. And the analysis of costs
20 proposed for a recovery of distribution rates that
21 relate to SSO service, the individual that covers
22 that issue is Mr. Smith, correct?

23 A. That is correct.

24 Q. And you are not offering any opinions in
25 relation to the issue discussed by Mr. Smith,

1 correct?

2 A. That is correct.

3 MR. OLIKER: If I may have one minute,
4 your Honor.

5 (Pause.)

6 MR. OLIKER: I believe we have no more
7 questions, your Honor. Thank you, Mr. Lipthratt.

8 EXAMINER PRICE: You should go play the
9 lottery today, Mr. Lipthratt.

10 THE WITNESS: I think I might.

11 MR. MC NAMEE: It's a very good day for
12 it, it's --

13 EXAMINER PRICE: Mr. McNamee, redirect?

14 MR. MC NAMEE: I can't imagine --

15 EXAMINER PRICE: Let's go off the record
16 for a minute.

17 (Discussion off the record.)

18 EXAMINER PRICE: Go back on the record.

19 MR. MC NAMEE: We have no redirect, your
20 Honor. The Staff would move for the admission of
21 Staff Exhibit 6, and final.

22 EXAMINER PRICE: Any objection to the
23 admission of Staff Exhibit 6? Seeing none it will be
24 admitted.

25 (EXHIBIT ADMITTED INTO EVIDENCE.)

1 MR. MC NAMEE: The Staff has no further
2 witnesses, your Honor.

3 EXAMINER PRICE: Thank you. Let's go
4 off the record.

5 (Discussion off the record.)

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

8 At this time the parties decided there
9 will be no rebuttal testimony. Initial post hearing
10 briefs will be due August 17th, replies will be due
11 August 27th.

12 The company has committed to funding the
13 transcript to be filed no later than Friday.
14 Anything else before we adjourn?

15 MR. HEALEY: I would just note that the
16 company funding means that ratepayers are funding.

17 EXAMINER PRICE: A little distension in
18 the signatory parties.

19 MR. WHITT: The transcript recovery
20 rider is in the Stipulation.

21 EXAMINER PRICE: Filing of briefs. The
22 case will be submitted on the record. Thank you all.
23 We're adjourned.

24 (Discussion off the record.)

25 EXAMINER PRICE: Let's go back on the

1 record. Before we adjourn we had one minor
2 housekeeping matter.

3 Mr. Oliker, would you care to move IGS
4 Exhibit 1?

5 MR. OLIKER: Yes, your Honor. We would
6 move for the admission of IGS Exhibit 1.

7 EXAMINER PRICE: Any objections?

8 MR. SHARKEY: None.

9 (EXHIBIT ADMITTED INTO EVIDENCE.)

10 EXAMINER PRICE: I would just note for
11 the record that IGS Exhibit 1 is identical to the
12 attachments to Staff Exhibit 5, but we'll admit both
13 documents so the record is clear since we didn't have
14 questioning as IGS Exhibit 1.

15 With that, we're adjourned.

16 (Thereupon, the hearing was
17 conclude at 3:25 p.m.)

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CERTIFICATE

I do hereby certify that the foregoing
is a true and correct transcript of the proceedings
taken by me in this matter on 24th, July, 2018, and
carefully compared with my original stenographic
notes.

Valerie Grubaugh,
Registered Merit
Reporter and Notary Public
in and for the State of
Ohio.

My commission expires August 11, 2021.

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Case No(s). 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA

Summary: Transcript in the matter of the Dayton Power and Light hearing held on 07/24/18 - Volume II electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Grubaugh, Valerie