

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the 2018 :
Long-Term Forecast Report : Case No. 18-501-EL-FOR
of Ohio Power Company and :
Related Matters. :

In the Matter of the :
Application of Ohio Power :
Company for Approval to :
Enter Into Renewable : Case No. 18-1392-EL-RDR
Energy Purchase :
Agreements for Inclusion :
in the Renewable :
Generation Rider. :

In the Matter of the :
Application of Ohio Power : Case No. 18-1393-EL-ATA
Company for Approval to :
Amend its Tariffs. :

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PROCEEDINGS

before Ms. Sarah Parrot and Ms. Greta See, Attorney
Examiners, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Room 11-A, Columbus,
Ohio, called at 10:00 a.m. on Tuesday, January 15,
2019.

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VOLUME I

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1 Tuesday Morning Session,
2 January 15, 2019.

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

5 The Public Utilities Commission of Ohio
6 has set for hearing, at this time and place, Case No.
7 18-501-EL-FOR, which is captioned In the Matter of
8 the 2018 Long-Term Forecast Report of Ohio Power
9 Company and Related Matters, and which has been
10 consolidated with Case No. 18-1392-EL-RDR, captioned
11 In the Matter of the Application of Ohio Power
12 Company for Approval to Enter into Renewable Energy
13 Purchase Agreements for Inclusion in the Renewable
14 Generation Rider, and Case No. 18-1393-EL-ATA,
15 captioned In the Matter of the Application of Ohio
16 Power Company for Approval to Amend its Tariffs.

17 I would note for the record that these
18 cases were initially called on December 4, 2018, and
19 then continued until today.

20 Good morning, everyone. My name is Sarah
21 Parrot. With me on the Bench is Greta See. We are
22 the Attorney Examiners assigned by the Commission to
23 hear these cases.

24 At this time, let's start with
25 appearances of the parties, and we'll begin with the

1 Company and work our way around the table.

2 MR. NOURSE: Thank you, your Honor. On
3 behalf of Ohio Power Company, Steven T. Nourse,
4 Christen M. Blend, 1 Riverside Plaza, Columbus, Ohio
5 43215. Also the law firm of Porter Wright Morris &
6 Arthur, 41 South High Street, Columbus, Ohio 43215,
7 with Eric B. Gallon and L. Bradfield Hughes. Also
8 the law firm of Ice Miller at 250 West Street, Suite
9 700, Columbus, Ohio 43215, entering the appearance of
10 Christopher L. Miller. Thank you.

11 MS. WILLIS: Thank you, your Honor. On
12 behalf of the residential customers of the Ohio Power
13 Company, Bruce Weston, the Ohio Consumers' Counsel,
14 by Maureen R. Willis, William J. Michael, Christopher
15 Healey, 65 East State Street, 7th Floor, Columbus,
16 Ohio 43215. Thank you.

17 MR. McNAMEE: On behalf of the Staff of
18 the Public Utilities Commission of Ohio, I'm Thomas
19 McNamee. The address is 30 East Broad Street, 16th
20 Floor, Columbus, Ohio 43215.

21 MR. OLIKER: Good morning, your Honors.
22 On behalf of Interstate Gas Supply, Inc. and IGS
23 Solar, LLC, Joseph Olikier and Michael Nugent. 6100
24 Emerald Parkway, Dublin, Ohio 43016. Thank you.

25 MR. KURTZ: Good morning, your Honors.

1 For the Ohio Energy Group, Mike Kurtz, Kurt Boehm,
2 Jody Kyler Cohn, 36 East Seventh Street, Cincinnati,
3 Ohio.

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

9 MS. WHITFIELD: Good morning, your
10 Honors. On behalf of the Kroger Company, Angela Paul
11 Whitfield and Stephen Dutton of the law firm
12 Carpenter Lipps & Leland, 280 North High Street,
13 Suite 1300, Columbus, Ohio 43215.

14 MR. STOCK: Good morning. On behalf of
15 the Ohio Coal Association, John Stock and Orla
16 Collier with Benesch Friedlander at 41 South High
17 Street. Thank you.

18 MR. MENDOZA: Good morning, your Honors.
19 On behalf of the Sierra Club, Tony Mendoza and
20 Richard Sahli.

21 MS. LEPPLA: Good morning, your Honors.
22 On behalf of the Ohio Environmental Council, Miranda
23 Leppla, Chris Tavenor, and Trent Dougherty.

24 MR. DOVE: Good morning. On behalf of
25 the Natural Resources Defense Council, Robert Dove,

1 with the law firm of Kegler, Brown, Hill & Ritter, 65
2 East State Street, Suite 1800, Columbus, Ohio 43215.

3 MS. MOONEY: On behalf of Ohio Partners
4 for Affordable Energy, Colleen Mooney.

5 MR. DARR: On behalf of Industrial Energy
6 Users of Ohio, the law firm of McNees Wallace &
7 Nurick, 21 East State Street, Columbus, Ohio 43215.

8 MS. PIRIK: Good morning, your Honors.
9 On behalf of the Mid-Atlantic Renewable Energy
10 Coalition, the law firm of Dickinson Wright,
11 Christine Pirik, Terrence O'Donnell, Will Vorys, and
12 Cristina Luse, 150 East Gay Street, Columbus, Ohio
13 43215.

14 MR. WHITT: Good morning. On behalf of
15 Direct Energy and the Retail Energy Supply
16 Association, the law firm of Whitt Sturtevant, LLP,
17 Mark Whitt and Rebekah Glover, 88 East Broad Street,
18 Suite 1590, Columbus, Ohio 43215.

19 EXAMINER PARROT: Is there any counsel
20 present for any party that has not yet entered an
21 appearance?

22 Thank you, everyone.

23 Are there any preliminary matters that we
24 need to address before we call our first witness?

25 MR. NOURSE: Yes, your Honor. Thank you.

1 A couple of things.

2 No. 1, with respect to the April 15th
3 Application, the LTFR filing that was made to
4 initiate Case 18-501, and the Amended Application
5 that was filed in late September, you know, we've
6 indicated in testimony that those filings would be
7 sponsored by witnesses that are going to appear later
8 in the hearing or, in other words, not the first
9 witness.

10 So I thought if the Bench would like, I
11 can mark those two filings as exhibits and not move
12 for their admission until later when they're
13 sponsored, in case the parties or earlier witnesses
14 would like to refer to those filings. Is that
15 acceptable?

16 EXAMINER PARROT: Yes, it is.

17 MR. NOURSE: So I will mark AEP Ohio
18 Exhibit No. 1, the April 16, 2018, Long-Term Forecast
19 Report filed in Case No. 18-501.

20 EXAMINER PARROT: So marked.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 MR. NOURSE: And -- sorry, I am getting
23 the date here. Here it is. AEP Ohio Exhibit 2 would
24 be the September 19, 2018, amendment to the 2018 LTFR
25 filed in Case No. 18-501. And I'll provide copies of

1 both of those to the court reporter.

2 EXAMINER PARROT: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. NOURSE: And does the Bench need a
5 copy?

6 EXAMINER PARROT: Perhaps just one copy.

7 MR. NOURSE: Okay.

8 EXAMINER PARROT: Of each.

9 MR. NOURSE: Thank you, your Honor. Then
10 another preliminary matter, there have been a couple
11 deposition transcripts filed in the docket, and the
12 Company objects to the filing of deposition
13 transcripts. Under the Commission's procedural
14 rules, 4901-1-18 generally prohibits the filing of
15 discovery responses, and Rule 4901-1-21(N) makes it
16 clear that where witnesses are available for hearing,
17 the transcript is not filed and does not need to be
18 filed. The Commission has clarified that and
19 confirmed that in various cases. And I can give you
20 citations for that. But obviously, here, the
21 intervenors knew that the witnesses are available and
22 it would be improper to try to use the deposition
23 transcripts as evidence.

24 And I think, you know, in a lot of ways
25 this is worse than filing a discovery response in the

1 record because unlike discovery responses where a
2 party can object and not provide a response,
3 typically in depositions there's an objection for
4 posterity and the answer is given unless it's a
5 privileged matter.

6 So this practice, I think, is
7 counterproductive and actually has a chilling effect
8 on discovery to be able to freely conduct discovery
9 and depositions, including depositions, without the
10 concern that objectionable material that may be
11 brought out in depositions is filed in the docket and
12 could be considered by the Commission and --
13 regardless of whether it's admitted into the
14 evidentiary record which it should not be.

15 As the Bench knows, under Rule 21,
16 deposition transcripts can be used to refresh
17 recollection or to impeach a witness, but those are
18 generally used in that limited fashion without being
19 admitted into the record wholesale, and certainly the
20 filing of the -- the transcripts, I think, is
21 objectionable.

22 So a couple of things, I guess, I'm
23 requesting based on that, based on that position.
24 No. 1, there are depositions that have been conducted
25 but the transcripts haven't been filed yet, and we

1 would ask that the parties be directed not to file
2 those transcripts in the record. And secondly, to
3 confirm from the Bench that the filed deposition
4 transcripts should not be cited in brief or otherwise
5 relied on by the Commission. I'll stop there.

6 MR. OLIKER: Your Honor, may we respond?

7 Initially, I am not sure that I agree on
8 the interpretations of Commission rules that
9 Mr. Nourse just provided. If you look at Section 21
10 of the Commission's procedures under (N), it does say
11 "Depositions may be used in commission hearings to
12 the same extent permitted in civil actions in courts
13 of record." And then it says "any depositions to be
14 used as evidence must be filed with the commission at
15 least three days prior to the commencement of the
16 hearing."

17 First, some clarifying things on that
18 point. Nobody that has filed the deposition
19 transcript has said this is going to be offered as
20 evidence. Filing something in the Commission docket
21 does not make it evidence. It does not make it part
22 of the record. It makes it part of the docket sheet.
23 In order to use it as evidence, we would have to do
24 so and mark it as an exhibit in this case and, to my
25 understanding, nobody has tried to do that at this

1 point in time. But because the Commission rule does
2 say it does have to be filed in a certain amount of
3 time in advance, unless you otherwise obtain good
4 cause, it's prudent on behalf of any party practicing
5 here to file within the Commission docket in the
6 event we need to use it later.

7 There are several different ways you can
8 use a deposition should circumstances arise and it's
9 an option that each party has. And the Bench knows
10 very well what evidence is actually in the record and
11 what isn't in the record, and these deposition
12 transcripts are not currently in the record, and this
13 is an option that's available to us under the
14 Commission rules, so I don't see why we are even
15 addressing it now. It's kind of confusing the
16 issues, but.

17 MR. DARR: If I may, your Honor?
18 Typically, in a civil action, the process for
19 introducing a deposition is to actually call a party
20 and have that portion of the deposition read into the
21 record itself. As Mr. Olier correctly points out,
22 that has not occurred. The Commission rule, however,
23 requires that if you're intending to use it as such
24 in that way, that you naturally provide notice to the
25 parties through -- by the rule's three-day

1 requirement. That's all that's been done so far.
2 The objection is clearly premature.

3 MS. WILLIS: Your Honor, if I may be
4 heard briefly? Mr. Nourse also mentioned, as I guess
5 rationale, that it would have a chilling effect on
6 discovery. I don't see that at all. I don't even
7 understand that. This is a practice that's been
8 going on for years and years and years at the
9 Commission. This is the first I've ever heard of a
10 party saying that the filing of depositions will have
11 a chilling effect on discovery.

12 MR. NOURSE: Your Honor, if I could
13 respond?

14 EXAMINER PARROT: Anyone else first?

15 MR. NOURSE: Yeah. First of all,
16 Mr. Oliker is saying he does not intend to use it as
17 evidence but he felt compelled to follow the
18 three-day rule which I think is a non sequitur.
19 Clearly using the rule is very clear and there are
20 Commission rulings that back this up. The deposition
21 need not be prefiled if used to impeach the testimony
22 of a witness at hearing.

23 So obviously everybody knew that these
24 witnesses were available, that nobody is submitting
25 that these transcripts should be submitted as

1 evidence, so it's a bad practice. It has a
2 prejudicial effect and I can tell you rather than,
3 you know, I mean it doesn't encourage people to be
4 cooperative and have depositions and answer questions
5 that are objectionable if they are just going to be
6 filed in the docket and available for the Commission
7 and anyone to review.

8 Again, the general discovery rule
9 explicitly prevents discovery responses from being
10 filed in the docket. This is the same thing. I
11 think the rule is clear. You only would file if
12 somebody is unavailable or you intend to use the
13 deposition as evidence. So, in that manner, it would
14 be like prefiled testimony. That circumstance has no
15 application to this case and, again, I think it's
16 obvious if we run into disputes based on this bad
17 practice, then we are either going to have to pull
18 the examiners in to depositions and/or instruct
19 witnesses not to answer questions that would
20 otherwise be answered after an objection.

21 So I think it's obvious that chilling
22 effect this bad practice has and, again, you know,
23 there is no basis in the rule for the Company or
24 anybody else to object to the use of the deposition
25 transcript as being used for recollection or

1 impeachment. That's consistent with using it in a
2 civil action, as rule 21(N) says and, you know,
3 again, the rule says it does need to be prefiled for
4 those purposes so. I think there's no good reason
5 that anyone can point to why the deposition
6 transcripts were filed. There's no productive
7 reason. There's no good practice reason to say. And
8 certainly that it's been done before in the past is
9 not a good reason.

10 EXAMINER PARROT: Thank you, Mr. Nourse.

11 The issue is noted. We will come back to
12 it. We are going to table this issue for now.

13 Anything else?

14 MR. NOURSE: Okay. I would just point
15 out that part of my request was to ask the parties
16 that haven't filed depositions to not file them that
17 are still out there. Are you able to ask them to
18 wait until you rule to do so?

19 EXAMINER PARROT: If a party is at a
20 point where it feels it needs to file a deposition in
21 the docket, yes, I would ask that the party consult
22 with the Bench prior to doing that.

23 MR. NOURSE: Okay. Thank you. Okay.

24 My last procedural preliminary matter,
25 your Honor, was a question about how we implement the

1 January 14 Entry that the Bench issued yesterday
2 relative to the Company's motion to defer certain
3 specified testimony and implementing that with the
4 parties that witnesses that are affected by that
5 ruling. My suggestion would be that company counsel
6 work with the intervenor counsel to -- to develop
7 a -- an exhibit that would be used, basically a
8 redacted exhibit that would be used when that witness
9 testifies to be able to move their direct testimony,
10 the portion that's permitted in Phase I, to be
11 admitted as evidence.

12 I think that's consistent with your
13 ruling, but I just wanted to get direction how to
14 implement that or how you intended to implement it
15 otherwise, to avoid putting in -- again, putting into
16 the record extraneous material that relates to Phase
17 II.

18 MS. WHITFIELD: Your Honors, may I
19 respond to that?

20 EXAMINER PARROT: Go ahead.

21 MS. WHITFIELD: Well, we would disagree
22 with any type of redaction like that because while
23 you have stricken at least Mr. Bieber's portions of
24 his testimony, we do intend to make a proffer of that
25 to preserve the issue in the record. So I don't want

1 it to be -- if we can put on the record what you guys
2 have stricken.

3 EXAMINER PARROT: To be clear, it's not
4 been stricken.

5 MS. WHITFIELD: "Deferred," but, you
6 know, it is our position that it is relevant to their
7 claims of lower cost and economic benefit as
8 justifying need. So to the extent that you deferred
9 it, we do want to proffer it as it should have been
10 in Phase I.

11 EXAMINER PARROT: Anyone else?

12 MR. WHITT: Your Honor, if someone could
13 articulate what the alleged prejudice is of deferring
14 testimony as opposed to letting it in? The
15 Commission ultimately will determine what issues are
16 relevant in this proceeding and which ought to be
17 considered in the second proceeding. So it seems
18 this is somewhat like a quibble over something. I'm
19 not sure there's any associated harm.

20 MR. NOURSE: Yeah. Happy to, your Honor.

21 Again, you know, the Commission -- as we
22 explained in our motion and that was granted, this
23 testimony relates to Phase II and is -- is, you know,
24 not supposed to be considered and we are not going to
25 do cross-examination on it. So, you know, again,

1 just letting it in would be prejudicial for that
2 reason.

3 As far as the proffering, the party
4 that's offering the proffering of that additional
5 evidence that's outside of the scope of the ruling,
6 certainly could make an exhibit to do that. But that
7 should not be -- that should not be the reason to
8 include, you know, material that's outside of Phase I
9 in an exhibit that's going to be admitted into --
10 into evidence. So I think it's confusing to have the
11 same exhibit that would have, you know, two different
12 buckets of information, one of which is not supposed
13 to be part of Phase I.

14 So if they want to proffer, they can make
15 a separate exhibit that says here is the additional
16 stuff we want to proffer, but as far as the main
17 exhibit, it would be that -- the witness's testimony
18 for Phase I that would be admitted into the record, I
19 think it should be redacted according to -- you know,
20 consistent with the entry, the ruling.

21 MS. WHITFIELD: If I could just respond
22 to that? First of all, this happens all the time at
23 least in the context of motions to strike. The
24 testimony is there. It's not formally redacted. You
25 just put on the record what portions have been

1 stricken or in this case deferred, but under rule --
2 Evidence Rule 103 and Rule 4901-1-15(F) of the
3 Administrative Code, we have to be able to proffer
4 that evidence in to preserve our issue that that
5 testimony was relevant and directly responsive to
6 what they've opened the door to on Phase I on the
7 need issue. And now we are rightfully prejudiced
8 because given the timing of the Order, we don't have
9 the option to do an interlocutory appeal on this
10 issue.

11 MR. NOURSE: Your Honor, again, I just
12 wanted to raise this early to try to get the parties
13 working if we are going to try to implement that.
14 Recognizing that that's -- this may be something you
15 want to consider and rule upon later, but I just
16 wanted to raise it at the threshold here.

17 EXAMINER PARROT: I think we are going to
18 table this issue for now as well, Mr. Nourse.

19 MR. NOURSE: That's all the preliminary
20 matters I had, your Honor. Should we call our first
21 witness?

22 EXAMINER PARROT: Are there any other
23 preliminary matters from other parties before we do
24 that?

25 All right. Go ahead, Mr. Nourse.

1 MR. NOURSE: Thank you, your Honor. AEP
2 Ohio calls William A. Allen.

3 (Witness sworn.)

4 EXAMINER PARROT: Please have a seat.

5 - - -

6 WILLIAM A. ALLEN

7 being first duly sworn, as prescribed by law, was
8 examined and testified as follows:

9 DIRECT EXAMINATION

10 By Mr. Nourse:

11 Q. Good morning, Mr. Allen.

12 A. Good morning, Mr. Nourse.

13 Q. Can you state and spell your name for the
14 record.

15 A. It's William A. Allen, A-l-l-e-n.

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

18 A. I'm employed by American Electric Power
19 Service Corporation as Managing Director of
20 Regulatory Case Management.

21 Q. Did you present prefiled written direct
22 testimony in this case?

23 A. I did.

24 MR. NOURSE: Your Honor, I would like to
25 mark the September 19, 2018, testimony of William A.

1 Allen as AEP Ohio Exhibit No. 3.

2 EXAMINER PARROT: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. NOURSE: And per our earlier
5 agreement at the prehearing conference, I am just
6 providing one copy to the court reporter.

7 EXAMINER PARROT: Very good. Thank you.

8 Q. (By Mr. Nourse) And, Mr. Allen, do you
9 have a copy of what we have marked as AEP Ohio
10 Exhibit No. 3 with you?

11 A. I do.

12 Q. And is this the prefiled testimony
13 prepared by you or under your direction?

14 A. Yes, it is.

15 Q. Do you have changes and corrections or
16 additions to this testimony?

17 A. Yes. The first correction is on page 3,
18 line 11, the rule that I cite at the beginning of
19 that sentence should include an additional dash 5
20 such that it reads "Rule 4901:5-5-06(B)."

21 Q. Thank you, Mr. Allen.

22 Do you have another correction?

23 A. Yes. On page 11, on line 8, the words
24 "in the ESP IV Order" should be stricken. And at the
25 end of that sentence on line 10, the close quote

1 should be removed. And Footnote 7 should be replaced
2 with the words "Id. at 84."

3 Q. Thank you, Mr. Allen.

4 MR. NOURSE: Did everyone get those
5 corrections?

6 Q. Okay. Any other corrections, additions,
7 or changes, Mr. Allen?

8 A. No.

9 Q. And if I were to ask you the same
10 questions today under oath, would your answers be the
11 same?

12 A. Yes, they would.

13 MR. NOURSE: Your Honor, I move for
14 admission of AEP Ohio Exhibit No. 3, subject to
15 cross-examination.

16 EXAMINER PARROT: Thank you, Mr. Nourse.

17 MS. WILLIS: Your Honor, if it's
18 appropriate now to entertain motions to strike?

19 EXAMINER PARROT: Go ahead.

20 MS. WILLIS: Thank you, your Honor.

21 Your Honor, OCC moves to strike
22 Mr. Allen's testimony beginning on page 4, line 7,
23 the words "economically beneficial." The second
24 portion of the motion to strike begins on page 5,
25 specifically lines 7 through 12.

1 MR. NOURSE: I'm sorry. Could you give
2 me the first one, where does that end?

3 MS. WILLIS: I'm sorry. With the words
4 "economically beneficial."

5 MR. NOURSE: Okay. Thank you.

6 MS. WILLIS: The second testimony we
7 request be stricken is page 5, lines 7 through 12.
8 And the next section would be page 9, line 8, through
9 page 16, line 5. And that's the first motion to
10 strike.

11 MR. NOURSE: Could you restate the last
12 one?

13 EXAMINER PARROT: Slow down.

14 MS. WILLIS: Page 9, line 8, through page
15 16, line 5.

16 And with respect to this motion to
17 strike, the grounds are that the testimony is not
18 relevant to nor probative of the issue of need and
19 consistent with the plain words of the statute
20 defining "need" as related to resource planning
21 projections. And it's also inconsistent with how the
22 PUCO defines "need" in the Turning Point case.

23 The factors that AEP cites relates to the
24 reasonableness of the forecast, not to a
25 determination of need. And "need" is defined in the

1 prior section of the rules, 4901:5-5-06(B)(2) instead
2 of the (B)(3) -- (3)(i) section and that section is
3 related to the integrated resource planning and
4 addresses the mix of resource options to meet the
5 base case projection of peak demand and total energy
6 requirements.

7 I have a second motion to strike if your
8 Honors would prefer me to go forward with that or
9 would --

10 EXAMINER PARROT: Response to that,
11 Mr. Nourse?

12 MR. NOURSE: It's the second motion to
13 strike of Mr. Allen's testimony?

14 MS. WILLIS: Yes.

15 EXAMINER PARROT: Well, let me ask, is it
16 a totally separate basis?

17 MS. WILLIS: It is, your Honor.

18 EXAMINER PARROT: So let's deal with this
19 one first.

20 MR. NOURSE: Sure. First of all, your
21 Honor, this is premised on the sage legal argument
22 that the OCC had advanced in opposition to our motion
23 to defer testimony, and it's also, you know, wholly
24 consistent with their motion in limine which was
25 rejected. The same -- same principle, I think, with

1 the ruling, the January 14 Entry, applies here.

2 You know, again, the debate over what the
3 Commission can and should consider for purposes of
4 need under the ESP statute is -- is an essential
5 component of the dispute in this case. And the
6 Company, based on the Commission's approval of its
7 900-megawatt commitment for development and its
8 recent approval of the RGR in the ESP case under
9 section -- division (B)(2)(c) of the ESP statute,
10 is -- is all setting up the day in court, which is
11 today, for the Company to try to make its case in
12 support of need.

13 So I think the Examiners, you know,
14 should reject this motion to strike on the same basis
15 they rejected the motion in limine, and the Company
16 should be given its opportunity to present factual
17 information in support of its -- its theory of "need"
18 under the statute.

19 MR. COLLIER: Your Honor, the OCA joins
20 in OCC's motion.

21 MR. MENDOZA: Your Honor, if I may?

22 EXAMINER PARROT: Yes.

23 MR. MENDOZA: Yes, I agree with
24 Mr. Nourse. This is res judicata; it's already been
25 decided. And it would speed up the hearing if

1 motions that have already been rejected are not
2 raised again.

3 I just had a couple points to what
4 Mr. Nourse said. The Turning Point case was one
5 case. It didn't determine how the Commission could
6 interpret that statute for all time. It was decided
7 on the facts that were before the Commission at that
8 time.

9 And the idea that the Commission
10 shouldn't consider what customers want, as it
11 interprets its statutes it's been charged by the
12 legislature to interpret, I think is frankly absurd.
13 The name of the Commission is the Public Utilities
14 Commission. The goal is to serve the customers of
15 the utilities. And I think the Commission has good
16 grounds to consider customer preference in every case
17 that it decides.

18 MR. KURTZ: May I make one comment?

19 EXAMINER PARROT: Mr. Kurtz.

20 MR. KURTZ: Thank you, your Honor.

21 We have not weighed in on testimony, I
22 don't know what position my clients will ultimately
23 take, but on this question I would simply say the
24 Turning Point case was decided in January of 2013
25 when AEP Ohio still owned generation. That

1 generation was transferred out of AEP Ohio in 2014.
2 And so the facts will be completely different in
3 terms of looking at the question of need with the
4 utility that owns thousands of megawatts of
5 generation versus one. That is completely reliant on
6 PJM.

7 MS. BOJKO: Your Honor.

8 EXAMINER PARROT: Miss Bojko.

9 MS. BOJKO: Thank you.

10 OMAEG supports OCC's motion. And I would
11 add, not to reiterate everything that's been said
12 before in the pleadings, I would add that in light of
13 your January 14, 2019, Entry, stating that pieces of
14 testimony that speak directly to the portions that
15 Ms. Willis quotes will be deferred, we ask that, in
16 the alternative, you defer this testimony until the
17 second phase of the hearing where the witnesses who
18 are responding to that testimony are able to have
19 their testimony heard in light of your January 14,
20 2019, Entry that deferred their testimony. Thank
21 you.

22 EXAMINER PARROT: Mr. Darr.

23 MR. DARR: Thank you, your Honor.

24 With regard to whether or not the issues
25 raised by this motion to strike need to be

1 re-litigated, I would point out that the purpose of
2 preserving these issues for further review, there's
3 an obvious need to do so. And in an abundance of
4 conservatism, I think you are going to hear these
5 objections repeated for each of the witnesses that
6 have already come -- that have already been presented
7 to you by the motion you decided yesterday.

8 IEU joins in the motion for the reasons
9 stated by OCC, and we further point out that in
10 regard to Mr. Nourse's argument that the issue before
11 the Commission is the definition of "need"; it is not
12 the Commission's role to redefine the statute. The
13 Commission has already defined what "need" means and
14 it defines it in terms of reliability. The notion
15 that somehow the Company can come in here and
16 redefine it by legislating it through its evidence in
17 this case is farfetched and clearly improper. And
18 therefore, the motion should be granted.

19 MR. OLIKER: Your Honor, IGS would also
20 join the motions for the reasons previously stated.

21 MS. WHITFIELD: And, your Honor, Kroger
22 would also join and actually supports OMAEG's request
23 to defer this testimony giving that Mr. Bieber is
24 specifically responding and rebutting the very
25 testimony that OCC moved to strike.

1 MR. NOURSE: Okay, your Honor, if I could
2 briefly respond? And I think the Bench already
3 understands this based on the ruling yesterday but,
4 you know, obviously Mr. Darr is mischaracterizing
5 what I said. We're not seeking to change any
6 statutory structure. We are seeking to implement the
7 existing statutory structure and the existing rules
8 of the Commission regardless of whether they have
9 been applied in a narrow fashion on different facts
10 in the past.

11 Ms. Bojko's comment about Phase II, I
12 think, is beside the point. I didn't hear any basis
13 for this motion to strike that says this is Phase II
14 material. The argument was that it goes beyond the
15 need, the established concept of need in the statute,
16 and therefore it should be stricken and not
17 considered at all, which, again, goes to the -- goes
18 to the fundamental disagreement in this case that's
19 being presented and, you know, based on the evidence
20 and how the Commission considers evidence that's
21 admitted into this record and applies the law
22 including its own rules, you know, parties will have
23 more than abundant opportunity to advocate different
24 interpretations and, you know, challenge the outcome
25 of that based on their legal arguments as they may --

1 as they may advance them.

2 But it's certainly premature to try to
3 cut the Company off in presenting its case and
4 presenting evidence that has cited these statutes and
5 cited, you know, the things like they want to exclude
6 the policy discussion, 4928.02. They want to exclude
7 the tax, factual information about tax credits that
8 affect the timing of when you would do a project like
9 this. I mean, it's -- you know, it goes even beyond
10 their own theory of need. It's just trying to rehash
11 the motion in limine that's already been properly
12 ruled upon.

13 MS. WHITFIELD: Your Honor, if I could
14 just respond quickly to Mr. Nourse?

15 EXAMINER PARROT: Briefly.

16 MS. WHITFIELD: To the extent that he
17 says nobody has said that these issues are Phase II
18 issues, I believe your decision, in fact, said that,
19 yesterday, that anything regarding economic impact
20 and lower costs are related to costs and, thus, a
21 Phase II issue and, thus, testimony from various
22 witnesses was deferred to that stage; so AEP's
23 testimony should be deferred as well on those issues.

24 MR. NOURSE: Your Honor, I think that's a
25 misinterpretation of the ruling. I mean, obviously

1 one -- our evidence, among other things, points to
2 a -- an economic analysis of -- a breakeven economic
3 analysis of need which, again, certainly is -- is
4 something that's been presented in prior LTFR
5 proceedings and prior need cases.

6 You know, again, what -- how the
7 Commission evaluates that evidence, what conclusions
8 they reach in the case is, of course, yet to be --
9 yet to be determined, but that's not a reason for
10 excluding the evidence wholesale at the outset of the
11 proceeding.

12 EXAMINER PARROT: All right. Consistent
13 with the January 14, 2018, Entry that was issued, and
14 on the same basis, the motion to strike is denied.

15 Next motion.

16 MS. WILLIS: Thank you, your Honor. Yes,
17 and there's two parts to the testimony that are based
18 on the same rationale, so I'll give you those
19 sections and then provide for you the rationale for
20 the motion to strike.

21 The first material is found on page 7,
22 line 20, beginning with the words "Many corporate"
23 and flowing over to page 8, line 2, ending with
24 "renewable products."

25 The second material that we move to

1 strike is found on page 11, beginning at line 12,
2 with the Question, carrying over through the end of
3 line 19 with the phrase "renewable energy."

4 MR. NOURSE: Are --

5 MS. WILLIS: And the --

6 MR. NOURSE: I'm sorry. Go ahead. Are
7 you done?

8 MS. WILLIS: I was going to provide the
9 basis.

10 MR. NOURSE: Okay. Thank you. I
11 appreciate that.

12 MS. WILLIS: And the basis for this
13 motion to strike is it is hearsay. At the deposition
14 of Mr. Allen, it became clear that he is relying on
15 materials that are inadmissible because they are
16 hearsay. The definition of hearsay is an assertion
17 offered for the truth of the matter asserted made by
18 a person other than the one testifying.

19 There was nobody -- intervenors and
20 parties have no opportunity to cross-examine the
21 declarant of the statements that are offered into
22 evidence, and these statements were not made under
23 oath, and the credibility of the declarant cannot be
24 evaluated. They are unreliable.

25 Mr. Allen relies on newspaper articles

1 and press releases. Newspaper articles are hearsay
2 and inadmissible. Press releases, announcements,
3 articles, and statements of commitments, goals and
4 corporate initiatives are all hearsay. The
5 information clearly is not reasonably relied on to
6 prove that there is an express need by customers for
7 clean energy. And if the Commission would -- let me
8 strike that.

9 I have, your Honors, the discovery
10 related to the information that supports the portions
11 of the material that were -- we are moving to strike
12 which contains all the articles, press releases, and
13 information that Mr. Allen relied upon for these
14 parts of the testimony. And if your Honors would
15 care, I could certainly provide that to your Honors,
16 as well as other parties, to show where the hearsay
17 statements are coming from and the nature of the
18 press releases and the nature of the statements. If
19 that would help assist the Commission, I would be
20 happy to provide those.

21 MR. COLLIER: Your Honor, OCA joins in
22 the motion.

23 MS. BOJKO: So does OMAEG.

24 MS. WHITFIELD: So does Kroger.

25 MR. OLIKER: Your Honor, IGS would join.

1 We will also add another layer that it should be
2 excluded under Rule 403 because it is prejudicial, it
3 confuses the issues, given that none of these
4 announcements identify any support for this
5 particular proposal and it's simply confusing the
6 matter before the Commission. It doesn't matter that
7 there are people that want to do things or support
8 renewable energy. They don't support this proposal.

9 MR. WHITT: And, your Honor, Direct
10 Energy also joins the motion, but we would also
11 indicate that if the motion to strike is not granted
12 with respect to the page and line numbers previously
13 identified, at a very minimum the Bench should strike
14 the testimony at page 11, line 16 beginning with the
15 words "In Ohio alone," through the end of line 19.

16 MR. DARR: IEU also joins the motion. Do
17 you want to state a separate ground for that?

18 MR. WHITT: Also on hearsay grounds. The
19 first sentence, it is hearsay. I suppose one could
20 conclude that it isn't really prejudicial because it
21 is a -- could be considered a matter of common
22 knowledge. But the purported identification of
23 specific companies in Ohio is prejudicial because the
24 testimony is offered for the truth of the matter
25 asserted, i.e., that these companies have

1 specifically made some announcements, that aren't
2 identified in the testimony, fully supporting
3 whatever that means, "renewable energy." It could be
4 wind, could be solar, could be something else.

5 MR. DARR: And if I may, there is an
6 additional ground for excluding it, your Honors. The
7 additional ground is that the statement here is a
8 statement of opinion. The statement of an opinion
9 can be offered only by an expert except in
10 extraordinary circumstances. Under Ohio Rules of
11 Evidence at least, the evidence has to be admissible.
12 The opinion has to be based on evidence that is
13 admissible. If the underlying evidence is
14 inadmissible, then the opinion is inadmissible as
15 well and it should be stricken.

16 MR. MENDOZA: Your Honor, if I may,
17 Sierra Club opposes the motion. I would note that
18 people in the industry are likely to have knowledge
19 of these general matters which are facts. Many of
20 these corporations have sustainability goals,
21 greenhouse gas production goals; those are well known
22 to presumably everyone in the room who reads
23 newspapers or pays attention to these things.

24 I find it -- I would just point out,
25 again, the opponents of these projects are trying to

1 litigate the statutory definition of "need."
2 Mr. Darr said earlier that "need" means reliability.
3 That's not what the statute says. The legislature
4 didn't use that word. It gave the Commission
5 authority to interpret it. And if the Commission
6 wants to interpret "need" to mean, in part, to
7 support the economy of Ohio, it surely has the power
8 to do that; and AEP Ohio should surely be allowed to
9 make its case.

10 MR. NOURSE: And, your Honor -- thank
11 you, Mr. Mendoza. If I could respond?

12 So, first of all, this is not opinion
13 testimony or expert opinion testimony. Mr. Darr's
14 point is misguided.

15 This is a factual statement. It's based
16 on Mr. Allen's knowledge. He's saying that there's
17 been an expressed need, as stated on page 11, line
18 12, as he reiterated in the response that these
19 companies have made announcements. Those are factual
20 matters that Mr. Allen has personal knowledge of.

21 We backed it all up in discovery. The
22 big pile of paper that Maureen held up is all the
23 documentation to show each one of those announcements
24 have been made as a matter of fact. It's an
25 observation of these companies' conduct and it's not

1 repeating statements they made or it doesn't
2 constitute hearsay at all. And, you know, for those
3 reasons and to show that, you know, again, the
4 customers' viewpoint and the voice of the customer
5 matters, it's not prejudicial; it's probative and
6 relevant.

7 MR. OLIKER: Your Honor, if I may respond
8 briefly? I would turn your attention to the
9 transcript of the Turning Point hearing where I
10 believe your Honor was present when newspaper
11 articles were sought to be admitted into evidence and
12 they were excluded because they were not present and
13 they could not be verified and we didn't have those
14 individuals to cross-examine. So it's now the shoe
15 may be on the other foot, but the ruling should be
16 the same.

17 MR. NOURSE: Your Honor, newspaper
18 articles that's in a different matter and there's a
19 lot of different ways you could try to use that.
20 Usually in a newspaper article there are quotes,
21 there is selective quotes, and it's a presentation
22 that the reporter chose to make of matters
23 including -- including statements, quotations which
24 constitute hearsay. That's not what we have here.
25 You know, these are official company documents from

1 the websites and they are public companies making
2 public statements, and that's the conduct that
3 Mr. Allen observed with his own personal knowledge
4 and has documented through discovery and he is
5 referencing here.

6 MS. PIRIK: Your Honor, I would just like
7 to go on the record that MAREC supports the arguments
8 made by Mr. Nourse and Mr. Mendoza, and opposes the
9 motion.

10 MS. MOONEY: OPAE would also support the
11 arguments made by Mr. Nourse and Mr. Mendoza.

12 MR. DOVE: As does NRDC.

13 MS. LEPPLA: As well as OEC.

14 EXAMINER PARROT: All right. Thank you,
15 everyone. The Commission -- I should say the Bench
16 is going to deny the motion to strike and allow the
17 Commission to determine whether to afford any weight
18 to Mr. Allen's testimony.

19 Anything else, Ms. Willis?

20 MS. WILLIS: No, your Honor.

21 EXAMINER PARROT: Okay.

22 MS. BOJKO: Your Honor, I have additional
23 motions to strike. OMAEG moves to strike Mr. Allen's
24 testimony from page 12, line 1, through page 13, line
25 2, and Tables 1 and 2.

1 EXAMINER SEE: Repeat that, Ms. Bojko.

2 Page 12?

3 MS. BOJKO: Page 12, begins on line 1,
4 through page 13, line 2. And Tables 1 and 2. There
5 we go. Can you hear me now? Your Honor, we move to
6 strike this under Rule 602 of the Ohio Rules of
7 Evidence. A witness may not testify to a matter
8 unless evidence is introduced sufficient to support a
9 finding that the witness has personal knowledge of
10 the matter.

11 Mr. Allen has not laid any foundation as
12 to his testimony in his tables, and actually in his
13 deposition he admitted that he was not part of the
14 Navigant study. He did not prepare the study. He
15 did not implement the study. Therefore, he cannot
16 testify as to how the tables were created, where that
17 data came from, and he has not verified their
18 accuracy or whether he has any independent knowledge
19 of that information asserted there in the testimonies
20 as well as the table. There is a lack of foundation
21 to offer these tables and testimony, and Mr. Allen
22 cannot testify to the accuracy, or authenticate the
23 information contained therein.

24 Additionally, your Honors, these tables
25 and testimony are hearsay. This is classic hearsay.

1 Again, Mr. Allen is trying to read something from
2 somebody else and portray it as his own. He cannot
3 do that. A statement other than one made by the
4 declarant, while testifying at the trial or hearing,
5 offered into evidence to prove the truth of the
6 matter asserted, that is the definition of hearsay.

7 These witnesses are here to testify
8 today. They can -- this week. They can testify.
9 Mr. Allen cannot testify to these matters. Thank
10 you.

11 MR. COLLIER: OCA joins in the motion.

12 MR. OLKER: Your Honor, IGS joins in the
13 motion and also moves to strike on the basis it's
14 unreasonably duplicative. We are going to hear this
15 testimony and it should be through the Navigant
16 witnesses.

17 MS. WHITFIELD: Kroger also joins in the
18 motion.

19 MS. WILLIS: OCC also joins in the
20 motion. It's hearsay on hearsay.

21 MR. NOURSE: Your Honor, if I could
22 respond? First of all, I mean, I think it's -- it's
23 very common practice for companies and for litigants
24 at the Commission to have a witness that's kind of
25 the roll-up witness, introduces other witnesses,

1 summarizes testimony that they -- that they've
2 presented and will be presented, to show how the case
3 fits together, the different pieces of the
4 presentation. That is what's happening here. Yes,
5 the Navigant witnesses will appear in this proceeding
6 and support their testimony and the study and the,
7 you know, the derivative material that's referenced
8 here in summary by Mr. Allen.

9 But as far as Rule 602, that doesn't
10 apply to expert witnesses and this is not a matter of
11 Mr. Allen just stating a fact that he doesn't have
12 personal knowledge on. He is referring again to the
13 testimony of the independent survey firm, Navigant,
14 that designed and conducted this survey.

15 Obviously I also just think it's
16 unfortunate that all -- the customer representatives
17 that are opposing this, want to avoid the customer --
18 the voice of the customer being put into the
19 Commission's record and put in the Commission's
20 consideration, but this is merely a preview and a
21 summary testimony that does not constitute hearsay
22 and should be -- should not be stricken.

23 MR. WHITT: If I may add, your Honor,
24 Direct Energy would join the motions, but the
25 evidence will show that Navigant didn't call the

1 first customer to ask their opinion about anything
2 until about a month before the amended LTFR filing.
3 The Company had already made the decision to proceed
4 with these projects. It wasn't until August of 2018,
5 that Navigant even began --

6 MR. NOURSE: Your Honor, I object to his
7 factual statement.

8 MR. WHITT: -- until September and the
9 evidence isn't relevant. Relevant evidence is
10 evidence tending to prove that a matter is, you know,
11 more likely true than not. The implication of the
12 testimony is that there's a need because customers
13 want this and we are just responding to a need when,
14 in fact, the evidence shows that this is one among
15 many attempts at a post-hoc rationalization to
16 justify a decision already made. It's not only
17 irrelevant but misleading and should be stricken.

18 MR. NOURSE: Your Honor, I don't
19 understand how Mr. Whitt is joining the motion after
20 it was already made and I have already responded. I
21 think that's unfair.

22 Secondly, if he is going -- if he is
23 going to testify as to factual matters, I think we
24 should put him under oath and subject him to
25 cross-examination.

1 MR. WHITT: Well --

2 EXAMINER PARROT: Mr. Kurtz.

3 MR. KURTZ: Thank you, your Honor. Very
4 briefly, this is the same thing as your prior ruling.
5 It goes to weight. There is a reason why the Civil
6 Rules of Evidence don't apply here and don't apply in
7 any other Commission in the United States because
8 there is no jury. You have two trained attorney
9 examiners who are going to advise the Commission, who
10 are advised by lawyers and accountants and finance
11 people, and the Commission should just give this
12 testimony the weight it deems appropriate just like
13 any other Commission would do.

14 MS. BOJKO: Your Honor, can I have the
15 last word on my own motion?

16 MR. OLIKER: One thing I will say in
17 response to Mr. Kurtz. It does say that we follow
18 the civil rules except where otherwise applicable.
19 That is the model. This is still a courtroom in many
20 respects and we still honor the Rules of Evidence.

21 EXAMINER PARROT: Ms. Bojko.

22 MS. BOJKO: Thank you, your Honor.

23 You know, I strongly disagree with
24 Mr. Nourse's statement on the record which we can put
25 you on the stand and cross-examine you as well, but

1 we are customer representatives here, and the whole
2 reason we are opposing these things is because it's
3 not the truth. We are trying to get at the truth.
4 And Mr. Allen cannot speak to these issues because he
5 doesn't have personal knowledge.

6 Mr. Nourse made my exact point. He is
7 not an expert in this field. He does not have the
8 personal knowledge. His tables are inaccurate and
9 misleading. They are not cut and pasted from the
10 Navigant report. They are created by Mr. Allen using
11 misleading labels. They are not from the expert who
12 actually did the surveys and implemented the surveys.
13 That's why it's improper. And that's why it is
14 hearsay and there is no foundation. Mr. Allen has no
15 expertise to make these kinds of conclusions that he
16 is making. He is not merely summarizing. He is
17 making conclusions and creating tables.

18 EXAMINER PARROT: All right. And those
19 are arguments you can put to the Commission. As with
20 my earlier ruling, the motion to strike is denied,
21 and we will allow the Commission to determine whether
22 to afford the testimony any weight.

23 Any other motions?

24 MS. BOJKO: One more, your Honor. Your
25 Honor, at this time, OMAEG moves to strike pages 13,

1 line 16, through page 15, including Tables 1, 2, and
2 3. There are three grounds for this motion, your
3 Honor. The first ground is irrelevant -- is
4 relevancy because Mr. Nourse admitted, in response to
5 prior motions to strike, that the issue related to
6 tax credit is about timing. Timing has nothing to do
7 with need, no matter how broadly AEP interprets need.
8 Timing has nothing to do with need. Tax credits that
9 don't even go to AEP Ohio are irrelevant to AEP
10 Ohio's case.

11 Secondly, your Honor, under Rule 402,
12 this evidence is -- excuse me, that was relevancy.

13 Secondly, your Honor, this witness lacks
14 personal knowledge and there's also no foundation.
15 Under Rule 602 of the Ohio Rules of Evidence, which
16 do apply at the Commission, the witness may not
17 testify as to a matter unless evidence is introduced
18 sufficient to support a finding that the witness has
19 personal knowledge of the matter.

20 Again, Mr. Allen is creating tables. He
21 is not a tax attorney. He is not an accountant. He
22 is not an expert in production tax credits or
23 investment tax credits from renewable projects. He
24 has no expertise and he has no personal knowledge.
25 He is taking testimony of other witnesses,

1 summarizing it, and creating misleading and
2 inappropriate charts and tables that have no bearing
3 on this case and that he cannot speak to.

4 MR. COLLIER: OCA joins in the motion.

5 MR. MENDOZA: Your Honor, if I may?

6 MR. OLIKER: IGS joins in the motion as
7 well.

8 MS. WHITFIELD: Kroger joins in the
9 motion as well.

10 MS. WILLIS: OCC joins as well.

11 EXAMINER PARROT: Mr. Mendoza.

12 MR. MENDOZA: Yes. I would just point
13 out that --

14 MR. NOURSE: Could I respond to the
15 motion to strike my witness's testimony, first? If
16 you want to joint in, thank you.

17 Your Honor, as to relevancy, again, this
18 goes back to what we have already discussed. The tax
19 credit is a significant factor impacting the
20 economics and the timing which certainly does go to
21 need in our view and it can affect the economic
22 breakeven analysis that's presented in this phase of
23 the case. And it does present a matter relevant to
24 the Commission's consideration of, you know, what
25 they are going to conclude and when they are going to

1 conclude it. So I think it's relevant for that
2 reason.

3 As far as personal knowledge, yes, Mr. --
4 Mr. Allen is knowledgeable about the tax credits and
5 he's, you know, he is able to answer questions
6 through cross-examination about that if there is some
7 areas that intervenors would like to test with him.
8 But, you know, just the fact that he is not a tax
9 attorney doesn't mean anything. And he's certainly
10 knowledgeable as it relates to the tax credits and
11 how it pertains to the issues in this case as we've
12 defined it in our filing. Thank you.

13 EXAMINER PARROT: Mr. Mendoza.

14 MR. MENDOZA: Sierra Club opposes the
15 motion. I would just add to what Mr. Nourse said
16 that if counsel for OMA thinks some of the testimony
17 is misleading, that could be a good topic for
18 cross-examination. There is no prejudice in allowing
19 the testimony to remain.

20 MR. DOVE: Your Honor, NRDC would support
21 AEP. And I would like to note while the Commission
22 generally follows the Rules of Evidence, the Ohio
23 Supreme Court has held they are not stringently bound
24 by them and have broad discretion in how they handle
25 their hearings.

1 EXAMINER PARROT: And the motion to
2 strike is likewise denied.

3 MS. BOJKO: Thank you, your Honor.

4 EXAMINER PARROT: Anything else?

5 Do the supporting intervenors have a
6 preference for order of any questions they may have
7 for Mr. Allen?

8 MS. PIRIK: No questions, your Honor.

9 MS. MOONEY: I have no questions.

10 MR. DOVE: No questions.

11 MS. LEPPLA: No questions.

12 MR. MENDOZA: No questions, your Honor.

13 EXAMINER PARROT: Okay. All right.

14 Moving to the other side of things. Is there a --

15 MS. BOJKO: We do have a preferred order,
16 your Honor. I believe Mr. Kurtz is going to go
17 first.

18 EXAMINER PARROT: Mr. Kurtz, you are sort
19 of the neutral party. Neutral party at this point.

20 MR. KURTZ: That's fine. Yes, I am, your
21 Honor.

22 EXAMINER PARROT: On to the neutral
23 parties.

24 - - -

25

CROSS-EXAMINATION

By Mr. Kurtz:

Q. Good morning, Mr. Allen.

A. Good morning, Mr. Kurtz.

Q. Okay. Are you -- in your testimony, at the very beginning, you say you are supporting, I guess, the Long-Term Forecast Report in a general manner, at least?

A. I provide an overview of the filing and introduce the witnesses.

Q. Okay. Are you familiar with the Long-Term Forecast Report if I were to ask you general questions about it?

A. I am generally familiar with it. It's -- one of the individuals that works for me, helps to prepare that filing.

Q. Okay. On page 5 of your application, I'm just going to read the area of your testimony I am going to be talking about -- you are supporting the Application in a general way as well, are you not?

A. I'm familiar with the Application.

Q. Okay.

MS. BOJKO: I'm sorry, your Honor, just for the record, are we talking about the Amendment to the Long-Term Forecast Report that was filed

1 September 19?

2 MR. KURTZ: Yes.

3 Q. (By Mr. Kurtz) Okay. On page 5, it says
4 provided -- this is the Application -- "Provided the
5 projects can be developed within a reasonable price
6 range, large-scale development of Ohio renewable
7 energy projects support a finding of need by
8 conveying a price advantage and rate stability for
9 customers." Do you support that part of the
10 application?

11 A. I do. I agree with that conclusion.

12 Q. Okay. Let me just go, as a general
13 matter, to the forecast report attached to
14 Mr. Torpey's testimony. Do you have a copy of it?

15 A. I have a copy of Company witness Torpey's
16 testimony, yes.

17 Q. Okay. Can you turn to the Long-Term
18 Forecast Report that's attached to it. Page 20 of
19 47. I just want to get some numbers on the record,
20 and you are good at math, and I will ask you to do
21 some math just to get the record set. Do you have
22 page 20 in front of you?

23 A. I do.

24 Q. Okay. Do you see the Ohio Power Company
25 load in gigawatt hours is listed twice on this table?

1 A. Yes, I see that.

2 Q. Okay. Levelized 47-million-065, is that
3 the average total AEP Ohio retail load over the
4 20-year period?

5 MS. WHITFIELD: Your Honor, can I just
6 object to this questioning? There is no foundation
7 that Mr. Allen did anything with these calculations.
8 He, in fact, is just reading from Mr. Torpey's
9 report, and these questions are better focused for
10 Mr. Torpey.

11 MR. KURTZ: I think I should be allowed
12 to ask the witness, who I want to ask questions to,
13 if he is familiar with it.

14 EXAMINER PARROT: We will see where it
15 goes. Go ahead.

16 Q. (By Mr. Kurtz) What does it mean
17 levelized load over the 20-year period? I just want
18 to get an idea of how big AEP Ohio's retail load is.

19 A. Yeah, that would be the approximate load
20 of AEP Ohio. So starting in 2021, it's 46,249 GWh.

21 Q. Okay. And then it ends at 49,618 GWh?

22 A. That's correct.

23 Q. Okay. And levelized it's 47,065?

24 A. Correct.

25 Q. Okay. So turn to page 21 of this same

1 report. This is the generic solar 400-megawatt
2 project?

3 A. Yes.

4 Q. Okay. Now, do you see the Solar Energy
5 GWh, Column D, levelized at the very bottom?

6 A. 786.9.

7 Q. Okay. So as a percent of AEP Ohio's
8 total load, is it correct that this 400-megawatt
9 solar project would be 1.67 percent? 786.9 divided
10 by 47,065.

11 A. That would be the math, so. Except,
12 subject to check, it looks accurate.

13 Q. Okay. And when you talk about generic
14 projects being a hedge, that is the percent of the
15 retail load that would be hedged; 1.67 percent?

16 A. That's one way to look at it, yes.

17 Q. When you say "hedge," what do you mean by
18 "hedge"?

19 A. So generally when I speak of "hedged," it
20 would mean that it isn't related to the -- that it's
21 not directly correlated to the market price of power.
22 And so in the case of the REPAs as we have included
23 them, these generic REPAs, they have a flat price, a
24 fixed price over the term, and so they don't vary as
25 market prices vary over the term; so it would be a

1 hedge against changes in market prices.

2 Q. So, for example, sticking with this
3 generic solar, \$45 a megawatt-hour flat for 20 years,
4 correct?

5 A. That's correct.

6 Q. Okay. So under your concept of this REPA
7 and so forth, customers would buy 100 percent of the
8 physical supply through a CRES provider or the SSO
9 price determined by the Commission?

10 A. Either through a price determined by the
11 Commission or the auction or from a CRES provider,
12 yes.

13 Q. Okay. And then, on the side, they would
14 have this hedge for 1.67 percent of their energy
15 supply.

16 A. That's correct. And it would be a
17 competitively-neutral hedge, so that it affected
18 those SSO customers and CRES customers equally.

19 Q. Okay. So if I am buying my supply on the
20 market physically at \$35 a megawatt-hour, that's the
21 market price you're selling into, this hedge would be
22 out of the money by \$10 a megawatt hour.

23 A. Under that scenario, yes.

24 Q. Okay. By the same token, if the market
25 price for energy is \$55 a megawatt-hour, that's what

1 I am paying for my physical supply, this hedge would
2 be \$10 in the money.

3 A. That's correct.

4 Q. Okay. So I would be buying 1.67 percent
5 of my -- effectively financially of my -- of AEP
6 Ohio's load at \$45 a megawatt-hour for 20 years.

7 A. Yes, that would be the effect.

8 Q. Let's go to page -- the next page,
9 generic wind. This is 250 megawatts, correct?

10 A. That's correct.

11 Q. Okay. And your Application is actually
12 for 500, correct?

13 A. That's correct. So you could double
14 these values for 500.

15 Q. That's what I want to do. The levelized
16 wind is 679.3 megawatt-hours. Do you see that Line
17 D?

18 A. I do.

19 Q. Okay. And so, again, dividing by AEP's
20 retail load, that would be 1.44 percent. That would
21 be this 250-megawatt generic wind would be a hedge
22 for 1.44 percent of AEP's Ohio retail load?

23 A. That appears accurate, yes.

24 Q. Okay. If you double it, it's
25 2.88 percent.

1 A. That's correct.

2 Q. Add the 1.67. Do you agree, subject to
3 check, it's 4.55 percent? 1.67 plus 2.88.

4 A. Yes.

5 Q. So that would be the -- the amount of
6 AEP's retail load that would be hedged under this
7 application, this first phase of the case.

8 A. That's correct.

9 Q. Okay.

10 A. Or I guess that's the amount that would
11 be hedged under the description in the need, yes.

12 Q. Okay. I just want to get this in
13 perspective. Now, the RGR tariff only applies to the
14 first 833 megawatt-hours per customer per meter; is
15 that correct?

16 MS. WILLIS: Objection. That's Phase II,
17 your Honors. The RGR and how it's structured and the
18 rate design is clearly a Phase II area.

19 MR. NOURSE: Your Honor, I would just
20 note in the ESP IV Opinion and Order, the Commission
21 adopted the RGR under the ESP statute, and I believe
22 on the rate design, that was part of the settlement
23 and the Commission agreed with it, subject to
24 potentially being revisited in these proceedings.

25 MS. WILLIS: Your Honor, I would disagree

1 with that interpretation. I believe if you look at
2 the Commission's Order, the Commission made clear it
3 was making no determination with respect to the RGR
4 and the merits of the RGR.

5 MR. COLLIER: Join in the objection.

6 MR. NOURSE: Well, okay. The Order
7 speaks for itself. Certainly the Commission could
8 adopt the RGR under the ESP statute and subject to
9 the further proceedings of implementing the RGR in
10 these cases.

11 MR. KURTZ: Well, what I am just trying
12 to do is get an order of magnitude for the -- AEP
13 says this is going to be a good deal for customers
14 plus it's a hedge, that's why we need it. I am just
15 trying to get on the record an order of magnitude of
16 what the charge or credit would be on a per-customer
17 basis, per-kilowatt-hour basis, to put this in
18 perspective.

19 I think what we are seeing is the hedge
20 is 4.55 percent, so that's one number, but what does
21 that mean for the average residential customer, for
22 example, is where I would like to go to get that on
23 the record.

24 MS. BOJKO: Your Honor, I am going to
25 jump in. This is a slippery slope. We weren't

1 allowed to address cost issues in testimony that
2 intervenors filed, but yet now on friendly cross,
3 Mr. Kurtz is addressing cost issues through Company
4 witness Allen. This is going to make this hearing
5 very difficult.

6 MR. KURTZ: Let me start again then. I
7 will sort of divert a little bit and stick with
8 what's in the record in this Long-Term Forecast
9 Report.

10 Q. (By Mr. Kurtz) Okay. Let's go to page
11 21, the generic solar. Are you there, Mr. Allen?

12 A. I am.

13 Q. Okay. The Company projects this generic
14 solar would have a present value of \$88 million
15 benefit to consumers, correct?

16 A. That's the present worth, yes.

17 Q. Okay. Levelized would be \$9.3 million
18 per year?

19 A. That would be on a net present value
20 basis, yes.

21 Q. Okay. So what I really just want to know
22 is if your forecasts are correct, and, of course,
23 they won't be, 9.3 million divided by the AEP Ohio
24 load of 47-million-065, it would be -- it would be
25 a -- well, it's about 19 cents a megawatt-hour if you

1 do the math, almost 20 cents a megawatt-hour?

2 A. Yes.

3 Q. Okay. And the average residential
4 customer uses about 1 megawatt-hour or 1,000
5 kilowatt-hours a month?

6 A. That's correct.

7 Q. So that would be 20-cents-a-month benefit
8 for your wind under -- if your forecasts are correct,
9 to the average residential customer?

10 MS. BOJKO: Objection. Your Honor, we
11 just had this discussion about what Mr. Kurtz was
12 trying to do, and it is purely a cost discussion
13 about -- which is Phase II.

14 MR. KURTZ: Well, no. They say the need
15 is because it's going to be a good deal for
16 consumers, and it will provide price stability. We
17 see that the price stability is 4-1/2 percent of the
18 load. Now, I just want to get an understanding of
19 what does \$9.3 million per year levelized mean to put
20 it in perspective for the Commission. Would it --

21 EXAMINER PARROT: Go ahead.

22 MR. KURTZ: Okay. Would it be about 20
23 cents --

24 EXAMINER PARROT: Sorry. I thought you
25 were adding.

1 MR. KURTZ: Oh, I'm sorry.

2 EXAMINER PARROT: At this point, we are
3 going to take a brief 10-minute recess.

4 (Recess taken.)

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

7 At this point, I would note that the
8 objection is overruled. I think it would be helpful
9 to everyone to provide a little bit of clarity of the
10 ruling that was issued yesterday. To the extent that
11 parties are seeking to question the Company's
12 witnesses about the case and Mr. Torpey's testimony
13 for the economic analysis that was presented there
14 with respect to a need for a generic 900 megawatts of
15 unspecified projects, those questions will be
16 permitted generally, subject to other objections, of
17 course.

18 To the extent you are trying to get at
19 specific projects that have been proposed in the --
20 that will be addressed in the second phase of this
21 case as proposed by the Company, the intention there
22 was to defer those issues to the second phase.

23 So, with that, Mr. Kurtz, you can go
24 ahead and proceed.

25 MR. KURTZ: Thank you, your Honor.

1 EXAMINER PARROT: Mr. Allen, do you need
2 us to reread the question that was pending?

3 MR. KURTZ: I can rephrase it.

4 EXAMINER PARROT: Okay. Go ahead.

5 MS. BOJKO: Thank you, your Honor.

6 Q. (By Mr. Kurtz) On page 20 of 47, the
7 generic solar project -- excuse me -- 21 of 47, the
8 generic solar, it has an \$88 million present worth
9 and a levelized per year present worth of 9.3
10 million. That translates into about 20 cents a
11 megawatt-hour, approximately, of credit?

12 A. The 20 cents was across all of the years.

13 Another way to look at it would be on an
14 individual-year basis where you would take -- and
15 this is really what customers would see in any given
16 year if the projections hold true -- if you look at
17 2040, you would take the \$36.2 million of savings on
18 page 21 and divide that by the 49,618 GWh that you
19 see on page 20. And that's going to produce a
20 savings of approximately 73 cents per megawatt-hour.

21 Q. So --

22 MR. DARR: Move to strike the answer
23 after everything after yes.

24 MR. KURTZ: I think that was responsive
25 to my question.

1 MR. DARR: It was not responsive to the
2 question. He reframed -- reframed the question to
3 serve his own purposes.

4 MR. OLIKER: Your Honor, he asked
5 specifically about 9.3 million. The answer related
6 to something completely different.

7 MR. KURTZ: I can ask the same question
8 to him.

9 EXAMINER PARROT: Go ahead, Mr. Kurtz.
10 Do it that way.

11 Q. (By Mr. Kurtz) In year 2040, if your
12 projection holds true, it will be about 73 cents a
13 megawatt-hour benefit to the system?

14 A. That's correct. You would take
15 \$36.2 million of savings divided by 49,618 GWh.

16 Q. Okay. So -- and the average residential
17 customer uses about 1 megawatt-hour a month, so it
18 would be about a 73-cent benefit to that person.

19 A. That's correct.

20 Q. And if your -- by the same token, if your
21 forecasts turn out to be wrong and go the opposite
22 direction and this was a \$36 million charge, it would
23 be a 73-cent charge to the average residential
24 customer per month.

25 A. That's correct.

1 Q. Just again generically about these
2 generic REPAs, these generic projects, they have
3 fixed pricing for the wind of \$40 a megawatt-hour and
4 fixed pricing of the solar of \$45, fixed and level
5 over 20 years, correct?

6 A. That's correct.

7 MS. BOJKO: Objection. I was just going
8 to ask for clarification of the word "they." He said
9 they have REPA.

10 Q. The wind and the solar. Did you -- okay.

11 So -- so if a utility -- if the -- if AEP
12 Ohio were to own the generic wind or the generic
13 solar, these would not be levelized payment streams,
14 would they? Under the accounting rules, you'd have
15 the highest rate base in the early years and it
16 depreciates over time, so you have a declining cost
17 curve, correct?

18 MR. OLIKER: Objection.

19 MR. KURTZ: This is -- this is kind of
20 ridiculous. Either -- these are perfectly valid
21 questions on the question of need. This is -- this
22 is a third-party purchase versus a utility -- the
23 statute says owned or operated by the utility. If
24 it's owned by the utility, it's going to be
25 front-end-loaded cost. If it's purchased by the

1 utility, it can be levelized. And that's the point I
2 am trying to make.

3 MR. DARR: That's the point, your Honor.
4 He's delving into owned or operated as opposed to
5 need.

6 MR. OLIKER: Your Honor, he is also
7 assuming facts not in evidence regarding the
8 accounting and the interpretation of the statute
9 calling for legal conclusions. There's no basis in
10 the record.

11 MR. KURTZ: I --

12 EXAMINER PARROT: Maybe you can back up
13 just a few steps and start again.

14 MR. KURTZ: Okay.

15 Q. (By Mr. Kurtz) These generic projects are
16 ones that AEP would purchase but not own, correct?

17 A. Yes. Under the construct here, these
18 would be REPAs.

19 Q. Okay. Do you know how the payments would
20 have to be accounted for if the utility owned a
21 generic 400-megawatt solar facility?

22 A. Under traditional utility ratemaking, the
23 rate base would start with the full cost of the asset
24 and, over the 20-year life of the asset, the rate
25 base would decline, and so the cost to the customer

1 would generally be highest in Year 1 and decline over
2 the life of the asset.

3 Q. The net present value is the same as
4 levelized, assuming you use the same discount rate.

5 A. Yes.

6 Q. But in terms of a hedge, the utility
7 owning it, you would have the very highest cost in
8 Year 1 and zero cost almost in Year 20 under utility
9 ownership.

10 A. Under utility ownership, the greatest
11 benefit to the customer would be in Year 20, and the
12 least benefit would be in the early years.

13 Q. Now, these generic wind and solar have no
14 fuel costs, correct?

15 A. That's correct.

16 Q. 100 percent -- 100 percent fixed costs.

17 A. Under the REPAs, they are fixed costs,
18 yes.

19 Q. In a generic purchase, do you know, would
20 the third-party supplier to AEP, under these generic
21 projects, be able to have a highly-leveraged capital
22 structure because of the nature of a utility
23 counterparty contract?

24 MR. DARR: Objection.

25 A. That's generally the benefit of REPA to

1 these counterparties is that they can be highly
2 leveraged.

3 EXAMINER PARROT: Mr. Allen -- I can't
4 hear. So if you're going to object, you are going --

5 MR. DARR: I apologize. I move to strike
6 given the answer. Apparently you couldn't hear it.
7 The leverage or lack of leverage in these
8 transactions is irrelevant to the determination of
9 need, your Honor.

10 MR. KURTZ: The utility is saying it
11 needs these projects because it will save consumers
12 money and will be a hedge. Now, the point I am
13 trying to understand is, is part of the good cost
14 that you're suggesting a function of the fact that
15 when you have a long-term Commission-approved
16 contract, the developer of the project can get
17 favorable financing.

18 MR. OLIKER: Your Honor, I would also add
19 it sounds like Mr. Kurtz has waded into the waters of
20 friendly cross, that he is seeking to extrapolate on
21 Mr. Allen's testimony to further bolster the
22 Company's case.

23 MR. KURTZ: I want to build a record so
24 that, Number 1, I can understand what's going on.
25 Number 2, I can recommend to my clients whether

1 they -- when we write a brief. No. 3, you can have a
2 record so you can advise the Commission. No. 4, the
3 Commission can make a decision, knowing these facts,
4 and it's obvious that some parties just don't want --
5 don't want facts in the record.

6 EXAMINER PARROT: And the answer will
7 stand. Go ahead, Mr. Kurtz.

8 MR. KURTZ: Thank you.

9 Q. (By Mr. Kurtz) Oh, I want to ask you
10 this: Is it true that solar pretty much is
11 100 percent on peak? I mean it comes on when it's --
12 when it's daylight and it provides more or less an
13 on-peak energy hedge, versus a generic wind which is
14 more an around-the-clock energy hedge?

15 A. So solar generally would be operating at
16 its maximum output at the time of the system peak,
17 the summer system peak. And wind produces energy
18 around the clock, so it's not always producing at the
19 peak hour.

20 Q. Would that explain the lower avoided
21 energy costs in Column H with respect to generic wind
22 versus the generic solar?

23 A. Which column are you referring to?

24 Q. H.

25 A. Yes.

1 Q. Do you agree and concede, I think, that
2 the 13-state PJM region has adequate generation
3 reserves and that PJM doesn't need more capacity; is
4 that correct?

5 A. What we know is that PJM has sufficient
6 capacity three years out. We don't know about the
7 capacity availability in PJM beyond that period.

8 Q. Would you agree the PJM market is
9 designed to always provide adequate supply by
10 increasing the price to consumers and the price that
11 the generators receive if the reserves are
12 inadequate?

13 A. That's generally the PJM market
14 construct.

15 Q. If -- if it was -- assume right now that
16 the PJM was capacity deficient and that the 13-state
17 PJM region had a capacity deficiency, would that
18 change anything in your application?

19 A. I don't think it would change this
20 application, but it would have changed other filings
21 the Company may have made to address such a
22 deficiency. I think we would be in a very different
23 situation.

24 Q. You would agree that it's not the job of
25 this Commission to ensure reliability of the 13-state

1 PJM region?

2 A. It's not this Commission's responsibility
3 to look at reliability for that 13-state region, I
4 would agree.

5 Q. So why would the PJM reserve margin be
6 relevant at all to your application, whether it's
7 deficient or surplus?

8 A. In this filing, and we made it clear in
9 my testimony, we're not addressing a capacity need.
10 What we are looking for here is ways to find
11 economically-beneficial power for our customers.

12 Q. So, again, what difference does it make
13 whether the PJM reserve margin was surplus or
14 deficit?

15 A. It wouldn't change this filing, I would
16 agree.

17 MR. KURTZ: Thank you.

18 Your Honor, no more questions.

19 EXAMINER PARROT: Who's next?

20 MS. BOJKO: Mr. Olikier.

21 EXAMINER PARROT: Mr. Olikier.

22 MR. OLIKER: Thank you, Your Honor. Can
23 we go off the record one second?

24 EXAMINER PARROT: Yes.

25 (Discussion off the record.)

1 EXAMINER PARROT: Back on the record.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Olikar:

5 Q. Good morning for another two minutes,
6 Mr. Allen.

7 A. Good morning, Mr. Olikar.

8 Q. A few questions for you this morning. I
9 would like to start with your background. Now,
10 turning to your testimony on page 2. Actually, I
11 apologize, starting on page 1. Your employment with
12 divisions of American Electric Power began in 1992 as
13 a Co-op Engineer in Nuclear Fuels, Safety and
14 Analysis Department; is that correct?

15 A. That's correct.

16 Q. And you continued working in the Nuclear
17 Department for -- until 1999; is that correct?

18 A. I worked until 2000 in the Nuclear
19 Department.

20 Q. Okay. Thank you for that clarification.
21 And it wasn't until 2000 that you transferred over to
22 AEPSC into the Regulatory Pricing and Analysis
23 section as a Regulatory Consultant?

24 A. That's what it states in my testimony and
25 that's accurate.

1 Q. Okay. And you're familiar with what's
2 known as Amended Substitute Senate Bill 3?

3 A. Generally, yes.

4 Q. And you did not start providing services
5 to Ohio Power Company until after the enactment of
6 Senate Bill 3?

7 A. I think that's accurate, yes.

8 Q. And you were not involved in the
9 enactment of Senate Bill 3 in any way, correct?

10 A. That's correct.

11 Q. Okay. And you would agree, in 2003, it
12 says you transferred to the Corporate Financial
13 Forecasting Department as a Senior Financial Analyst?

14 A. Yes, I see that.

15 Q. And you were in that role for four years,
16 correct, from 2003 to 2007?

17 A. I was an Analyst from 2003 to 2007, and
18 then I became Director of that same group.

19 Q. And you would agree, between 2003 and
20 2007, there is a time period of rising market prices?

21 A. Market prices were high during that
22 period. I don't recall if they were rising in each
23 of those years, but market prices were relatively
24 high.

25 Q. Okay. And I think you said in 2007 you

1 were promoted to the Director of Operating Company
2 Forecasts?

3 A. Yes.

4 Q. And you were in that role for three
5 years, correct?

6 A. Yes.

7 Q. And between 2007 and 2010, Ohio passed
8 Senate Bill 221, correct?

9 A. That's correct.

10 Q. And do you agree you were not involved in
11 the process of drafting the legislation relating to
12 Senate Bill 221?

13 A. I wasn't involved in the drafting of the
14 legislation, but I evaluated the financial impacts of
15 that legislation.

16 Q. Okay. And one of the outcomes you
17 modeled regarding Senate Bill 221 related to the
18 financial impact of an electric security plan on Ohio
19 Power Company and Columbus Southern Power Company?

20 A. As compared to an MRO, yes.

21 Q. And all of the outcomes you modeled of a
22 potential ESP, entailed Ohio Power Company and
23 Columbus Southern Power Company continuing to own
24 generating assets.

25 A. That's my recollection, yes.

1 Q. And you are also familiar that Senate
2 Bill 221 established what we commonly call the
3 renewable energy portfolio standards?

4 A. My understanding is that portfolio
5 standards were established at that time, yes.

6 Q. Okay. And you would agree that just for
7 purposes of our conversation, would you be
8 comfortable if I referred to those renewable energy
9 portfolio standards as the renewable mandates?

10 A. Okay.

11 Q. Okay. And would you agree that the
12 renewable mandates identified a minimum amount of
13 electricity that had to be delivered to customers
14 from renewable sources?

15 A. Yes, generally, that's correct.

16 Q. And those mandates escalated on an annual
17 basis; is that correct?

18 A. They did.

19 Q. And would you agree the renewable
20 mandates applied to both electric distribution
21 utilities, such as Ohio Power Company, and
22 competitive retail electric service providers?

23 A. They generally applied to both. My
24 recollection is that the specific calculation of the
25 megawatts hours that you are comparing to for

1 determination of how much renewable power is slightly
2 different, but generally they have the same threshold
3 percentages.

4 Q. Okay. And you would agree, under Senate
5 Bill 221, that it was required that half of the
6 renewable energy resources that were relied upon had
7 to be physically located within the state of Ohio.

8 A. That's my recollection.

9 Q. And turning back to your testimony, you
10 were named to your current position in 2013; is that
11 correct?

12 A. Yes, starting in 2010, I was Director of
13 Regulatory Case Management, responsible for our
14 eastern utilities which included AEP Ohio; and in
15 January of 2013, that role was expanded to cover all
16 of the operating companies of AEP including our
17 western operating companies.

18 Q. Would you agree that around the 2014 time
19 frame there were additional changes made to the
20 renewable mandates by the General Assembly?

21 A. I don't recall the exact time frame, but
22 I do recall some changes to those minimums.

23 Q. And from a high level, you would agree
24 that one of the changes that was made to the
25 renewable mandates was to eliminate the requirement

1 to deliver half of the renewable energy resources or
2 renewable energy credits from resources physically
3 located within the state of Ohio?

4 A. That's my general understanding.

5 Q. And another one of the changes to the
6 renewable mandates was a two-year freeze, kind of a
7 timeout?

8 A. I don't recall if it was a two-year
9 timeout, but I remember there was a pause in the
10 change in what those standards were.

11 Q. Okay. And, Mr. Allen, you were in the
12 room earlier today when the discussion took place,
13 between counsel, before we went on the record and
14 your testimony, correct?

15 A. I was.

16 Q. And you heard reference to what is known
17 as the Turning Point case?

18 A. Yes.

19 Q. And you are aware that Ohio Power Company
20 previously submitted an application to establish the
21 need for the Turning Point facility?

22 A. I'm aware of that application.

23 Q. And in that application, Ohio Power
24 Company requested that the Commission find that there
25 is a need to construct approximately 49.9 megawatts

1 of in-state solar resources?

2 A. I recall the size of the Turning Point
3 facility, yes.

4 Q. And the size was 49.9?

5 A. Roughly just under 50 is my recollection.

6 Q. Okay. And the Commission denied Ohio
7 Power Company's request, correct?

8 A. That's my understanding, yes.

9 Q. In preparation for drafting your
10 testimony in this case, am I correct that you did not
11 review any testimony from the Turning Point case?

12 A. I did not.

13 Q. And in preparation of drafting your
14 testimony in this case, am I correct that you did not
15 review the Commission's Order in the Turning Point
16 case?

17 A. I did not.

18 Q. Turning to page 3 in your testimony, you
19 discuss the Company's initial Application and Amended
20 Application, correct?

21 A. Which line are you referring to?

22 Q. Well, first, let's start with line 3 on
23 the page, and you say the purpose of your testimony
24 is to provide an overview of this filing, the Amended
25 Long-Term Forecast Report.

1 A. Yes, I'm providing an overview of the
2 filing.

3 Q. And then on page 11, you identify that
4 the Ohio Administrative Code requires that an LTFR
5 include an integrated resource plan; is that correct?

6 A. You meant line 11?

7 Q. Yes.

8 A. Yes, that's what my testimony states.

9 Q. Okay. And you would agree that
10 integrated resource plans predate Senate Bill 3?

11 A. Yeah. I haven't reviewed Ohio statutes
12 prior to Senate Bill 3, but, generally, integrated
13 resource plans existed prior to 2000 and exist today
14 in many states.

15 Q. And am I correct that your testimony
16 identifies that there was an initial Long-Term
17 Forecast Report and then an Amended Long-Term
18 Forecast Report?

19 A. That's correct.

20 Q. The initial Long-Term Forecast Report was
21 filed in April, correct?

22 A. That's correct.

23 Q. And am I correct that you have a copy of
24 that document in front of you?

25 A. I do not.

1 Q. You do not. You're not sponsoring the
2 Long-Term Forecast Report that was filed in April,
3 right, Mr. Allen?

4 A. The Company has filed it in this
5 proceeding, but I'm not specifically sponsoring it.

6 Q. And am I correct you don't recall whether
7 you have actually reviewed the initial Long-Term
8 Forecast Report?

9 A. I've seen the initial Long-Term Forecast
10 Report. It was prepared by an individual that
11 reports to me.

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

13 EXAMINER PARROT: You may.

14 Q. Mr. Allen, was your deposition taken in
15 this matter?

16 A. Yes, it was.

17 Q. And you were under oath in that
18 deposition?

19 A. Yes, I was.

20 Q. Is the document that's been placed before
21 you, the transcript of your deposition?

22 A. It appears to be, yes.

23 Q. Could you turn to page 24. And starting
24 on line 13, let me know when you're there.

25 A. Starting on line 13?

1 Q. Yep.

2 A. Yep.

3 Q. "Question: And did you review the
4 initial filing that was made in April? Subject to
5 check on that date?"

6 "Answer: I don't recall whether I
7 reviewed that filing or not."

8 Did I read that right?

9 A. Yes.

10 Q. Thank you.

11 MR. NOURSE: Your Honor, that's exactly
12 what Mr. Allen just said on the stand. I don't
13 understand why the deposition transcript was brought
14 out.

15 MR. OLIKER: Your Honor, I believe in his
16 answer he said I reviewed that filing, and in the
17 deposition he said I don't recall.

18 MR. NOURSE: I think he said he didn't
19 recall today as well.

20 EXAMINER PARROT: All right, well.

21 MR. OLIKER: The record will reflect both
22 his answers.

23 EXAMINER PARROT: His answer stands, so
24 let's move on.

25 MR. OLIKER: Thank you, your Honor.

1 Q. (By Mr. Olikier) Mr. Allen, on the bottom
2 of page 3, you identify annual LTFR forms on both
3 line 17 and line 21, correct?

4 A. Yes, it speaks to those forms.

5 Q. And your testimony also identifies a rule
6 on line 11, that I believe you have modified the
7 citation to that rule; is that correct?

8 A. Yes, I've corrected the citation.

9 Q. And the citation you provided on line 11
10 provides the specific requirements for what has to be
11 included in a Long-Term Forecast Report filing,
12 correct?

13 A. Can you repeat the question, please?

14 MR. OLIER: Could you read it back,
15 please?

16 (Record read.)

17 A. No. I think the statement in my
18 testimony is a little more narrow than what you've
19 paraphrased. I think my testimony, as it states, it
20 describes what's required and in an LTFR filing if a
21 company intends to file for a future nonbypassable
22 surcharge under the provision of Section 4928.143
23 (B) (2) (c).

24 Q. Am I correct that the form that you are
25 referring to on lines 17 and 21 and 22 are described

1 by Rule 4901:5-5-06?

2 A. I'm sorry, you went through that rule
3 citation pretty quickly. Which rule are you
4 referring to?

5 Q. I can restate it.

6 Am I correct that the forms you identify
7 on page 3, line 17 and line 21, going into line 22,
8 are described by Ohio Administrative Code Rule
9 4901:5-5-06?

10 A. So Rule 4901:5-5-06 addresses integrated
11 resource plans under a LTFR filing. The LTFR filing
12 encompasses more information than that.

13 Q. Mr. Allen, my question relates to the
14 forms that you are describing in your testimony on
15 page 3. You agree that your testimony identifies
16 specific forms.

17 A. What it refers to on line 17 is the form
18 filing that was filed in April.

19 Q. Okay.

20 A. Which is different than the IRP. And so,
21 the Amended LTFR, as it states on line 19, "...the
22 Amended LTFR consists primarily of an IRP filing and
23 supplemental information supporting the previously
24 filed 2018 LTFR filing." That previously-filed LTFR
25 is generally referred to as a forms filing.

1 Q. Am I correct that the rule that you've
2 cited, 4901:5-5-06, also describes specific forms
3 that must be filed as part of an integrated resource
4 plan?

5 A. Yes. That rule does list certain forms
6 that would be filed if you are filing integrated
7 resource plans as part of an LTFR.

8 Q. And you would agree that the information
9 that is required by those forms in the Commission's
10 rule relates to peak demand and available generation
11 in the AEP Ohio service territory.

12 A. So those forms, as identified in (6)(a),
13 refers to the "Monthly Forecast of Electric Utility's
14 Ohio Service Area Peak Load and Reserves to Meet Ohio
15 Service Area Peak Load." And they all seem to
16 address that same general description. So it's peak
17 load and reserves.

18 Q. Okay. And the forms we've been
19 discussing require information from a period of
20 between 2 and 10 years into the future as well as a
21 trailing amount of information as well?

22 A. The data goes back as far as years minus
23 5 through Year 10.

24 Q. Thank you.

25 Mr. Allen, in your testimony for purposes

1 of determining whether the proposed solar and wind
2 resources are economically beneficial, you're relying
3 upon the testimony of witnesses Torpey and Ali; is
4 that correct?

5 A. Those are two elements that support the
6 projects being economically beneficial, but also the
7 addition of in-state renewable resources would
8 generally provide additional economic benefits beyond
9 just those cost benefits described in their
10 testimony.

11 Q. Would you please turn to page 29 of your
12 deposition transcript.

13 A. I'm there.

14 Q. And on line 8, where I ask the question
15 "And are you sponsoring any testimony of whether the
16 900 megawatts of renewable resources are in fact
17 economically beneficial for customers? Or are you
18 relying upon the testimony provided by other
19 witnesses?"

20 "Answer: In my testimony in Case 18-501
21 that we're discussing here, the economic benefits of
22 generic renewable projects are described from the
23 testimony of Company Witness Torpey and Ali."

24 Did I read that correctly?

25 A. That describes the economic benefits of

1 renewable projects, that's correct.

2 Q. Okay. And, Mr. Allen, am I correct that
3 there is no AEP Ohio testimony in this case that
4 identifies the analysis that AEP Ohio undertook to
5 evaluate the amount of solar and wind resources being
6 developed by the competitive market in Ohio?

7 THE WITNESS: Can I have that question
8 reread?

9 (Record read.)

10 A. In this proceeding, the Company didn't
11 provide any detailed analysis identifying the amount
12 of renewables currently being built in the State of
13 Ohio by the competitive market.

14 Q. And the testimony submitted by AEP Ohio
15 does not evaluate the potential development of
16 renewable resources by the competitive market,
17 correct?

18 A. We don't provide an analysis of the
19 potential development by the competitive market.

20 Q. And turning to page 7 of your testimony,
21 on line 18, there's the statement: "Second, as
22 supported by the Navigant VOC report addressed in the
23 testimony of Company witness Horner, there is a
24 strong desire on the part of AEP Ohio customers for
25 in-state renewable power." And then it goes on.

1 First, regarding this statement, it is
2 your belief that there is an undersupply of renewable
3 energy resources to serve customers' electricity
4 requirements, correct?

5 A. I believe there is an undersupply of
6 renewable power to meet the needs of AEP Ohio
7 customers.

8 Q. And AEP Ohio has not calculated the
9 undersupply of renewable energy resources needed to
10 serve its customers, correct?

11 A. We have not done a specific calculation
12 of that, that's correct.

13 Q. And on page 7 of your testimony.

14 A. I'm there.

15 Q. You identify that many corporations have
16 set renewable initiatives. Would you agree that
17 corporations can bilaterally contract for renewable
18 energy?

19 A. Some corporations can bilaterally
20 contract for renewable resources, but not all
21 corporate entities can do such.

22 Q. And can you turn to page 11, please, of
23 your testimony.

24 A. I'm there.

25 Q. You identify specific companies with

1 renewable initiatives. You do not know whether any
2 of the companies identified on page 11 have already
3 developed renewable resources or contracted with
4 renewable energy resources?

5 A. I am not aware if they've done that
6 previously, that's correct.

7 Q. You would agree if a company has a need
8 for renewable energy resources, they can contract
9 with a CRES provider for electricity bundled with
10 renewable energy?

11 A. Some customers may have the ability to do
12 that, but not all customers.

13 Q. And you are referring to PIPP customers?

14 A. No. I am referring to some of our
15 customers may not have the appropriate credit quality
16 for CRES providers to be willing to serve those
17 customers. Customers don't have the right to be
18 served by a CRES provider. CRES providers have to
19 agree to serve those customers. So it's very
20 different than a utility where we have an obligation
21 to serve. So, in that sense, not all customers do
22 have the ability to take renewable service offerings
23 from CRES providers.

24 Q. And am I correct that AEP Ohio has not,
25 in fact, evaluated the credit that any specific

1 customers have to support long-term contracts with
2 developers of renewable energy?

3 A. Well, the Company hasn't evaluated that
4 for any specific customer. There are customers that
5 don't have that credit quality.

6 Q. And do you agree customers can
7 bilaterally contract to have solar installed on their
8 roof?

9 A. Some customers can contract to have solar
10 installed on their roof, but many customers don't
11 have the ability; either they don't own the rooftop
12 that they are -- that they reside in or they may not
13 have an appropriate roof or direction of the home in
14 order to take advantage of that. So if you have a
15 customer, say a residential customer that is located
16 in an area with a significant tree canopy, those
17 customers couldn't avail themselves of rooftop solar.

18 Q. And you would agree that factories can
19 also contract to have solar panels put on their roof?

20 A. Some factories could, but not all.

21 Q. And do you agree that behind-the-meter
22 distributed generation has different beneficial
23 attributes from in-front-of-the-meter distributed
24 generation?

25 A. It has different attributes. You'll have

1 to define which ones you believe are beneficial and
2 we can walk through those.

3 Q. Would you agree that distributed
4 generation can change a customer's load profile?

5 A. Distributed generation can change a
6 customer's load profile but that change may not be a
7 beneficial change. Generally if the distributed
8 generation resource isn't able to address the peak of
9 the customer, all you are doing is it is changing the
10 load factor of the customer and it actually
11 becomes -- if a customer has got a lower load factor,
12 that would be adverse to the system.

13 Q. Mr. Allen, would you agree that if a
14 customer has a perfect load factor and they install
15 solar on their roof which reduces their load factor
16 from being perfect to less than perfect, that that
17 would actually improve the system if their usage was
18 in the off-peak hours?

19 A. If their usage was in the off-peak hours,
20 that wouldn't be a perfect load factor, so I can't
21 agree with your hypothetical.

22 MR. OLIKER: Could you read my
23 hypothetical back, Karen, because I don't think
24 Mr. Allen understood it?

25 (Record read.)

1 MR. NOURSE: Can I ask for clarification?
2 The offset by the distributed generation or remaining
3 usage?

4 Q. The remaining usage. The perfect load
5 factor being in the off-peak hours; an imperfect load
6 factor in the peak hours.

7 A. So let me see if I can answer your
8 question, and I'll have to fill in some of the blanks
9 you've left.

10 So let's assume I have a residential
11 customer that has a 100-percent load factor and that
12 customer installs a solar distributed generation
13 resource, behind the meter, that reduces their usage
14 during the hours that the solar facility, the solar
15 rooftop panels are producing energy. That would
16 reduce the customer's energy consumption during the
17 hours that the sun is shining, but we have to then
18 look at the system, the area that that customer is
19 operating in, and let's look at a residential
20 customer in a residential neighborhood. We have to
21 look at the point in time where those residential
22 customers are peaking.

23 Typically, for a residential
24 neighborhood, in the winter peak, you are going to
25 see the peak hours being between 6 p.m. and

1 approximately 9 p.m. which is after the sun has set
2 and those solar facilities aren't producing power.
3 So, in that case, when we look at that typical
4 residential customer, he is not benefiting the system
5 in any way because he is putting the same peak on
6 that local system.

7 Q. Mr. Allen, are you reading from a
8 document?

9 A. I am looking at a low-profile curve for
10 residential customers.

11 MR. OLIKER: If Mr. Allen has a document
12 in front of him, I think we are entitled to see it.

13 MR. NOURSE: Your Honor, I think he has
14 indicated the information he pulled from the document
15 is the same information provided in the answer.

16 MR. OLIKER: No. I think he's indicated
17 he has brought some additional evidence that he's
18 brought to the stand that he is not sharing with all
19 the parties.

20 MR. NOURSE: Your Honor, I object to that
21 characterization. He is entitled to bring whatever
22 he wants to the stand. He is referring to something
23 he disclosed to support the answer that Mr. Olier
24 has posed in his question.

25 MS. WILLIS: Your Honor, it's my

1 understanding that if the witness is relying upon
2 information on the stand, that counsel is entitled to
3 have a copy of that information or at least look at
4 the information as well, when he is relying upon that
5 and not independently testifying.

6 EXAMINER PARROT: Are you asking to see
7 it, Mr. Oliker?

8 MR. OLIKER: Yes, I am asking to see a
9 copy, your Honor.

10 EXAMINER PARROT: Okay then.

11 MR. OLIKER: Can we take 2 minutes, your
12 Honor?

13 MR. NOURSE: I am happy for Mr. Oliker to
14 ask questions about it if we are going to mark it and
15 put it in the record.

16 MR. OLIKER: Actually, your Honor, first,
17 I would like to ask.

18 Q. (By Mr. Oliker) Mr. Allen, the document
19 that you have in front of you, was that ever produced
20 in discovery in this case?

21 A. No. It's information that we talked
22 about during my deposition. And I recall talking
23 about when those peaks were, based upon my best
24 recollection at the time, and so I just went back and
25 verified the data and had new data pulled for me to

1 verify that my recollection was accurate.

2 Q. And am I correct you didn't supplement
3 discovery responses to produce this information that
4 you intended to rely upon at trial?

5 MR. NOURSE: Well, your Honor, I don't
6 know what discovery response Mr. Olikier is talking
7 about. Obviously it presumes there was a question
8 that asked for this information. If he wants to talk
9 about that, we could do it offline or give me a
10 reference to discovery that we can pull out and look
11 at.

12 MR. OLIKER: Your Honor, this is
13 supplementation of testimony and undue surprise,
14 relying upon additional evidence not provided to the
15 parties in advance, and it should be stricken.

16 MR. NOURSE: Your Honor, Mr. Olikier chose
17 to take a deposition and signal in advance what he
18 wanted to talk about. The witness honestly answered
19 the question at the deposition and to the best of his
20 recollection. He is certainly entitled to go do
21 additional research or double-check things that he
22 did from memory. And that's part of, you know, doing
23 a deposition ahead of time and raising it at the
24 hearing. There's no bad faith here on our part.

25 EXAMINER PARROT: Mr. Olikier, do you have

1 a discovery -- a particular discovery request that
2 you are referring to? Should we table this.

3 MR. OLIKER: We should table this for
4 later, your Honor.

5 EXAMINER PARROT: Let's do that.

6 MS. BOJKO: Your Honor, may we get a
7 copy, though, of what's being discussed in the
8 record?

9 EXAMINER PARROT: Are you finished,
10 Mr. Oliker? Are you planning to --

11 MR. OLIKER: I am not intending to mark
12 it, if that's what you are asking, your Honor.

13 EXAMINER PARROT: All right. Let's
14 proceed.

15 Q. (By Mr. Oliker) Mr. Allen, the figures
16 that you previously identified had nothing to do with
17 a customer's PJM capacity obligation, correct?

18 A. The answer I was providing was not
19 relating to a customer's PJM capacity obligation but
20 I would be happy to discuss that if you would like
21 to.

22 Q. Specifically -- strike that.

23 On page 8, when you say the Company is
24 not seeking a capacity need, am I correct that there
25 is currently a surplus of generation capacity in PJM?

1 A. As I described with the previous counsel,
2 for three years out, PJM has sufficient capacity.
3 Beyond that point in time, we don't know how much
4 capacity PJM will secure. They don't operate a
5 long-term capacity market. They operate a short-term
6 capacity market, three years forward.

7 Q. And the AEP transmission zone within PJM
8 is not constrained within the capacity market,
9 correct?

10 A. That's correct.

11 Q. And on page 8, you indicate that AEP is
12 responsible for procuring capacity and energy to
13 provide the Standard Service Offer. You would agree
14 there is currently sufficient energy and capacity to
15 meet the Standard Service Offer's requirements?

16 A. The auctions, in the past, have produced
17 sufficient capacity and energy to meet the needs of
18 our SSO customers, that's correct.

19 Q. And you have no reason to believe that
20 there is insufficient generation and capacity
21 available in the market should CRES providers desire
22 to serve customers in Ohio?

23 A. My understanding is that generally CRES
24 providers procure capacity and energy in the
25 short-term market, a couple years out, and they are

1 able to find sufficient capacity in the PJM market.
2 Capacity and energy.

3 Q. And would you agree that we are currently
4 experiencing a prolonged period of low prices for
5 energy and capacity on an annual basis?

6 A. Energy and capacity, today, are at
7 relatively low levels compared to levels that we
8 experienced, especially on the energy side, in the
9 period prior to 2010.

10 Q. And on page 8, when you reference PJM,
11 you agree that PJM is responsible for assuring that
12 there is sufficient generation to meet demand within
13 AEP Ohio's footprint?

14 A. PJM is responsible for assuring that
15 there is sufficient capacity to meet the needs of the
16 13-state footprint that PJM controls. They don't
17 look at any individual state in isolation, but they
18 look at the market overall.

19 Q. I think, as you told Mr. Kurtz earlier,
20 to the extent there was a shortage of generation
21 within the AEP transmission zone, would you agree
22 that it could model it separately in the base
23 residual auction as a constrained zone?

24 A. That's generally how PJM would model a
25 constrained zone is they would separate it.

1 It doesn't -- you don't need to have sufficient
2 capacity within your zone. PJM, in their modeling,
3 as long as that generation is deliverable into the
4 zone, they will account for that for meeting the
5 needs of that zone.

6 Q. Okay. And on page of 9, you state that
7 PJM is a net importer of electricity. Your testimony
8 in this proceeding, in Case 18-501, does not provide
9 any data on the amount of electricity that has been
10 imported into Ohio, correct?

11 THE WITNESS: Can you reread the
12 question, please?

13 MR. OLIKER: Can the court reporter
14 please reread the question?

15 (Record read.)

16 A. You have a misstatement in your question.
17 Did you mean to ask did I have testimony about AEP
18 Ohio or, I'm sorry, Ohio being a net importer? You
19 stated "PJM" in the question.

20 Q. Thank you for that clarification. With
21 the clarification that I am asking you about whether
22 Ohio is a net importer of energy, could you please
23 answer the question now?

24 A. Yes. My testimony is that AEP -- I am
25 sorry. My testimony is that Ohio is a net importer

1 of energy and has been from 2001 through 2017 with
2 the exception of one year.

3 Q. And again, you haven't provided any
4 specific facts and figures other than what you just
5 provided?

6 A. It's a statement of fact of easily
7 obtainable information. The information is readily
8 available from the Energy Information Agency.

9 Q. But my question is it's not in your
10 testimony, correct?

11 A. My testimony states what the data shows.

12 Q. Okay. And on page 10, when you say "The
13 gap between supply and demand continues to widen,"
14 you are not suggesting that there is insufficient
15 generation capacity available to meet demand?

16 A. So my testimony is not describing that
17 there is a lack of capacity in the near term to meet
18 needs. What it's describing is that as additional
19 coal and nuclear plants are retired in Ohio, the
20 amount of energy that would need to be imported would
21 grow.

22 Q. And can I turn you to page 62 of your
23 deposition transcript. And on line 17, when you were
24 asked that same question, the Question says "Okay.
25 And on page 10 when you say the gap between supply

1 and demand continues to widen, you are not suggesting
2 that there's insufficient generation capacity
3 available to meet demand, correct?"

4 "Answer: Currently the PJM market is
5 providing sufficient capacity to meet demand. Just
6 some of those resources that are meeting that demand
7 aren't located within the state of Ohio. And thus
8 Ohio's the net importer."

9 Did I read that correctly?

10 A. Yes. I think that's consistent with the
11 testimony I just gave.

12 Q. Did I read that correctly?

13 A. You did.

14 MR. NOURSE: Your Honor, yeah, I object
15 to Mr. Olier's use of the deposition transcript to
16 repeat testimony that is consistent. And certainly
17 Mr. Allen is entitled to add points here today that
18 are consistent, and he doesn't have to answer the
19 question verbatim as long as there is no, you know,
20 inconsistency or conflict in his testimony; so I
21 object to the use of just reading consistent answers
22 into the record.

23 MR. OLIER: Your Honor, he didn't
24 mention any retirements of coal or nuclear in his
25 deposition answer. They are not the same.

1 MR. NOURSE: They don't have to be
2 identical answers. He can certainly add things at
3 the hearing that were not elicited at the deposition
4 and those matters are consistent and do not conflict
5 with what he said at the deposition.

6 EXAMINER PARROT: I am going to allow the
7 record to stand as it is, but, Mr. Olikier, I would
8 note that if you are going to impeach -- attempt to
9 impeach the witness's testimony, we are looking for a
10 little more than a differently-phrased response at
11 the deposition versus here today.

12 MR. OLIKER: Okay, your Honor. Thank
13 you.

14 Q. (By Mr. Olikier) Mr. Allen, you would
15 agree that when AEP Ohio still owned generation, it
16 relied upon resources outside of Ohio to provide
17 reliable service to customers in Ohio?

18 A. Both resources within the state of Ohio
19 and outside the state of Ohio, that's correct.

20 Q. And one of those resources was the John
21 Amos plant, correct?

22 A. That's correct.

23 Q. And that was an 800-megawatt plant?

24 A. The Amos plant is 2,900 megawatts. One
25 of the Amos units that was owned by AEP Ohio, my

1 recollection is it was an 800-megawatt unit.

2 Q. And that plant was located in West
3 Virginia, correct?

4 A. That's correct.

5 Q. And AEP Ohio previously relied upon the
6 Mitchell generating station to serve customers in
7 Ohio, correct?

8 A. Yes, that's correct.

9 Q. And that was a 1,600 megawatt power plant
10 approximately for the Ohio share?

11 A. The whole plant was 1,600 megawatts and
12 it was solely an AEP Ohio asset.

13 Q. And that asset was located in West
14 Virginia, correct?

15 A. Yes. And it still is.

16 Q. And AEP Ohio previously relied upon the
17 Lawrenceburg power plant to serve load in Ohio?

18 A. Yes. And that plant is located in
19 Lawrenceburg, Indiana.

20 Q. And was that -- how big was that plant if
21 you remember? Or how big is that plant.

22 A. I can't recall off the top of my head.

23 Q. Over 500 megawatts?

24 A. Yes.

25 Q. A combined-cycle power plant, correct?

1 A. That's my recollection, yes.

2 Q. And are you familiar with the Ohio Valley
3 Electric Corporation?

4 A. I am.

5 Q. And that's two power plants, correct?

6 A. Yes. 11 units.

7 Q. And, from time to time, Ohio Power
8 Company and Columbus Southern Power Company relied
9 upon the output of those power plants to serve
10 customers in Ohio?

11 A. Yes.

12 Q. And the larger of the two plants is
13 located in Indiana?

14 A. I don't recall. One of the plants is in
15 Indiana. One has five units and one has six units.

16 Q. But one of them is located in Indiana?

17 A. Yes, one is in Indiana. I don't recall
18 if it's the larger of the two. They are about
19 equally sized.

20 Q. And on page 10, when you say they are
21 relying upon out-of-state plants that sends money out
22 of state, you have not quantified how much money is
23 sent out of state by relying on plants that are not
24 within Ohio?

25 A. No, I haven't done such an analysis of

1 the dollar quantification, but it's a fact that if
2 you are buying power out of state, those dollars are
3 leaving the state of Ohio.

4 Q. And on page 10, you say "Ohio still falls
5 short of advancing renewable energy resources when
6 compared to other states with comparable renewable
7 resources." In this statement you were referring to
8 Indiana and Pennsylvania, correct?

9 A. That's correct.

10 Q. Indiana is a fully regulated state from
11 an electricity standpoint, correct?

12 A. Yes, it is.

13 Q. And you are not familiar with the
14 statutory structure of the retail electric market in
15 Pennsylvania, correct?

16 A. I'm not familiar with the specifics, but
17 Pennsylvania is a competitive market.

18 Q. And you don't know if Pennsylvania has a
19 renewable portfolio mandate that requires the
20 construction of generation within the state of
21 Pennsylvania.

22 A. That's correct.

23 Q. On page 11 -- actually, I apologize.
24 It's page 10, line 11, you say that in-state
25 renewable resources provide local economic benefits.

1 You would agree that based upon general economic
2 principles, any generation resource that is developed
3 in Ohio would provide benefits to the local economy
4 in which it is located?

5 A. Yes. Any in-state resources would
6 provide local economic development benefits to those
7 communities, that's correct.

8 Q. And, for example, the construction of
9 residential rooftop solar could create jobs?

10 A. Yes. Residential rooftop solar can
11 produce jobs.

12 Q. And commercial rooftop solar could create
13 jobs?

14 A. Yes.

15 Q. And then on page 11, your testimony
16 indicates there is currently no plan to regulate
17 carbon emissions for generation resources located in
18 Ohio, correct?

19 A. That's correct.

20 Q. And you're not familiar with how long the
21 rulemaking process takes at the Environmental
22 Protection Agency, correct?

23 A. That's correct.

24 Q. But to the extent that carbon regulations
25 were to materialize, you would agree that the

1 competitive market would have an opportunity to
2 respond and deploy renewable generation?

3 A. The competitive market could deploy
4 renewable generation in such a situation but there
5 would be no obligation for the competitive market to
6 deploy that renewable generation.

7 Q. And turning to page 11, lines 16 through
8 19, you identify various companies. Am I correct
9 that none of these companies explicitly supported
10 Ohio Power Company's proposal in this case in their
11 announcements?

12 A. These announcements were not related to
13 AEP Ohio's proposal, that's correct.

14 Q. And turning to page 12, am I correct that
15 Table 1 is derived from a survey performed by
16 Navigant?

17 A. Yes. It summarizes results from the
18 Navigant study -- the Navigant survey.

19 Q. And you reviewed the specific question
20 that was asked for customers to provide the data in
21 Table 1, correct?

22 A. In developing Table 1, I looked at the
23 question that was asked in the data. I did not help
24 in preparing that question. I reviewed it after this
25 study was completed.

1 Q. Am I correct that the survey question
2 that solicited the data that led to Table 1 stated
3 that "AEP Ohio currently obtains 4.5 percent of its
4 electricity from renewable sources such as wind and
5 solar"? In that statement, am I correct that the
6 question refers to the amount of wind and solar that
7 AEP Ohio procures for the Standard Service Offer?

8 A. If you have a copy of that survey, it
9 would be helpful for me to refresh what the exact
10 words are.

11 Q. Do you have a copy of Miss Horner's
12 testimony?

13 A. I do not have it with me.

14 Q. Does your counsel have a copy you can
15 look at?

16 MR. NOURSE: I mean, we have notes on our
17 copy, so I don't want you to be confiscating that and
18 making it an exhibit.

19 MR. OLIKER: I will stipulate I won't ask
20 for it if you give him the specific question.

21 MR. NOURSE: Okay.

22 MS. WILLIS: Depends what those notes
23 said.

24 MR. NOURSE: I am handing the witness a
25 copy of Exhibit TH-1.

1 A. Do you have a specific page reference to
2 speed this along?

3 Q. Could you please turn to -- it's Exhibit
4 TH-1, page 17 of 41.

5 A. Okay, I'm there.

6 Q. And the survey question is listed here,
7 correct?

8 A. The survey question is listed there,
9 correct.

10 Q. Am I correct that the survey question
11 stated "AEP Ohio currently obtains 4.5 percent of its
12 electricity from renewable sources such as wind and
13 solar"? In that statement, am I correct that the
14 question refers to the amount of wind and solar that
15 AEP Ohio procures for the Standard Service Offer?

16 A. Yes, that's my understanding, yes.

17 Q. And in Table 1, when you say I "believe
18 it is moderately important or very important for AEP
19 Ohio to make greater use of renewable energy," the
20 "greater use," as identified, reflects greater than
21 the 4.5 percent in the survey question.

22 A. Yes, it would be in excess of the 4-1/2
23 percent. That would be the way I would interpret the
24 question, and answer the question if it was posed to
25 me. The sentence, I don't think you read it, that

1 comes between the 4-1/2 percent and the ultimate
2 question of the customer, states: "AEP Ohio is
3 looking to make investments to increase the
4 percentage of electricity from wind and solar above
5 this level." So it's pretty clear that's the intent
6 of the question, how a customer would read it.

7 Q. And, Mr. Allen, you do not know whether
8 any AEP individual had input into the Navigant survey
9 questions before they were sent out, correct?

10 A. I don't know. I did not.

11 Q. But you agree AEP Ohio employees may have
12 received an invitation to take the survey?

13 A. That would be a question better posed to,
14 I think, either witness Horner or Fry from the
15 Navigant witnesses.

16 Q. Mr. Allen, while I understand the
17 Navigant witnesses testify to the subject, you do
18 understand that AEP Ohio employees may have been
19 participants in the survey?

20 A. That's my understanding is that they were
21 not excluded from the survey pool, so there may have
22 been a limited number of customers within the large
23 sample than may have been employees of AEP Ohio.

24 Q. And as you --

25 A. Well, let me think this through. It's

1 important to also note that AEP Ohio employees are
2 also customers of AEP Ohio so these surveys were
3 given to our customers.

4 Q. And you don't know how many people AEP
5 Ohio employs, correct?

6 A. I don't know how many that is, that's
7 correct.

8 Q. And you agree that AEP Ohio has
9 affiliates and service company members that also may
10 be customers of AEP Ohio? Let me restate that
11 question.

12 You agree that American Electric Power is
13 headquartered in Columbus, correct?

14 A. That's correct.

15 Q. And American Electric Power has employees
16 that provide services to other operating companies
17 besides Ohio Power Company and Columbus Southern
18 Power Company, correct?

19 A. American Electric Power Service
20 Corporation provides services to companies other than
21 AEP Ohio. Columbus Southern Power Company was merged
22 into AEP Ohio many years ago or a number of years
23 ago.

24 MR. OLIKER: Can I have that answer read
25 back again?

1 (Record read.)

2 Q. And you agree some of those other
3 individuals you identified could be customers of AEP
4 Ohio from a retail electric standpoint?

5 A. The AEP Service Corp. employees that live
6 in the State of Ohio as well as the AEP Ohio
7 employees that live in the State of Ohio, some of
8 those employees are served by AEP Ohio, some of those
9 are served by other utilities like FirstEnergy,
10 co-ops, so any number, the City of Columbus, but
11 there are employees of AEPSC and Ohio Power that are
12 customers of Ohio Power Company.

13 Q. Your testimony describes the ITC,
14 correct?

15 A. It does.

16 Q. And so I can understand, that testimony
17 relates to the timing of the resources being
18 discussed here, inasmuch as you have concerns that
19 the ITC is phasing out; is that correct?

20 A. The point of this testimony is to
21 describe that, in upcoming years, the ITC is going to
22 be declining for solar and it's already declining for
23 wind.

24 Q. And based on your testimony, there is a
25 fear that the cost of solar could go up from where it

1 is today based upon the phaseout of the ITC?

2 A. It's not a fear. It's a statement of
3 fact that the benefits of the ITC will be reduced in
4 coming years which, all other things being equal,
5 would increase the cost of renewable resources.

6 Q. You have a copy of Mr. Torpey's
7 testimony, do you not?

8 A. I do.

9 Q. Can you turn to Exhibit JFT-1, page 13.

10 A. I'm there.

11 Q. And first, actually, before we get there,
12 let's go back to the last page of your testimony, and
13 am I correct on page 16, you indicate that you are
14 deferring to witness Torpey to discuss the costs of
15 renewable technologies in the future and their
16 continual decline?

17 A. Company witness Torpey's testimony talks
18 about the cost to install.

19 Q. Okay.

20 A. What my testimony is including is the
21 impact of the ITC. There is an installation cost
22 associated with a facility, but then on top of that,
23 there is an ITC benefit that's provided based upon
24 the time that the facility is installed.

25 Q. And turning back to page 13 of

1 Mr. Torpey's exhibit, would you agree that Figure 2
2 provides a projection of the installed costs of solar
3 for a residential rooftop, commercial rooftop
4 installation, and large-scale solar through 2030?

5 A. Just to be clear, because I want the
6 record to be clear, my understanding is that -- and
7 you can verify this with Company witness Torpey, but
8 this figure talks about installation cost. It
9 doesn't address the impact of ITC.

10 Q. And you'll defer to Mr. Torpey's
11 responses on that, correct?

12 A. On what his figure represents, yes.

13 Q. Mr. Allen, on page 7 of your testimony --

14 A. Page 7?

15 Q. Yes. I apologize. Do you have the
16 Amended Long-Term Forecast Report Application with
17 you?

18 A. I do not.

19 Q. Do you have the Application?

20 A. No.

21 Q. Which exhibits specifically are you
22 sponsoring, Mr. Allen?

23 A. I'm not sponsoring any specific exhibits.

24 Q. Is there an AEP Ohio witness that
25 sponsors the Amended Long-Term Forecast Report

1 Application?

2 MR. NOURSE: Counsel, I can tell you that
3 witness Torpey plans to sponsor the Application
4 that's filed in the April LTFR as well as the
5 Amendment which itself incorporates all the testimony
6 with the exception of some transmission forms that
7 Witness Ali will be sponsoring as provided for in his
8 written testimony.

9 MR. OLIKER: Okay. Well, maybe I can
10 read Mr. Allen a statement from the Application and
11 ask him for his response.

12 Q. The Application Amendment itself states,
13 at page 7, "...it is far from evident that the
14 competitive market will meet the renewable needs of
15 AEP Ohio customers." In this statement, am I correct
16 that the market you are referring to is the wholesale
17 market that AEP operates in PJM?

18 A. I think it refers to the market in
19 general. That can refer to either the wholesale
20 market or the retail market that sources from that
21 wholesale market; so they can go hand in hand.

22 MR. OLIKER: Your Honor, may I approach,
23 please?

24 EXAMINER PARROT: You may.

25 Mr. Oliker, are you planning on marking

1 this? Two copies, please.

2 MR. OLIKER: Two copies.

3 I would like to mark, as IGS Exhibit 1, a
4 response to an interrogatory and it is IGS-INT-2-004.

5 EXAMINER PARROT: All right. So marked.

6 (EXHIBIT MARKED FOR IDENTIFICATION.)

7 Q. (By Mr. Oliker) And, Mr. Allen, do you
8 see what's been marked as IGS Exhibit 1?

9 A. I do.

10 Q. And is this an interrogatory that you
11 responded to?

12 A. It is.

13 Q. Is the question: "The Amendment to the
14 Long Term Forecast Report states..., 'it is far from
15 evident that the competitive market will meet the
16 renewable needs of AEP Ohio customers.' Identify all
17 facts and evidence that support this statement."

18 And the response says "The Company's
19 filing includes testimony and analysis demonstrating
20 the interest of AEP Ohio's customers in renewable
21 energy.... The Company's testimony also shows that
22 the operator of the wholesale market that AEP
23 operates in...doesn't take into account customer
24 demand for renewable energy when procuring capacity
25 or energy...." Is that correct?

1 A. You've left out a couple of the
2 parentheticals that identify who the witnesses are
3 that we're referring to, as well as the operators of
4 the market, but the interrogatory states what it
5 states and I believe it to be accurate.

6 Q. Okay. And --

7 A. And I'll clarify. Not that I believe it
8 is accurate. It is accurate.

9 MR. OLIKER: If I could just have one
10 minute, your Honor?

11 EXAMINER PARROT: You may.

12 MR. OLIKER: Just a few more questions,
13 your Honor.

14 Q. Mr. Allen, earlier we discussed customers
15 that may procure renewable energy bundled with
16 electricity from a CRES provider. Do you remember
17 that conversation?

18 A. Yes.

19 Q. In the event a customer elects to procure
20 electricity coupled with 100 percent renewable energy
21 attributes at a fixed rate, would you agree that that
22 customer could not elect to avoid the impact of the
23 nonbypassable rider proposed in this case?

24 A. That's correct.

25 Q. And with respect to the solar and wind

1 resources at issue in this application, would you
2 agree that they qualify as renewable energy resources
3 as identified by the Ohio Revised Code?

4 A. I think they could qualify as renewable
5 resources under that portion of the Revised Code, but
6 AEP Ohio is not proposing that these resources be
7 used to meet the Company's renewable portfolio
8 standard.

9 Q. So let's bite that off one at a time.
10 The -- are you familiar with the Ohio Revised Code?

11 A. Generally, yes.

12 Q. Do you know what section discusses
13 renewable energy resources?

14 A. Not the specific reference, but I've seen
15 it.

16 Q. Okay.

17 A. So I can't give you the number, but I've
18 seen the section of the Ohio Revised Code.

19 Q. And the process is that if a resource
20 qualifies as a renewable energy resource then it's
21 entitled to sell renewable energy credits; is that
22 correct?

23 A. I would have to look at it to see if
24 that's exactly how it's worded.

25 Q. Okay.

1 A. But generally a renewable resource is
2 qualified -- they sell -- they create RECs if it's a
3 renewable resource.

4 Q. And the resources that we've identified
5 here, generic solar and wind resources, they would
6 qualify to be able to sell renewable energy credits,
7 correct?

8 A. Under the Company's proposal, we would be
9 retaining the RECs for the benefit of our customers
10 and not selling them into the -- into the market.

11 Q. But my question is: They would qualify
12 to be able to sell renewable energy credits, correct?

13 A. Yes.

14 Q. Okay. And regarding questions pertaining
15 to previous purchase power agreements AEP has entered
16 into with renewable energy resources, would those
17 questions be better reserved for witness Torpey?

18 A. I don't know what his knowledge of those
19 previous agreements is.

20 Q. Are you familiar with the Wyandot solar
21 facility?

22 A. Not with any specificity. I am aware
23 that it exists.

24 Q. So questions regarding the Wyandot solar
25 facility would be better reserved for Mr. Torpey?

1 A. I don't know.

2 Q. Are you familiar with the historical
3 capacity factor for the Wyandot solar facility?

4 A. I am not.

5 Q. And am I correct, if you would turn at --
6 to Table 1 on -- where you provide the results of the
7 Navigant survey in your opinion, this is on page 12,
8 am I correct that AEP Ohio has made no effort to
9 reach out to any of the customers that responded to
10 the survey to educate them on available renewable
11 energy options that may exist in the market?

12 A. The market, and in this case I think you
13 are referring to CRES providers, it's their
14 obligation to provide marketing to their customers.

15 This response that I reference in my
16 testimony talks about what our customers, AEP Ohio
17 customers, desire of AEP Ohio, and they've asked AEP
18 Ohio to procure more energy. They have a desire for
19 that renewable energy. And this filing is meeting
20 that desire of our customers in a way that is
21 economic and provides significant benefits.

22 MS. BOJKO: Objection, your Honor.

23 MR. OLIKER: Your Honor, I would move to
24 strike his nonresponsive.

25 MS. BOJKO: I was going to move to strike

1 as nonresponsive as well, your Honor.

2 MR. NOURSE: Your Honor, I think the
3 question was a challenge on whether the survey,
4 quote/unquote, educated customers on the market. And
5 Mr. Allen is responding that customers are aware of
6 what market forces they are aware of, that's the
7 context in which they indicated their opinions, and
8 that AEP Ohio should do more to meet their needs. It
9 is responsive.

10 MR. OLIKER: Your Honor, I asked him if
11 they reached out to customers, not on the benefits of
12 his proposal which is what he talked about. It's a
13 simple yes or no. Did you or didn't you.

14 EXAMINER PARROT: The objection is
15 overruled. If you would like to try to rephrase it a
16 different way, Mr. Olikier, you can go ahead.

17 Q. (By Mr. Olikier) Okay. Put simply, did
18 you or did you not reach out to participants in the
19 Navigant survey to educate them regarding available
20 renewable energy offers in the market?

21 A. The Company did not reach out to
22 individual respondents because my understanding,
23 first of all, is they were anonymous. It was also
24 not on the part of AEP Ohio to market on behalf of
25 CRES providers.

1 MR. OLIKER: Thank you, your Honor.

2 Those are all the questions I have.

3 Thank you, Mr. Allen.

4 EXAMINER PARROT: All right. At this
5 point, let's take a short recess for lunch.

6 Reconvene at 2 o'clock.

7 (Thereupon, at 1:26 p.m., a lunch recess
8 was taken.)

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Monday Afternoon Session,
January 15, 2019.

- - -

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

Ms. Willis.

MS. WILLIS: Thank you, your Honor.

- - -

WILLIAM A. ALLEN

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

- - -

CROSS-EXAMINATION

By Ms. Willis:

Q. Good afternoon, Mr. Allen.

A. Good morning, Ms. Willis.

Q. Now, Mr. Allen, during your entire career
at AEP, you have not had any specific training on
using surveys to measure customer interest; isn't
that correct?

A. That's correct.

Q. And as part of your MBA, you did not take
any courses that specifically dealt with surveying,
such as surveys to measure customers' interests,
correct?

1 A. That's correct.

2 Q. And similarly, as part of your obtaining
3 your nuclear engineering degree, you did not take any
4 courses that specifically dealt with surveying, such
5 as surveys to measure customer interest, correct?

6 A. That's correct.

7 Q. And in the numerous positions that you
8 have held with AEP, you have not had any
9 responsibility for or involvement in customer
10 surveys, correct?

11 A. I haven't been responsible for developing
12 any surveys, but I have been responsible for
13 proposing the use of survey results in regulatory
14 filings.

15 Q. And you are not responsible for the
16 conduct of any customer surveys, correct?

17 A. That's correct.

18 Q. And in your career with AEP, you would
19 not have been responsible for overseeing any customer
20 surveys; is that correct?

21 A. That's correct.

22 Q. And you are not aware of any surveys
23 being done by AEP and its subsidiaries, including AEP
24 Ohio, besides the one presented in this proceeding,
25 of customers' desires with respect to renewable

1 energy?

2 A. I'm not aware of any other similar
3 surveys, that's correct.

4 Q. And you have not testified before,
5 Mr. Allen, on how "need" is defined under Revised
6 Code 4928.143(B)(2)(c); is that correct?

7 A. I have not provided previous testimony,
8 that's correct.

9 Q. And, Mr. Allen, your definition of "need"
10 under 4928.143(B)(2)(c) is found on page 7 of your
11 testimony, line 15, and runs through page 8, line 2;
12 is that correct?

13 A. Can you repeat the question, please?

14 Q. Sure.

15 Your definition of "need" under
16 4928.143(B)(2)(c) is found on page 7, line 15,
17 through page 8, line 2.

18 A. That describes how the Company evaluated
19 "need" in this proceeding. The definition of "need"
20 also includes factors that are described within the
21 Ohio Administrative Code.

22 Q. Mr. Allen, do you recall in your -- you
23 recall your deposition being taken, do you not?

24 A. I do.

25 Q. And if you could turn to page 112 of the

1 deposition transcript. And starting on line 8, I am
2 going to read the question and read the response, and
3 I just want -- my question will be to you: "Is that
4 an accurate reading?"

5 "Question" -- starting on line 8 -- "Can
6 you give me a definition of 'need'? For -- let me
7 strike that.

8 "Can you give me your definition of 'need
9 for renewable generation in Ohio'?"

10 "Answer: So I describe that on page 7,
11 lines, starting on line 15."

12 "Question: Yes.

13 "Answer: Through page 8, line 2.

14 "Question: Okay. And is that your
15 entire definition of need? Correct?

16 "Answer: Need would also include the
17 need for diverse fuel sources.

18 "Question: Okay. Is there anything else
19 that you would include in your definition of need?

20 "Answer: Those are the ones that come to
21 mind."

22 Did I read that correctly, Mr. Allen?

23 A. You did. And fuel --

24 Q. Thank you.

25 A. -- diversity would be one of the items

1 that's listed in the Ohio Administrative Code.

2 Q. So that would be your reference to the
3 Ohio Administrative Code, related solely to fuel
4 diversity; is that correct?

5 A. The Ohio Administrative Code also
6 includes other elements that include potential rate
7 and customer bill impacts; environmental impacts of
8 the plan; other significant economic impacts and
9 their associated costs; impacts of the plan on the
10 financial status of the company; other strategic
11 considerations including flexibility, diversity, the
12 size and lead time of the commitments, and lost
13 opportunities for investment; equity among customer
14 classes; the impacts of the plan over time; such
15 other matters the Commission considers appropriate.

16 So those are some of the additional items
17 that are listed in the Ohio Administrative Code and
18 those are things that the Company describes in
19 different aspects of the testimony that we've
20 presented. So things like the benefits over time are
21 provided in the analysis of Company witness Torpey.
22 Bill impacts would also be presented there. And the
23 renewable attributes of the assets address the
24 environmental impacts of the plan.

25 So there are several elements of "need"

1 described in the Ohio Administrative Code that the
2 Commission can consider as part of the -- their
3 evaluation of the integrated resource plan.

4 MS. BOJKO: Objection, your Honor.
5 First, was the witness reading from something? And,
6 if so, could it be identified?

7 THE WITNESS: I would be happy to. I
8 have been reading from Section 4901:5-5-06,
9 "Integrated resource plans," from the Ohio
10 Administrative Code. It's also referenced in my
11 testimony.

12 EXAMINER PARROT: Thank you, Mr. Allen.

13 MS. BOJKO: Your Honor, I move to strike
14 everything after I believe it was "Yes." Ms. Willis
15 asked if she read that correctly.

16 MS. WILLIS: And I would join, your
17 Honor. Specifically, if you look at the deposition
18 transcript, I asked him if that was his entire
19 definition of "need." And he said correct, yes,
20 "need" would include need for diverse fuel sources.
21 Is there anything else that would come to mind in
22 your definition of "need"? Those are the ones that
23 come to mind. And I followed it up, your Honor, with
24 a question, "And if something else comes to mind
25 before the end of the deposition if you could

1 identify that for me, I would appreciate it."

2 And all the information that Mr. Allen
3 has now come up with was never identified at the
4 deposition as "need".

5 MR. NOURSE: Your Honor, first of all, I
6 think he actually did reference something late in the
7 deposition. That's my recollection. Regardless, his
8 testimony at the time was that's what he could recall
9 and there's certainly nothing that indicates that was
10 inaccurate.

11 And the fact that the question that he
12 answered just now, today, was challenging whether he
13 had any other basis, was that the sole basis for, you
14 know, for the "need" theory; and so I think he is
15 entitled to say, yeah, he looked at the rule cited in
16 his testimony and read some factors and he tied it
17 together with the testimony that supports those
18 factors for the Company's primary case. So I don't
19 see the problem here.

20 MS. BOJKO: Your Honor, may I respond to
21 that?

22 EXAMINER PARROT: Go ahead.

23 MS. BOJKO: I think that today is evident
24 that we are going way beyond what the deposition said
25 and the whole purpose of a deposition. The purpose

1 of a deposition is to explore what the witness knows
2 in order to properly prepare your case. The witness
3 is not allowed to go create and change his answers.
4 He had a chance to read his deposition. He could put
5 forth any changes or errors that he saw in his
6 deposition and he did not do that that I am aware of.
7 And to now go back and try to rewrite the deposition,
8 it really defeats the whole purpose of a deposition
9 and giving notice to the parties, et cetera, and
10 their discovery rights in this case.

11 MR. MENDOZA: Your Honor, if I may?

12 EXAMINER PARROT: Go ahead.

13 MR. MENDOZA: It's very common in these
14 proceedings for witnesses to study and to think about
15 the issues in the case between the deposition and the
16 date of hearing and there's nothing improper about
17 that. Counsel chose to ask the witness an open-ended
18 question "What do you mean by 'need'?" That was the
19 litigation choice they made and he tried to answer
20 the question. There's nothing improper about that.

21 MR. NOURSE: And, your Honor, I would
22 add, I totally disagree with the characterization
23 that he is changing his testimony or rewriting the
24 deposition. Again, his testimony at deposition was
25 here are some things I can recall right now. And his

1 question, challenging question by counsel today is
2 "Is that your sole basis? Is there anything else?"
3 So he tied it together and tied it to the testimony
4 that we submitted.

5 MS. WILLIS: Your Honor, if we would --
6 if there is some question as to my -- how I asked the
7 question, I think rather than having two different
8 counsel give two different interpretations of what I
9 asked, we might want to look at the question that I
10 asked and then we'll be sure of what the question was
11 asked and what the response should have been.

12 EXAMINER PARROT: And I just did that and
13 the motion to strike is denied.

14 MS. BOJKO: Thank you.

15 Q. (By Ms. Willis) Now, would you agree with
16 me, Mr. Allen, that your definition of "need" is
17 generally consistent with how "need" is evaluated in
18 resource plans used in states that are vertically
19 integrated?

20 A. I would agree that that's accurate but,
21 it would also be equally applicable to states like
22 Ohio.

23 Q. Now, Mr. Allen, you are generally
24 familiar, are you not, with Revised Code
25 4928.143(B) (2) (c), correct?

1 A. I am.

2 Q. But you do not know, based on your
3 regulatory experience, whether the statute requires a
4 finding of need on a generic basis for, say, a
5 specific project basis; is that correct?

6 A. I think that would require a legal
7 conclusion, but what the statute requires is that
8 the -- at least the way it reads -- is that the
9 Commission must first determine in the proceeding
10 that there is a need for the facility, based on
11 resource planning projections submitted by the
12 electric distribution utility.

13 Q. Mr. Allen, do you recall -- can you turn
14 to page 120 of your deposition. Let's go to 119 to
15 put it in context. And I am going to read the
16 question and ask you if I read -- if I'm reading this
17 correctly.

18 "Question: And I understand you are not
19 an attorney. Based on your regulatory experience and
20 your testimony that you're presenting in this
21 proceeding that defines need can you tell me if it's
22 your understanding that the statute requires a
23 finding of need on a generic basis or on a
24 project-specific basis?

25 "Answer: I don't know."

1 Is that -- did I read that correctly,
2 Mr. Allen?

3 A. I think that's consistent with what I
4 testified just now.

5 MS. WILLIS: Your Honor, I would move to
6 strike and ask the witness to respond to my question.

7 MR. NOURSE: Your Honor, I would object
8 to the question and rereading a question that was --
9 while excluding an objection right before that, in
10 the same line, that it's seeking a legal
11 determination. I mean, you know, again, what is the
12 point of trying to make legal arguments here through
13 cross-examination? We have evidence. We have
14 witnesses that are ready to testify as to factual
15 matters here. And I don't see the point of trying to
16 nuance legal interpretations with a witness.

17 MS. WILLIS: And, your Honor, I did
18 adjust my question based on counsel's remarks and
19 limited it to his regulatory experience and not
20 necessarily to his legal experience because he's not
21 an attorney, so I absolutely responded to counsel's
22 objection. And there was no further objection after
23 I rephrased the question in the deposition
24 transcript.

25 MR. NOURSE: Well, again, your Honor,

1 she's trying to say "Answer yes or no, and don't add
2 anything," even though she wants to cast an aspersion
3 that somehow the deposition testimony is inconsistent
4 with the answers on the stand today; and that's not
5 true; and the witness is entitled to defend himself
6 in that context.

7 EXAMINER PARROT: I am going to allow the
8 answer to stand.

9 Q. (By Ms. Willis) Now, on page 8 of your
10 testimony, lines 5 through 7, you testify about the
11 needs and the requirements of the Company's current
12 and future customers. Do you see that reference?

13 A. I see that reference.

14 Q. Do you believe, Mr. Allen, that under
15 your definition of "need," that so long as a
16 generation resource has a net present value basis
17 that -- where the market-based revenues are greater
18 than its cost, that there is a need for the
19 generation?

20 A. That would be one element of a need
21 determination, yes. There are other elements that we
22 described previously.

23 Q. You testified that if customers desire
24 greater use of renewable energy, that becomes a need
25 on AEP's part to meet the desires of its customers;

1 is that correct?

2 A. Yes. Meeting the needs of our customers
3 is something that we, as a regulated utility, do. We
4 listen to what our customers desire. And in this
5 case, we are bringing forth a project that for
6 some -- a proposal that meets those needs. That's
7 what we do.

8 Q. Mr. Allen, you believe that you have
9 measured the needs and the requirements of the
10 Company's current and future customers through the
11 Navigant study; is that correct?

12 A. I believe the Navigant survey provides
13 substantial evidence as to the needs and desires of
14 AEP Ohio's current and future customers, yes.

15 Q. And on page 9, line 15, you say that
16 another consideration that the PUCO should look at in
17 reviewing need is the growing demand for not just
18 renewable energy but for renewable energy that is
19 produced locally; is that correct?

20 A. Yes. I think it's important that the
21 Commission consider the desires of customers in the
22 State of Ohio as they make a decision about whether
23 there is a need for these resources.

24 Q. Now, your assertion of the growing need
25 for in-state renewable energy is based, in part, on

1 literature that you have read, like Dispatch articles
2 talking about the public hearing; is that correct?

3 A. I read the Dispatch article about what
4 customers testified to at that hearing. I also heard
5 from employees of the Company that participated in
6 that hearing. But there's other information that I
7 rely upon to understand what the needs and desires of
8 our current and future customers are and that
9 includes meetings with potential future customers of
10 AEP Ohio.

11 Q. And let's talk about those meetings,
12 Mr. Allen. You've had discussions, have you not,
13 with specific customers about their needs for
14 in-state renewable energy, correct?

15 A. I have.

16 Q. And when you say you have spoken with
17 customers, that would have been two or three
18 customers that you have spoken with personally,
19 correct?

20 A. It would have been with two or three
21 large customers, yes.

22 Q. And although you believe there are other
23 individuals within the company that have had other
24 discussions, you don't know how many customers they
25 would have had discussions with in regard to the need

1 for renewable energy being produced locally in Ohio,
2 correct?

3 A. That's correct. AEP is a very large
4 company and other employees of the company have
5 different meetings with different customers.

6 Q. And a determination of need for at least
7 900 megawatts was not made until the analysis was
8 presented in this proceeding; is that correct?

9 A. The analysis in this proceeding
10 demonstrated a need for up to 900 megawatts for -- I
11 am sorry -- for at least 900 megawatts of renewable
12 energy in Ohio.

13 Q. I don't think you answered my question,
14 Mr. Allen.

15 My specific question was this: A
16 determination of need -- that there was a need for at
17 least 900 megawatts was not made by the Company until
18 the analysis was undertaken that is presented in this
19 proceeding; is that correct?

20 MR. NOURSE: Your Honor, I object to the
21 extent that she's asking about whether the Company
22 developed another filing that we didn't make until
23 September 18 or that we had some other theory that we
24 didn't -- may have considered presenting but didn't
25 present earlier. I mean, it's irrelevant and, you

1 know, whatever -- whatever the Company looked at
2 prior to making its filing in terms of need is just
3 not relevant to -- to this case.

4 We presented the -- we presented the need
5 as reflected in the filing and that's what we are
6 here to talk about.

7 MS. WILLIS: And, your Honor, I would
8 note for the record that we don't necessarily -- the
9 record will not necessarily benefit from coaching
10 witnesses with respect to future answers.

11 MR. NOURSE: I'm making objections based
12 on my legal concerns, thank you.

13 EXAMINER PARROT: I don't understand the
14 question, Ms. Grady -- Ms. Willis, first of all.

15 MS. WILLIS: My question was when did the
16 Company determine there was a need.

17 EXAMINER PARROT: What analysis are you
18 referring to?

19 MS. WILLIS: I'm sorry?

20 EXAMINER PARROT: What analysis were you
21 referring to in your question?

22 MS. WILLIS: The filing of this testimony
23 in this proceeding.

24 EXAMINER PARROT: The entire -- the
25 Company's entire case or what specifically?

1 MS. WILLIS: We can go to -- we can start
2 with the amended filing. The question was quite
3 simple: When did the Company determine there was a
4 need for the 900 megawatts. And the -- when I asked
5 that question in the deposition, the response was
6 when we did the analysis in this proceeding. So I
7 was just really going through the questions I asked
8 at the deposition.

9 EXAMINER PARROT: All right. I think we
10 skipped the one there that you just said, so let's
11 backtrack and start there.

12 MS. WILLIS: That would be fine. Let me
13 try to rephrase.

14 EXAMINER PARROT: You jumped one.

15 MS. WILLIS: I do apologize.

16 Q. (By Ms. Willis) Mr. Allen, a
17 determination of need for at least 900 megawatts was
18 not made until the analysis presented in this
19 proceeding; is that correct? And by "this
20 proceeding," I am referring to the forecast
21 proceeding filing.

22 A. The need was determined as part of the
23 development of this proceeding and all of the
24 analysis that went along with that.

25 Q. Thank you.

1 You would agree with me, Mr. Allen, that
2 the Company has not identified a specific level of
3 increased renewable power that its customers need; is
4 that correct?

5 A. The survey data indicated there was a
6 desire for the Company to increase the level of
7 renewable power, and this analysis presents a level
8 that provides significant customer benefits, but we
9 didn't quantify a specific level that customers
10 desire. It was just customers desired an increase,
11 and we did an analysis to identify a level that
12 provided significant customer benefits.

13 Q. Would you agree with me, Mr. Allen, that
14 the Company does not officially track the requests
15 that customers make to AEP Ohio for the supply of
16 renewable energy generation?

17 A. I am not aware of the Company tracking
18 that data.

19 MR. DARR: I apologize, your Honor, but
20 not this last question, but the prior question, could
21 I have that marked so I can take look at it? Thank
22 you.

23 Q. Now, let's go to page 10 of your
24 testimony. On page 10, you state that "Ohio still
25 falls short of advancing renewable energy resources

1 when compared to other states with comparable
2 renewable resources." Do you see that reference on
3 lines 20 through 22?

4 A. I do.

5 Q. And you testified earlier today that that
6 statement relates to the states of Pennsylvania and
7 Indiana which you believe -- let me strike that.

8 When you were referring to "other
9 states," you were referring to Pennsylvania and
10 Indiana?

11 A. Yes.

12 Q. Did you look at how Ohio compares to our
13 other neighboring states such as West Virginia and
14 Kentucky?

15 A. I did not because West Virginia and
16 Kentucky have very different renewable resources than
17 Ohio does due to largely topography. So a state like
18 West Virginia, very mountainous, the ability to build
19 solar is much more limited. Similarly, for wind, you
20 have the same types of issues. You have to build
21 wind on -- on ridges. You can't build large fields
22 in, you know, generally open flat land like Ohio,
23 Indiana, and Pennsylvania have more of. So there are
24 differences in the resources available in each one of
25 those states.

1 Q. And when you draw the conclusion that
2 Ohio lags Pennsylvania and Indiana, what statistics
3 specifically are you comparing between the states?

4 A. It's my understanding of the additions of
5 facilities in those states.

6 Q. Was there anything else that you looked
7 at, beyond the additions of facilities in the states,
8 for your comparison between Ohio and Pennsylvania and
9 Indiana?

10 A. That's my recollection.

11 Q. So you didn't look at the amount of
12 growth that's projected for solar megawatts produced
13 in each of those states, did you?

14 A. No, I wouldn't have looked at that
15 because that would be inappropriate. Just the
16 identification by developer that they may build
17 assets in a state in the future is no indication of
18 the actual level that will be developed.

19 Q. When I meant "growth," I meant actual
20 growth, not -- not a commitment.

21 A. So if you are talking about growth in
22 Ohio, what we've seen for let's start with solar over
23 the last 10 years, on average you've seen less
24 than -- or approximately 20 megawatts of growth in
25 solar each year -- it goes up and down, year to

1 year -- for a total of about 200 megawatts in the
2 last 10 years.

3 And what we are proposing here on a solar
4 scale is 400 megawatts which would actually triple
5 the amount of solar in the State of Ohio. So the
6 growth I'm looking at is a very slow growth in Ohio
7 of about 20 megawatts a year.

8 Q. Are you familiar with an organization
9 known as the Solar Energy Industries Association?

10 A. I have a heard of that entity. I'm not
11 familiar with specifics of that entity.

12 Q. And do you know whether that entity does
13 state-specific -- provides state-specific data on
14 solar development?

15 A. I am not.

16 Q. Are you familiar with -- let me strike
17 that.

18 When you were doing your comparison
19 between Indiana and Pennsylvania and Ohio, did you
20 look at the number of solar jobs in each of the
21 states?

22 A. Are you talking about manufacturing jobs?

23 Q. Yes.

24 A. No. That wasn't the point of my
25 testimony. The fact that industry is located in a

1 specific state that may provide jobs for solar
2 manufacturing, if those panels and inverters and the
3 like are exported out of state, that doesn't provide
4 renewable power in the State of Ohio; and so, what I
5 was looking towards were renewable power additions to
6 the state, not the manufacturing infrastructure.

7 Q. And do you know how Ohio compares to
8 Indiana and Pennsylvania in terms of the number of
9 solar jobs in the state?

10 A. I do not.

11 Q. Okay. And when you did your comparison
12 between the states, did you look at the type of solar
13 installations in each state?

14 A. I would have looked at aggregate solar
15 installations.

16 Q. So you wouldn't have been comparing how
17 much residential and nonresidential and utility-scale
18 solar generation exists in each of the states,
19 correct?

20 A. Correct. That's correct.

21 Q. Do you know how Ohio compares to
22 Pennsylvania in terms of the type of solar
23 installations in-state?

24 A. No.

25 Q. Mr. Allen, are you familiar with an

1 organization known as the American Coalition for
2 Clean Coal Electricity?

3 A. No.

4 Q. Are you aware of whether AEP is a member
5 of the American Coalition for Clean Coal Electricity?

6 A. I don't know.

7 Q. Now, let's go to page 11 of your
8 testimony. Line 16 through 19. And there you list
9 the corporations that have made announcements fully
10 supporting renewable energy. Do you see that?

11 A. I do.

12 Q. Of the entities listed on lines 16
13 through 19, which one of those are not AEP Ohio
14 customers?

15 A. It would be General Motors.

16 Q. So all the other are AEP Ohio customers;
17 is that correct?

18 A. Yes.

19 Q. Now, Mr. Allen, you do not know if any of
20 the companies that you list on lines 16 through 19
21 have had their expressed need for renewable energy
22 met; is that correct?

23 A. That's correct.

24 Q. Now, you reference the announcements that
25 these companies have made, fully supporting renewable

1 energy; is that right?

2 A. Yes.

3 Q. And do you recall that you -- being asked
4 in discovery to identify the commercial and
5 industrial customers who expressed a need for clean
6 energy?

7 A. There's lots of discovery. If you could
8 refresh my memory, that would be helpful.

9 Q. Sure.

10 MS. WILLIS: May I approach, your Honor?

11 EXAMINER PARROT: You may.

12 Q. Mr. Allen, if you could take a moment to
13 look at that discovery response to refresh your
14 recollection.

15 A. I see that.

16 Q. Okay. Now, that discovery response asks
17 or that discovery question asks you to identify the
18 commercial and industrial customers who expressed a
19 need for clean energy and to provide documents
20 related to that need; is that correct?

21 A. Yes.

22 Q. And you responded to that -- to that
23 request, did you not?

24 A. I did.

25 Q. In fact, it was prepared by you or under

1 your supervision, correct?

2 A. That's correct.

3 Q. And you are listed as the preparer of
4 that response, correct?

5 A. Yes.

6 Q. I want to talk now about a few of the
7 announcements that you reference and provided in
8 response to OCC's discovery. Let's first talk about
9 the Campbell announcement. If you could turn to the
10 Campbell announcement in the package that I gave you.
11 And if you want to take a couple moments to read --
12 or a minute or so to read through that to refresh
13 your recollection of what that announcement was on,
14 that would be appreciated.

15 MR. NOURSE: Your Honor, could we clarify
16 for the record, I think this testimony is referring
17 to his rider testimony.

18 MS. WILLIS: Yes. Which is exactly the
19 same. It's the -- if you compare the rider testimony
20 to the testimony in this case, it's the very same.

21 MR. NOURSE: I didn't hear that
22 background question but I wanted to make sure the
23 record was clear.

24 MS. WILLIS: Sure. The record can
25 reflect the testimony referred to the rider case and

1 the rider case testimony is exactly the same with re
2 -- with respect to identifying these companies and
3 identifying them as making announcements fully
4 supporting renewable energy. Thank you.

5 EXAMINER PARROT: And just to be clear,
6 we are not talking about testimony. We are talking
7 about a response to a discovery request, correct?

8 MS. WILLIS: That is correct with
9 references directly to the testimony.

10 EXAMINER PARROT: Thank you.

11 A. Okay.

12 Q. And with respect to the Campbell
13 announcement, that talks about several projects that
14 Campbell has engaged in, including a 9.8 megawatt
15 project in Napoleon, Ohio; is that correct?

16 A. Yes, it references a 9.8 megawatt system
17 in Napoleon.

18 Q. And it references, as well, a 20 -- a
19 20-year PPA, correct?

20 A. It does.

21 Q. Now, let's talk about the GM
22 announcement. Can you take a moment to re -- to
23 refresh your recollection as to what the GM
24 announcement was all about?

25 A. Okay.

1 Q. Now, is it your understanding that the GM
2 announcement was about a 100-megawatt wind project
3 being built in Ohio with a nonutility provider?

4 A. So the announcement describes several
5 things. The announcement first mentions that 20
6 percent of GM's global electricity will be powered by
7 renewable energy. That's a near-term statement. And
8 then it describes 200 megawatts of wind energy from
9 Ohio and Illinois wind farms. And then when you go
10 on to the next page -- and those are by -- those are
11 2018 dates there. Then it talks about General
12 Motors' plans to generate or source all electric
13 power for its 350 operations in 59 countries with
14 100-percent renewable energy by 2050. And there is
15 several other elements of renewable objectives that
16 are described later in that announcement.

17 Q. Sure. Let's go to the Ikea announcement.
18 Can you take a moment to refresh your recollection
19 about what the Ikea announcement was all about.

20 A. Okay.

21 Q. The Ikea announcement was about the solar
22 array that it was planning and completed for its
23 Columbus, Ohio, Polaris location, correct?

24 A. It talks about the installation of its
25 Polaris facility, but it also speaks towards Ikea's

1 overall goals for renewable power throughout its
2 entire operations.

3 Q. And the solar array was a nonutility
4 project; is that correct?

5 A. It was. And -- yeah, it was.

6 Q. Thank you.

7 Now let's go to the Nestle announcement.
8 Can you take a moment to refresh your recollection as
9 to the Nestle announcement.

10 A. Okay. I've reviewed that.

11 Q. Okay. And the Nestle announcement covers
12 a number of facilities, does it not, referring to
13 purchase power agreements entered into with
14 nonutilities, correct?

15 A. The announcement addresses several
16 elements. One, it talks about their goal of
17 100-percent renewable electricity. It also speaks
18 towards certain specific renewable resources that
19 they'll be signing purchase power agreements. And
20 then it talks to -- on the first page here it talks
21 to some of the issues that we've been describing
22 about in-state renewables and the importance, and
23 I'll read it to you directly.

24 Q. That's all right.

25 A. Because the wind farm and the recipient

1 facilities --

2 MS. WILLIS: Your Honor, I would object.

3 EXAMINER PARROT: Let him finish.

4 MR. NOURSE: Let him finish, please.

5 EXAMINER PARROT: Go ahead, Mr. Allen.

6 A. Because the wind farm and recipient
7 facilities are located on the same regional grid, the
8 power purchase agreement provides traceability from
9 Pennsylvania facilities back to the wind farm; and
10 so, those are some of the elements of the proposal
11 addressing renewables for those facilities that you
12 requested.

13 MS. WILLIS: I will withdraw my
14 objection. Thank you, Mr. Allen.

15 Q. Now, with regard to the Whirlpool
16 announcement, can you review the materials and
17 refresh your recollection about the Whirlpool
18 announcement?

19 A. Okay. I've reviewed that.

20 Q. And would you agree with me that that
21 announcement dealt with its decision for its
22 announced plans for three wind turbines to power its
23 manufacturing facilities in Ohio that were built --
24 to be built and financed by a nonutility party?

25 A. Yes.

1 Q. Thank you, Mr. Allen.

2 Now, would you agree with me, Mr. Allen,
3 that the competitive market has the ability to
4 develop renewable resources today?

5 A. The competitive market cannot meet the --
6 I'm sorry, can you reread the question, please?

7 MS. WILLIS: If I may have a moment, your
8 Honor?

9 Q. Would you agree with me, Mr. Allen, that
10 the competitive market has the ability to develop
11 renewable resources today?

12 A. The competitive market may have the
13 ability to -- to build renewable resources today, but
14 the competitive market may not be able to develop
15 those resources in a way that meets the needs of AEP
16 Ohio's customers.

17 Q. Would you agree with me that the
18 distinction you draw is that you believe -- you do
19 not believe utility-scale generation can be developed
20 in the market to meet what you perceive to be a
21 demand from nonresidential customers?

22 A. Can you reread that? Make sure I am
23 answering --

24 Q. Sure.

25 The distinction that you draw is that you

1 do not believe that utility-scale generation can be
2 developed in the market to meet what you perceive to
3 be a demand from nonresidential customers.

4 A. No. I think the distinction I'm making
5 is, to date, the competitive market has not developed
6 significant utility-scale solar in Ohio, but this
7 isn't an either/or kind of scenario. What we are
8 looking at here is optionality for customers. If the
9 competitive market is able to meet the needs of
10 certain customers like Ikea, General Motors,
11 Whirlpool, different Fortune 500 companies that you
12 described, that's great for those customers, but
13 there's a lot of our customers that don't have access
14 to the scale or the financial wherewithal to take
15 advantage of those same types of opportunities; so
16 what we are trying to do here is present alternatives
17 that the competitive market currently can't do.

18 Q. And when you talk about scale, again, you
19 are talking about utility-scale generation, in your
20 opinion, is not being provided on an adequate basis
21 for customers.

22 A. I think I am -- well, I am referring to
23 it more broadly than that, and we talked about it a
24 little earlier. The competition market for things
25 like rooftop solar, the competitive market can only

1 provide that to certain customers. We're not trying
2 to say that our alternative, that we present this
3 need for, is the only alternative. These can all
4 work together. Certain customers, big customers like
5 Ikea, they can build their own solar, they can
6 contract for solar. Certain of our residential
7 customers, maybe our more affluent customers or
8 customers with homes that are situated properly, they
9 can take advantage of rooftop solar.

10 We have lots of customers that don't have
11 those abilities and so the competitive market can't
12 meet those needs and what we are doing is fulfilling
13 that need. The CRES market can't meet that need.
14 What we are seeing today is that only about
15 35 percent of our customers are participating as
16 customers of CRES providers. The other 65 percent
17 continue to take service from the SSO and so those
18 customers can't take advantage of CRES offerings
19 either.

20 MR. OLIVER: Your Honor, could I have the
21 question read back, please?

22 (Record read.)

23 MR. OLIVER: Given that response, unless
24 Ms. Willis would like to move to strike his answer,
25 he didn't answer the question at all. He gave

1 something completely different.

2 MR. NOURSE: Your Honor, this is a whole
3 line of questions challenging Mr. Allen's conclusion
4 that the competitive market is not adequately meeting
5 or fulfilling customer needs for all customers of AEP
6 Ohio. And so I think the latest round is just
7 clarifying that it also applies to CRES offerings as
8 described by Mr. Allen.

9 MR. OLIKER: Your Honor, his answer
10 talked about shopping. The question was about
11 utility-scale solar. That's not even a CRES
12 contract. There is no relevance whatsoever in his
13 response.

14 MR. NOURSE: Again, if you read the
15 question before that, again, Ms. Willis is again
16 challenging Mr. Allen's basis for saying that the
17 competitive market is not adequately meeting customer
18 needs and, you know, while she's focused on
19 utility-scale distinction, certainly that -- that is
20 part of Mr. Allen's answer as he's explained, but
21 he's also explaining how that does not apply to other
22 scenarios with rooftop solar and CRES offerings,
23 so -- and that there hasn't been any of those to
24 date, in Ohio, that supports his conclusion.

25 EXAMINER PARROT: Mr. Olikier, I think I

1 was getting a motion to strike from you. You didn't
2 quite get there, but I think that's where you were
3 going and so it's denied.

4 Go ahead, Ms. Willis.

5 Q. (By Ms. Willis) Now, Mr. Allen, you're
6 familiar with the affiliates of AEP that provide
7 renewable power, correct?

8 A. I'm aware that AEP has affiliates that
9 operate in that space.

10 Q. And two of the affiliates that would
11 operate in that space are AEP Energy and AEP
12 Renewables, correct?

13 A. Yes.

14 Q. And AEP Renewables develops, owns, and
15 operates utility-scale wind and solar generation
16 assets with purchase power agreements; is that
17 correct?

18 A. Yes. Generally to build those
19 facilities, AEP Energy would enter into a PPA with
20 those customers so that the security of those future
21 payments would be assured.

22 Q. Now, you mentioned AEP Energy. My -- my
23 question was AEP Renewables.

24 A. Sorry.

25 Q. AEP Renewables develops and operates

1 utility-scale wind and solar generation assets,
2 correct?

3 A. So I'm going to -- I'm not specifically
4 aware of the distinction between AEP Energy and AEP
5 Renewables. Those are two of our competitive
6 enterprises, but I'm aware of the general business
7 construct that AEP's competitive businesses operate
8 in.

9 Q. And would you agree with me that the
10 renewable utility-scale projects that AEP Renewables
11 has developed, owned, or operated, are not supported
12 by customer-funded utility purchase power agreement?

13 MR. NOURSE: I would just -- I mean
14 object to, you know, an assumption; facts not in
15 evidence. If you're saying that there's a
16 utility-scale solar facility in Ohio that's owned by
17 an AEP affiliate, Mr. Allen, I think, indicated he is
18 not aware of that.

19 EXAMINER PARROT: Why don't you rephrase
20 the question.

21 MS. WILLIS: My question wasn't about
22 that. My question was about AEP renewables, the
23 affiliate who develops, owns, and operates
24 utility-scale wind and solar generation assets.

25 Q. Do you know, Mr. Allen, if in --

1 EXAMINER PARROT: Thank you. That's what
2 I was looking for.

3 Q. -- AEP's Renewables business whether or
4 not the renewable utility-scale projects that it has
5 owned and developed and operates are funded by
6 customer-funded purchase power agreements? And when
7 I say "customer-funded," I mean utility customer
8 funded PPAs.

9 A. I would have to look at those specific
10 PPAs. It wouldn't surprise me if we had a PPA with a
11 utility, but I just don't recall.

12 MS. WILLIS: May I approach the witness,
13 your Honor?

14 EXAMINER PARROT: You may.

15 MS. WILLIS: At this time, I would like
16 marked as OCC Exhibit No. 1 and 2, two single-page
17 documents. 1 being their discovery responses,
18 response to OCC Interrogatory 10-116, and
19 Interrogatory -- response to Interrogatory Direct
20 1-008.

21 EXAMINER PARROT: All right. So let's be
22 clear about which one is which.

23 MS. WILLIS: We'll start with the OCC
24 first, of course.

25 MS. BOJKO: I'm sorry, could you say --

1 EXAMINER PARROT: I thought they were
2 both OCC.

3 MS. WILLIS: No. OCC 10-116, that will
4 be OCC Exhibit No. 1.

5 EXAMINER PARROT: So marked.

6 (EXHIBIT MARKED FOR IDENTIFICATION.))

7 MS. WILLIS: OCC Exhibit No. 2 would be
8 the Company's response to Direct Interrogatory 1-8.

9 EXAMINER PARROT: So marked.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. (By Ms. Willis) I will give you a moment
12 to review those, Mr. Allen.

13 A. Okay.

14 Q. Now, are you familiar with those
15 discovery requests and responses?

16 A. I am.

17 Q. And did you prepare the responses or were
18 they prepared under your direct supervision?

19 A. They were prepared by me or under my
20 supervision.

21 Q. Thank you.

22 MS. WILLIS: Your Honor, I have no
23 further questions at this time. I would move for the
24 admission of OCC Exhibits 1 and 2.

25 EXAMINER PARROT: All right. Hold off on

1 that for now.

2 Who's next?

3 MS. BOJKO: Your Honor, may we go off the
4 record?

5 EXAMINER PARROT: Yes.

6 (Discussion off the record.)

7 (Recess taken.)

8 EXAMINER PARROT: Let's go back on the
9 record. The parties have had a 5-minute break. And
10 I think we are ready with our next party being
11 Mr. Whitt. Are you going?

12 MR. WHITT: Yes, ma'am.

13 EXAMINER PARROT: All right. Go ahead.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Whitt:

17 Q. Good afternoon, Mr. Allen. I wanted to
18 first follow-up on a few questions that were directed
19 to you earlier about the ability of CRES providers in
20 the competitive market to supply renewable energy.
21 And I believe you indicated that -- well, in talking
22 about the availability of renewable energy, you
23 indicated to Mr. Olikier that some corporations can
24 contract for renewable energy but other corporations
25 can't. Do you remember generally that line of

1 questioning?

2 A. I do.

3 Q. Okay. Can AEP Ohio power its own
4 facilities with renewable energy?

5 A. Yes.

6 Q. Does it?

7 A. I don't know.

8 Q. Do you know if the AEP headquarters
9 building, in downtown Columbus, is powered with
10 renewable energy?

11 A. I don't know.

12 Q. Do you know how much, if any, of the load
13 consumed by AEP in Ohio is sourced from renewable
14 sources?

15 A. I don't know. Well, I guess I do know
16 that at least 4-1/2 percent is.

17 Q. Okay. That's because -- well, at least
18 in part because AEP Ohio is subject to the renewable
19 portfolio standards to supply a certain amount of its
20 energy from renewable sources, correct?

21 A. All suppliers in Ohio are, yes, including
22 AEP Ohio.

23 Q. That was my next question. That
24 obligation applies to both utilities and competitive
25 suppliers such as IGS or Direct Energy, correct?

1 A. That's correct. And the one caveat I
2 would have is I'm not sure how the rules address
3 company use. That's generally included in the loss
4 calculations and so.

5 Q. You are not aware of any regulations, are
6 you, that would prohibit AEP from powering its own
7 facilities with renewable energy if they are so
8 inclined to?

9 MR. NOURSE: Your Honor, I just object.
10 He asked a few questions but this is going on. The
11 Company's -- this is irrelevant. The Company's
12 proposal in this case is to meet customer needs and
13 the load and all the reasons we put in our filing.
14 It has nothing -- it's not advancing AEP Ohio's goal
15 or asking whether AEP Ohio uses renewable energy for
16 its own purposes, I would say it's irrelevant.

17 MR. WHITT: The relevance, your Honor, is
18 if this is good for customers, then it ought to be
19 good for AEP. And if it's not good for AEP, one
20 might question whether it is good for customers.

21 EXAMINER PARROT: The objection is
22 overruled.

23 Q. (By Mr. Whitt) Sir, you're employed by
24 AEP Service Company, correct?

25 A. Correct.

1 Q. And all of the witnesses, except for the
2 individuals from Navigant, are employed by AEP
3 Service Company, correct?

4 A. The witnesses in this phase of the
5 proceeding, that would be accurate.

6 Q. Okay. There are no AEP Ohio utility
7 employees testifying in favor of the application in
8 this case, correct?

9 A. In the second phase of the proceeding,
10 Company witness Williams is testifying, and the other
11 witnesses are all testifying on behalf of AEP Ohio.

12 Q. Okay. But I'm just talking about the
13 first phase. And in the first phase, all of the AEP
14 witnesses are employed by the service company,
15 correct?

16 A. Yes. And they provide services on behalf
17 of the utilities of AEP.

18 Q. And that would include utilities located
19 outside of Ohio, correct?

20 A. Sure.

21 Q. Do you do any work for the marketing and
22 generation segment of the AEP organization?

23 A. Very infrequently.

24 Q. So you are at least aware that there is a
25 marketing and generation segment within AEP, correct?

1 A. Yes.

2 Q. And that segment, among other things,
3 handles competitive retail sales of energy, correct?

4 A. We have a competitive business, that's
5 correct.

6 Q. And it also operates generation
7 facilities, correct?

8 A. Yes. We have a competitive business that
9 operates generation facilities.

10 Q. And that competitive business also
11 develops renewable projects, correct?

12 A. Yes.

13 Q. And the -- any renewable projects
14 developed by the marketing and generation segment,
15 those projects are not assured of cost recovery,
16 correct? By the marketing generation segment?

17 A. No, I wouldn't agree with that. The
18 assets that they build, as we discussed previously,
19 generally have PPAs with the off-taker of the
20 facility, and those PPAs provide the guaranteed
21 revenue stream.

22 Q. But when the marketing and generation
23 segment develops a project, the -- the only assurance
24 of revenue that the marketing and generation segment
25 has is -- derives from the PPA, correct?

1 A. Just as it would in the renewable
2 projects that we're describing in this proceeding,
3 they would receive all of their revenues through the
4 PPA.

5 Q. But if their counterparty had financial
6 problems or went out of business, that loss would not
7 be borne by regulated ratepayers, correct, for
8 marketing and generation segment projects?

9 A. To the extent their counterparty wasn't a
10 utility, that would be true, and that's one of the
11 challenges with the competitive market developing
12 renewables for customers is that it requires
13 creditworthy counterparties, and not every customer
14 is creditworthy enough to support long-term PPAs or
15 large-scale renewable projects. They can run into
16 the tens or hundreds of millions of dollars.

17 Q. Since you work for an affiliate of AEP
18 Ohio, the utility, I assume that you're generally
19 familiar with AEP Ohio corporate separation plan?

20 A. I'm generally aware of it, yes.

21 Q. And are you generally -- do you generally
22 recall a 2012 filing, in the corporate separation
23 docket, to fully separate AEP Ohio's generation
24 assets from the distribution utility?

25 A. I don't recall the exact date, but I

1 recall the filings were made.

2 Q. Were you involved in that application?

3 A. I would have been involved, yes.

4 Q. Okay. Do you recall whether that
5 application addressed a transfer of REPAs that AEP
6 Ohio had for various facilities at the time?

7 A. I don't recall that level of granularity.

8 Q. Okay. Do you recall whether the
9 application advised the Commission that AEP Ohio had
10 entered those REPAs to comply with the renewable
11 portfolio standard?

12 A. You're going to have to provide me
13 specificity on those contracts.

14 Q. Okay. If you don't remember, that's
15 fine. Do you recall AEP Ohio representing to the
16 Commission that the REPAs did not necessarily
17 constitute generation assets?

18 A. I don't recall those specifics.

19 Q. And do you recall that the REPAs were
20 retained by AEP Ohio and not transferred to its
21 unregulated generation affiliate?

22 A. Once again, you are going to have to tell
23 me which REPAs you're referring to.

24 Q. The REPAs for Timber Road, Power Ridge,
25 and Wyandot.

1 A. My understanding is that those facilities
2 are meeting the RPS standard of AEP Ohio today.

3 Q. And they are, as you indicated, they are
4 meeting that standard satisfactorily, correct?

5 A. Yes.

6 Q. Existing facilities are sufficient for
7 AEP Ohio to meet its RPS requirements, correct?

8 A. Yes, and we've stated that in testimony.

9 Q. Okay. So at the bottom of page 5 of your
10 testimony, you discuss the PPA rider case and the ESP
11 IV case. This is generally between lines 16 and 22.

12 A. I see that.

13 Q. Okay. And I am going to first talk about
14 the PPA rider case which was 14-1693. Was that a
15 case you were involved in?

16 A. Yes.

17 Q. And the Stipulation in that case was
18 signed in December of 2015. Would you agree with
19 that, subject to check?

20 A. I don't recall the date that that
21 Stipulation was signed.

22 Q. Okay. And in that stipulation, the PPA
23 Stipulation, AEP made commitments to develop certain
24 renewable projects, did it not?

25 A. That was an element of the Stipulation

1 that was approved by the Commission, yes.

2 Q. And the Stipulation provided for the
3 development of 500 megawatts of wind energy and
4 400 megawatts of solar, correct?

5 A. The Stipulation and the Commission's
6 Order required AEP to propose those renewable energy
7 projects.

8 Q. But at the levels that I just listed,
9 correct, 500 megawatts of wind, 400 megawatts of
10 solar?

11 A. I would have to refer to the document. I
12 think it says "at least."

13 Q. Okay. And the commitment that AEP made
14 at the time was not based on resource planning
15 projections, correct?

16 A. That's correct.

17 Q. And you would agree that when the
18 Commission approved the Stipulation, it did not find,
19 one way or the other, whether that level of
20 renewables was needed, correct?

21 A. Can I have that question reread, please?

22 Q. When the Commission approved the
23 Stipulation in the PPA rider case, its Order -- it
24 didn't find, one way or the other, whether
25 900 megawatts of renewable energy was needed.

1 A. That's correct.

2 Q. Okay. And that's why we are here today,
3 right?

4 A. Yes. In the 16-1852 Order, the
5 Commission required the Company to demonstrate need
6 for the proposed facilities and that's what we are
7 doing here today.

8 Q. Okay. And in April of 2018, AEP Ohio
9 submitted an LTFR, Long-Term Forecast Report,
10 correct?

11 A. Yes.

12 Q. And the April 2018 LTFR did not include
13 any discussion of the 900 megawatts of renewable
14 energy that AEP had committed to building back in the
15 PPA rider case, correct?

16 A. That's correct. That was included in the
17 amended filing.

18 Q. Okay. And a short time after the April
19 2018 LTFR, the Commission issued its Order in the ESP
20 IV case, correct? 16-1582?

21 A. I'm trying to recall the date of that.
22 It was April 25, 2018, yes.

23 Q. After the LTFR had been filed, correct?

24 A. Yes.

25 Q. And the ESP IV Order, among other things,

1 approved a cost-recovery mechanism for renewable
2 projects with various caveats including demonstration
3 of need for specific projects, correct?

4 A. Yeah, that's all described in my
5 testimony.

6 Q. Okay. And in early June of 2018, AEP
7 filed a motion for certain waivers in the LTFR
8 docket, correct?

9 A. Yeah. I don't recall the date of the
10 waiver filing but we did make a waiver filing.

11 Q. Okay. And the waiver filing announced
12 the Company's plan to file an Amended LTFR later in
13 the year, correct?

14 A. That's my recollection, yes.

15 Q. And, in fact, the waiver application
16 stated that the Amended LTFR would demonstrate need
17 for up to or at least 900 megawatts of renewable
18 energy, correct?

19 A. You are going to have to show me a copy
20 of that document. I don't recall every word in the
21 document so, you are going to have to show it to me.

22 Q. We can read that out of the Commission's
23 docket, right? I mean, if we wanted to know what the
24 waiver application said, we could just look at it,
25 right?

1 A. That's up to you lawyers on what we need
2 to do.

3 Q. Okay. Well, I'll represent to you that
4 the waiver application -- well, let's strike that.

5 Assume that the waiver application did,
6 in fact, say that the Amended LTFR would demonstrate
7 need for 900 megawatts of renewable energy. Based on
8 that assumption, would it be fair to say that as of
9 the time AEP filed that waiver application, at least
10 AEP Ohio had concluded there was a need for 900
11 megawatts of renewable generation?

12 A. I don't know if you can make that
13 conclusion, but by the time the Company made the
14 filing in September --

15 Q. I am talking about -- I am just talking
16 about June. In June, AEP said we will be filing an
17 LTFR demonstrating the need for up to 900 megawatts
18 of renewables. Is that a fair summary of what the
19 Application said?

20 MR. NOURSE: Your Honor, I think the
21 witness has already indicated he doesn't recall. If
22 Mr. Whitt wants to show him a document and ask that
23 question, we can do that. But he keeps pushing for
24 the same matter that's -- that he said he doesn't
25 recall.

1 MR. WHITT: That's fine.

2 Q. (By Mr. Whitt) After AEP filed its waiver
3 application in June as reflected in the Commission's
4 docket, AEP retained Navigant to conduct a survey,
5 correct?

6 A. I don't recall the date that we retained
7 Navigant.

8 Q. Okay. Trina Horner sponsors a report
9 about the results of the survey conducted by
10 Navigant, correct?

11 A. Yes.

12 Q. And you wouldn't have any reason to
13 believe, would you, Ms. Horner's description of
14 Navigant's work as reflected in their report is
15 inaccurate, would you?

16 A. No. I just don't recall the specific
17 dates that that was requested.

18 Q. Well, if the Navigant report says
19 Navigant conducted its surveys in August of 2018, you
20 would not have any reason to dispute that, would you?

21 A. No.

22 Q. And can we agree that -- well, AEP -- I
23 think we established that AEP had filed this waiver
24 application in June, indicating it would be filing an
25 Amended Application demonstrating need, correct?

1 A. Once again, I don't recall the exact
2 language when we filed a waiver request.

3 Q. Let me cut to the chase. Are you asking
4 the Commission to believe that AEP Ohio determined
5 there was a need for renewable -- 900 megawatts of
6 renewable because of the results of the Navigant
7 survey?

8 A. No. I think the Navigant study provides
9 further support for a finding of need on the part of
10 the Commission. Need has been demonstrated through
11 cost savings to our customers, fuel diversity, any
12 number of other items that we've talked about, but
13 we've also demonstrated through that analysis or that
14 survey that our customers want renewable power. They
15 want additional renewable power from AEP Ohio and
16 that enhances the evidence to support a finding of
17 need on the part of the Commission.

18 Q. And conveniently supports a finding that
19 the Company had already made and announced to the
20 world at least two months before Navigant even
21 conducted its surveys?

22 MR. NOURSE: Your Honor, I object.

23 Q. That's the timing, correct?

24 MR. NOURSE: I object to this pejorative
25 argumentative question. I think --

1 MR. WHITT: No. We were accused of
2 trampling on customer desires. That is an assertion
3 made by the Company. What I am establishing is that
4 the Company made this decision and then went to
5 muster evidence to support a decision it had already
6 made. And something that is consistent with a
7 Company decision does not mean that the survey
8 results drove the Company's decision because,
9 clearly, they did not.

10 MR. NOURSE: Again, this is obviously an
11 argument, your Honor. It is not a cross-examination
12 question.

13 EXAMINER PARROT: If you are going to
14 continue, Mr. Whitt, I am going to ask you to
15 rephrase it.

16 MR. WHITT: Well, I think the point is
17 made.

18 Q. (By Mr. Whitt) The level of renewables
19 discussed in the September 2018 LTFR is the same
20 amount AEP Ohio had committed to developing back in
21 December of 2015, correct?

22 A. The analysis was actually done at
23 650 megawatts.

24 Q. I didn't ask about the analysis. I am
25 asking --

1 A. Can I answer the question, please?

2 Q. No, you can answer my question. That
3 wasn't my question.

4 EXAMINER PARROT: Let him finish.

5 Q. My question was --

6 EXAMINER PARROT: Let him finish.

7 Go ahead, Mr. Allen.

8 THE WITNESS: Can you reread the
9 question?

10 (Record read.)

11 A. The analysis was performed at
12 650 megawatts. 400 megawatts of solar, 250 megawatts
13 of wind. And then we concluded that based upon that
14 analysis, that the results would be applicable up to
15 a minimum of 900 megawatts.

16 MR. WHITT: I would move to strike the
17 answer as nonresponsive.

18 MR. NOURSE: Your Honor, obviously he is
19 reciting factually what's in our testimony. Mr. --
20 Mr. Whitt is trying to suggest that we somehow, you
21 know, retroactively fashioned evidence to fit prior
22 agreement, and that's not the true explanation, so
23 Mr. Allen is explaining what the analysis says.

24 EXAMINER PARROT: And I am going to allow
25 the answer to stand.

1 Q. In the PPA rider case, the Company
2 committed, subject to getting cost recovery approval,
3 to developing up to 900 megawatts of renewable
4 energy, correct?

5 A. That's generally what the Stipulation
6 provided for.

7 Q. And the September 2018 LTFR purports to
8 demonstrate a need for up to or at least
9 900 megawatts of renewable energy, correct?

10 MR. NOURSE: I object to the form of the
11 question. Is he saying "up to" or "at least"? Those
12 are two quite different things.

13 MR. WHITT: They've said both. They've
14 said both, so I am using their language.

15 MR. NOURSE: Not in the same question.

16 EXAMINER PARROT: To the extent you are
17 able to, go ahead and answer, Mr. Allen.

18 A. The Company's analysis supports that
19 it's -- that there is a need for at least
20 900 megawatts of renewable energy projects in Ohio.

21 Q. That's what the Company represented in
22 its September 2018 LTFR, correct?

23 A. Yes.

24 Q. The commitment that was made in the PPA
25 rider case to develop these 900 megawatts of

1 renewables was a voluntary commitment on AEP's part,
2 was it not?

3 A. It was part of a Stipulation.

4 Q. And assumingly entered into voluntarily
5 by AEP Ohio, correct?

6 A. It was entered into by AEP Ohio as part
7 of an overall Stipulation that included many other
8 elements.

9 Q. And to which AEP Ohio agreed, correct?

10 A. Yes. And that the Commission approved.

11 Q. And fair to say that AEP wanted the
12 cost-recovery condition attached to the commitment to
13 develop the renewable projects to avoid a
14 stranded-cost situation where you're investing money
15 but not getting a return on or of that investment?

16 A. That would be part of the confidential
17 decision that the Company made as part of signing
18 that Stipulation. I can't divulge the thoughts of
19 the Company as we entered into that agreement.

20 Q. That's the practical effect of that
21 provision would tend to mitigate the possibility of
22 incurring stranded costs on these projects, wouldn't
23 it?

24 A. I think you misunderstand what a
25 "stranded cost" is, so I can't answer that question.

1 Q. That could very well be. The Company
2 didn't -- I assuming didn't want to be in a position
3 where it is developing and building projects but not
4 getting compensated or recovering the costs of doing
5 so.

6 A. The Company -- AEP Ohio is a utility. We
7 entered into contracts or build assets for the
8 benefit of our customers, and the other side of that
9 transaction is the Company is appropriately
10 compensated for doing that, and that's exactly what
11 that language in the Stipulation would provide for.

12 Q. Okay. So there's at least an implied
13 commitment in the PPA rider Stipulation to seek some
14 sort of cost-recovery mechanism, correct?

15 A. The language speaks for itself in the
16 Stipulation.

17 Q. Well, does that language imply a
18 commitment on AEP Ohio's part to go find a way to get
19 cost recovery so that it can develop these projects
20 it's agreed to develop if it can get cost recovery?

21 A. The concept behind what was included in
22 the Stipulation was that the Company would propose
23 those projects to the Commission and part of the
24 approval of those projects would require a mechanism
25 for cost recovery.

1 Q. Okay. And, in fact, AEP did not either
2 claim or attempt to show any claim of need for these
3 facilities until after it had secured a cost-recovery
4 mechanism in the ESP IV case, correct?

5 MR. NOURSE: Your Honor, I would object.
6 I mean, we are trying to get behind the Stipulation
7 that's over three years old and that has been
8 effectively updated through the ESP settlement and
9 the Commission's Orders in both cases. The fact
10 that, again, that the Company had certain conditions
11 on its commitment include -- it was always clear in
12 the Commission's Orders, in both settlements, that
13 need would be demonstrated and that was -- that was a
14 condition to be shown.

15 So I don't understand why we are spending
16 so much time on the sequence of the fact that this
17 need case was eventually going to come and we are now
18 here today litigating it. I don't understand what
19 that's probative of or relevant to.

20 EXAMINER PARROT: Response, Mr. Whitt?

21 MR. WHITT: What was the objection?

22 MR. NOURSE: I objected that it was not
23 relevant and it wasn't probative. We have gone way
24 beyond trying to understand the basic parameters of
25 the relevant Orders, and just questioning the

1 sequence of the need case, when everybody knew, from
2 day one, in the PPA Settlement and the Commission's
3 Order accepting that condition on need, the ESP,
4 where the RGR was broken out, again recited that need
5 would be shown, and that would be -- this case would
6 be coming. The Commission accepted that and
7 conditioned it on the need showing. So here we are.
8 So I don't understand why we keep talking about the
9 sequence here.

10 MR. WHITT: Your Honor, on page 5 of his
11 testimony, the question on line 14, which is "What
12 considerations have prompted the Company to make this
13 Amended LTFR filing?" And he launches into the PPA
14 rider case and the ESP IV cases, and I'm trying to
15 establish a chronology here.

16 MR. NOURSE: That was simple background,
17 your Honor. Again, we're dwelling on this notion
18 that we file the need case out of, you know, last in
19 the sequence and that what -- that is what was
20 anticipated from day one, explicitly in writing.

21 MR. OLKER: Your Honor, maybe I'm
22 forgetting history, but if I remember the PPA case,
23 the word "need" was not used. I don't believe that
24 was the theory of the day at the time. So I think
25 it's very relevant. And to say we all knew there

1 would be a need case one day, I don't think we did
2 back then.

3 MR. WHITT: And the question, maybe I can
4 ask this question or make this point that the need
5 filing was made after the Commission approved the
6 cost-recovery mechanism. That really is the only
7 pending question, I think.

8 EXAMINER PARROT: And I'll allow that
9 question. And I am agreeing, though, with
10 Mr. Nourse, I think we're kind of starting to beat a
11 dead horse here. So go ahead and answer that one,
12 Mr. Allen.

13 A. The need filing was made chronologically
14 after the Commission approved the cost-recovery
15 mechanism.

16 Q. And if the Commission ends up denying
17 cost recovery for any specific projects, AEP would
18 still have fulfilled its Stipulation obligation by at
19 least seeking approval, correct?

20 A. I think that's a legal question about
21 whether we fulfilled that.

22 Q. Okay. Fair enough. If the Commission
23 ultimately makes a decision or decisions that cause
24 AEP Ohio to not proceed with any renewable energy
25 projects, that would not preclude AEP's marketing and

1 generation segment from developing whatever renewable
2 source -- resources it believed were appropriate,
3 correct?

4 A. Can you reread the question, please?

5 (Record read.)

6 A. It wouldn't preclude AEP's affiliates
7 from developing renewable projects, nor would it
8 preclude other competitive suppliers from pursuing
9 renewable projects. Neither would the Commission's
10 approval of this preclude those. So they really
11 don't go together. One doesn't affect the outcome of
12 the other.

13 Q. Well, but if marketing -- if the
14 marketing and generation segment were to enter
15 into -- develop these renewable projects, the
16 business and financial risks would be borne by AEP
17 shareholders, would it not?

18 A. Just like the counterparties to these
19 REPAs that we are proposing, these generic REPAs, the
20 entity that is the owner of the project which in the
21 case you've described would be an affiliate of AEP,
22 they would bear the financial risk of the project.

23 Q. And that risk would not be borne by AEP
24 Ohio's, the utility's, ratepayers, correct?

25 A. The financial risk of the projects, the

1 generic projects presented here, is being borne by
2 the counterparties to the contracts. These are
3 fixed-price REPAs that we are describing. And the
4 business risk, the operational risk of those
5 facilities for, you know, cost overruns, for
6 construction, for the availability of those units,
7 that risk is all being borne by the counterparties,
8 not by AEP Ohio's customers.

9 Q. So AEP Ohio will not own or operate any
10 renewable facilities?

11 A. AEP Ohio will be the operator of the
12 renewable facilities but will not be the --

13 MR. COLLIER: Objection.

14 A. -- owner of the facilities.

15 MR. COLLIER: Objection, your Honor.
16 When we start sliding down that slope, not an
17 operator, we're talking about a specific facility and
18 a specific REPA. If you want to get into that, you
19 are opening up the ship.

20 MR. NOURSE: Well, to that extent, your
21 Honor, the question would be beyond the scope of
22 Phase I. If we can -- if we can, you know, strike
23 the question and answer, and move on, that's fine.

24 MR. WHITT: I was following up on the
25 witness's answer.

1 MR. NOURSE: I think he's also
2 addressing, again, the generic REPA context and
3 what's contemplated here, so that's -- that would be
4 part of Phase I.

5 MR. WHITT: Let me just --

6 EXAMINER PARROT: Let's strike the
7 question and the answer, the question that reads "So
8 AEP Ohio will be" -- essentially will not be owning
9 or operating any of the renewable facilities, and the
10 answer that follows.

11 Go ahead, Mr. Whitt.

12 Q. (By Mr. Whitt) Can we agree that the
13 business and financial risks of the AEP marketing and
14 generation segment are different than the business
15 and financial risks of the utility AEP Ohio?

16 A. Yes.

17 MR. WHITT: Thank you. No further
18 questions.

19 EXAMINER PARROT: Ms. Bojko.

20 MS. BOJKO: Yes, your Honor. Thank you.

21 - - -

22 CROSS-EXAMINATION

23 By Ms. Bojko:

24 Q. Good afternoon, Mr. Allen.

25 A. Good afternoon.

1 Q. Let's go back to page 10 of your
2 testimony and the conversation you had with
3 Ms. Willis earlier today. You stated that on page
4 10, lines 18 through 22, that you were comparing Ohio
5 to Pennsylvania and Indiana. Do you recall that?

6 A. I do.

7 Q. Isn't it true that Pennsylvania has an
8 18-percent renewable portfolio standard requirement
9 by 2020 and 2021?

10 A. I don't know.

11 Q. Do you know that Ohio's renewable
12 portfolio standard is 12-1/2 percent by 2026?

13 A. I don't recall the specific year, but the
14 percentage sounds correct.

15 Q. And are you aware that there was a
16 two-year freeze in Ohio surrounding the discussion
17 of -- or the implementation, the passage of Senate
18 Bill 310?

19 A. I think, as we discussed previously,
20 there was a delay or a pause. I don't recall the
21 number of years that it lasted for.

22 Q. And isn't it true that in Pennsylvania,
23 now Pennsylvania recently implemented an in-state
24 renewable portfolio standard in April of 2018?

25 MR. NOURSE: Your Honor, I just object.

1 There is no basis for the factual predicate of that
2 question. This witness has already indicated on
3 multiple occasions that he is not familiar with
4 Pennsylvania's renewable requirement.

5 MR. DARR: Your Honor, that question --

6 MR. NOURSE: No. She can ask whether he
7 knows. She can't state what she thinks it is into
8 the record.

9 MR. DARR: She can complete the impeach,
10 either directly or indirectly, your Honor. And if
11 there is additional testimony that would be
12 presented, impeachment would be completed in that
13 manner.

14 EXAMINER PARROT: Go ahead and rephrase,
15 Ms. Bojko.

16 MR. DARR: It isn't a requirement that
17 this impeachment be completed with this witness?

18 EXAMINER PARROT: Rephrase, please.

19 MS. BOJKO: Thank you, your Honor.

20 Q. (By Ms. Bojko) Mr. Allen, are you aware
21 Pennsylvania recently implemented an in-state
22 requirement in April 2018?

23 A. I am not.

24 Q. And, Mr. Allen, are you aware that Ohio
25 recently eliminated its in-state requirement?

1 A. I don't recall the time frame, but I am
2 aware that they eliminated that requirement.

3 Q. So your criticisms put forth in your
4 testimony are actually criticisms of Senate Bill 310;
5 is that correct?

6 A. No. It's a statement of fact about the
7 renewable energy resources that exist in Ohio,
8 compared to other states with comparable renewable
9 resources. I didn't try, in my testimony, to
10 identify the cause. What I tried to identify is the
11 situation than we exist in today; and the situation
12 is Ohio has less renewable resources than those
13 neighboring states that have similar resources
14 available to them.

15 Q. You did just agree with me that you are
16 not aware of whether the renewable portfolio standard
17 requirements are actually comparable in Pennsylvania
18 versus Ohio, correct?

19 A. That's correct. My testimony didn't
20 attempt to identify the why. It was just making a
21 statement of the fact of where we are today.

22 Q. And, sir, did AEP oppose Senate Bill
23 310's freeze in the debate at the legislature?

24 A. I don't recall.

25 Q. And, sir, did AEP oppose the elimination

1 of the in-state requirement at the debate at the
2 legislature?

3 A. I don't know.

4 Q. Turning to page 11 of your testimony,
5 line 12. Are you there?

6 A. Yes.

7 Q. Here you are asked about whether there is
8 an expressed need for renewable -- clean renewable
9 energy. Do you see that?

10 A. I do.

11 Q. And you refer to U.S. corporation
12 announcements that Ms. Willis questioned you about,
13 correct?

14 A. That's correct.

15 Q. Is it AEP's position that announcements
16 by corporations constitute a need for renewable
17 generation?

18 A. Announcements by customers indicate a
19 desire or a want or an expectation of our customers.
20 What starts out as an expectation of our customers
21 becomes a need on the part of the utility. When we
22 look at needs for our customers, we have to look at
23 what their -- what they want. And when we try to put
24 together a portfolio, and what we've done is done a
25 resource plan here, is we've identified what

1 portfolio that adds renewable resources that meets
2 that need for our customers at a lower cost than the
3 alternative.

4 Q. And isn't it true, sir, that AEP admits
5 that 900 megawatts are not needed to meet capacity
6 needs?

7 A. The Company is not proposing these
8 resources to meet a capacity need. It's intended to
9 meet an overall need of our customers. We are not --
10 we put in our testimony that it is not intended to
11 meet a capacity need.

12 Q. And you stated previously that you are
13 familiar with 4928.143(B)(c) -- (B)(2)(c), correct?

14 A. Correct.

15 Q. And it's your understanding that the
16 statute does not go beyond the requirements in the
17 statute which is need for resource planning purposes,
18 correct?

19 MR. NOURSE: Object to the form of the
20 question. Could you read it back?

21 MS. BOJKO: I will rephrase. That was
22 poorly stated.

23 Q. (By Ms. Bojko) Mr. Allen, you would agree
24 with me the statute uses the phrase "need
25 for...resource planning purposes," correct?

1 MR. NOURSE: Your Honor, if we're going
2 to quiz him about the statutory language, could we
3 put a -- could we provide him with the language or
4 Ms. Bojko could provide him with the actual language?
5 She's, you know, making a minor change to the actual
6 language and expecting him to pick it up.

7 MS. BOJKO: Your Honor, I am not reading
8 the statute at all. I'm happy to give it to him, but
9 I was not reading from the statute. I was reading
10 from the deposition transcript if you must know.

11 MR. NOURSE: Well, the question was "You
12 would agree with me the statute uses the phrase,
13 quote....." That's what it says in the question here.
14 Thank you.

15 THE WITNESS: Can I have the question
16 reread?

17 (Record read.)

18 A. No. The statute says, and I will read
19 the whole sentence, "However, no surcharge shall be
20 authorized unless the commission first determines in
21 the proceeding that there is a need for the facility
22 based on resource planning projections submitted by
23 the electric distribution utility."

24 Q. Other than the statement, the phrase that
25 I read, "need for...resource planning purposes,"

1 there -- there are no other items enumerated in the
2 statute with regard to the phrase "need
3 for...resource planning purposes," correct?

4 A. I think you've misstated the statute
5 again.

6 Q. I didn't misstate the statute. I am
7 asking you a question. It says "...no surcharge will
8 be authorized unless the commission first determines
9 in the proceeding that there is a need for the
10 facility based on resource planning projections."

11 Other than the need for the facility based on
12 resource planning projections, are there any other
13 need determinations or factors enumerated in the law?

14 A. No. My understanding is that that's the
15 location that the need is included in that section of
16 the law. And that application of that need
17 determination encompasses a variety of elements. And
18 when we look at things like resource planning
19 projections, resource planning projections fully
20 encompass the rate impacts to customers of those
21 resource decisions. And that's one of the key
22 elements that the Company has included in this
23 proceeding.

24 MS. BOJKO: Your Honor, may I have the
25 question and the first part of his answer read back,

1 please?

2 (Record read.)

3 Q. And, Mr. Allen, it would be fair to say
4 from your testimony that AEP Ohio believes that
5 customers expressing desire for generation, renewable
6 generation, justifies need?

7 A. That's one element of a need
8 determination is desire of our customers and, as I've
9 described previously, it also includes things like
10 fuel diversity, rate impacts, price stability,
11 flexibility, there's any number of elements that are
12 included in the -- in the Ohio Administrative Code
13 when they are doing the evaluation of an integrated
14 resource plan.

15 MR. COLLIER: Your Honor, if we are going
16 to get into rate considerations and particularly --

17 MR. NOURSE: I can't hear you.

18 MR. COLLIER: If we are going to get into
19 rate considerations, particularly the tariff
20 considerations which are part of the proposal but not
21 part of this hearing, as we've been instructed, I
22 object and I move to strike.

23 MR. NOURSE: Your Honor.

24 MR. COLLIER: Open it up then, we are
25 going to open it up.

1 MR. NOURSE: No, your Honor. The
2 question was about factors. She basically asked
3 whether the customer survey alone justifies need.

4 Mr. Allen reminded counsel that there are
5 all these other factors. That's not the same as
6 getting into application of those factors and getting
7 into Phase II questions, but the question needs to be
8 answered.

9 MS. BOJKO: Your Honor, that was not my
10 question, and I don't appreciate counsel testifying
11 or coaching his witness to say things a certain way.
12 I didn't ask about a survey at all. I asked if AEP
13 Ohio believes that customers expressing a desire for
14 renewable generation justifies need.

15 EXAMINER PARROT: I am going to allow the
16 answer to stand as a full and complete answer.

17 Go ahead, Ms. Bojko.

18 MS. BOJKO: Thank you, your Honor.

19 Q. (By Ms. Bojko) Mr. Allen, you relied on
20 witnesses Fry and Horner and the survey that they
21 conducted through Navigant; is that correct?

22 A. That's one piece of information I relied
23 upon, yes.

24 Q. And when you report the results of that
25 survey on page 12 of your testimony, you are actually

1 reporting the purported preferences of those
2 customers who responded to the survey that was
3 conducted as that survey was drafted, correct?

4 A. My testimony is describing the results of
5 that survey and what those results show.

6 Q. And I think you stated you didn't review
7 the questionnaire or survey before it was given to
8 customers. You didn't draft the questions either,
9 correct?

10 A. I did not draft the questions.

11 Q. And looking at the Table 1 on your page
12 12, are you there?

13 A. Yes.

14 Q. In your label you talk about -- you're
15 paraphrasing the question; is that correct? Or you
16 are paraphrasing the results; is that correct?

17 A. Yes.

18 Q. This wasn't actually the question that
19 was written in the survey, correct?

20 A. We went over the question a little
21 earlier in the cross-examination today.

22 Q. And the reference to "greater use of
23 renewable energy" is actually defined in the survey
24 question as 4-1/2 percent of AEP Ohio's load,
25 correct?

1 A. That's right. More than what the Company
2 is procuring today.

3 Q. Procuring today through the Standard
4 Service Offer?

5 A. For AEP Ohio, through the Standard
6 Service Offer. CRES providers would be providing a
7 comparable amount.

8 Q. Okay. I just want to be clear. AEP Ohio
9 is not procuring generation supply to serve customers
10 directly, correct?

11 A. Through the SSO auction, the Company is
12 procuring that generation supply, yes.

13 Q. Actually, through the SSO auction, CRES
14 suppliers competitively bid, and AEP then provides
15 what they -- what -- what wholesale providers bid on,
16 correct? AEP Ohio is not going out into the PJM
17 market and procuring renewable energy to serve the
18 Standard Service Offer, correct?

19 A. I think you've mixed up the two.

20 The renewable energy attributes are
21 supplied through the AER. They are not procured from
22 competitive suppliers through the SSO auction.

23 Q. So your answer to me, earlier, was about
24 renewable energy attributes, not renewable energy
25 generation, correct?

1 A. Maybe I missed your question, but I
2 didn't recall your question including the word
3 "renewable" in the question.

4 Q. The question that this is referring to is
5 actually on Exhibit TH-1, page 17; is that correct?

6 A. I don't have it in front of me right now.

7 Q. I thought you had it earlier.

8 MR. NOURSE: He gave it back. I'll give
9 it back to him with the same caveat I had before.

10 A. I am on page 17.

11 Q. If we look at the survey question, the
12 actual question is written in some of the Navigant
13 report. Some of the questions are contained within
14 the Navigant report; is that correct?

15 A. The Navigant report includes a number of
16 the specific questions asked of customers. I don't
17 know if it includes all of them, but it does include
18 at least the one you are talking about on page 17.

19 Q. And here the survey question was "AEP
20 Ohio currently obtains 4-1/2 percent of its
21 electricity from renewable sources such as wind and
22 solar," correct?

23 A. That's correct.

24 Q. Okay. So the survey question is asking
25 about generation, electricity, correct?

1 A. Yes.

2 Q. And the 4-1/2 percent of generation that
3 it's talking about is associated with renewable
4 attributes?

5 A. That's how renewable power is procured is
6 that you obtain the attributes. You can either get
7 it just the attributes or you can get it a combined
8 product with the attributes.

9 Q. So in AEP's question to customers, they
10 were to interpret that 4-1/2 percent of its
11 electricity meant that AEP Ohio procured 4-1/2
12 percent of its RPS requirement --

13 A. No.

14 Q. -- from renewable sources?

15 A. All of its RPS requirement is from
16 renewables. That's the 4-1/2 percent. So 4-1/2
17 percent of the electricity to serve our SSO customers
18 is renewable because we have renewable attributes,
19 RECs, to meet that, and that's why we provide a
20 compliance filing with the Commission, showing that
21 we've done that.

22 Q. AEP Ohio -- under what you just said, AEP
23 Ohio is not serving the SSO customers its
24 electricity, are they?

25 A. Yes; we are procuring energy to serve our

1 SSO customers.

2 Q. You are procuring from a competitive-bid
3 auction that wholesale providers are providing,
4 correct?

5 A. AEP Ohio is the counterparty for those
6 competitive suppliers, and then we are the supplier
7 to our retail customers, and we meet the renewable
8 portfolio standard for those customers that we serve
9 through the SSO. We are the provider for SSO
10 customers.

11 Q. Does anywhere in this sentence say that
12 the 4-1/2 percent is related to only the Standard
13 Service Offer load?

14 A. The -- it doesn't use the term "SSO" but
15 it's factually accurate that AEP Ohio obtains 4-1/2
16 percent of the electricity that it's procuring for
17 its customers from renewable resources.

18 Q. And you would agree with me that AEP Ohio
19 is for -- is satisfying its RPS needs in the State of
20 Ohio through the purchase of environmental attributes
21 or renewable energy credits?

22 A. We actually have REPAs that come with
23 renewable attributes.

24 Q. Mr. Allen, do you know what percentage of
25 each group of customers responded to the survey?

1 A. So you are going to have to tell me which
2 groups you are referring to.

3 Q. Well, we could start with each one if you
4 would like. Isn't it true that you do not know what
5 percentage of residential customers responded to the
6 survey?

7 MR. NOURSE: Your Honor, I just object to
8 getting into the granularity of the survey. We have,
9 you know, two witnesses that were closely involved in
10 the survey that can answer these questions.
11 Mr. Allen has provided an overview and just
12 high-level summary points in his testimony as a way
13 of introducing those witnesses; so it's beyond the
14 scope of his testimony.

15 MS. BOJKO: Well, your Honor, I move to
16 strike for that very reason because I thought it was
17 inappropriate that Mr. Allen created tables that were
18 misleading and than he reproduced the data that he
19 didn't study and wasn't involved in. And I believe
20 Mr. Nourse, at that time, said ask away, ask him all
21 the questions you want, he'll be able to answer them
22 on cross-examination. Now, we are in
23 cross-examination, and I'm doing just what he told me
24 to do, and now he's objecting because I'm getting too
25 granular.

1 MR. NOURSE: I don't think the current
2 question is within the scope of what he covered.
3 It's getting into specifics about implementation of
4 the survey which is better addressed with the
5 Navigant witnesses. That's all I am saying.

6 EXAMINER PARROT: With respect to the
7 question that's pending, I am going to instruct you,
8 Mr. Allen, if you know, to answer the question. Or
9 to state you don't know.

10 A. The information you are requesting is
11 included on page 16 of the Navigant study showing the
12 surveys completed by AEP Ohio customers.

13 Q. I'm sorry. I don't see a percentage of
14 the number of residential customers that responded
15 who were surveyed.

16 A. I think it asked pretty simply. You will
17 take, in the case of non-res -- sorry -- of
18 residential non-PIPP customers, you would take 7,498
19 surveys completed, divided by 120,000, that will show
20 you the percentage of customers that completed the
21 survey.

22 Q. Okay. Thank you. I was looking for
23 percentages. You are saying you would have to do a
24 mathematical calculation based on the data provided
25 by Navigant; is that correct?

1 A. Yes. That's how you get a percentage.

2 Q. And you didn't know that information --
3 you don't have that information off the top of your
4 head, do you?

5 A. I didn't have the specific numbers, but,
6 as we prepared for the case, I knew it was
7 approximately 7,000 customers that responded to the
8 survey and that 120,000 surveys had been sent out.

9 Q. And, sir, for Table 2, you summarized the
10 percentages of customers that you believe were
11 willing to pay more for an increase of renewable
12 energy, but in your table you did not identify the
13 cost at which those customers are willing to pay
14 more, correct?

15 A. That's correct. There is additional
16 detail in the survey that Navigant witnesses can
17 provide to you.

18 Q. And I think that your counsel has said
19 this today, and I think Ms. Willis said it in asking
20 a question, but I don't think anybody has ever asked
21 you so that it's in the record in this case: You are
22 not an attorney, correct?

23 A. Correct.

24 Q. I am going to try not to repeat questions
25 that have been asked today, Mr. Allen, but some of

1 them need to be asked again for foundational
2 questions or are being asked a little differently for
3 foundational purposes.

4 You would agree that commercial customers
5 are able to address their desires for renewable
6 energy by constructing on-site renewable generation,
7 correct?

8 A. Some commercial customers can, but many
9 cannot.

10 Q. And you would also agree with me that
11 commercial customers can address their desires for
12 constructing or desires for obtaining renewable
13 generation through a CRES product offering, correct?

14 A. Some can. Some cannot.

15 Q. Through a CRES product offering, you
16 believe that some cannot look on the Commission's
17 Apples to Apples site and choose a green product
18 offering?

19 A. That's correct. As I described earlier,
20 CRES providers don't have an obligation to serve
21 customers like the EDU does. CRES providers choose
22 whether they want to serve commercial customers.

23 Q. Sir, my question was: Could a commercial
24 customer go to a green product offering from a CRES
25 provider and get a green product offering --

1 A. And my answer is the same.

2 Q. -- if the CRES is offering it?

3 A. If the CRES is willing to provide that
4 offering to that specific customer, the customer can
5 avail themselves of it, but not all customers can
6 take advantage of those.

7 Q. And you would agree with me that the
8 Commission's Apples to Apples website actually lists
9 green product offerings for both small commercial
10 customers as well as residential?

11 A. It does.

12 Q. And isn't it true, sir, that customers
13 can enter into fixed-price contracts with CRES
14 providers for -- well, isn't it true they can enter
15 into fixed-price contracts with CRES providers?

16 A. Some customers can.

17 Q. And you're claiming here today, the
18 reason why you are qualifying the answer is because
19 some commercial customers may not be able to enter
20 into fixed-price contracts with CRES customers
21 because they're not creditworthy; is that your claim?

22 A. It's not a claim. It's a fact. CRES
23 providers have the right to choose which customers
24 they want to serve.

25 Q. And, sir, those contracts, if the CRES --

1 let's just go under the assumption that the CRES
2 provider actually wants to fulfill their business
3 model and supply generation to customers. So under
4 that construct, those contracts can be three years or
5 longer, correct?

6 A. CRES providers have the right to sign
7 whatever contracts they would like with a willing
8 counterparty.

9 Q. And it's true that those contracts could
10 be three years or longer, correct?

11 A. They could be.

12 Q. And isn't it true that those contracts
13 can include a renewable -- well, can include a
14 procurement of actual renewable energy?

15 A. It could.

16 Q. And isn't it true that those contracts
17 could include a purchase of renewable attributes?

18 A. It could include that, yes.

19 Q. Isn't it true that the Company has not
20 previously notified customers about the existence of
21 competitively-offered renewable projects?

22 A. That's not the Company's position to make
23 those offerings available to customers. The
24 Commission, in fact, has its Apples to Apples website
25 that does exactly that.

1 Q. Right. But my question was: Has the
2 Company notified customers previously about the
3 existence of competitively-offered renewable
4 projects?

5 A. My understanding is that the Company has
6 not.

7 Q. Let's turn to page 10 of your testimony,
8 please, sir, lines 15 through 17 of your testimony.
9 Here you state that having in-state renewables makes
10 Ohio a more attractive location for businesses. Do
11 you see that?

12 A. I do.

13 Q. Isn't it true that you have not conducted
14 any formal resource -- research or analysis regarding
15 that statement?

16 A. The statement is based upon discussions
17 I've had. It's not based upon any surveys like we
18 did for the residential customers and the small
19 commercial customers.

20 Q. And the -- I'm sorry, did you say
21 "surveys"? So other than the one survey that the Nav
22 -- are you referring to the Navigant survey?

23 A. That's what I am referring to here, yes.

24 Q. Okay. Other than the Navigant survey,
25 you have not conducted any formal research or

1 analysis regarding that statement, correct?

2 A. I have not done formal studies, but I've
3 talked to customers that have a desire for in-state
4 renewable resources to meet their needs.

5 Q. Sure. And that's the two or three
6 customers that you referenced earlier to Ms. Willis?

7 A. Yes.

8 Q. Thank you.

9 You would agree that the cost of
10 electricity in Ohio is also a factor with regard to
11 Ohio's attractiveness to bring a business to Ohio?

12 A. That would be one of the many factors
13 that a customer considers.

14 Q. And if a customer had to pay more for
15 electric supply, you would agree that such increased
16 payment might be a deterrent to a business
17 considering to do business in Ohio?

18 A. It would be one consideration.

19 Q. So you would agree that an above-market
20 charge on an electric bill, that increased a
21 business's costs, would make Ohio less attractive.

22 A. Not necessarily. It depends on whether
23 or not that charge provided other benefits such as
24 increased renewable resources in the state that made
25 Ohio more attractive to that customer. So it's a

1 decision that each customer would have to weigh on
2 their own.

3 Q. But you agree that the overall cost of
4 electricity, the totality of the bill, with
5 distribution, generation, transmission, and any other
6 riders, would be a consideration for a customer when
7 deciding whether to locate in the State of Ohio?

8 A. Yeah, I just indicated that is one of the
9 considerations.

10 Q. And you referenced renewable resources in
11 your response to that question that that is a factor;
12 is that correct?

13 A. Yes.

14 Q. And that would be true regardless of who
15 builds and owns the renewable facility, correct?

16 A. They may care who owns and builds it, but
17 one of the major considerations would be just the
18 availability of it.

19 Q. And you would agree that a
20 privately-constructed renewable generating source
21 could also make Ohio more attractive to businesses.

22 A. Yes. And the renewable resources that we
23 are talking about from this generic case would be
24 REPAs, so they would be privately constructed, yes.

25 Q. Ohio is in the PJM market; is that

1 correct?

2 A. Yes.

3 Q. And today, except for power generated by
4 a municipal electric company or a co-op, power
5 generated in Ohio must flow through PJM.

6 A. Not necessarily. Most of it flows
7 through PJM. Some of the OVEC units, I think they
8 supply power outside of PJM.

9 Q. But they would be supplying power through
10 another interconnection system, correct? Another
11 regional transmission organization?

12 A. Some of the Kentucky utilities, I am not
13 sure if they participate in -- in any of the RTOs,
14 but the vast majority of generating units in Ohio
15 supply power into the PJM market.

16 Q. And you would agree that AEP believes
17 that the PJM markets are adequately supplying
18 capacity and energy to the AEP Ohio load zone,
19 correct?

20 A. As I indicated previously, for the next
21 three years, PJM has demonstrated that.

22 Q. And you agree that the AEP service
23 territory is not constrained currently in the -- in
24 the PJM market?

25 A. Correct.

1 Q. And just to be clear, I believe we -- we
2 had this discussion before but, currently, AEP is not
3 providing generation to customers, correct?

4 A. We're procuring generation for our
5 customers through the SSO auction.

6 Q. Right. And that SSO auction is
7 generation supplied by wholesale suppliers, correct?

8 A. It's supplied to AEP Ohio from wholesale
9 suppliers, yes.

10 Q. And other than the SSO, you would agree
11 with me that AEP is not providing generation to
12 customers in Ohio.

13 A. AEP Ohio is not providing generation to
14 customers that are currently being served by CRESs.
15 I think that's what you are looking for.

16 Q. And under the proposal before us today,
17 AEP intends to procure the renewable power through a
18 REPA and liquidate the power into the PJM market with
19 one exception, correct?

20 A. And the exception would be the reasonable
21 arrangement construct?

22 Q. That's what I believe you've created is
23 that exception, yes, sir.

24 A. Yes.

25 Q. So just for the record, to make it clear,

1 your exception is you believe that -- or, under AEP's
2 proposal, AEP may choose to enter into a reasonable
3 arrangement with a commercial customer and directly
4 supply generation through the REPA to that customer.

5 A. The pricing could utilize the power
6 directly from the REPA. In the PJM market, all power
7 produced by a power plant is sold into the PJM
8 market, and then all of the needs of customers are
9 purchased from the PJM market, and then there is a
10 cost reconstruction that's done behind the scenes
11 that identifies what the ultimate cost to the
12 customer is. So under the reasonable arrangement,
13 there would be a cost reconstruction that would be
14 prepared.

15 Q. But you're stating today that even under
16 that reasonable arrangement construct, the power
17 would still first go through the PJM market?

18 A. All power, in PJM, first goes through the
19 PJM market. It's just how you calculate the costs,
20 at the end of the day, that are different.

21 Q. Thank you for that clarification.

22 And, sir, under the generic renewables
23 that you are proposing today, AEP is proposing to
24 retain the renewable energy credits or energy
25 attributes from the REPA?

1 A. That's correct.

2 Q. And AEP is intending to retire those
3 renewable energy credits?

4 A. Yes. On behalf of our customers.

5 Q. And when it comes to the renewable
6 portfolio standard requirements, AEP is currently
7 able to satisfy those requirements for the next 10
8 years, correct?

9 A. I'm not sure of the precise number of
10 years, but for many years to come, yes.

11 Q. So it's not AEP's plan to use the
12 environmental attributes from the at least
13 900 megawatts to meet its RPS requirements?

14 A. That's correct.

15 Q. And, sir, through AEP's application, you
16 are not claiming that the Company cannot maintain
17 electric service to its customers without the
18 900 megawatts of renewable energy projects, are you?

19 A. We're not saying that we can't provide
20 electricity to our customers without it. What we are
21 saying is we can't meet our customers' needs without
22 it. And that need includes the renewable attribute
23 of this power.

24 Q. And, Mr. Allen, you are not claiming that
25 the Company cannot maintain a firm supply of

1 electricity to its Standard Service Offer customers
2 without the 900 megawatts of renewable energy
3 projects proposed in this proceeding, are you?

4 A. That's correct.

5 Q. Let's turn to page 10 of your testimony.
6 Or, I'm sorry, page 9. Let's go back to your
7 statement on lines 13 to 14 where you talk about Ohio
8 being a net importer of energy. Do you see that?

9 A. I do.

10 Q. Isn't it true Ohio has been a net
11 importer of electricity for decades even prior to
12 2001?

13 A. I don't recall. I haven't looked at
14 data, at least any time recently, on when Ohio became
15 a net importer of energy. But the fact is still true
16 that, as a net importer, dollars are going out of the
17 State of Ohio. The fact that that was the case in
18 the past doesn't change the impact for the future.

19 Q. And you would agree with me, sir, again,
20 that the dollars you're talking about, all the energy
21 goes into the PJM market currently.

22 A. Energy from generators in the State of
23 Ohio is sold into the PJM market, and then when power
24 is purchased to meet the needs of AEP -- of Ohio
25 customers, that power is sourced from the PJM market,

1 and the net of those two has more dollars being
2 purchased from generation that's produced out of the
3 State of Ohio as compared to the generation produced
4 within the State of Ohio.

5 Q. And, sir, you haven't done any studies to
6 determine the differential in cost to customers
7 because of Ohio being a net importer, have you?

8 A. The statement isn't intended to address
9 cost to customers. It's just talking about what
10 happens with dollars.

11 Q. Okay. And you didn't do any studies to
12 review the impact on customers of Ohio from being --
13 from Ohio being a net importer of energy, did you?

14 A. I didn't do such an analysis since.

15 Q. You also state in the same section of
16 your testimony that local renewable energy provides
17 local economic development benefits. You, sir,
18 didn't do any studies to determine the economic
19 development benefits that local renewable energy
20 products would have, correct?

21 A. There's analysis in this case that
22 presents the benefits that would exist from renewable
23 projects, but I didn't do the analysis personally,
24 but it's presented in this proceeding.

25 Q. Thank you.

1 And, Mr. Allen, you personally did not
2 review how much the purported benefits would benefit
3 each customer, did you?

4 A. I did not.

5 Q. And, sir, when you state that
6 locally-developed renewable energy will have local
7 economic development benefit, you are relying on the
8 analysis and studies that were conducted by other
9 individuals in this case, such as Mr. LaFayette and
10 Mr. Buser, correct?

11 A. No. These statements are based upon my
12 understanding of economics and that when dollars are
13 spent in a local community for construction jobs,
14 other payroll for those local communities, those
15 dollars benefit those local communities.

16 Q. And you would with agree me that a
17 business locating in the State of Ohio, choosing to
18 locate in the State of Ohio because of affordable
19 electricity prices, would also bring those same
20 local -- local benefits to a local economy, correct?

21 A. Depending upon the type of businesses,
22 they could bring value to those communities, economic
23 benefits.

24 Q. And you would also agree that a renewable
25 facility, competitively constructed through the

1 market and not with AEP Ohio's involvement, would
2 similarly have local economic benefits if they built
3 a local facility?

4 A. Well, I think you've confused the issue
5 and maybe I can clarify it. These are competitive
6 generation assets that are bid in the market. AEP
7 Ohio did a competitive RFP. Independent producers
8 bid into those RFPs. These are competitive projects.
9 Who the counterparty is doesn't change the economic
10 development benefits to those communities. These are
11 competitive assets.

12 Q. Right. And if these competitive assets
13 were built without AEP coming to the Commission
14 asking for cost recovery and entering into a REPA
15 with those developers, those local economic benefits
16 would be the same.

17 THE WITNESS: Can you reread the
18 question, please?

19 (Record read.)

20 A. I think it's a false premise that these
21 same assets would be built without a counterparty
22 signing the REPAs that was creditworthy. So the fact
23 that AEP Ohio put out the RFP and is signing the
24 REPA, that's what's helping to facilitate these
25 assets being built. These are competitive assets,

1 but the REPA with AEP Ohio is what helps to
2 facilitate that going forward.

3 Q. Certainly, sir, you are not suggesting
4 that there are not other existing REPAs in the State
5 of Ohio with a solar or wind facility?

6 A. As I indicated previously, over the last
7 10 years, we've had development of 200 megawatts of
8 renewable -- of solar renewable power in the State of
9 Ohio. With these 400 megawatts of REPAs that are
10 described in this generic proposal, we would triple
11 the amount of solar in this state. That can only
12 happen with a large creditworthy counterparty like
13 AEP Ohio.

14 Q. And isn't it true, sir, there are other
15 large companies, that are creditworthy, that are
16 building or have a REPA in place with regard to wind
17 and solar facilities in the State of Ohio? I think
18 you described some earlier today through
19 announcements.

20 A. We talked about some of those and
21 that's -- what's important is that there is a limited
22 number of counterparties that can do those kind of
23 deals to take advantage of this scale and the
24 economies that come with that scale for projects like
25 this. What we've seen with the other solar projects

1 in Ohio, they are 20, 30, 40 megawatts. They don't
2 have the same economies of scale as a 400-megawatt
3 facility or multiple facilities to make up that
4 amount. So what we're doing is providing these
5 resources so that more of our customers can take
6 advantage of that. It's not just limited to those
7 large Fortune-500-type companies that can sign these
8 long-term REPAs. We are broadening the base of
9 customers that can take advantage of this. This is
10 kind of a win-win for the State of Ohio.

11 MS. BOJKO: Can I have my question
12 reread, please?

13 (Record read.)

14 MS. BOJKO: Can I have that question
15 answered, your Honor?

16 Q. Isn't it true that, today, there are
17 existing REPAs for solar and wind facilities in Ohio?

18 A. Yes.

19 Q. And also are you -- isn't it true that
20 AEP is a Fortune 500 company?

21 A. Yes.

22 Q. Mr. Allen, isn't it true that the
23 Campbell Soup company procures most, if not all, of
24 its electricity from a co-op or municipal electric
25 system?

1 A. I don't know.

2 Q. Mr. Allen, you do not have a degree in
3 economics, correct?

4 A. I do not have a degree in economics, but
5 I've taken a number of economic courses both through
6 my engineering undergraduate as well as my MBA.

7 Q. And you do not have a degree in
8 accounting, sir, correct?

9 A. I don't have a degree in accounting, but
10 I have taken a number of accounting courses as part
11 of my MBA. And I work closely with our Accounting
12 Department, dealing with accounting issues for a
13 regulated utility, as part of my day-to-day work.

14 Q. And through your education, both for your
15 undergraduate degree and your MBA, you did not take
16 classes focused on forecasting supply and demand of
17 electric utilities, correct?

18 A. I think we went over this in my
19 deposition, but I -- as part of my education, I would
20 have taken a class and the -- his name was Professor
21 Procario, that would have dealt with those types of
22 issues as part of my undergraduate degree. That's
23 the best recollection of his name that I can
24 remember, but.

25 Q. Sitting here today, sir, you can't recall

1 the specifics of that one class you are talking
2 about, correct?

3 A. The class would have dealt with the power
4 grid and how it's -- how it's planned with both
5 supply and demand. But throughout my career with
6 AEP, as we talked about in my deposition, I've dealt
7 with load-forecasting issues in any number of roles
8 that I've had over the years as well as testimony
9 I've presented.

10 MS. BOJKO: Your Honor, I move to strike
11 everything that was not responsive about his past
12 career. I was talking about the one class that he
13 raised with one professor that he named. I was not
14 talking about his career.

15 MR. NOURSE: Well, he simply pointed out
16 that his -- the issues dealt with in that class,
17 supply and demand, dovetails into his day-to-day
18 experience as he's built upon that expertise
19 throughout his career.

20 EXAMINER PARROT: I will allow the answer
21 to stand.

22 MS. BOJKO: Okay. Thank you, your Honor.

23 Q. Do you have your deposition still in
24 front of you, sir?

25 A. I do.

1 Q. Could you look at page 91. We will do it
2 this way. Starting on line 14. "And as part of that
3 one class would you consider that to be related to
4 the forecasting of supply and demand for electric
5 utilities?"

6 "Answer: I don't recall the specifics of
7 that class."

8 Did I read that correctly?

9 A. The answer prior to that said "I recall
10 taking, since this is 20 plus years ago at this
11 point, so my memory is a little hazy, I did take a
12 class on power system load flows and things of that
13 nature."

14 Q. Right.

15 MS. BOJKO: Your Honor, I move to strike.
16 I asked him that question. He responded as he
17 responded that he remembered one class. And then I
18 asked him the consequent question where I asked him
19 if he recalled any specifics, and he went on to tell
20 me about specifics he remembered now that he didn't
21 remember in the depo, and then went on to other parts
22 of his career. My question was did I read that
23 correctly which was proper impeachment because it was
24 directly contradictory to his answer on the stand.

25 MR. NOURSE: Your Honor, if -- I mean, if

1 you are talking about something 20 years ago in a
2 class, it certainly may be the case that if you ask
3 someone on one day, they may recount certain parts;
4 and if you ask them a week later, they might recall
5 more additional points about that, especially after
6 the memory being triggered during a deposition.

7 So I don't -- I don't think it's
8 inconsistent. I think he's, in his answer, just
9 pointing out the whole context of the deposition
10 which counsel should not be concerned about or try to
11 prevent. And so I think it already speaks for
12 itself. The answer should be -- not be stricken.

13 EXAMINER PARROT: Ms. Bojko, your motion
14 to strike is denied.

15 MS. BOJKO: Thank you, your Honor. I'll
16 move on.

17 Q. (By Ms. Bojko) Mr. Allen, the regional
18 Input/Output Modeling System, RIM, from the U.S.
19 Bureau of Economic Analysts was used in this case for
20 the economic impact study, correct?

21 A. That would be a question better for
22 Witnesses LaFayette and Buser.

23 Q. So you don't know what study was used in
24 this case?

25 A. It sounds familiar that that was the one

1 that was used. I recall one of the witnesses used a
2 regional input/output model.

3 Q. Well, so, then I think it's fair to say
4 you did not perform the analysis yourself, correct?

5 A. I did not.

6 Q. And if it was RIM that it used, is it
7 fair to say that you're not familiar with this system
8 of economic modeling, correct?

9 A. I did not review the economic model that
10 those witnesses prepared.

11 Q. Okay. And you have not ever performed a
12 RIM modeling or used that RIM model previously,
13 correct?

14 A. I have not performed an analysis using
15 that model, but I have presented results of economic
16 models that -- whether they used that specific model
17 or something similar, it was an input/output model
18 that was used in prior proceedings before this
19 Commission.

20 Q. Again, you did not perform the modeling
21 yourself, correct?

22 A. That's correct.

23 Q. And, in this case, the model was
24 performed by Witness Buser and Witness LaFayette,
25 correct?

1 A. That's correct.

2 Q. And you did not perform the market
3 forecasts that were provided in this proceeding,
4 correct?

5 A. That's correct.

6 Q. And that was Witness Bletzacker?

7 A. Company Witness Bletzacker developed the
8 fundamentals forecast for this proceeding.

9 Q. And you did not draft the IRP, the
10 integrated resource planning plan, that was submitted
11 with this proceeding -- in this proceeding, correct?

12 A. Company Witness Torpey was responsible
13 for the integrated research plan. He is the witness
14 for that.

15 Q. Again, you did not draft any portions of
16 the IRP, correct?

17 A. I was not responsible for the drafting of
18 that report.

19 Q. And you did not conduct the transmission
20 planning analysis that was submitted as part of the
21 IRP, correct?

22 A. I did not.

23 Q. And that was Company Witness Ali? Ali?

24 A. That's correct.

25 Q. And concerning the customer surveys that

1 are at issue in this case, you did not have any
2 specific training when it comes to customer surveys,
3 I think you answered Ms. Willis, correct?

4 A. I do not have specific education in that
5 regard, correct.

6 Q. And you did not create the Navigant
7 survey that is attached and provided with one of your
8 witnesses' testimony, correct?

9 A. That's correct.

10 Q. And you did not participate in conducting
11 the Navigant survey, correct?

12 A. I did not conduct the survey, that's
13 correct.

14 Q. That was Company Witness Fry conducted
15 the survey, correct?

16 A. Yes. It was performed by Navigant.

17 Q. And you did not draft the report about
18 the survey; is that correct?

19 A. That's correct.

20 Q. And that report was provided by Company
21 Witness Horner, correct?

22 A. Yes, that's correct.

23 Q. And with regard to the LTFR report that
24 was filed on September 19, 2018, would it be fair to
25 say that you did not personally conduct any research

1 studies or assessments related to that filing prior
2 to the time that it was filed with the Commission?

3 MR. NOURSE: Could I have the question
4 read back, please?

5 (Record read.)

6 A. No, that's not accurate.

7 Q. You, sir, conducted research and studies?

8 A. As part of preparing this, I would have
9 researched the issues and need in Ohio, and I would
10 have performed an assessment of whether or not the
11 information prepared and presented by the Company's
12 other witnesses demonstrated that there was a need
13 for up to 900 megawatts of renewable resources.

14 Q. Specifically --

15 A. I'm sorry.

16 Q. -- with regard to the Long-Term Forecast
17 Report that was filed, did you conduct research and
18 studies that were implemented and put into that
19 report?

20 A. I wasn't responsible for the calculations
21 that went into the IRP analysis would be one example,
22 but I did do an assessment of the results of that
23 analysis and how it supported the Company's need
24 to -- need showing in this filing.

25 Q. So let's talk about the analysis that was

1 included in the report. To the extent that you're
2 testifying to the analyses or you're summarizing the
3 results of the analyses that were performed in this
4 case, you're relying on analyses conducted by other
5 individuals, other Company witnesses, correct?

6 A. I'm relying upon analyses and survey
7 results and things of that nature from other
8 witnesses in this case to come to the conclusion that
9 the Company has evidence that there's need for these
10 renewable resources that we've presented in this
11 filing.

12 MS. BOJKO: Your Honor, may I have that
13 response read back?

14 (Record read.)

15 Q. Sir, we talked about this in opening
16 motions, but I don't believe it's ever been put in
17 the record through you, so I'm going to reask these
18 questions. You are not a tax expert, correct? Let's
19 strike that.

20 Let me be more specific. You, sir, are
21 not an expert in production tax credits through
22 renewable facilities -- through the development of
23 renewable facilities, correct?

24 A. I'm not a -- I utilize the results of
25 some of these tax laws and the implications in the

1 development of regulatory proceedings, but I'm not a
2 tax law expert.

3 Q. But it's not tax law. You do know that
4 there are accountants out there that specialize in
5 new market tax credits for solar and wind facilities,
6 right?

7 A. Yes. And we employ some of those same
8 type of experts within our company.

9 Q. Right. You are not one of them, correct?

10 A. I am not an accountant.

11 Q. And you, sir, created the tables listed
12 in your testimony on pages 14 and 15, correct?

13 A. Yes.

14 Q. You did not cut and paste those tables
15 from anywhere. You, yourself, created them?

16 A. They were created at my request, yes.

17 Q. And through your position at AEP Ohio,
18 have you ever had the opportunity to implement the
19 production tax credits?

20 A. I don't implement production tax credits.
21 What these tables are intended to show, very simply,
22 that these favorable tax rules are running out of
23 time. And to the extent that these -- that we wait,
24 the benefits from these tax rules are going to
25 diminish, and as those benefits diminish, the REPA

1 prices that the Company can attain go up because the
2 developers of those resources can't take advantage of
3 those same tax benefits.

4 Q. And it's true that AEP Ohio is not taking
5 advantage of these tax credits directly, correct?
6 AEP Ohio will not receive these tax credits.

7 A. AEP Ohio will not book these tax credits
8 on its income statement or balance sheet, but AEP
9 Ohio customers will benefit from these tax credits
10 through lower REPA contract rates.

11 Q. And the same would be true if customers,
12 themselves, entered into a REPA with a developer,
13 they too would benefit from these tax credits,
14 correct?

15 A. To the extent they could enter into such
16 a REPA, yes.

17 Q. And, sir, is your information coming
18 purely from Protecting Americans From Tax Hikes Act
19 of 2015?

20 A. Yes, that would be the source.

21 Q. And you reviewed that act?

22 A. No. I requested a summary of the impact
23 to that act.

24 Q. So you have not personally reviewed the
25 act.

1 A. I have not reviewed that act, that's
2 correct.

3 Q. And you couldn't tell me a citation for
4 that act, correct?

5 A. I couldn't give you a specific cite
6 within that, that's correct.

7 Q. And isn't it true, sir, that the in-state
8 projected construction date that was used -- or,
9 excuse me. Strike that.

10 Isn't it true that the in-service date
11 used in Mr. Torpey's projections with regard to the
12 IRP filing had a 2021 in-service date?

13 A. Yes.

14 Q. So under Mr. Torpey's analysis, the tax
15 credits that you reference on page 14, the production
16 tax credit -- tax credits could not be utilized,
17 correct?

18 A. No, that's not correct. Would you like
19 me to elaborate?

20 Q. No, I would not.

21 MS. BOJKO: Your Honor, may I have one
22 moment, please?

23 EXAMINER PARROT: You may.

24 MR. KURTZ: Your Honor, can we go off the
25 record for one minute?

1 EXAMINER PARROT: Yes.

2 (Discussion off the record.)

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

5 Q. (By Ms. Bojko) Mr. Allen, it's true that
6 the production tax credit is only available for wind
7 projects, correct?

8 A. That's correct.

9 MS. BOJKO: Your Honor, I have no further
10 questions. Thank you, Mr. Allen.

11 THE WITNESS: Thank you.

12 - - -

13 CROSS-EXAMINATION

14 By Ms. Whitfield:

15 Q. Good evening, Mr. Allen.

16 A. Good evening.

17 Q. I have just a few questions, and I'm
18 going to endeavor, given the late hour, not to repeat
19 as much as I possibly can, so I apologize. I am
20 going to jump around a little bit.

21 With respect to the Navigant survey and
22 the report that was generated by Ms. Horner, you
23 agree, do you not, that it demonstrates that the
24 Company's customers support competitively-priced
25 renewable energy, correct?

1 A. Yes.

2 Q. And you would also agree that competition
3 among renewable developers in the market can yield
4 lower prices for customers, correct?

5 A. Competition such as an RFP, yes.

6 Q. And that competition would be a benefit
7 for customers, correct?

8 A. That's why we did an RFP, yes.

9 Q. Now, with respect to I think Ms. Bojko
10 was asking you some questions about the percentage of
11 customers that had responded to the Navigant survey.
12 Do you recall that?

13 A. I do.

14 Q. And I just wanted to clarify something.
15 That is on page 16 of the Navigant study?

16 A. Yes.

17 Q. Okay. So you said you would divide --
18 with respect to the residential non-PIPP, you would
19 divide the 120,000 by the 7,400. But how many actual
20 residential non-PIPP customers does AEP Ohio have?

21 A. So just to clarify, you've flipped --

22 Q. Did I flip them? Okay. Sorry.

23 A. Over a million customers.

24 Q. Okay. So if we wanted to determine the
25 percentage of each of these classes of customers that

1 participated in responding to the survey over your
2 entire customer base, we would need to know how many
3 of those customers in each class you have, correct?

4 A. Yes. And to talk about the statistical
5 significance of that data, Witnesses Horner and Fry
6 would be able to describe that.

7 Q. And do you recall, earlier this morning,
8 Mr. Kurtz was asking you various questions about
9 Mr. Torpey's analysis and specifically about the AEP
10 Ohio impact analysis?

11 A. I do. It's Company witness Torpey.

12 Q. Did I say it wrong? What did I say?
13 Okay, Torpey. Okay. So if you could turn to pages
14 21 and 22 that Mr. Kurtz was asking you about. It's
15 Exhibit JFT-1 to Mr. Torpey's testimony.

16 A. Were you referring to page 21?

17 Q. Yes.

18 A. I'm there.

19 Q. So you recall Mr. Kurtz was asking you
20 some questions, and you were doing some calculations
21 as to the potential benefits to customers. I think
22 you guys calculated 73 cents per MWh benefits to
23 customers. Do you recall those calculations?

24 A. I do.

25 Q. Okay. And you are aware, are you not,

1 that Mr. Torpey's numbers in these charts did not
2 include the impacts from the proposed debt
3 equivalency costs, correct?

4 A. That's correct.

5 Q. Okay. So those calculations that you --
6 the calculation exercise you did earlier with
7 Mr. Kurtz does not reflect the true benefits to the
8 customers because it's not taking into account all
9 the costs that the customers would face, correct?

10 A. This analysis presents generic data for a
11 set of projects. The second phase of the proceeding
12 describes specific benefits associated with specific
13 projects and includes a discussion of the debt
14 equivalency cost that would go with that.

15 Q. I understand that, sir, but earlier in
16 your testimony you represented to the Commission that
17 customers could see savings or benefit to the system
18 or benefits to customers of as much as 73 cents per
19 MWh. And what I am saying is that is not entirely
20 accurate because it is not including all the costs
21 that customers will face; isn't that true?

22 A. It doesn't include an analysis of the
23 debt equivalency cost in that calculation, that's
24 correct.

25 Q. Now, with respect to your testimony about

1 Ohio being a net importer, you indicated that you
2 don't have any data that you -- you can point to to
3 show us the actual amounts or figures, correct?

4 A. I presented data in the second phase that
5 has the same -- I have a table there that shows the
6 same data that I relied upon for this phase. I don't
7 recall if we provided that data in response to a
8 discovery request or within workpapers, but it's that
9 data that I relied upon.

10 Q. And in your regulatory experience, and I
11 understand you are not a lawyer, but you are not
12 aware of any regulation or law that prohibits or
13 limits the amount of power or energy that Ohio can
14 import, correct?

15 A. No. It's an economic impact. It's not a
16 law that limits that.

17 MS. WHITFIELD: And that's all I have for
18 you, Mr. Allen. Thank you.

19 EXAMINER PARROT: Thank you.

20 MR. COLLIER: Thank you, your Honor.

21 EXAMINER PARROT: OCA.

22 - - -

23 CROSS-EXAMINATION

24 By Mr. Collier:

25 Q. Mr. Allen, I would like to start with the

1 forecast report itself. Can you turn your attention
2 to that document. I believe it's Company Exhibit 1.

3 A. I don't have a copy with me.

4 MR. COLLIER: Counsel, could you provide
5 your witness with Company Exhibit 1?

6 MR. NOURSE: Yeah. We have to borrow the
7 court reporter's copy. We'll help you out there.

8 Q. Mr. Allen, do you have Company Exhibit 1
9 now before you?

10 A. I do.

11 Q. All right. I believe your testimony was
12 that this Long -- this Long-Term Forecast Report was
13 prepared by your staff under your direction; is that
14 correct?

15 A. An individual on my staff would have been
16 responsible for helping to pull this document
17 together, yes.

18 Q. All right. I would like to -- the
19 Long-Term Forecast Report, and I am talking now in
20 contradistinction from the integrated resource plan,
21 okay?

22 A. You're talking about AEP Exhibit 1.

23 Q. Yes, just the Long-Term Forecast Report.
24 That was prepared and submitted in Case No. 18-501,
25 correct?

1 A. That's my understanding, yes.

2 Q. All right. And that report addresses
3 transmission forms, distribution forms, and resource
4 forms; is that correct? Directing your attention to
5 the table of contents, Mr. Allen.

6 A. It includes transmission forms,
7 distribution forms, and resource forms, yes.

8 Q. All right. And that is for AEP Ohio
9 specific.

10 A. Yes.

11 Q. All right. I would like to turn your
12 attention to PUCO Form FE-T1 which is page 2 of 114
13 of the document. Are you there?

14 A. I am.

15 Q. All right. I think your testimony was
16 the Long-Term Forecast Report looks 5 years in
17 arrears and forecasts 10 years into the future,
18 right?

19 A. Yes.

20 Q. All right. And this Form FE-T1, page 2,
21 shows us, by year, both historically and into the
22 future, various categories of transmission energy
23 delivery, doesn't it?

24 A. Yes.

25 Q. For 2018, for example, the first column

1 would show energy receipts from generation sources
2 connected to the owner's system inside Ohio, right?

3 A. That's what the heading says, yes.

4 Q. And the next column which shows energy
5 receipts from generation sources connected to the
6 system outside Ohio.

7 A. That's what it states.

8 Q. All right. And the figure for 2018 was
9 57,965,619 megawatts -- megawatt hours for sources
10 connected to the system inside Ohio, correct?

11 A. I'm sorry. Which year were you referring
12 to?

13 Q. 2018, the base year.

14 A. Can you repeat the value?

15 Q. 57,965 -- 57,965,619 megawatt-hours.

16 A. That's correct.

17 Q. And compared to energy receipts from
18 sources connected outside of Ohio, the figure was
19 13,889,117 megawatt-hours.

20 A. Yes.

21 Q. All right. That exhibit will also
22 differentiate between energy receipts --
23 interconnections with other transmission companies
24 outside Ohio and inside Ohio, right?

25 MR. NOURSE: Your Honor, now that we are

1 getting into the details of this form, I would object
2 and point out that as we indicated at the outset of
3 the hearing, Witness Torpey is sponsoring this part
4 of the filing, and Witness Ali is sponsoring the
5 transmission forms, but Mr. Allen is not sponsoring
6 these forms, and so I would say it's beyond the scope
7 of his testimony.

8 MR. COLLIER: I'm sorry, your Honor. The
9 document itself was prepared by this witness or under
10 his direction.

11 MR. NOURSE: No. Just because
12 organizationally someone has staff that may have
13 worked on it, that does not change who's sponsoring
14 it or who has factual information about the tables.
15 Thank you.

16 MR. COLLIER: If he has knowledge of the
17 document, he can answer the question.

18 EXAMINER PARROT: I am going to allow the
19 question that's pending and see where it goes.

20 MR. COLLIER: Could the court reporter
21 read back the last question, please.

22 (Record read.)

23 A. Those are two of the headings on that
24 document, yes.

25 Q. Now, these figures in this form are for

1 transmission energy delivery; is that correct?

2 A. That's what the title of the form
3 indicates, yes.

4 Q. It doesn't talk about Ohio Power load
5 requirement, does it?

6 A. Column 11 is Total Energy Deliveries for
7 Load Connected to the System.

8 Q. Transmission system, right?

9 A. Yes.

10 Q. Now, just so we understand, AEP Ohio is
11 an electric distribution company, correct?

12 A. AEP Ohio is an EDU. AEP Ohio owns
13 transmission and distribution assets.

14 Q. Okay. At what point of delivery -- there
15 is points of delivery?

16 A. I don't understand the question you are
17 asking.

18 Q. All right. The interconnections that are
19 addressed, what are the interconnections?

20 A. I can't identify what those
21 interconnection points are. I think that would be
22 better asked for Company Witness Ali.

23 Q. All right. We know from the Long-Term
24 Forecast Report that AEP Ohio has both a summer peak
25 demand and a winter peak demand, right?

1 A. As does every utility, yes.

2 Q. What's the summer peak demand for AEP
3 Ohio for 2018?

4 A. I don't know off the top of my head.

5 Q. Look at page 4 of the document. Page 4
6 addresses the various summer/winter peaks for the AEP
7 Ohio service area, right?

8 MR. NOURSE: Your Honor, I would just
9 object again. I mean, these are detailed questions
10 about this form that Mr. Allen is not sponsoring and,
11 you know, reading them into the record is not going
12 to help us at this late stage in the day.

13 I think again, we -- we plan to admit
14 these -- you know, move to admit them and anything
15 that's in them can be cited by any party on brief, et
16 cetera, so I don't -- I think we've already
17 demonstrated Mr. Allen is not familiar with the
18 details of these forms and goes beyond the scope of
19 his testimony.

20 MR. COLLIER: And we've had a lot of
21 testimony concerning economic benefit, reliability
22 and costs, particularly with regard to contribution
23 to summer peak and winter peak, specific testimony
24 about a residential summer peak demand, what hours of
25 the day it would occur, when it would occur. That's

1 what I am trying to get into. I want to get into the
2 details.

3 MR. NOURSE: I don't know how these
4 questions about these forms and the data in them,
5 which is very nuanced, I might add, your Honor, it's
6 a 70-page filing, relates to the testimony Mr. Allen
7 has given today or his prefiled testimony, but we
8 could certainly try to connect those dots if there is
9 a question there.

10 MR. COLLIER: We'll connect the dots.

11 EXAMINER PARROT: Well, can we -- let's
12 get there because I'm still not seeing the --

13 Q. (By Mr. Collier) Let's go to Torpey's
14 testimony, the exhibit that you were inquired upon
15 earlier which I think is at page 20 of the integrated
16 resource. Do you remember that?

17 A. I do.

18 Q. All right. You were asked questions
19 concerning the 46,249 gigawatt ascribed to Ohio Power
20 Company load for year 2021. Do you see that?

21 A. I do.

22 Q. Where did that number come from,
23 Mr. Allen?

24 A. Company Witness Torpey sponsors that
25 number.

1 Q. You don't know, do you?

2 A. It comes from his forecast of load for
3 AEP Ohio.

4 Q. Okay. AEP Ohio native load, right?

5 A. Can you define what your definition of
6 "native" is?

7 Q. The same definition you use in your own
8 Long-Term Forecast Report. I was going to ask you
9 what is native load.

10 A. That's a question for Mr. Torpey. It's
11 his analysis.

12 Q. All right. But with regard to this
13 document, this Table 4 that you were asked about, you
14 were asked specifically about supposed costs. This
15 is a -- a table that addresses forecasted baseload
16 LMPs compared to combined renewable load LMPs, right?

17 A. That's what the table states, yes.

18 Q. Okay. But Ohio Power load, native load,
19 includes components such as line losses, does it not?

20 A. The load of a utility includes losses
21 depending on how you look at the load, yes.

22 Q. All right. It includes -- that's in your
23 Distribution Form FE-D1, that would tell us exactly
24 the net energy load for AEP Ohio, doesn't it?

25 A. What page are you referring to?

1 Q. Now I am talking about page 92 of 114 of
2 the Long-Term Forecast Report.

3 A. And your question is?

4 Q. That document establishes the net energy
5 for load for AEP Ohio including all the categories.

6 A. So 6 would be -- Column 6 would be total
7 end user consumption, Column 7 would be losses and
8 unaccounted for energy, and then the Column 8 would
9 be the net load, that would include consumption
10 plus -- plus losses.

11 Q. All right. When you were asked questions
12 about Torpey Table 4, the Ohio Power load, the 46,249
13 gigawatt hours, that number doesn't appear anywhere
14 in the AEP Ohio energy delivery forecast for year
15 2018, does it?

16 A. You would have to talk to Company Witness
17 Torpey about how those numbers relate.

18 Q. All right. To wrap up the specific
19 question, you don't know whether the -- what's
20 included for Ohio Power load in gigawatt-hours,
21 includes such things as energy efficiency and demand
22 response, right?

23 A. Yeah. I was doing the math based upon
24 the data that was in this table, and to the extent
25 that you take out something like losses and it

1 reduces that value for the retail, it just increases
2 the savings on a per megawatt-hour basis.

3 Q. You wouldn't have locational marginal
4 price -- pricing applicable to line losses, would
5 you?

6 A. We -- what I was speaking with Mr. Kurtz
7 about was the savings that were presented on pages 21
8 and 22 and showing what the rate impact would be if
9 you divided it by Ohio -- Ohio Power Company's load,
10 just turning dollars into a dollar per megawatt-hour
11 basis.

12 Q. Yeah. And I am trying to figure out what
13 is AEP load? Where does this number even come from?

14 A. And as I indicated, Company witness
15 Torpey is the sponsor of those values.

16 Q. Okay. All right. Look, when Mr. Torpey
17 addresses generic -- generic solar REPA benefits, he
18 is comparing generic REPA costs to the avoidable
19 capacity costs, right?

20 A. As I've indicated, this is Company
21 witness Torpey's analysis. He would be the better
22 witness to ask those questions of what his exact
23 analysis was.

24 Q. And all I am doing is following up on the
25 examination that you already responded to, and I am

1 trying to test what your knowledge is about these
2 specific numbers. Okay? Now, the comparison here is
3 the REPA costs for solar compared to avoided costs of
4 solar, right?

5 A. That's the analysis that Company witness
6 Torpey performed. And you can -- I think you can
7 follow up with questions of him. I think he is the
8 more appropriate witness.

9 Q. All right. And when we talk about
10 generic, which is the way you want to define need,
11 generic, we're not talking about a specific facility,
12 are we?

13 A. That would be the definition of generic
14 is that it's looking at a set of example projects and
15 the costs associated with those REPAs and identifying
16 whether or not those provide savings for the
17 customers and provide other benefits that would
18 justify need. Specific project data can also be used
19 to verify such a need determination and provide
20 additional information to support such a conclusion.

21 Q. All right. But, again, we are trying to
22 focus in on your definition of economic benefit now.
23 What you're doing and what Torpey is doing is
24 comparing REPA -- generic REPA costs to avoided REPA
25 costs for solar.

1 A. As I indicated, Company witness Torpey
2 has that detail. What I've looked at, what Company
3 witness Torpey did is he evaluated a portfolio with
4 and without these REPAs and identified that a
5 portfolio with the REPAs was a lower-cost alternative
6 for customers.

7 Q. All right. REPAs, we're not talking
8 about a specific facility, are we?

9 A. The generic analysis isn't referring to a
10 specific project. It's illustrative of the type of
11 projects that one would expect to see.

12 Q. One -- okay. Now, and you're not
13 comparing REPA solar costs to what's even available
14 on the market for solar energy, are you?

15 A. This analysis looks at the value of
16 adding these REPAs to AEP Ohio's portfolio. It's not
17 comparing it to other market-based REPAs because
18 these are market-based REPAs. You would be comparing
19 two identical products and values, so we've presented
20 what a market price is for a REPA and compared that
21 to a portfolio that didn't include that market-based
22 REPA.

23 Q. And are those actual facilities or
24 generic facilities?

25 A. I think it's pretty clear that in this

1 analysis they're generic facilities that are
2 representative of what one would expect to see for
3 actual facilities.

4 Q. All right. Now, the Long-Term Forecast
5 projects out 10 years, not 20 years, not 40 years,
6 nothing else, just 10 years out, right?

7 A. The April filing goes out 10 years. The
8 LTFR that -- that includes the Company's integrated
9 resource plan goes out for 20 years.

10 Q. That's the integrated resource plan
11 Mr. Torpey sponsors in his testimony. That's the
12 projections that go out beyond the 10-year horizon
13 for Long-Term Forecast Report; is that not correct?

14 A. It's longer than 10 years, but it's in
15 line with the typical time frame that's looked at for
16 an integrated resource plan that looks out over the
17 life of an asset. So 20 years is a very appropriate
18 term to look at for an integrated resource plan for
19 REPAs that are 20 years in nature.

20 Q. The term of a REPA contract is not going
21 to approximate the estimated useful life of a solar
22 facility necessarily, is it?

23 A. The term of the REPA exactly matches the
24 term that the Company, in this case AEP Ohio, and its
25 customers would receive the benefits from that asset.

1 Q. Because that is the term of the contract.

2 A. Yes.

3 Q. But that's -- the 20-year term of the
4 contract is not necessarily the term of the contract
5 that might be available out on the market, is it?

6 MR. NOURSE: Your Honor, I object. The
7 question is about an actual proposed contract, the
8 RFP that led up to that, and how, you know, specific
9 projects and specific REPAs are going to be, you
10 know, presented to fulfill, the need that's done on a
11 generic basis here, is all a matter for Phase II.
12 And it's beyond the scope of Mr. Allen's testimony
13 here.

14 MR. COLLIER: I am not asking about REPAs
15 that may be the subject of the next proceeding, not
16 this one. I am asking generically, generically in
17 the market. REPAs typically don't have 20-year
18 terms.

19 EXAMINER PARROT: Go ahead and answer it,
20 Mr. Allen, and then we'll stop for the day.

21 A. Based upon --

22 THE WITNESS: Thank you. Sorry.

23 A. Based upon the REPAs that I'm familiar
24 with as in my role presenting cases before various
25 commissions for renewable power, a 20-year REPA is a

1 very typical term.

2 Q. In what proceedings would those be?

3 A. Those would be renewable proceedings in
4 Virginia, Ohio, West Virginia, Indiana, Michigan.

5 Q. All right. And --

6 EXAMINER PARROT: We're done for today.
7 We are going to break. We will reconvene tomorrow at
8 9:00 a.m. Thank you.

9 (Thereupon, at 5:30 p.m., the hearing was
10 adjourned.)

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1 CERTIFICATE

2 I do hereby certify that the foregoing is a
3 true and correct transcript of the proceedings taken
4 by me in this matter on Tuesday, January 15, 2019,
5 and carefully compared with my original stenographic
6 notes.

7
8

Karen Sue Gibson, Registered
Merit Reporter.

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10

Carolyn M. Burke, Registered
11 Professional Reporter.

12 (KSG-6676)

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Summary: Transcript in the matter of the Long-Term Forecast Report of the Ohio Power Company hearing held on 01/15/19 - Volume I electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.