

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. :

- - -

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 9:00 a.m. on Thursday, January 17,
2019.

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VOLUME III

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Thursday Morning Session,
January 17, 2019.

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EXAMINER SEE: Let's on the record.

Scheduled to continue at this time is
Case No. 18-501-EL-FOR, 18-1392-EL-RDR, and Case No.
18-1393-EL-ATA.

At this time, I would like to take brief
appearances of the parties, starting with the
Company.

MR. NOURSE: Thank you, your Honor. On
behalf of Ohio Power Company, Steven T. Nourse,
Christen M. Blend, Christopher L. Miller, Eric B.
Gallon, and L. Bradford Hughes.

MS. WILLIS: Thank you, your Honor. On
behalf of the Ohio Consumers' Counsel, Maureen
Willis, Christopher Healey, and William Michael.

MR. McNAMEE: For the Staff of the PUCO,
Tom McNamee.

MR. OLIKER: Good morning, your Honor.
On behalf of Interstate Gas Supply, Inc. and IGS
Solar, LLC, Joe Olikier and Mike Nugent.

MR. KURTZ: Good morning, your Honor.
For OEG, Mike Kurtz and Jody Kyler Cohn.

MS. WHITFIELD: Good morning, your Honor.

1 On behalf of The Kroger Company, Angie Paul Whitfield
2 and Stephen Dutton.

3 MR. COLLIER: Good morning. On behalf of
4 the Ohio Coal Association, Orla Collier and John
5 Stock; Benesch Friedlander Coplan & Aronoff.

6 MR. DOVE: Good morning, your Honor. On
7 behalf of Natural Resources Defense Council, Robert
8 Dove; Kegler, Brown, Hill & Ritter.

9 MS. PIRIK: Thank you, your Honor. On
10 behalf of the Mid-Atlantic Renewable Energy
11 Coalition, Christine Pirik, Terrence O'Donnell, Will
12 Vorys, and Cristina Luse.

13 MR. DARR: On behalf IEU-Ohio, Frank Darr
14 and Matt Pritchard.

15 MR. WHITT: On behalf of Direct Energy
16 and Retail Energy Supply Association, Mark Whitt and
17 Rebekah Glover from the law firm Whitt Sturtevant.

18 MS. BOJKO: Thank you, your Honor. On
19 behalf of Ohio Manufacturers' Association Energy
20 Group, Kimberly W. Bojko and Brian W. Dressel.

21 EXAMINER SEE: Thank you.

22 Ohio Power, do you want to call your next
23 witness?

24 MR. NOURSE: Thank you, your Honor. Ohio
25 Power calls Trina Horner.

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(Witness sworn.)

EXAMINER SEE: Thank you.

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TRINA HORNER

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

DIRECT EXAMINATION

By Mr. Nourse:

Q. Good morning, Ms. Horner. Can you check and see if your mic is working.

MR. McNAMEE: I changed all the batteries this morning.

EXAMINER SEE: Thank you, thank you.

Q. All right. Good morning, Ms. Horner.

A. Good morning.

Q. Can you state and spell your name for the record, please.

A. Trina A. Horner. T-r-i-n-a H-o-r-n-e-r.

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

A. Navigant Consulting.

Q. And were you engaged by Ohio Power Company to file testimony in this case?

A. Yes.

Q. And did you file testimony on September

1 19, 2018, in this case?

2 A. Yes.

3 MR. NOURSE: Your Honor, I would like to
4 mark the prefiled direct testimony of Trina Horner as
5 AEP Ohio Exhibit No. 6.

6 EXAMINER SEE: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. (By Mr. Nourse) Ms. Horner, do you have
9 the document I just marked as AEP Ohio Exhibit 6?

10 A. Yes.

11 Q. And is this your prefiled direct
12 testimony in this case?

13 A. Yes, it is.

14 Q. And this was prepared by you or under
15 your direction?

16 A. Yes.

17 Q. If I were to ask you the same questions
18 in your testimony today under oath, would your
19 answers be the same?

20 A. Yes.

21 Q. Do you have any changes, additions, or
22 corrections to the testimony?

23 A. No.

24 MR. NOURSE: Okay. Your Honor, I would
25 move for the admission of AEP Ohio Exhibit No. 6,

1 subject to cross-examination.

2 MR. HEALEY: Your Honor, would you
3 entertain motions to strike at this time?

4 EXAMINER SEE: Yes.

5 MR. HEALEY: Thank you.

6 OCC moves to strike this testimony in its
7 entirety, including all exhibits. The testimony
8 relies entirely on out-of-court statements by AEP
9 Ohio customers who are not before this court to be
10 cross-examined. Therefore, the testimony consists of
11 inadmissible hearsay because the statements are
12 offered for the truth of the matter asserted under
13 Ohio Rules of Evidence 801 and 802.

14 Ohio courts have found similar surveys
15 are inadmissible for this reason, including in *Nye v.*
16 *Fostroia Distribution Services Company*, 78 Ohio
17 *App.3d 319*, and *Kelley v. Barberton City School*
18 *District*, 1987 Ohio App LEXIS 9201.

19 MR. COLLIER: Your Honor --

20 EXAMINER SEE: Ms. Whitfield.

21 MS. WHITFIELD: Kroger joins in on that
22 motion to strike her testimony and all exhibits, and
23 would also add that it is irrelevant under Rule 401
24 and 402 for the reasons we've set forth in prior
25 motions to strike.

1 Under the Turning Point case, customer
2 preferences and wants and desires have no bearing and
3 no relevancy to the issue of need that is before the
4 Commission today.

5 We also would move to strike, under Rule
6 702, the Ohio Rules of Evidence, those require that a
7 witness may testify as an expert if the witness
8 testimony either relates to matters beyond the
9 knowledge or experience possessed by laypersons or
10 dispels a misconception common among laypersons; the
11 witness is qualified as an expert by specialized
12 knowledge, skill, experience, training, or education
13 regarding the subject matter of the testimony; the
14 witness's testimony is based on reliable scientific,
15 technical, and other specialized information.

16 It is our position that Ms. Horner does
17 not satisfy Rule 702. There is no testimony that she
18 has any specialized knowledge, skill, experience,
19 training, or education regarding customer surveys and
20 the interpretation of them. And she has not
21 testified that her testimony is based on any reliable
22 scientific, technical, or specialized information.
23 In fact, as OCC pointed out, it is full of hearsay.

24 And finally, we would also move, under
25 Rule 602, for lack of personal information.

1 Ms. Horner did not design or implement or really do
2 anything other than prepare the report, so she lacks
3 the necessary foundation to testify to that. Thank
4 you, your Honor.

5 MS. BOJKO: Your Honor, OMAEG supports
6 the motions that have been raised today and would add
7 that Ms. Horner did not have personal discussions
8 with the customers. She's merely interpreting
9 statistics from a survey that we believe was
10 misleading and inappropriately performed.

11 MR. COLLIER: OCA joins in the motions.

12 MR. NUGENT: Interstate Gas Supply, Inc.
13 and IGS Solar joins in the motions.

14 MR. WHITT: And Direct Energy and RESA
15 also join the motions. And I would like to raise
16 additional grounds that the legal issues have been
17 spoken to, but there is a more important reason for
18 striking the testimony than evidence rules, and that
19 is the integrity of the Commission's process itself.

20 The survey has opinion offered by AEP to
21 show evidence of need for in-state renewables, but
22 the survey itself was not even designed or conducted
23 to demonstrate need. It was conducted for the
24 express purpose of soliciting opinions about AEP's
25 proposal. The survey itself and the questions that

1 were sent to people, it informs the respondents that
2 AEP is actively working to develop 900 megawatts of
3 renewable generation. That's disclosed in the
4 survey, and what I just read is on page 31 of the
5 report.

6 So the survey results just show that some
7 small -- some percentage of some small sliver of
8 AEP's customers support the Company's filing. And
9 that's nice to know, but ultimately it's irrelevant.
10 The -- there really are only five opinions relevant
11 and those folks reside on the 5th floor of this
12 building.

13 The customers are entitled to be heard
14 and, in fact, were heard. And the Commission heard
15 from them directly. So if the Commission is now in
16 the business of condoning a practice where parties
17 are just going to go conduct surveys and introduce
18 that as evidence and whoever has the most popular
19 survey results would be declared the winner of the
20 case, then these proceedings have really jumped the
21 shark, and I think folks will rue the day and we will
22 set precedent where we are going to go ask the public
23 what they think and filter those results into a
24 document that we pass off as evidence. And, as has
25 been mentioned, it's a hearsay summary of hearsay

1 statements.

2 MR. NOURSE: Okay. May I respond, your
3 Honor?

4 EXAMINER SEE: Yes.

5 MR. DARR: If I may, your Honor, one
6 more. IEU joins in it, in the objections for all the
7 reasons previously stated and also to point out, as I
8 indicated on day one of this mini marathon, the
9 evidence that is being presented by AEP Ohio in
10 support of its finding of need does not conform with
11 the statutory or regulatory requirements.

12 This is one more example of it. It
13 clearly is outside the rule other than the fact that
14 the Commission can take other evidence under the
15 rule, but the evidence should be directed towards a
16 determination of whether or not there is a physical
17 need for additional resources, not a determination of
18 whether or not AEP thinks that customers desire it to
19 provide additional renewable resources. That is not
20 a need finding within the contemplation of either the
21 statute or the Commission's regulatory requirements
22 and, therefore, this evidence is clearly outside the
23 scope and should be excluded.

24 EXAMINER SEE: Would you like to respond,
25 Mr. Nourse?

1 MR. NOURSE: I suppose, yes.

2 Your Honor, I think the -- the only
3 motion to strike aspect here that's being raised is
4 hearsay, and I suppose relevance. The other
5 arguments all go to the weight and credibility of the
6 evidence being sponsored by these experts; Ms. Horner
7 and Ms. Fry.

8 The relevancy question, I think, was
9 already determined in the motion in limine, same
10 arguments were made. The same testimony attacked.
11 The same basis. And I think the Commission properly
12 determined that, you know, the Company is entitled to
13 its day in court and to present the evidence that --
14 that it has prepared and believes has a bearing on
15 the issues in this case.

16 So the -- all the other arguments about
17 the level of expertise of the Navigant witnesses, the
18 representativeness of the survey, you know, the
19 sampling, other technical points that are being
20 raised, you know, are all matters for
21 cross-examination and go to the weight of the -- of
22 the evidence.

23 As far as hearsay, again, this is being
24 designed and is being sponsored as a professional,
25 independent survey that captures the views of

1 customers. It's not a hearsay instrument of
2 repeating what customers or third parties have said.
3 It's about their conduct. It's about their
4 expectations and beliefs and what the utility should
5 be doing in the future to meet their -- meet their
6 service expectations and to meet their demands for
7 renewable energy.

8 So I don't think it's -- I don't think
9 it's hearsay and, again, these witnesses will be, you
10 know, these witnesses were not deposed. There's not
11 been any sort of voir dire about their expertise and
12 their ability to sponsor these surveys and defend
13 them. And it is expert testimony. So I don't think
14 it should be treated as hearsay for that reason
15 either.

16 Well, yeah, the Commission obviously has
17 flexibility regarding any strict application of the
18 hearsay rule, but I would just say that -- and I
19 think this has already been ruled upon in the
20 January 14 Entry that I think it would be sad if the
21 Commission did reject customer viewpoints as being
22 relevant to -- to this case or any case but
23 especially where we're talking about the expectations
24 and the demands of customers and whether those are
25 going to be met by the utility. That's a key issue

1 in this case. I think the examiners have already
2 ruled on the Company's ability to present evidence to
3 support that; that which is one of the bases of the
4 need to be presented.

5 MR. DARR: Your Honor, brief response?

6 EXAMINER PIRIK: Your Honor, before their
7 responses, I want just to put on the record, MAREC
8 supports opposition to the motion to strike.

9 MR. DOVE: As does NRDC, and would note
10 that a large portion of these arguments amount to
11 basically a summary judgment on the issue of whether
12 or not this is a factor that should be considered and
13 what they believe to be a determination of need in a
14 statute that doesn't define need. And you have broad
15 discretion as to how to apply the Rules of Evidence
16 and what information to take into these Commission
17 hearings, and I believe you've already settled the
18 bulk of the exception of potentially the hearsay and
19 I think you did that earlier this week, but NRDC
20 supports oppositions to these motions.

21 MR. WHITT: Very briefly, your Honor.
22 Under Ohio statute, the rulings of the Attorney
23 Examiners are always tentative, nonbinding on the
24 Commission itself, and what Direct and RESA are
25 asking the Bench to do is to grant the motions to

1 strike and exclude this evidence.

2 Now, if the Commission disagrees with
3 that and wishes to consider these survey results, it
4 can do so. But the onus ought to be on AEP to
5 articulate some plausible theory of why the
6 Commission's processes should be altered in such a
7 dramatic fashion to allow evidence like this before
8 there is legal precedent set today.

9 MR. DARR: If I may, your Honor?

10 EXAMINER SEE: Mr. Darr.

11 MR. DARR: With regard to the threshold
12 issues concerning this testimony, I think Mr. Dove
13 captured the problem exactly with regard to the
14 relevance issue and that is the statute does, and the
15 statute that I am referring to is 143(B)(2)(d), what
16 is to be considered when the Commission determines --
17 determines need. This is not that.

18 Second, with regard to qualifications as
19 an expert, Mr. Nourse has raised the issue that there
20 has not been a voir dire. None is necessary. I go
21 through the qualifications of the witness. There is
22 nothing in these qualification that qualifies her as
23 an expert with regard to the taking and
24 interpretation of surveys. That being the case, voir
25 dire is not necessary.

1 The witness's testimony itself fails the
2 fundamental test of demonstrating this witness is
3 qualified to testify as to the scope and accuracy of
4 the survey results.

5 EXAMINER SEE: Mr. Kurtz.

6 MR. KURTZ: Thank you, your Honor. I
7 agree with AEP on this issue. I would say customer
8 surveys are routinely admitted in the Commission's
9 J.D. Power surveys, SAIDI, SAIFI surveys on
10 reliability and so forth; so I don't think it is
11 setting any adverse precedent, and I think that the
12 Company has a right to put on their evidence on their
13 definition of need. And I do agree with Mr. Whitt
14 that the Commissioners would probably want to hear
15 this, and they and you can give it the appropriate
16 weight.

17 EXAMINER SEE: Is there -- did you want
18 to reply, Mr. Nourse?

19 MR. NOURSE: Yes. Just to say, again,
20 that their arguments fall into two categories.
21 Either they disagree with your January 14 ruling and
22 keep arguing that this testimony is irrelevant. I
23 think that's already been disposed of. Or, again,
24 the hearsay, the convenient hearsay argument, which
25 I've already addressed, is not -- not applicable and,

1 in any event, the Commission has a lot of latitude in
2 dealing with that. And these are -- it is a valid
3 market consumer survey that has, you know, again, the
4 Commission can consider the weight based on the
5 challenges that intervenors want to raise during
6 cross-examination, on brief. It shouldn't preclude
7 the testimony from being considered.

8 EXAMINER SEE: With that, the motion to
9 strike Ms. Horner's testimony in its entirety is
10 denied. And beyond that, the other arguments to
11 strike -- to strike Ms. Horner's testimony are also
12 denied, and the Commission will assign this testimony
13 the weight it deems appropriate.

14 MR. HEALEY: Thank you, your Honor. I
15 would ask that the Attorney Examiners rule that in
16 light of that that this testimony, following the
17 cross-examination, is entitled to very little, if
18 any, weight if not stricken. Thank you.

19 EXAMINER SEE: We'll follow the same
20 order that we had yesterday.

21 Ms. Pirik.

22 MS. PIRIK: No questions, your Honor.

23 EXAMINER SEE: Mr. Dove.

24 MR. DOVE: No questions, your Honor.

25 EXAMINER SEE: Sir, tell me your name,

1 please.

2 MR. SAWMILLER: My name is Dan Sawmiller.
3 I am with NRDC, and I am not counsel. Sorry.

4 EXAMINER SEE: Mr. Kurtz?

5 MR. KURTZ: No questions, your Honor.

6 EXAMINER SEE: Mr. Healey?

7 MR. HEALEY: Yes, your Honor.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Healey:

11 Q. Good morning, Ms. Horner. You've
12 attached to your testimony a document entitled "AEP
13 Ohio Voice of the Customer: Attitudes and
14 Expectations for Renewable Energy," correct?

15 A. Yes.

16 Q. And if I refer to that as "the survey" or
17 "the report," you will understand that's what I am
18 referring to?

19 A. Yes.

20 Q. Just as a shorthand so I don't have to
21 say the whole name every time.

22 And just one other housekeeping, there
23 are page numbers at the bottom of your report and
24 there are also page numbers at the top. The top ones
25 say page X of 41. I am going to use the page numbers

1 at the top just so we are all on the same page. If I
2 say 19, that's page 19 of 41. Is that okay with you?

3 A. Yes.

4 Q. Looking at your background, you have an
5 undergrad degree in International Relations and
6 Finance from the University of California at Davis;
7 is that right?

8 A. Yes.

9 Q. What year did you obtain that degree?

10 A. 1989.

11 Q. And your testimony also references work
12 you did for the East Bay Municipal Utility District.
13 When was that?

14 A. 2004, 2005.

15 Q. And why did you leave that position?

16 A. I left that position to take a position
17 at Pacific Gas & Electric.

18 Q. And what position did you take at Pacific
19 Gas & Electric?

20 A. I took a position of Director of
21 Regulatory Affairs --

22 EXAMINER SEE: Ms. Horner.

23 A. -- of Pacific Gas & Electric.

24 EXAMINER SEE: Speak up or move the mic
25 closer, please.

1 Q. And so, immediately after your work for
2 East Bay Municipal Utility District, you went to work
3 for PG&E?

4 A. Yes.

5 Q. And your testimony also references work
6 you did for the California Public Utilities
7 Commission. When was that?

8 A. That was 1991 to 2004.

9 Q. Okay. So that was before East Bay?

10 A. Yes.

11 Q. And when did you leave PG&E?

12 A. 2014.

13 Q. And why did you leave that job?

14 A. I'm sorry?

15 Q. Why did you leave that position?

16 A. I resigned that position.

17 Q. You resigned? Voluntarily?

18 A. I resigned my position from PG&E.

19 Q. Did you resign voluntarily?

20 A. Yes, I believe that's a resignation.

21 Q. Is that a yes?

22 A. Yes.

23 MR. HEALEY: Your Honor, if I may
24 approach the witness and mark OCC Exhibit 3, please?

25 EXAMINER SEE: Okay.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. Ms. Horner, I have just marked an article
3 from The Wall Street Journal, titled "PG&E Fires
4 Three Executives Over Contact with California
5 Regulator." Have you seen this article?

6 A. I do see the article, yes.

7 Q. Do you see your name in the second
8 paragraph?

9 A. I do.

10 Q. And do you see that this article states
11 that you were terminated from that position?

12 A. Yes, I see the characterization that we
13 were terminated.

14 Q. In fact, it uses the word "fired," does
15 it not?

16 A. It does.

17 Q. And so, were you fired from that
18 position?

19 A. I resigned my position from PG&E. I have
20 no control over how the company characterized it, but
21 I resigned my position from PG&E.

22 Q. So you were not fired; is that your
23 testimony?

24 A. My testimony is that I resigned from the
25 company in 2014.

1 Q. Ms. Horner, do you believe the words
2 "resigned" and "fired" are synonyms?

3 A. I believe that resigned is an action that
4 I took to leave the company as a result of
5 differences of opinion.

6 Q. Thank you. My question was, you are
7 using the word "resigned." I am trying to understand
8 when you use that word, does that mean the same thing
9 as "fired" or no?

10 A. I think the -- the term "fired" in the
11 context of this article is -- indicates that the
12 company took an action implying that all three of the
13 individuals named left the company as a result of a
14 company decision, and I am distinguishing that from
15 what I did which is to resign from the company.

16 Q. Let's turn to page 2 of your testimony,
17 please. And at the very bottom there is a question,
18 "Was the VOC Report Prepared By You or Under Your
19 Direction?" Do you see that question?

20 A. Yes.

21 Q. And then your response on the next page
22 says yes, but then it says it was designed and
23 implemented by Company witness Fry. So was it
24 designed under your direction or under her direction?

25 A. The Voice of the Customer report that is

1 attached to my testimony, the overall report, was
2 prepared by me or under my direction. The specific
3 survey for residential and small commercial and
4 industrial customers that is referenced in Chapter 4
5 of the report was prepared under the direction of
6 witness Fry.

7 Q. So she -- she designed the survey and
8 then you analyzed the results and prepared the
9 report; is that accurate?

10 A. Ms. Fry designed and implemented and
11 analyzed the results of the survey. And how that
12 survey was incorporated into the rest of the report
13 was prepared under my direction.

14 Q. Now, you believe that this survey shows
15 that customers want AEP to invest more in renewable
16 energy, correct?

17 A. I believe the results of this survey
18 express a strong desire on the part of residential
19 and small commercial customers to -- for AEP Ohio to
20 increase its renewable energy.

21 Q. You don't know whether customers care if
22 it's AEP or someone else that makes the investment in
23 renewables, do you?

24 A. In the survey we asked only AEP Ohio
25 customers with e-mail addresses.

1 Q. Right. So you didn't ask customers, do
2 you want AEP to invest in renewables as opposed to
3 some other entity, correct?

4 A. Correct. The survey just asked customers
5 about AEP Ohio actions.

6 Q. So if we were to ask customers, do you
7 prefer renewable energy to be provided by AEP or by
8 say IGS, we don't know the answer to that question,
9 correct, based on your survey?

10 A. The intent of the survey was not to
11 survey customers about their preferences about other
12 players in the market. It was really to get the
13 voice of the customer, of AEP Ohio's customers.

14 Q. Right. But my question was does your
15 survey include a question asking customers if they
16 prefer AEP over other entities when it comes to
17 renewable investment?

18 A. The survey did not reference other
19 entities.

20 Q. And yet, you still conclude customers
21 specifically want AEP and not others to invest in
22 renewables?

23 MR. NOURSE: I object. Can you point to
24 where the survey says that customers do not want
25 others to invest in renewables? I object to the

1 characterization you are making there.

2 MR. HEALEY: Your Honor, if the witness
3 doesn't understand the question or it
4 mischaracterizes her testimony, she can feel free to
5 say so.

6 EXAMINER SEE: Yes, she can.

7 Ms. Horner, I am going to direct you to
8 answer the question.

9 A. Again, the survey only asked customers
10 about their opinions about AEP Ohio procurement
11 actions, so -- I'm sorry, can you repeat the
12 question?

13 MR. HEALEY: Can I have the question
14 reread, please?

15 (Record read.)

16 A. I don't think that -- excuse me. I don't
17 think the survey or the report characterizes any --
18 any other entity beyond AEP Ohio because the survey
19 only focused on AEP Ohio's customers.

20 Q. Maybe let's try a hypothetical for you so
21 we can understand what's going on here.

22 If you sent out a survey to customers and
23 the question was "Would you like a free BMW?" and
24 customers all said yes, would you conclude from that
25 survey that customers only want free cars if they are

1 BMWs?

2 A. I would conclude that -- simply that the
3 answer to that question was yes.

4 Q. Right. But you wouldn't be able to
5 extract from that single question anything about the
6 fact it was a BMW as opposed to another car, would
7 you?

8 A. No.

9 Q. You understand the difference between the
10 words "need" and "want," correct?

11 A. Yes.

12 Q. And you agree those words do not mean the
13 same thing?

14 MR. NOURSE: Your Honor, I object.
15 Ms. Horner, in the survey, did not address the
16 statutory concept of need. This is a factual
17 predicate to our case and the way we presented it in
18 the context of other multiple bases supporting need.
19 So I don't think her testimony is -- it's beyond the
20 scope of her testimony and she's not here to address
21 the statutory concepts in Ohio.

22 MR. HEALEY: Your Honor, that seems to me
23 to be a straight admission this testimony is not
24 relevant. He just -- counsel for AEP just admitted
25 this witness is not testifying on anything relevant

1 to the definition of need under the statute. That's
2 the definition of relevance of Phase I in this case.
3 If this doesn't go to the statutory definition of
4 need, and she doesn't understand the difference, then
5 how can she possibly testify that her testimony
6 supports the Company's definition of need?

7 MR. NOURSE: That's not what I said, your
8 Honor. This witness is not addressing Ohio Revised
9 Code interpretations or PUCO regulations. It's
10 beyond the scope of her testimony. She's addressing
11 factually what a survey solicited from customers and
12 what the results of the survey are. She's not
13 anywhere in her testimony trying to attribute that as
14 it relates to Ohio statutes or Administrative Code
15 rules.

16 MR. HEALEY: And for the --

17 EXAMINER SEE: The objection is
18 sustained. Move on, Mr. Healey.

19 Q. (By Mr. Healey) Ms. Horner, are you
20 familiar with the statutory standard in this case?

21 A. I've heard references to it, but it was
22 not the focus of our work in this case.

23 Q. So you have no opinion whether your
24 testimony supports a conclusion that the statutory
25 definition of need has been met in this case?

1 A. No. Our role was to focus on the
2 opinions of AEP Ohio's customers.

3 Q. Let's turn to page 5 of the report which
4 is your Exhibit TH-1. And just as a reminder, I am
5 talking about page 5 of 41 at the top. Ready?

6 A. Yes.

7 Q. Thank you.

8 Here you state that Navigant -- Navigant
9 did an online survey with three customer groups which
10 are Percentage of Income Payment Plan or PIPP
11 residential customers, residential non-PIPP
12 customers, and small C&I customers, correct?

13 A. Correct.

14 Q. And you defined "small C&I customers" as
15 those using less than 1 million kilowatt-hours per
16 year; is that right?

17 A. Correct.

18 Q. So any customer that uses more than 1
19 million kilowatt-hours would not have been part of
20 the small C&I survey; is that right?

21 A. Correct.

22 Q. And when you were defining "small C&I
23 customers," you considered each meter to be a
24 distinct customer, correct?

25 A. Correct.

1 Q. So, for example, if a corporate entity
2 has five locations in the AEP Ohio service territory
3 and at each location they use less than a million
4 kilowatt-hours, that would be five customers for
5 purposes of your survey, correct?

6 A. In terms of how customers were selected
7 for the survey, I would defer to Ms. Fry, and her
8 testimony.

9 Q. Thank you. I am not asking how they were
10 selected. I am asking the basic definition of "small
11 C&I customers" found in this report. So your report
12 defines "small C&I customers" as single-meter
13 customers less than a million kilowatt-hours,
14 correct?

15 A. Correct.

16 Q. So say McDonald's has 20 locations in
17 AEP's territory, each of which uses less than a
18 million kilowatt-hours. That would be 20 customers,
19 correct?

20 A. I believe that is correct.

21 Q. You say you believe that's correct but
22 you're not sure?

23 A. You would have to defer to the testimony
24 of Ms. Fry.

25 Q. You didn't send the survey to any large

1 C&I customers greater than a million kilowatt-hours
2 usage, did you?

3 A. No, we did not.

4 Q. You could have, though, if you had an
5 e-mail address for them, correct?

6 A. We did not send them to large C&I
7 customers with usage greater than a million
8 kilowatt-hours because large C&I customers were not
9 the focus of this survey.

10 Q. Right. But if AEP had provided e-mail
11 addresses for those large C&I customers, you could
12 have sent them the survey if you wanted to, correct?

13 A. We could have, but we did not request
14 those e-mail addresses from AEP Ohio.

15 Q. And instead, the large C&I customers were
16 part of a separate evaluation you did. I think you
17 refer to it as the Corporate Leader Evaluation; is
18 that right?

19 A. That is correct.

20 Q. Let's turn to page 13 of the report,
21 please. And there's a Figure 4 at the top which
22 shows that for purposes of this large C&I customer
23 evaluation, you included any customer with an
24 aggregate load greater than 100,000 kilowatt-hours,
25 correct?

1 A. Correct.

2 Q. So we just discussed that small C&I
3 customers in the survey were those with less than a
4 million kilowatt-hours, and now large C&I customers
5 are those greater than 100,000, which means in
6 between 100,000 and a million you are counting
7 customers twice potentially, correct?

8 A. Yes. I think the two exercises that
9 you're referring to were part of entirely separate
10 analyses and -- and different methodologies and so we
11 did use different thresholds to define the different
12 groups in an effort to be as representative and
13 comprehensive as possible.

14 Q. Just to clarify, say we had a customer
15 that uses 500,000 kilowatt-hours. They would have
16 potentially received the survey for the small C&I
17 customers, correct?

18 A. I'm sorry, could you repeat the question?

19 Q. Sure.

20 Consider a customer, a C&I customer that
21 uses 500,000 kilowatt-hours a year, that customer
22 would be eligible for participation in this small C&I
23 survey, correct?

24 A. Yes. If AEP Ohio had an e-mail address
25 for that customer and it was randomly selected.

1 Q. And you also could have contacted that
2 same customer as part of your large C&I evaluation,
3 correct?

4 A. So in the figure that you have referenced
5 that speaks to the Sustainability Customer Commitment
6 Analysis, those to which the 100,000 kilowatt-hours
7 threshold applied, we did not contact those customers
8 directly. That was sort of an aggregated analysis
9 that Navigant undertook to look at the actions of
10 those customers after filtering their load and
11 consolidating accounting.

12 Q. Are you saying that you had no contact
13 with the large C&I customers as a part of this
14 process?

15 A. No. I wanted to distinguish because you
16 had referred to the large C&I customers analysis. So
17 there were two pieces of the large C&I customer
18 analysis that we did. One was the filtering approach
19 that is referenced earlier by you, and the second was
20 some outreach that we did to large -- some large C&I
21 customers in the questionnaire.

22 Q. Okay. Let's go back to my example of a
23 customer with 500,000 kilowatt-hours. We've already
24 established that customer could have been included in
25 the C&I survey if it had an e-mail address and AEP

1 selected it, correct?

2 A. Yes.

3 Q. And then that same customer would have
4 been part of the analysis you did as represented in
5 Figure 4 for large C&I customers, correct?

6 A. Yes, it would have been represented.

7 Q. And certainly you're not suggesting that
8 the Commission could -- should count some customers'
9 opinions twice, should they?

10 A. In the Sustainability Customer Commitment
11 Analysis, Navigant didn't -- didn't ask customers
12 their opinions -- or, as I said, we didn't contact
13 them, so the -- that analysis focused on the
14 actions -- the public actions that customers in that
15 large C&I customer group had taken as opposed to
16 opinions that they had expressed to Navigant.

17 Q. But you are still asking the Commission
18 to give weight to the actions that those customers
19 have taken, correct?

20 A. We're -- we are making some observations
21 about what those customers, in the aggregate, the
22 actions that they have taken.

23 Q. And you believe that the actions that
24 they have taken support the results of your survey.

25 A. We believe they are consistent -- they

1 are consistent with the overall support that we were
2 observing among AEP Ohio's customer base for
3 renewables, additional renewables, in Ohio.

4 Q. Let's move on to the outreach you did
5 then, and let's use my same example. You have a
6 customer with 500,000 kilowatt-hours, could be
7 included in the small C&I survey; that same customer
8 could conceivably have been contacted by Navigant as
9 part of the reaching out to large C&I customers,
10 correct?

11 A. It could conceivably have been included.
12 There were significantly-smaller number of customers
13 we reached out to as part of the questionnaire, if
14 that's what you are referring to. So the number is
15 likely to be small of that overlap, if any.

16 Q. But you don't know what that number is
17 though, correct?

18 A. Not off the top of my head.

19 Q. Let's look at page 12 of the report,
20 please. And under Section 3.1, the first paragraph,
21 you refer to a two-step process to identify companies
22 with a higher likelihood of interest in renewable
23 energy. Do you see that?

24 A. Yes.

25 Q. And you would admit that using this

1 process does not result in an unbiased sample,
2 correct?

3 MR. NOURSE: Object to the form of the
4 question. Double negative. Could you try to
5 rephrase that?

6 MR. HEALEY: If the witness understands,
7 your Honor. If she doesn't . . .

8 MR. NOURSE: Thank you, Mr. Healey.
9 Can we read it back, please?

10 EXAMINER SEE: Sure.

11 (Record read.)

12 A. The population of customers that we're
13 describing in 3.1 of the report was designed to
14 examine customers that had identified with a
15 renewable energy procurement goal with an
16 organization. So the goal of this section was -- was
17 not necessarily to sample the general population of
18 large C&I customers but to understand of those
19 customers, who had identified a renewable goal, just
20 to be able to quantify that and the magnitude of that
21 interest.

22 Q. Are you familiar with the concept of bias
23 in the context of a customer survey?

24 A. Yes.

25 Q. And what is bias?

1 A. It can manifest in -- in the form of a
2 predetermined opinion or outcome.

3 Q. So you would agree then that your
4 two-step targeted approach for this analysis was
5 biased, correct, under that definition?

6 A. I would agree that -- that in this
7 section of the -- our analysis, the goal was to
8 quantify the magnitude of interest in renewables and
9 not to look at the overall population but to quantify
10 the interest in renewables among companies that had
11 already identified that interest.

12 Q. So you created a list of companies that
13 said they like renewables and then you asked them if
14 they like renewables; is that a fair characterization
15 of this?

16 A. In -- in this section of our analysis in
17 section 3.1 that you've identified, Navigant
18 identified what we were qualifying as large
19 customers. We then identified if those customers had
20 made an affiliation with one or more of
21 sustainability organizations and made a commitment to
22 those organizations and quantified their -- their
23 interest, the magnitude of -- in the aggregate those
24 companies' interests. We did not ask all of those
25 companies in the questionnaire what they thought

1 about renewable generation. We followed up with a
2 questionnaire for some of those companies.

3 Q. On page 14 of your report, the last
4 paragraph, you state that the "outreach should not be
5 considered statistically representative of AEP Ohio's
6 C&I customer base or even of its largest corporate
7 customer base due to the targeted sample selection
8 approach and relatively limited number of responses."

9 Given that broad limitation of the
10 usefulness of this analysis, wouldn't you agree that
11 the PUCO shouldn't rely on it if it's trying to
12 determine what AEP's customers, large C&I customers,
13 in general, believe about renewable energy?

14 MR. NOURSE: Your Honor, I just object to
15 asking the witness whether you know the extent to
16 which the customer should weigh the evidence. You
17 know, these statements were affirmatively disclosed
18 in the purpose of the section. She's already
19 explained it was different from the general survey
20 stuff, so it sounds like a legal question to me, your
21 Honor. I object.

22 MR. HEALEY: Your Honor, I am asking the
23 witness to tell me what she thinks the usefulness of
24 this section of her testimony is. She included it in
25 this report. She obviously thinks it's important and

1 relevant, and I am asking her how she -- how and why
2 she thinks it's important.

3 MR. NOURSE: Thank you, I appreciate that
4 rephrasing. Thank you.

5 EXAMINER SEE: I am going to allow the
6 witness to answer the question with any explanation
7 she deems necessary.

8 A. The purpose of Section 3, in general, of
9 the report is to do two things. One is to -- as I
10 said earlier, quantify and give -- give a sense of
11 the order of magnitude of the previously demonstrated
12 interest among AEP Ohio's large C&I customer base
13 what the renewable -- what the interests in renewable
14 generation has been to date and what that may
15 represent.

16 Second, the analysis included in Section
17 3 of the report is included really to provide full
18 transparency into the different segments of work that
19 Navigant did in order to provide a robust view into
20 the Voice of the Customer perspectives overall in --
21 among AEP Ohio's customer base.

22 Q. So if I were to take your large customer
23 analysis and then say I conclude from that that AEP's
24 large C&I customers support the development of
25 renewable energy, that would not be a reasonable

1 conclusion, based on this report, since it is not
2 significantly significant, correct?

3 A. The contact that Navigant had with AEP
4 Ohio customers as part of the questionnaire, as we've
5 said in the report, was not statistically significant
6 in terms of a survey and in terms of the program and
7 initiative that we understood AEP Ohio to be
8 undertaking.

9 The purpose of this section of the report
10 is, as I said, to not necessarily arrive at a
11 conclusion about what large C&I customers believe
12 about the initiative that AEP Ohio was pursuing. But
13 to provide a sense of overall -- of what AEP Ohio
14 large C&I customers have done to date and some of the
15 drivers and motivators for their renewable actions to
16 date.

17 Q. Let's turn to page 10 of your report,
18 please. In Footnote 10, you reference "Navigant,
19 Ohio Renewable Energy Manufacturing & Company
20 Establishment Analysis, December 13, 2017." Do you
21 see that?

22 A. I do.

23 Q. Do you believe that this report prepared
24 by your company is accurate and reliable?

25 A. I do.

1 Q. Do you have a copy of it in front of you?

2 A. I do not.

3 MR. HEALEY: Your Honor, I am going to
4 mark, as OCC Exhibit 4, a copy of the report
5 identified in Ms. Horner's testimony, Exhibit TH-1,
6 Footnote 10. May I approach, please?

7 EXAMINER SEE: Yes.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. Ms. Horner, you cited this report in your
10 testimony, so I assume you have read it, correct?

11 A. I was briefed on it.

12 Q. You did not read it?

13 A. Not in the entirety.

14 Q. Did you read any of it?

15 A. Yes.

16 Q. Let's turn to page 12 of this 2017
17 Navigant report, please. In this 2017 report there
18 is a Figure 3-3 at the top entitled "Solar Jobs per
19 Capita versus Solar Strategies." Do you see that?

20 A. Yes.

21 Q. And there is a dotted line there which is
22 intended to show the correlation between the number
23 of solar jobs in each state and the state's strategy
24 framework score using Navigant's analysis; is that a
25 fair description of this figure?

1 A. Yes.

2 Q. And you see pretty close to the middle
3 there is Ohio, and you see Ohio's dot is above that
4 dotted line quite a bit, correct?

5 A. Yes.

6 Q. So you would agree, based on Navigant's
7 analysis in this 2017 report, Ohio already has more
8 solar jobs than you would expect based on Navigant's
9 analysis of Ohio policy; isn't that right?

10 A. I was not part of this study, and I -- I
11 can't draw any conclusions from looking at one -- one
12 dot on one graph.

13 Q. I assume you trust your colleagues at
14 Navigant did a thorough and accurate job in preparing
15 this report, correct?

16 A. I do.

17 Q. Let's turn to page 19 of this 2017
18 report, please. On this page, Navigant is making
19 recommendations that workers take to transition from
20 traditional energy jobs to jobs in renewable energy.
21 Do you see that? It's titled "Career Transition"?

22 A. Yes.

23 Q. Do you know how long it would take for
24 one to get up to speed, get the education required to
25 transition from a traditional energy job to a

1 renewable energy job?

2 A. I have not studied that.

3 Q. Let's turn to page 23 of this report,
4 please. And Table 6-2 is where Navigant makes
5 recommendations for AEP. None of these
6 recommendations is that monopoly distribution utility
7 customers should subsidize the building of solar and
8 wind facilities, correct?

9 MR. NOURSE: Your Honor, I object to the
10 characterization that Mr. Healey is using here. I
11 don't think the report addresses that topic at all.
12 He is just using it to get in his argument, I guess.

13 MR. HEALEY: I'll move on, your Honor.

14 Q. (By Mr. Healey) Let's turn back to your
15 own report from this case. And page 5, please. Now,
16 you mention here that the survey was done online
17 which means that it was sent to customers by e-mail,
18 correct?

19 A. You are referring to the small C&I and
20 residential survey?

21 Q. Correct.

22 A. Yes.

23 Q. And you understand that not all AEP Ohio
24 customers have an e-mail address associated with
25 their account?

1 A. Yes.

2 Q. In fact, a substantial portion of them do
3 not, isn't that right?

4 A. Our understanding is that a majority of
5 AEP Ohio residential and small C&I customers have
6 e-mails on file at AEP Ohio.

7 MR. HEALEY: Your Honor, if I may mark as
8 OCC Exhibit 5, this is Ohio Power's response to OCC
9 Interrogatory 12-131. May we approach?

10 EXAMINER SEE: Yes.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. Ms. Horner, a moment ago, you testified
13 it was your understanding a majority of AEP's
14 customers, residential and small C&I, have an e-mail
15 address associated with their account. Isn't it
16 true, based on this document, that roughly two-thirds
17 of small C&I customers do not have an e-mail address
18 associated with their account?

19 A. This response does indicate that that is
20 true. Our understanding in the aggregate was that
21 the e-mail sample population at AEP -- of AEP Ohio's
22 customers, had -- the majority of them did have
23 e-mails.

24 Q. But that understanding is obviously
25 incorrect as it pertains to small C&I customers,

1 correct, because 35 percent have an e-mail address
2 and that would not be a majority, would it?

3 MR. NOURSE: Your Honor, I just object to
4 the characterization. Her prior answer was talking
5 about the sample population, not the C&I customers.

6 MR. HEALEY: I'll rephrase, your Honor.

7 EXAMINER SEE: Okay.

8 Q. (By Mr. Healey) You understand, now, a
9 majority of small C&I customers, under your
10 definition, do not have an e-mail address associated
11 with their account, correct?

12 A. I do. And our -- again, our
13 understanding was that it -- in general the aggregate
14 overall population that we were targeting in the
15 residential and small C&I customer survey, that
16 the -- that that population was represented --
17 represented a majority with e-mail addresses.

18 Q. And you didn't do any analysis to
19 determine whether customers with e-mail addresses
20 compared to customers without e-mail addresses were a
21 similar population for purposes of the survey, did
22 you?

23 A. We did not for purposes of this survey.
24 We had no reason to think that customers with e-mail
25 addresses on file at AEP Ohio would -- were any

1 different from customers without e-mail addresses on
2 file.

3 Q. You had no reason to think but you also
4 had no reason to think they were the same, correct?

5 A. Absent a reason to think otherwise, we
6 believed that was a reasonable reflection of AEP
7 Ohio's residential and small commercial customer
8 base.

9 Q. You believed that, despite not having
10 done any analysis comparing those with an e-mail
11 address to those without an e-mail address?

12 A. We did, because, again, we had no reason
13 to think that the two populations were different.

14 Q. Sure. You would agree, when you are
15 doing a statistical analysis, "we had no reason to
16 believe" is not a statistically-valid assumption,
17 correct? That's the whole point of doing statistical
18 analysis is to determine whether what we believe is
19 true based on the data; isn't that right?

20 A. Yes. And Ms. Fry can address some of
21 those questions that -- and some of the controls that
22 we put in place to assure ourselves that the sample
23 population was consistent, the overall AEP Ohio
24 customer population.

25 Q. Independent of that, though, you would

1 agree that any customer that did not have an e-mail
2 address was not allowed to participate in the survey,
3 correct?

4 A. That is correct.

5 Q. Why didn't you send the survey to those
6 customers by mail, snail mail?

7 A. The survey was designed to be a -- an
8 electronic survey, and it was designed to be
9 efficient, and we didn't believe that we needed to
10 send the -- the survey to every single customer of
11 AEP Ohio. We believed that the -- the population
12 with e-mail addresses represented a
13 more-than-adequate-sized sample for us to -- to use.

14 Q. So you don't think -- you don't think
15 that customers without e-mail addresses deserve to be
16 heard in this survey?

17 MR. NOURSE: Your Honor, I object. You
18 know, that's pejorative, argumentative. She's
19 already answered the factual answer to this and he's
20 just, you know, being argumentative.

21 MR. HEALEY: Your Honor, I am trying to
22 get at the reason that decision was made. We know
23 that the decision was made. We have yet to hear why
24 that decision was made.

25 MR. NOURSE: She just explained, in a

1 whole paragraph, the reason. He just wants to be
2 pejorative. I don't think that's appropriate.

3 MR. HEALEY: I can move on, your Honor.

4 EXAMINER SEE: Move on then, Mr. Healey.

5 Q. Did doing the survey by e-mail make it
6 more cost-effective rather than sending it by mail?
7 It's cheaper to send an e-mail than a letter?

8 A. We didn't -- we didn't analyze the
9 different costs between sending a letter via snail
10 mail versus e-mail. I can't really answer that
11 question.

12 Q. Does it cost more to send a thousand
13 e-mails than 100 e-mails when you are doing a survey
14 like this?

15 A. That's a question that Ms. Fry will be
16 able to answer. There is a cost for every -- every
17 e-mail survey sent. I don't know off the top of my
18 head what that cost is.

19 Q. Let's look at page 15 of the report,
20 please. Now, when you sent the e-mail to the -- the
21 e-mail survey to the small C&I and residential
22 customers, it was sent to a randomly-selected
23 population of those customers, correct?

24 A. Yes.

25 Q. You didn't send the e-mail to every

1 single residential and small C&I customer with an
2 e-mail address, correct?

3 A. Correct.

4 Q. Navigant did not decide which e-mail
5 addresses to send the survey to, did it?

6 A. That's correct.

7 Q. That decision was made by AEP?

8 A. Yes. AEP Ohio pulled the random sample
9 from their database.

10 Q. And what steps did AEP take to ensure the
11 selection it made was truly random?

12 A. Navigant was not part of that process,
13 so.

14 Q. You didn't ask?

15 A. We did ask that it be a random sample and
16 we were told that it was a random sample.

17 Q. But you didn't ask AEP what steps it took
18 to ensure randomness, correct?

19 A. I was not personally involved in any of
20 those conversations.

21 Q. Let's look at Table 1 on page 16 of the
22 survey report. There is a Footnote No. 23 next to
23 "Target Sample Size Requirement" which states
24 "Navigant designed the sample size requirements to
25 achieve 90 percent confidence and 10 percent

1 precision assuming a coefficient of variation of
2 1.0." Do you see that?

3 A. I do see that.

4 Q. Can you explain for me, in statistical
5 terms, what a "coefficient of variation" is?

6 A. Witness Fry is responsible for that
7 definition and can explain it.

8 Q. So you don't know?

9 A. I think she's better equipped to explain
10 that in the context of this survey she designed.

11 Q. Sure. Whether she is better equipped, my
12 question is do you know the answer?

13 MR. NOURSE: Your Honor, I think, you
14 know, the witness has already deferred to the next
15 witness that's appearing. It's already been
16 explained how they jointly worked together to design
17 and implement this survey, that they have
18 different -- different parts that they contributed
19 to, so she is deferring to Ms. Fry.

20 MR. HEALEY: And, your Honor, with all
21 due respect, this exhibit is attached to Ms. Horner's
22 testimony; she is sponsoring it. Ms. Fry does not
23 sponsor this exhibit. This is different. The
24 Economic Development Study, which we are going to see
25 later, is sponsored by both AEP witnesses. This is

1 exclusively a Ms. Horner exhibit. So I don't want to
2 hear, when I get to witness Fry, "This is not my
3 exhibit. You should have asked Ms. Horner that kind
4 of thing." Because this is not a Fry exhibit; she
5 does not sponsor this exhibit.

6 MR. NOURSE: Again, your Honor, you are
7 not going to hear that. We've got both witnesses
8 here. They have different contributions. That's
9 already been explained and she's deferring to Ms. Fry
10 on this technical statistical issue which is clearly
11 within the scope of Ms. Fry's testimony.

12 MR. HEALEY: With that commitment, I am
13 happy to ask Ms. Fry those questions, your Honor.

14 Q. (By Mr. Healey) Let's move to page 22 of
15 the report. And specifically Table 3 at the top.
16 Let me know when you get there. This table
17 summarizes, according to your survey, the "Small C&I
18 Willingness to Pay Totals," correct?

19 A. Correct.

20 Q. And when a customer says they are not
21 sure if they are willing to pay, you would not then
22 conclude that they are, in fact, willing to pay,
23 correct?

24 A. Can you repeat the question?

25 Q. Sure. There's -- maybe let's take a step

1 back.

2 There's four different answers here: Not
3 willing to pay anything, not sure, willing to pay
4 something but less than maximum, and willing to pay
5 maximum range. Do you see those four categories?

6 A. I do.

7 Q. And obviously if someone said "not
8 willing to pay anything," you would conclude they are
9 not willing to pay for renewable energy, correct?

10 A. Yes, I would conclude they are not
11 willing to pay for the -- in the context and for the
12 projects as were defined in the survey.

13 Q. Sure. And with respect to the "not sure"
14 answer, it would be unreasonable to conclude that
15 anyone that said "not sure" is willing to pay for
16 renewable energy, correct?

17 A. I think -- I think "not sure" means they
18 are unsure. They don't know if they are willing to
19 pay. They may be or they may not be. They're not
20 sure.

21 Q. And you would agree that with respect to
22 the far right column, there's 33 percent not willing
23 to pay anything and 25 percent not sure, so that's
24 58 percent who have not expressed a willingness to
25 pay for renewable energy, correct?

1 A. I would agree that there are 58 percent
2 who are not willing to pay anything or are not sure.

3 Q. And this survey -- excuse me. Let me
4 start again.

5 This table reflects there were 664
6 answers to this survey, correct?

7 A. For the small C&I customer population,
8 yes.

9 Q. And did you provide any aggregate numbers
10 on how many of those 664 were either willing to pay
11 something but less than the maximum or willing to pay
12 maximum range?

13 A. Can you repeat the question?

14 Q. Sure.

15 There's -- there's the two rows: Willing
16 to pay something less than maximum and willing to pay
17 maximum range.

18 A. Yes.

19 Q. Did you calculate how many of the 664
20 respondents fell within one of those two categories?

21 A. Yes. We have the raw survey data that
22 provided those numbers.

23 Q. And that data shows that less than half
24 of those 664 responded in those two categories,
25 correct?

1 A. Correct.

2 Q. And so if less than half of small C&I
3 customers responded they were willing to pay
4 something but less than the maximum or willing to pay
5 maximum range, wouldn't you conclude from that that
6 there's not majority support among small C&I
7 customers?

8 A. Can you repeat the question please?

9 MR. HEALEY: Can I have that reread,
10 please.

11 (Record read.)

12 MR. HEALEY: I am going to withdraw that
13 question and move on. Thank you, your Honor.

14 EXAMINER SEE: Okay.

15 Q. Let's turn to page 26 of the report,
16 please.

17 MR. HEALEY: Your Honor, at this point, I
18 am going to renew my hearsay objection on a more
19 limited basis with regard to this section in
20 particular. The previous sections presented the
21 witness's summary of responses largely to multiple
22 choice questions. This section is providing
23 summaries of open-ended questions responded to by
24 customers and the comments those customers made in
25 open-ended questions. This is much more obvious

1 hearsay where they are reporting customers said this,
2 customers said that, customers think this, customers
3 think that. This is hearsay. This is inadmissible.
4 And so I would renew my objection on a more limited
5 basis with respect to pages 26 of 41 through page 36
6 of 41 on the grounds of hearsay.

7 MR. NOURSE: Yeah, your Honor, let's
8 assume certain people join and certain people oppose.
9 But I would like to respond. Yeah, this section does
10 not contain the actual statements that were made, and
11 we are not repeating these here or putting them in
12 the exhibit. They actually were provided in
13 discovery but that's not what's being offered here;
14 it's not what has been included in the report.

15 And so these are, you know, these are
16 generally-categorized attitudes that were conveyed
17 through the survey, you know, into these -- into
18 these four categories and, again, all the data that
19 supported that was provided in discovery and provided
20 to OCC and any other parties. But it's not what's
21 being conveyed here. These are -- these are
22 attitudes and expectations that were -- they were
23 drawn out in the survey and they were categorized in
24 these general categories as another data point and,
25 again, as Ms. Horner said earlier, you know, in the

1 spirit of transparency and fully disclosing all the
2 data that was obtained by Navigant through this
3 survey process. I don't think it's hearsay.

4 MR. HEALEY: I would just respond
5 briefly, your Honor, that hearsay does not have to be
6 a direct quote. If a witness sits on the stand and
7 says, "Bob told me he likes apples," even if Bob
8 didn't say those precise words, that's still hearsay.

9 These are categorizations and summaries
10 of what customers were saying to Navigant in response
11 to a survey question. These customers are not here
12 to be cross-examined. I have no ability to ask
13 customers whether these category -- these
14 categorizations and summaries are accurate, whether
15 they mean X, Y, or Z, about anything that's said
16 here. This is obvious hearsay. This witness is
17 testifying on what customers told her.

18 MR. NOURSE: Well, your Honor, again,
19 that is the same argument made for the survey in its
20 entirety and it's the same character. This section
21 no more repeats customer name, customer comments than
22 any of the rest of the survey and, to that end, it is
23 the same argument that was made at the outset of
24 Ms. Horner's testimony.

25 MR. DOVE: Your Honor, I support

1 opposition to this motion. I think it's
2 disappointing that a consumer advocate seems to be
3 wanting to block the opinion of its clientele from
4 entering the record.

5 I also would like to note that at the
6 public hearing, when there were members of the public
7 here and testifying on the record, OCC did not avail
8 themselves of the opportunity to cross. So the
9 argument that they're not here to be crossed doesn't
10 seem to hold much weight.

11 MR. HEALEY: Your Honor, I move to strike
12 Mr. Dove's apparent testimony here about what did or
13 did not happen and also move to strike his
14 unnecessarily disparaging remarks about the
15 Consumers' Counsel. Thank you.

16 EXAMINER SEE: Anyone else weighing in on
17 either side?

18 MS. PIRIK: Your Honor, MAREC supports
19 the opposition.

20 MS. WHITFIELD: Your Honor, just briefly,
21 I would support OCC's position. If you think about
22 it, this is different than what the initial -- the
23 hearsay for the entire report is. They are
24 submitting these open-ended comments for the truth of
25 the matter asserted and they've characterized them

1 and we are supposed to assume that those comments are
2 true and they fit within support mixed with oppose or
3 neutral. So that is classic hearsay that they are
4 trying to submit as truth here and should be
5 stricken. Thank you.

6 MR. NOURSE: Your Honor, just a final
7 point. There's been complaints about this survey,
8 the main survey, about bias or that you led customers
9 into these conclusions. This is open-ended. It was
10 an open-ended opportunity for customers to comment
11 and say whatever they wanted to say on this topic
12 without any guiding, without any questions, without
13 any, you know, the things that intervenors are
14 complaining about here.

15 So, again, for purposes of transparency
16 and the whole data points that resulted from
17 Navigant's efforts and activities in trying to
18 solicit customers' demands and needs for future
19 expectations and service, this is part of it, and it
20 certainly adds value and is not inappropriate hearsay
21 either way.

22 MR. WHITT: Your Honor, if I may, I am
23 going to take a contrary view here. Direct and RESA
24 made their case on why they don't think the report
25 should come in and we still believe that, but our

1 position is that if the report comes in --

2 EXAMINER SEE: Use the mic.

3 MR. WHITT: If the report comes in, let
4 the report in, because if we start parsing pieces out
5 of it, then I'm concerned about a lack of
6 completeness and the lack of ability, potentially, to
7 give context to other parts of the report. I don't
8 know if I am supporting or opposing the objection,
9 but I guess that's my 2 cents. If it's in, it's in.
10 If it's out, it's out. Let's not slice and dice the
11 thing.

12 EXAMINER SEE: In the course of the
13 discussions regarding this portion of the exhibits
14 attached to Ms. Horner's testimony, representation
15 has been made that the actual comments for this
16 section of the report are available; is that correct?

17 MR. NOURSE: Yes. I believe they were
18 provided in discovery, the actual, like, raw data.

19 EXAMINER SEE: Are you willing to make
20 those available at this point and mark it as an
21 exhibit, Mr. Nourse.

22 MR. NOURSE: Am I? If the Bench would
23 like, we are happy to do that. Yeah, I don't know
24 how fast we can get that to you. We can probably
25 e-mail quicker than trying to reproduce it. I think

1 it's a large Excel spreadsheet. I would say I don't
2 recall, I think we marked it confidential.

3 I do know that we -- Ms. Horner can also
4 speak to this that it's -- part of the survey, of
5 course, was not to disclose, you know, it's an
6 anonymous survey, and so I don't know -- I don't
7 recall the extent to which that spreadsheet is
8 associated with an e-mail or will otherwise identify
9 the customer. I do think that some of the comments
10 did have data that would disclose the
11 customer-specific identity, so I would want to offer
12 that caveat if you are considering doing that.

13 EXAMINER SEE: At this point, I am going
14 to reserve a number as an exhibit and we'll -- once
15 you have an opportunity to review the information,
16 we'll talk more about what will be put into the
17 record. But with that, the motion to strike page 26
18 of 41 of Exhibit TH-1 is denied.

19 MS. BOJKO: Your Honor, for my
20 bookkeeping records, what kind of number are you
21 going to reserve? Is it AEP Exhibit?

22 EXAMINER SEE: It would be an AEP Exhibit
23 7.

24 MS. BOJKO: Thank you, your Honor.

25 MS. WHITFIELD: And, your Honor, just for

1 clarification as well, that was -- the subject of the
2 motion to strike was pages 26 to 36. You are talking
3 about that entirety.

4 EXAMINER SEE: I'm sorry. Yes, just
5 those pages of the attachment to Ms. Horner's
6 testimony which is Exhibit TH-1, pages -- I'm sorry.
7 Let me make sure I have the right pages. Pages 26 of
8 41 to page 36 of 41.

9 MR. NOURSE: Yes.

10 EXAMINER SEE: Mr. Healey.

11 MR. HEALEY: Thank you.

12 Q. (By Mr. Healey) Ms. Horner, let's look at
13 page 26 of the report near the top. The second
14 sentence says that "The research team analyzed these
15 comments, categorizing each of the comments as
16 supportive, mixed, neutral/unclear, and opposed." Do
17 you see that?

18 A. Yes.

19 Q. And just so we can get the context back,
20 this is the open-ended section of the survey where
21 customers were allowed to provide whatever comments
22 they wanted, correct?

23 A. Correct.

24 Q. And this refers to category --
25 categorizing each of the comments; that

1 categorization was done by a human being, correct,
2 not a machine?

3 A. That is correct.

4 Q. And so, that person or persons who did
5 that analysis would have to exercise some subjective
6 judgment in categorizing their responses?

7 A. Yes. The categorization was done by a
8 single person, of all of the comments, who exercised
9 their judgment.

10 Q. And that person was not you, correct?

11 A. That is correct.

12 Q. And it was not witness Fry either?

13 A. That is correct.

14 Q. And who was that person?

15 A. It was one of our colleagues at Navigant.
16 I believe the name was provided in discovery.

17 Q. Yes. Malika Jayaraman; does that sound
18 familiar.

19 A. Yes.

20 Q. She is not testifying in this case; is
21 that correct?

22 A. That's correct.

23 Q. And so, since she did the analysis, you
24 can't personally verify that you agree with her
25 categorization of the responses, correct?

1 A. I don't -- I don't have any reason to
2 disagree with them. The overall conclusions or
3 results of the analysis were consistent directionally
4 with the other multiple-choice-related questions of
5 the survey, so I don't have any reason to -- to
6 disagree with them.

7 Q. You say you don't have any reason to
8 disagree. Is it your testimony, therefore, that you
9 affirmatively agree with all the -- all the decisions
10 she made in categorizing these comments?

11 A. I do.

12 Q. And you can speak to the reasons that she
13 decided on each particular comment how it would be
14 categorized?

15 A. I believe she used consistent judgment to
16 categorize these comments, and so I would agree with
17 that judgment that's used.

18 Q. But given that she's not here, the
19 Commission won't have an opportunity to -- let me
20 start again.

21 Given that she's not here, the Commission
22 is not going to have an opportunity to know what she
23 was considering when she made these decisions,
24 correct?

25 A. She -- she is not here and witness Fry

1 can elaborate on the criteria that was used by the
2 reviewer to categorize the responses.

3 Q. I am going to turn to page 37 of the
4 report which is Appendix A. This appendix includes
5 the actual questions that customers were asked in the
6 survey, correct?

7 A. Correct.

8 Q. And at the bottom of this page 37 on your
9 Exhibit TH-1, there's a subheading called
10 "Attitudes." Do you see that?

11 A. Correct.

12 Q. And it says "AEP Ohio currently obtains
13 4.5 percent of its electricity from renewable sources
14 such as wind and solar." Do you see that sentence
15 there?

16 A. I do.

17 Q. And that sentence was included in the
18 survey that was sent to customers?

19 A. Yes.

20 Q. And the reference to "its electricity" in
21 that sentence, what does that mean?

22 A. The electricity of AEP Ohio.

23 Q. So does that mean that 4.5 percent of all
24 electricity that AEP Ohio delivers to its
25 distribution customers was sourced from renewable

1 energy?

2 A. It means that -- that AEP Ohio currently
3 obtains 4.5 percent of its electricity from renewable
4 sources.

5 Q. Right, that's what it says. I am trying
6 to understand what about that means. So AEP Ohio is
7 a distribution utility. Do you understand that?

8 A. Yes.

9 Q. And so it delivers electricity through
10 wires to its customers, correct?

11 A. Correct.

12 Q. Are you saying that 4.5 percent of the
13 electricity delivered to customers through AEP's
14 wires was sourced from renewable energy?

15 A. Yes. 4.5 percent is the number that AEP
16 Ohio provided to us.

17 Q. And when you're using that 4.5 percent
18 number, does that include Standard Service Offer
19 customers and shopping customers?

20 A. It includes the customers of AEP Ohio, so
21 it does not include shopping customers.

22 Q. So it's your testimony that when AEP
23 provides generation to service -- generation service
24 to SSO customers, it's ensuring that 4.5 percent of
25 that electricity is sourced from renewable energy?

1 MR. NOURSE: Your Honor, I just object.
2 She answered what the survey said, what it meant.
3 Now, I think we're being -- getting into the finer
4 points of SSO supply and, again, Ohio regulatory
5 details which Ms. Horner is not here to testify
6 about. So I think it goes beyond the scope of her
7 testimony and she's already explained the extent of
8 her understanding of what the 4.5 percent means as it
9 relates to nonshopping load.

10 MR. HEALEY: Your Honor --

11 MS. BOJKO: Your Honor --

12 MR. HEALEY: The witness is trying to use
13 this survey to tell us what customers believe about
14 renewable energy. This is information they provided
15 to customers. If we can't ask the person responsible
16 for the survey what that means, then how can we
17 possibly interpret this survey to mean that customers
18 understand what it means? So I am trying to ask her
19 if she understands what this sentence means and what
20 it conveys to customers that she asked questions to
21 through her survey.

22 MR. NOURSE: And she already answered
23 that question, your Honor.

24 EXAMINER SEE: Ms. Bojko.

25 MR. NOURSE: I am not even sure of the

1 distinction Mr. Healey is making at this point.

2 MS. BOJKO: Your Honor, during
3 Mr. Allen's cross-examination, I asked him about this
4 same subject matter and I believe at that time
5 Mr. Nourse also objected to me asking Mr. Allen those
6 questions, and stated that these questions were
7 better asked of the Navigant folks that performed the
8 survey. So now we're here, asking the person that
9 performed the surveyed, and he is objecting that this
10 isn't the right person.

11 MR. NOURSE: No. She already answered
12 the question I think at least three times with the
13 nuisances that she could. And I'm not sure what
14 additional detail Mr. Healey is even pushing for, but
15 it sounds like he's making some distinction based on
16 nuances of SSO supply. I don't know. But I think
17 she's already answered it.

18 EXAMINER SEE: Move on, Mr. Healey.

19 MR. HEALEY: Yes, your Honor.

20 Q. (By Mr. Healey) Are you familiar with
21 statutory renewable mandates in the State of Ohio?

22 A. I am -- I am generally familiar with
23 them.

24 Q. Are you aware that in 2018 there was a
25 4.5 percent mandate for electric distribution

1 utilities under the law?

2 A. Yes.

3 Q. And so, is that what this 4.5 percent is
4 referring to?

5 A. The 4.5 percent is referring to the
6 amount of AEP Ohio's electricity from renewable
7 sources that Navigant received from AEP Ohio. We did
8 understand that that is consistent with and compliant
9 with the statutory requirements.

10 Q. Do you know what AEP does to satisfy its
11 mandates under the law?

12 A. Navigant did not examine that as part of
13 this analysis.

14 Q. So you don't know whether AEP generates
15 its own renewable energy, signs REPAs, purchases
16 RECs, you don't know?

17 A. We're generally aware those are some of
18 the options but we did not study what the specific
19 generation sources are.

20 Q. Did your survey ask -- let me start over.
21 Did your survey inform customers that they already
22 pay for renewable energy through their distribution
23 bills to AEP?

24 A. The survey did not include a question in
25 terms of what customers already pay for. The

1 reference to 4.5 percent in this -- in this sentence
2 was provided in order to provide some context for
3 customers so that they understood, when we were
4 asking would -- would they support AEP Ohio's efforts
5 to develop -- or pursue development of 900 megawatts
6 of wind and solar, they would understand that it was
7 "more than what." So the 4-1/2 percent is provided
8 to provide some context, and I think it's reasonable
9 to think that customers understand that they are
10 paying for the 4-1/2 percent, that number that is
11 being provided here.

12 MR. HEALEY: Your Honor, I am going to
13 move to strike. My question was a very simple
14 question, did your survey include information telling
15 customers that they already pay for renewable energy
16 through their distribution bills. It had nothing to
17 do with the 4.5 percent. It had nothing to do with
18 this question and the witness went on a very long
19 tangent, after saying no, about unrelated issues to
20 my direct and simple question about whether the
21 survey included certain information.

22 MR. NOURSE: Your Honor, if the record is
23 already clear and Mr. Healey has the entire survey,
24 if he really just wanted to know whether his question
25 that's not in the survey was not in the survey, he

1 didn't need to ask that. She's -- she's explaining
2 no and here is why not because customers already
3 understand what they paid for and we don't provide
4 free service and that 4-1/2 percent is the baseline
5 upon which you are asking whether customers think we
6 should do more, "more than what." That's what she
7 explained.

8 EXAMINER SEE: The question will -- the
9 answer will stand. Move on, Mr. Healey.

10 MR. HEALEY: Thank you, your Honor.

11 At this point, I would like to mark OCC
12 Exhibits 6 and 7. The first one is from the PUCO
13 website. It's Renewable Portfolio Standard/Rate
14 Impacts for Second Quarter 2018, and then the second
15 one is for Third Quarter 2018. May we approach, your
16 Honor?

17 EXAMINER SEE: Yes.

18 (EXHIBITS MARKED FOR IDENTIFICATION.)

19 Q. (By Mr. Healey) Ms. Horner, I have just
20 handed you what's been marked as OCC Exhibit 6 which
21 is a summary of Renewable Portfolio Standard/Rate
22 Impacts for Second Quarter 2018, and OCC Exhibit 7,
23 Renewable Portfolio Standard/Rate Impacts for Third
24 Quarter 2018. Do you have those in front of you?

25 A. Yes.

1 Q. With regard to OCC Exhibit 6, can you
2 turn to the second page, please.

3 MR. NOURSE: Your Honor, I am going to
4 object to using this information with this witness.
5 Again, she's not here testifying about Ohio
6 regulatory requirements or Ohio statutory
7 requirements or bill impacts or the cost of
8 renewables. Anything -- anything like that. So I
9 think this is outside the scope of her testimony. It
10 does not relate to Navigant's formulation or
11 conducting of the survey.

12 MR. HEALEY: Your Honor, this witness is
13 testifying regarding customers' willingness to pay
14 for renewable energy, regarding the accuracy of the
15 survey that they provided. I think I should be
16 entitled to ask her why she did or did not include
17 additional information in that survey which would
18 have informed, potentially, customers' opinions and
19 their responses to the exact questions that they were
20 asked.

21 The omission of information from that
22 survey is highly relevant in demonstrating that
23 customers were not necessarily making an informed
24 response to the biased questions from Navigant. That
25 is the purpose of this cross-examination and it

1 directly refutes what is in the survey.

2 MR. NOURSE: Well, your Honor, first of
3 all, the "Willingness to Pay" questions and the
4 dollar amounts included, she's already indicated that
5 was provided by the Company, and she had no opinion,
6 no information and certainly not offering herself as
7 an expert about the renewable costs or the level of
8 renewable costs for AEP Ohio or certainly any other
9 Ohio utility.

10 And secondly, Mr. -- Mr. Healey can
11 certainly ask her whether certain things were
12 included or not included in the survey, but that's
13 not the same as dumping in other information that's
14 out there that OCC's own witnesses could sponsor if
15 they want to or they could bring in through a, you
16 know, a witness that is knowledgeable about those
17 topics. But this is not the witness.

18 MR. HEALEY: Your Honor, I haven't
19 actually asked a question about this, so I think any
20 objections are premature.

21 MR. NOURSE: Well, I did wait until he
22 asked his first question.

23 MR. HEALEY: My first question was can
24 you turn to page 2. The objection is to that
25 question, apparently.

1 EXAMINER SEE: Go ahead, Mr. Healey. I'm
2 sorry, the witness, I don't think she responded to
3 whether she had turned to page 2 yet, which is the
4 only issue.

5 Q. (By Mr. Healey) Ms. Horner, can you
6 please turn to page 2 of what's been marked OCC
7 Exhibit 6, please.

8 A. Yes.

9 Q. And do you see on this exhibit that the
10 PUCO has published an average monthly bill impact for
11 Ohio Power Company of \$2.07 for alternative energy?

12 A. Yes.

13 Q. And you would agree that that amount is
14 higher than all of the "Willingness to Pay" amounts
15 used in your survey, correct?

16 MR. NOURSE: I object. Again, Ms. Horner
17 doesn't understand what this is. She hasn't been
18 asked about any of that and, again, it goes beyond
19 her testimony. The "Willingness to Pay" amounts in
20 the survey, as she said, were provided by the Company
21 and they relate to the additional -- the increased
22 renewable. They do not relate to what customers
23 currently pay under their rates on their bills that
24 they get every month and are already aware of. This
25 has no bearing on the survey.

1 EXAMINER SEE: The objection is
2 overruled. Ms. Horner, you can answer the question.

3 THE WITNESS: Can you read the question?
4 (Record read.)

5 A. So the survey amounts used a different
6 unit for each of residential or small C&I. The --
7 this amount here on this page is higher than for the
8 residential increments that Navigant used in our
9 survey. It is higher than those. Those were the
10 incremental costs associated with the AEP Ohio's
11 estimated cost of this initiative that was provided
12 to us. I can't speak to this number and what that
13 number includes or how comparable they may be.

14 For C&I -- small C&I customers the
15 increment was provided in terms of percentages and so
16 there's no way to know for each individual customer
17 whether this is higher or lower than increments that
18 we used.

19 Q. Now, we discussed before, you are aware
20 of the State solar mandates generally in Ohio,
21 correct?

22 A. Yes.

23 Q. And you are aware that in 2018, AEP was
24 required to meet a 4.5 percent mandate?

25 A. Yes.

1 Q. And that that number goes up by 1 percent
2 every year through 2026 and, if you don't remember
3 off the top of your head, it is on page 9 of the
4 Navigant report near the bottom, last sentence, in
5 fact.

6 A. Yes.

7 Q. And you would agree that, all else equal,
8 meeting a 12.5 percent mandate costs more than
9 meeting a 4.5 percent mandate, correct?

10 A. We haven't looked at the costs of what
11 that would require as a part of overall efforts to
12 meet mandates that far out. The only costs that we
13 included in the survey were -- were the estimates
14 that AEP Ohio provided to us as part of this
15 initiative.

16 Q. So your survey did not inform customers
17 that the mandate that AEP is required to meet and for
18 which they pay will be going up every year for the
19 next eight years, correct?

20 MR. NOURSE: Your Honor, now, it's -- I
21 object. I think he's assuming some things not in
22 evidence. This witness is not, you know, has said
23 she hasn't looked at it and is not prepared to
24 discuss. It's one thing to say "All else equal,
25 let's assume this." But then to make the allegation

1 being that we didn't inform customers in the survey,
2 it then becomes, again, a factual predicate that's
3 not in evidence. So I object to that.

4 MR. HEALEY: Your Honor, the report
5 specifically references these mandates, and all I
6 asked was did your survey tell customers the exact
7 information that they included in their report.

8 MR. NOURSE: No. He said why didn't we
9 inform customers that it's going to be more
10 expensive, and that's an assumption that's not --

11 MR. HEALEY: Your Honor, I would like to
12 have my question reread. It didn't say anything
13 about why and it didn't say anything about costs.

14 MR. NOURSE: Can we have a new question,
15 your Honor?

16 EXAMINER SEE: Let's reread the question
17 and the witness can answer the question.

18 (Record read.)

19 A. The survey did not include information
20 about the -- the future renewable portfolio
21 requirements over time. Or the costs of those. The
22 survey was focused on the information that we had
23 about initiatives being planned at the time to
24 provide customers with the information that we had
25 about AEP Ohio's current initiative.

1 Q. Let's move to page 38 of the report,
2 please. And I would like to discuss the "Willingness
3 to Pay" questions. Under the heading, "Willingness
4 to Pay" here in the survey, there is a paragraph.
5 Were customers shown this paragraph when they
6 received the survey?

7 A. Customers, except PIPP customers, were
8 shown this portion of the survey.

9 Q. And that's because PIPP customers didn't
10 get the "Willingness to Pay" questions at all,
11 correct?

12 A. Correct.

13 Q. In this paragraph, looks like fourth --
14 third sentence, it says "By -- the third sentence --
15 "By developing utility-scale renewable generation in
16 Ohio, AEP Ohio can reduce the environmental impact of
17 electricity generation while creating skilled green
18 energy jobs in Ohio and stimulating the local economy
19 with additional tax revenue." What's the basis for
20 the statement that AEP Ohio can reduce the
21 environmental impact on electricity generation?

22 A. The basis is the generally-accepted
23 concept that renewable-generation sources provide
24 less impact on the environment in the form of -- of
25 less greenhouse gas emissions, for example.

1 Q. Less impact than what? You have -- you
2 are comparing renewable energy to something else.
3 What is that something else?

4 A. Less than traditional fossil generation.

5 Q. So for the renewable projects to reduce
6 the impact, the environmental impact, they would have
7 to displace fossil fuel generation; is that your
8 view?

9 MR. NOURSE: I just object to the term
10 "displace generation." I think it's ambiguous. It's
11 not clear whether you are asking about plants closing
12 or just producing less electricity.

13 Q. Either/or, Ms. Horner.

14 EXAMINER SEE: Take another shot.

15 Q. To reduce the environmental impact of
16 electricity generation, its renewable energy would
17 have to cause a reduction in the amount of energy
18 produced through fossil fuels, correct?

19 A. In general, yes, or be used as the next
20 increment for additional load growth instead of
21 fossil fuels.

22 Q. And what evidence do you have that AEP's
23 proposed renewable projects would, in fact, either
24 cause a reduction in the amount of energy generated
25 through -- by fossil fuels or replace future

1 generation that would come from fossil fuels?

2 A. Navigant hasn't studied the specific
3 projects that AEP Ohio would be -- would be pursuing
4 as part of this. So I can't offer specifics on that
5 beyond the general -- generally-accepted premise that
6 they -- renewable resources are generally less
7 impactful from an environmental perspective.

8 Q. Isn't it possible that if AEP were to
9 develop these renewable projects, it would cause
10 displacement either through reduction in generation
11 or shutting down of other renewables as opposed to
12 fossil fuels?

13 A. Can you repeat the question?

14 Q. Sure. Let's think about it this way:
15 AEP -- these new facilities will generate energy,
16 correct?

17 A. Correct.

18 Q. And when that energy is bid into the PJM
19 energy market, if it clears, then some other energy
20 is not clearing, correct?

21 A. Correct.

22 Q. And that other energy that's not clearing
23 could be renewable energy; isn't that right?

24 A. Correct.

25 Q. And in that instance there would be no

1 environmental impact for that amount that AEP's
2 project simply replaced another renewable project,
3 correct?

4 A. In general that may be correct. I think
5 it's whether and how much environmental impact is
6 achieved is -- is highly dependent on specific
7 resources, which resources are -- are dispatched
8 instead of -- instead of others.

9 Q. The sentence I read on page 38 of the
10 report also mentions stimulating the local economy
11 with initial tax revenue. What's your basis for
12 believing that to be true?

13 A. Our basis of that is, again, premised on
14 the general observation and our experience with
15 renewable projects is that they do stimulate the
16 development of -- of a different kind of skill set
17 and jobs. It is premised on the -- the report that
18 Navigant had pursued to which you referenced earlier.

19 Q. Why did you include, in the survey,
20 information about environmental impact, job creation,
21 and tax revenues immediately before the "Willingness
22 to Pay" questions?

23 A. The paragraph before the "Willingness to
24 Pay" questions is provided to -- to contextualize the
25 questions that follow that this is what's being

1 proposed. These are some of the things that will
2 result from what's being proposed, and this is the
3 impact, Customer, that it may have on you. So, with
4 that information, we -- we would like your opinion
5 about the following questions.

6 Q. And you don't think that by leading the
7 "Willingness to Pay" questions with a long list of
8 what's great about renewable energy, impacted
9 customers' potential responses to these questions?

10 A. I don't think it's a long list. I think
11 it's a -- as I said, it's one sentence to
12 contextualize what is being proposed. One sentence
13 to talk about the benefits that may result and one
14 sentence that talks about the costs that may result
15 and the direct customer impacts that may result.

16 Q. Do you believe, based on your experience
17 with surveys, that if this information were not
18 included, the responses to the "Willingness to Pay"
19 questions would have been the same?

20 A. I don't have any reason to think that
21 they would be different if it were tee'd up. All we
22 have is the responses to the question that's asked,
23 but we don't have any reason to think they would be
24 different.

25 Q. So if the answers would be the same

1 whether you included this information or not, then
2 that makes that information irrelevant, correct?

3 A. I think that, again, this paragraph is
4 important context for a customer to be able to
5 evaluate for him or herself the questions that
6 follow.

7 Q. So that paragraph is intended to
8 encourage customers to answer the -- the following
9 questions in a certain way, correct?

10 A. I think that the paragraph is intended to
11 provide customers with the information to allow them
12 to make the choices, make informed choices, from
13 their own perspective, but given the stated plans,
14 some of the potential benefits, and some of the
15 potential costs.

16 Q. Let's turn to page 39 -- actually let's
17 stay here for a minute. Let's look at Question 6.
18 This is the first "Willingness to Pay" question.
19 Here, you included a different range of willingness
20 to pay for each residential customer, correct,
21 somewhere from 50 to 75 cents on the low end and then
22 a \$1.25 to \$1.50 on the high end, correct?

23 A. Correct.

24 Q. And AEP suggested those ranges to you,
25 correct?

1 A. Correct.

2 Q. If Navigant is supposed to be doing an
3 independent third-party analysis here, wouldn't it
4 have made more sense for Navigant to choose the
5 "Willingness to Pay" ranges instead of relying on
6 AEP?

7 A. Our goal here was to provide customers
8 with an as accurate and transparent glimpse into AEP
9 Ohio's initiative as possible. And AEP Ohio is -- is
10 the entity that had that information. So in an
11 effort to be as accurate and transparent with a
12 customer as possible, given that, you know, Navigant
13 had no -- no insight into AEP Ohio's procurement
14 plans, the details of those processes, we -- we
15 thought it best to use the information that was
16 provided from AEP Ohio.

17 Q. Let's turn to page 39. Starting at the
18 bottom of the survey, there were various questions
19 about demographics. Do you see that section?

20 A. Yes.

21 Q. And Question 13 says "Do you own or rent
22 your home?" Correct?

23 A. Correct.

24 Q. And nothing in your report tells us what
25 those responses to that question were, does it?

1 A. Correct.

2 Q. And, in fact, neither AEP nor Navigant
3 did anything to analyze the responses to this
4 question, correct?

5 A. So Navigant, once the responses to the
6 survey were in, Navigant did do an analysis of the --
7 the results against certain of the demographic data
8 that was provided in the survey just to assure
9 ourselves that the responses were consistent with the
10 information that AEP Ohio had as part of our analysis
11 of the survey.

12 Q. Okay.

13 MR. HEALEY: Your Honor, I would like to
14 mark OCC Exhibit 8. This is AEP's response to
15 Interrogatory 12-135. May we approach?

16 EXAMINER SEE: Yes.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 Q. (By Mr. Healey) Ms. Horner, do you have
19 in front of you what's now been marked OCC Exhibit 8?

20 A. Yes.

21 Q. And you see that this interrogatory
22 refers to the question I was just asking you about
23 whether customers own or rent their home, correct?

24 A. Yes.

25 Q. And the response is "Neither AEP Ohio nor

1 Navigant has performed analysis of the Voice of the
2 Customer survey responses based on whether the
3 customer owns or rents their home." Do you see that?

4 A. I do.

5 Q. In light of that response, would you like
6 to amend your previous response that that analysis
7 was, in fact, done?

8 A. No. Witness Fry, I think, can provide
9 more details about the specific interrogatory
10 response, but we did not do any -- any weighting
11 or -- of the survey results based on whether a
12 customer owns or rents their home and -- but we did
13 do some analysis to assure ourselves that, based on
14 the answers to that, among other questions, that we
15 had captured a representative sample in the survey.

16 Q. So the sentence in this OCC Exhibit 8,
17 "Neither AEP Ohio nor Navigant has performed an
18 analysis of the Voice of the Customer survey
19 responses based on whether the customer owns or rents
20 their home," is that statement false?

21 MR. NOURSE: Your Honor, I object. I
22 think Ms. Horner has already indicated what Navigant
23 did in terms of the sanity check she described. The
24 discovery response is one prepared by Ms. Fry, and
25 Ms. Horner has already deferred to her and the

1 details of this, so I think it's more appropriate
2 witness Fry take up this matter.

3 MR. HEALEY: Your Honor, that brings up
4 an important issue that I would like to raise. We
5 sent this discovery out weeks ago, months ago at this
6 point, got responses from AEP; and on Tuesday,
7 immediately before the beginning of this hearing, we
8 got a document from the Company changing nearly every
9 discovery response that Ms. Horner had previously
10 responded to, to witness Fry.

11 So to say that Ms. Horner can't respond
12 to this, when, as of four days ago, she was the
13 responsible witness for this, at the time these were
14 received by OCC, the answers came from her, not from
15 witness Fry. So it's a very last-minute change from
16 AEP to try to deflect these types of questions away
17 from witness Horner to witness Fry, and I object to
18 the last-minute change. I can provide documentation
19 of that change if my word is not good enough.

20 MR. NOURSE: Yeah, you know, I object to
21 deflecting anything or some bad faith here. There
22 was an administrative error. It wasn't all. It was
23 about half because there were two witnesses from
24 Navigant and there was an administrative error that
25 labeled all the Navigant witnesses' Navigant

1 discovery responses as Ms. Horner when about half of
2 them were actually Ms. Fry. We caught that
3 administrative error and corrected it as soon as
4 we -- as soon as we caught it. So, you know, I
5 apologize for the inconvenience. There's no --
6 there's no deflecting or strategy here.

7 But the bottom line is she's already
8 answered to the best of her ability, deferred
9 Ms. Fry, and it is -- it is labeled as a response
10 Ms. Fry can answer and she is here today and is able
11 to answer those questions. So there's no, you know,
12 prejudice or anything like that to OCC.

13 MR. HEALEY: Where are we, your Honor? I
14 think I had a question pending and there was an
15 objection.

16 EXAMINER SEE: Move on, Mr. Healey.

17 MR. HEALEY: Thank you, your Honor. I
18 would like to make a motion to strike any of the
19 questions that I asked regarding Question 13 of the
20 survey to which Ms. Horner responded and then I was
21 not allowed to impeach her with this interrogatory.
22 I would therefore move to strike her response given
23 that I was not able to ask her follow-up questions to
24 that response. She is deferring to witness Fry, so
25 let's keep the record clean and let Fry be the only

1 witness on these questions and I will ask her when
2 the time comes.

3 MR. NOURSE: I don't object. It's up to
4 the Bench.

5 EXAMINER SEE: Sorry?

6 MR. NOURSE: I don't object, but it's up
7 to the Bench if you want to go to that length
8 obviously.

9 EXAMINER SEE: Your question to strike
10 Ms. Horner's testimony is denied. Feel free to ask
11 Ms. Fry same or similar questions so.

12 Q. (By Mr. Healey) Ms. Horner, Navigant did
13 not make any attempt to confirm the sample of
14 customers included in this survey was geographically
15 representative of AEP's service territory, did it?

16 A. Navigant did compare some of the
17 demographic information received as part of
18 customers' responses, including several of the ones
19 identified here in the survey relative to owning, and
20 age, and income levels but, no, not any geographic,
21 demographic information.

22 Q. And did Navigant screen the e-mail
23 addresses it received to ensure that AEP Ohio
24 employees were not responding to the survey?

25 A. No. Navigant did not receive information

1 other than the demographic information requested
2 about the identity of respondents to the survey.

3 Q. So, to the best of your knowledge, if an
4 AEP Ohio employee received the survey, they were free
5 to respond and were included in the survey results,
6 correct?

7 A. Yes.

8 MR. HEALEY: That's all, your Honor.
9 Thank you very much, and I appreciate your patience
10 through the long cross.

11 Thank you, Ms. Horner.

12 EXAMINER SEE: Thank you.

13 Let's go off the record for a minute.

14 (Discussion off the record.)

15 (Recess taken.)

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

18 Ms. Whitfield.

19 MS. WHITFIELD: Thank you, your Honor.

20 - - -

21 CROSS-EXAMINATION

22 By Ms. Whitfield:

23 Q. Good afternoon, Ms. Horner.

24 A. Good afternoon.

25 Q. I want to talk to you a little bit about

1 your background. Now, you testified that you were at
2 the California Public Utilities Commission from 1991
3 to 2004. Do you recall that?

4 A. Yes.

5 Q. And in your role at the CPUC, did you --
6 you didn't design customer surveys, did you?

7 A. Correct.

8 Q. And in -- while you were there at the
9 CPUC, you did not implement any customer surveys, did
10 you?

11 A. No, I didn't.

12 Q. And while you were at the CPUC, you
13 didn't analyze any customer surveys, did you?

14 A. Not that I recall.

15 Q. When did you join Navigant again?

16 A. 2016.

17 Q. And prior to Navigant, you were at
18 Pacific Gas & Electric Company, correct?

19 A. Prior to Navigant, I was an independent
20 consultant and, prior to that, I was at Pacific Gas &
21 Electric Company.

22 Q. Okay. Well, when -- your testimony
23 doesn't say anything about the independent
24 consulting. When does your -- when did you leave
25 Pacific Gas and Electric Company?

1 A. 2014.

2 Q. Okay. And just for clarity, were you
3 asked to resign from Pacific Gas and Electric
4 Company?

5 A. I'm hesitating because I don't know the
6 extent to which that information -- I am able to
7 share that information.

8 MR. NOURSE: Based on a confidentiality
9 agreement?

10 THE WITNESS: Based on a confidentiality
11 agreement. Thank you.

12 Q. Fair enough. I'll move on from that.

13 Now, you referenced you did independent
14 consulting. Was that with the TAH Associates?

15 A. Yes.

16 Q. And what is TAH Associates?

17 A. That's my -- those are my initials.

18 Q. Okay. And who -- what type of consulting
19 did you provide? During this -- it was approximately
20 two years in 2014-2016?

21 A. Yes. General regulatory strategy and
22 filings before the California Public Utilities
23 Commission.

24 Q. Did you work always on behalf of the
25 utility companies?

1 A. No.

2 Q. And while you were at TAH Associates, did
3 you design, implement, or analyze any customer
4 surveys?

5 A. No.

6 Q. And when you were at Pacific Gas &
7 Electric Company, did you design or implement any
8 customer surveys during that time period?

9 A. I did not design them, no.

10 Q. And did you not implement them?

11 A. No.

12 Q. I believe you testified earlier -- well,
13 let me ask you a little bit more about it. TAH
14 Associates, can you identify who were your clients
15 during that one- to two-year period? Categories.
16 You don't need to give me names, but just . . .

17 A. Yes. I worked for competitive market
18 providers as well as electric utilities during that
19 period.

20 Q. And generally what did you do for the
21 competitive market providers?

22 A. Analyzed the effects of utility proposals
23 on their initiatives. I crafted comments, pleadings,
24 filings on their behalf.

25 Q. Okay. And I apologize if I already asked

1 you this, but just for clarification, while you were
2 at TAH Associates, doing work for competitive market
3 providers or electric utilities, you did not do
4 anything regarding designing, implementing, or
5 analyzing customer surveys, correct?

6 A. That is correct.

7 Q. I believe you testified earlier, you have
8 a BA in International Relations and Finance; is that
9 correct?

10 A. Correct.

11 Q. In doing that coursework, did you take
12 any classes dedicated to the design, implementation,
13 or analysis of customer surveys?

14 A. I don't recall. I don't think so.

15 Q. Now, if you look at page 2 of your
16 testimony -- actually, at the top of page 3 really.
17 The question about "Was the VOC report prepared by
18 you or under your direction?" And your initial
19 response is "Yes." Do you see that?

20 A. Yes.

21 Q. And you did not personally draft this
22 report, did you?

23 A. I personally drafted portions of this
24 report.

25 Q. Okay. Which portions did you draft? We

1 can just turn to Exhibit TH-1 which is attached to
2 your testimony.

3 A. I personally drafted portions of the
4 Executive Summary, Section 1, Section 2, and Section
5 3.

6 Q. Did you do the entirety of Sections 1, 2,
7 and 3?

8 A. No.

9 Q. Who else drafted portions of Section 1?

10 A. I don't recall specifically who wrote
11 different parts. I recall certain individuals Brian
12 Dickman and Andrea Romano being involved with
13 Sections 1, 2, and 3.

14 Q. And what was the other name? Brian
15 Dickman and?

16 A. Andrea Romano. Both of them are
17 Associate Directors at Navigant.

18 Q. And was Ms. Fry involved in all of the
19 drafting of this report?

20 A. Can you restate the question?

21 Q. Did Ms. Fry participate in the writing of
22 this report that you're sponsoring?

23 A. Yes.

24 Q. Do you know what sections that she
25 participated in drafting?

1 A. Ms. Fry drafted Section 4 of this report
2 and contributed to portions of Section 3.2 of this
3 report.

4 Q. Now, just so the record is clear, you had
5 no involvement in the design of the survey that
6 serves the basis for your report, correct?

7 A. I was involved with the -- in the
8 conversations internally as Navigant drafted the
9 original survey, and I participated in the
10 conversations in the development of it --

11 Q. And those conversations were with --

12 A. -- thereafter.

13 Q. I'm sorry.

14 A. Sorry. Thereafter.

15 Q. And those conversations were with
16 Mrs. Fry or Ms. Fry?

17 A. Those conversations were with Ms. Fry as
18 well as members of her survey development team, and I
19 also participated in conversations with AEP Ohio
20 during that time.

21 Q. Now, with respect to AEP Ohio, the
22 purpose of this survey was to assess commercial and
23 industrial and residential customer interest in and
24 attitudes toward renewable energy generated in Ohio,
25 correct?

1 A. Correct.

2 Q. So you were looking at their interest and
3 what they wanted, correct?

4 A. Yes. We were looking at their interests
5 in renewables, trying to be as specific as possible
6 with regard to what we understood AEP Ohio to be
7 intending to pursue.

8 Q. And for the participants in the survey,
9 those were randomly selected by AEP Ohio, correct?

10 A. Yes. They were randomly selected among
11 their population of customers for whom they had
12 e-mail addresses.

13 Q. And do you know the total population of
14 how many they had e-mail addresses for?

15 A. I believe it is -- it was about 700,000,
16 but subject to check. I think Ms. Fry may have a
17 more precise number for you.

18 Q. Are you aware that AEP Ohio has
19 approximately 1.1 million residential non-PIPP
20 customers?

21 A. That is my understanding.

22 Q. And you sent this survey -- or Navigant
23 sent the survey to 120,000 of those roughly 1.1
24 million, correct?

25 A. Correct.

1 Q. And of those 1.1 million residential
2 non-PIPP customers, only 7,498 completed the survey,
3 correct?

4 A. Yes, that is the number that -- that
5 responded of our -- of our 120,000 who were invited
6 to participate.

7 Q. But the entire universe of that class of
8 customers is 1.1 million, approximately, correct?

9 A. Yes.

10 Q. So there was approximately .6 percent of
11 the residential non-PIPP customers responded to your
12 survey?

13 A. The customers who responded to the
14 survey, we believe, represented a
15 statistically-significant response to the population
16 that we sampled, and exceeded the number of
17 respondents that we needed in order to achieve a
18 statistically-significant sample. We didn't ever
19 intend to sample the entire 1.1 million residential
20 non-PIPP customers.

21 MS. WHITFIELD: Your Honor, I would move
22 to strike the entirety of her answer as completely
23 nonresponsive. I asked her if .6 percent of
24 residential -- residential non-PIPP customers
25 responded to the survey. It's really a simple math

1 question.

2 MR. NOURSE: Well, I think, your Honor,
3 the line of questioning was contesting, and she used
4 the word, you know, only these many, this number of
5 customers responded, and she is asking about the
6 sample. So I think Ms. Horner is entitled to explain
7 that the responsive sample was more than what they
8 needed to achieve a statistically-significant and
9 representative sample, so that's part of a complete
10 answer.

11 EXAMINER SEE: Ms. Horner, I need you to
12 answer the question that was posed to you.

13 MS. WHITFIELD: Can you reread the
14 question for her, please?

15 (Record read.)

16 A. .6 percent is not a number that Navigant
17 calculated as part of the -- our survey and
18 analytics. I understand that the math is -- is
19 doable. I can certainly do it. But it's not a
20 number that I, you know, can confirm sitting here
21 right now.

22 Q. Okay. Well, let me ask you this:
23 Subject to check on my math, would you agree that
24 with 7,498 residential non-PIPP customers responding
25 to your survey, out of the entire customer universe

1 of those -- that class of 1.1 million, that
2 represents .6 percent of the residential non-PIPP
3 customers, subject to check?

4 A. I would agree that is a -- subject to
5 check -- that .6 percent is the result among all of
6 AEP Ohio's customers. That is not the number of
7 customers that were -- that were sampled. And of
8 those sampled, the percentage was much higher.

9 Q. And with respect to the residential PIPP
10 customers, are you aware that there are approximately
11 100,000 AEP Ohio customers in that class?

12 A. Yes, subject to check.

13 Q. And out of that, you received 660
14 completed surveys from members of that residential
15 PIPP class?

16 A. Yes.

17 Q. And for the small C&I single-meter
18 customers, are you aware there are approximately
19 150,000 AEP Ohio customers in that class?

20 A. Subject to check, yes.

21 Q. And of that, you received survey
22 responses from 664?

23 A. Yes.

24 Q. Now, with respect to my client, for
25 example, Kroger, that has over 130 facilities in AEP

1 Ohio's service area, if we received the survey, would
2 we count as 130 responses? Because you said, I
3 believe in response to Mr. Healey earlier, that
4 each -- each location would be treated separately.
5 They were not aggregated.

6 MR. NOURSE: Ms. Whitfield, can I clarify
7 your hypothetical? Are you saying 130 Kroger stores
8 received and responded to the survey?

9 MS. WHITFIELD: Well, I don't know.
10 That's a good question.

11 Q. When you sent the survey out, did it go
12 to each individual account location or did it go to
13 the headquarters of these small C&I single-meter
14 customers?

15 A. I believe the accounts were consolidated.
16 I would defer to witness Fry for a more-precise
17 answer to that hypothetical.

18 Q. I want to just ask one more question. So
19 you think, subject to Ms. Fry checking, but you think
20 that with respect to Kroger, that has 130 facilities
21 in AEP's service area, that all of their service --
22 all of their facilities would have been consolidated
23 or aggregated for purposes of determining whether
24 they were eligible for the survey?

25 A. I would have to defer to Ms. Fry.

1 Q. The survey excluded any customers in the
2 GS-2 customer class, correct?

3 A. The survey -- the survey was sent to
4 small C&I customers. I'm not aware of the specific
5 customer class breakdown in terms of who was included
6 or excluded.

7 Q. And did -- I believe you testified
8 earlier that AEP Ohio set the focus of this being the
9 residential PIPP and non-PIPP and the small C&I
10 single-metered customers, those being the focus of
11 the survey; is that correct? That was a poorly-asked
12 question. Let me ask it again.

13 I believe you testified earlier that AEP
14 Ohio set for Navigant the focus of the survey that it
15 was going to be on residential non-PIPP, residential
16 PIPP, and small C&I single meter, correct?

17 A. I don't recall saying that specifically.
18 I'm maybe misrepresenting. I don't recall saying
19 that specifically.

20 Q. Okay. Well, let me just ask you, is it
21 true that AEP Ohio determined for Navigant or set for
22 Navigant that you were supposed to look at customer
23 interests for customers in the residential PIPP and
24 non-PIPP and the small C&I single-meter customers?

25 A. AEP Ohio provided the -- the overall

1 objective of -- of gauging their customers, their
2 opinions and attitudes about renewable energy. I
3 think we worked together with AEP Ohio to, in terms
4 of the survey, to identify the best means to gauge
5 those attitudes and expectations for each customer
6 class.

7 Q. All right. Now, you just said you were
8 charged with -- Navigant was charged with gauging the
9 attitudes or interests of the customers; is that
10 fair? Is that what you just said?

11 A. With regard to renewable energy.

12 Q. Okay. And you didn't, as part of the
13 survey, measure each customer's actual demands for
14 energy, did you?

15 A. No. As part of the survey, we didn't
16 look at each -- we didn't ask a question about each
17 customer's individual demand.

18 Q. And you also didn't ask customers about
19 their actual usage, correct?

20 A. No. The survey did not include a
21 question about specific customer usage.

22 Q. And the survey also did not include any
23 question about whether the customers needed renewable
24 energy; isn't that true?

25 A. Well, the survey was geared toward asking

1 customers and gauging their support for renewable
2 energy as it was presented in the survey to
3 customers.

4 Q. But my question, Ms. Horner, is you did
5 not ask whether the customers needed any renewable
6 energy; isn't that true?

7 A. The survey did not include the question
8 about whether customers need renewable energy. It
9 asked about their support for and expectations for
10 renewable energy.

11 Q. You understand there's a difference
12 between customer preference and a customer need,
13 correct?

14 A. Yes.

15 Q. Can you tell me what is -- tell me what
16 you think that distinction is.

17 A. I think what this -- what our survey
18 focused on was and report focused on was customers',
19 again, expectations and desires around renewable
20 energy. How that -- how that feeds into their
21 customer need is not an issue that we explored in the
22 survey.

23 Q. To your knowledge, can customers of AEP
24 Ohio get renewable energy right now if they want to?

25 A. I'm aware that customers in Ohio have

1 options to receive -- to access renewable energy
2 other than through AEP Ohio.

3 Q. They can choose to install rooftop solar,
4 for example, correct?

5 A. Yes; if they can afford it.

6 Q. And in doing your survey or your analysis
7 of the survey, did you access the PUCO's Apples to
8 Apples website to see the renewable options available
9 to customers there?

10 A. The survey was designed to be as
11 transparent with customers about the specific
12 initiative that AEP Ohio -- we understood AEP Ohio to
13 be pursuing; so, in that context, it was not
14 necessary to access that specific website to look at
15 other options and we did not do that.

16 Q. You are not offering testimony here today
17 that the PJM wholesale markets are inadequate in
18 supplying capacity for AEP's customer load, correct?

19 A. My testimony does not address anything
20 related to the PJM market.

21 Q. And you are not offering testimony today
22 that sufficient resources do not currently exist to
23 meet AEP Ohio projected load, correct?

24 A. Correct.

25 Q. And based on your education and

1 experience, do you have a general understanding of
2 supply and demand?

3 A. Yes.

4 Q. You have a finance degree, correct?

5 A. Correct.

6 Q. In your -- you're not offering any
7 opinion here that AEP Ohio does not have enough
8 supply to satisfy the demands of its customers,
9 correct?

10 A. Correct. We did not study that.

11 Q. Do you know what a resource planning
12 projection is?

13 MR. NOURSE: Your Honor, I object. As
14 we've dealt with earlier, this witness is not here to
15 talk about Ohio's statutes or Ohio's regulations.
16 And so, I think that specific term that's used in
17 that statute is unique to this case and is beyond the
18 scope of her testimony.

19 MS. WHITFIELD: Well, your Honor, I am
20 not asking her to interpret the statute. I didn't
21 ask her about a statute at all. I asked her if she
22 knows what resource planning projections are. Just
23 because the statute defines "need" as having to be
24 based on resource planning projections, that wasn't
25 my question to her. I just asked if she knows what

1 they are.

2 MR. NOURSE: Well, again, your Honor, it
3 is not just a random question. It's a phrase that's
4 uniquely used in that statute and it's a key issue in
5 this case from an Ohio statutory and regulatory
6 standpoint which is beyond this witness's testimony.

7 EXAMINER SEE: I'll allow the question
8 and the witness can give her -- the witness can
9 respond to the question.

10 Q. (By Ms. Whitfield) I'll ask the question
11 again. Do you know what resource planning
12 projections are?

13 A. In general, yes.

14 Q. And what is your understanding of that?

15 A. That they are a projection or forecast
16 of -- of resources available or needed.

17 Q. And just so we're clear, this survey and
18 the report that you base that survey on were not part
19 of any, to your knowledge, resource planning
20 projections, correct?

21 MR. NOURSE: Your Honor, you know, I am
22 going to object again. I mean, if there is any
23 purpose to this question, it only relates to the
24 legal and regulatory issues unique to Ohio law that
25 are pertinent and, you know, essential to this case.

1 And it doesn't relate to the survey that was
2 presented and she stated earlier and we excluded
3 other questions about how her survey would be applied
4 in the context of Ohio law and regulations. And that
5 can only be the relevant potential purpose of this
6 question. And that's why it's objectionable.

7 MR. HEALEY: Well, your Honor, I would
8 like to weigh in on Mr. Nourse's objection. Again,
9 we sought to exclude this witness on the grounds that
10 her testimony has nothing to do with need. We're
11 asking her questions about need and Mr. Nourse is
12 saying no, need is outside the context of her
13 testimony. AEP wants it both weighs.

14 MR. NOURSE: No, it's not both ways at
15 all, your Honor, it's how her testimony fits into our
16 case. It has already been argued in the motion in
17 limine and several, many times, during this hearing
18 that those are two different things. She is not here
19 to talk about Ohio statutes or Ohio regulatory
20 matters. Whether the evidence that's presented in
21 the survey, you know, makes or breaks or is a
22 critical component of those Ohio regulatory statutory
23 legal issues, that's for debate of the parties after
24 the evidence is in. And was already debated in the
25 motion in limine and the ruling on that.

1 MS. WHITFIELD: And, your Honor, we lost
2 that motion in limine, and AEP Ohio is using
3 Ms. Horner's testimony and her report to allegedly
4 show some type of need, and the statute says need has
5 to be based on resource planning projections, so I am
6 asking her whether her report and her testimony and
7 the survey are part of those resource planning
8 projections.

9 MR. NOURSE: Yeah, her testimony is part
10 of our filing in this case, but she doesn't have to
11 address the ultimate issues of the case.

12 EXAMINER SEE: The objection is
13 sustained.

14 MS. WHITFIELD: Thank you, your Honor.

15 Q. (By Ms. Whitfield) Ms. Horner, were you
16 involved at all in the drafting of the letter that
17 accompanied the survey?

18 A. No. I don't -- I don't recall being
19 involved in the drafting of the letter that was sent
20 to customers. That was done by Ms. Fry.

21 Q. Did you -- did you review that letter at
22 all?

23 A. I did.

24 MS. WHITFIELD: Your Honor, may I
25 approach?

1 EXAMINER SEE: Yes.

2 MS. WHITFIELD: I'm handing the witness
3 what's been marked as Kroger Exhibit 6. And I
4 apologize, but some other ones, the earlier ones were
5 premarked, have already been marked as evidence, so
6 there's that.

7 EXAMINER SEE: Just a moment.

8 Q. Now, for purposes of the record, I have
9 handed you what's been marked as Kroger Exhibit 6.
10 And it's an answer to interrogatory, it says
11 interrogatory, but it is OCC-RPD-03-010. Did I read
12 that correctly?

13 A. Yes.

14 Q. Okay.

15 EXAMINER SEE: Ms. Whitfield, you are
16 going to leave this as Kroger Exhibit 6? Do you want
17 me to change it to 1?

18 MS. WHITFIELD: Okay, I guess I'll change
19 that to Exhibit 1.

20 EXAMINER SEE: Okay.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 Q. Okay. I want to turn your attention to
23 the three documents that are attached to that. Do
24 you see those?

25 A. I do.

1 Q. And the first one is the residential
2 invite. It includes AEP Ohio's logo, does it not?

3 A. Yes.

4 Q. And it starts out, the first sentence is
5 "AEP Ohio is looking to make investments to increase
6 the percentage of electricity from wind and solar."
7 Doesn't "make investments" imply that AEP Ohio is
8 undertaking the costs for those increases in the
9 percentage of wind and solar?

10 MR. NOURSE: Your Honor, I object. She
11 already said she's not involved in the drafting of
12 this cover letter, and it's an AEP Ohio document.

13 MS. WHITFIELD: Well, your Honor, her
14 report is interpreting the data that came from the
15 surveys that were accompanied by these letters, and
16 I'm wanting to explore with her -- she said she saw
17 the letter -- whether the letter makes implications
18 to the customers that could have put them in a
19 mindset that AEP Ohio was making these investments,
20 not their own dime.

21 MR. NOURSE: Well, your Honor, I think
22 that's a rather patently-unreasonable interpretation
23 of the word "investment" but . . .

24 EXAMINER SEE: I am going to allow the
25 witness to answer the question.

1 THE WITNESS: Can you please read the
2 question?

3 MS. WHITFIELD: I can ask it again if you
4 would prefer.

5 Q. (By Ms. Whitfield) The first sentence in
6 this letter says AEP Ohio is looking to, quote, make
7 investments. Do you see that "make investments"
8 language?

9 A. I do.

10 Q. Okay. Would it be reasonable for
11 customers to believe that the "make investments" that
12 AEP was looking to do, was going to be something AEP
13 was funding? Does that make sense to you?

14 A. I think it would be reasonable for a
15 customer to think, based on this one sentence, that
16 the -- that investments would be treated as any other
17 investments that AEP Ohio makes and that costs would
18 be treated as any other investments that AEP Ohio
19 makes.

20 Q. Well, nowhere in the invitation letter
21 does it notify the customers that AEP Ohio wants that
22 customer to fund or pay for the investments that AEP
23 Ohio is looking to make, does it?

24 A. The survey itself is quite clear in the
25 "Willingness to Pay" questions on that topic. We

1 didn't get into that level of detail in the
2 invitation simply because we wanted the invitation to
3 be as concise as possible.

4 Q. But don't you think who's going to pay
5 would be something the customers would want to know
6 up front?

7 A. I do think that it's important to find
8 out from customers what they're willingness to pay is
9 and that they are -- that they clearly understand
10 that their bills would be impacted by these
11 initiatives, and I believe the survey made that
12 clear.

13 Q. But -- oh, I'm sorry. Finish your answer
14 if you were still going.

15 A. There's information in -- in this cover
16 survey invitation letter that we believed was
17 necessary to convey to encourage the customer to
18 participate, focusing instead on things like how long
19 it would take them to complete, and so we thought
20 that we could be more -- more clear and direct on
21 that particular question in the survey text itself.

22 Q. So your answer is that the invite does
23 not include any references to who is going to pay for
24 those investments AEP is looking to make, correct?

25 A. As I said, I think if customers had

1 thought about the word -- the word "make
2 investments," they would interpret that potentially
3 based on their knowledge of how AEP operates. They
4 could potentially interpret that as they would be
5 paying, if they thought about and analyzed those two
6 particular words in -- in an e-mail invitation to
7 take a survey.

8 Q. Ms. Horner, in your testimony you
9 indicated that you have filed testimony before FERC,
10 correct?

11 A. Correct.

12 Q. Have you ever, in any other instance,
13 served as an expert witness?

14 A. Not in a regulatory proceeding.

15 Q. And for the cases outside of a regulatory
16 proceeding that you are an expert witness, was that
17 relating to -- well, strike that.

18 MS. WHITFIELD: I will just leave her
19 answer at that. Thank you, your Honor. I'm done.

20 EXAMINER SEE: Mr. Whitt.

21 MR. WHITT: Thank you, your Honor.

22 - - -

23 CROSS-EXAMINATION

24 By Mr. Whitt:

25 Q. Good morning, or I guess it's technically

1 afternoon.

2 A. Good afternoon.

3 Q. Let me start by asking, when did you
4 learn that AEP was going to be making the filing in
5 this case?

6 A. I don't recall.

7 Q. When approximately -- well, how did you
8 become involved in this case?

9 A. I became involved in this case in
10 mid-July of 2018.

11 Q. And who was it that contacted you?

12 A. One of the other consultants at Navigant
13 who had been involved in this case consult -- or
14 contacted me.

15 Q. Okay. Was it a consultant that you
16 understood was already involved in the case that
17 sought to bring you into the matter?

18 A. Yes. I became -- that consultant made me
19 aware of the case.

20 Q. Who was -- I'm sorry. Who was that
21 person?

22 A. Andrea Romano.

23 Q. Okay. How did Ms. Romano get involved in
24 the case?

25 A. I don't know.

1 Q. What were you asked to do?

2 A. I was asked about my opinion about how to
3 present the various pieces of analysis that Navigant
4 had undertaken to gauge the support of AEP Ohio's
5 customers for renewables, and how to -- how to
6 present that into a report for this regulatory
7 proceeding.

8 Q. Was it your understanding, when you were
9 first contacted by Ms. Romano, that Navigant had
10 already done some sort of analysis or work for AEP?

11 A. Yes. I had been on a brief leave and
12 had -- from the company, and had returned, and so I
13 was brought up to speed on what the analysis had --
14 that had been undertaken so far was.

15 Q. Okay. So Navigant had been working on a
16 project for AEP and you were brought into the project
17 in July of 2018; is that right?

18 A. That's correct.

19 Q. And at the time you were brought into the
20 project, was it your impression that AEP had already
21 determined that it was going to be making a
22 regulatory filing involving renewable energy?

23 MR. NOURSE: Your Honor, I am going to
24 object here. You know, I don't really think this
25 line of questioning is probative but he is now

1 starting to get into, I think, attorney work product
2 and the way this case was developed and what sequence
3 of preparation led to another sequence of preparation
4 and how that came about in the filing. I don't -- I
5 don't think it's relevant or probative but, you know,
6 certainly the further he gets into this, it is
7 getting into the details of the interaction in
8 preparing the case with the legal team and into
9 attorney work product.

10 MR. WHITT: Well, if I may respond, your
11 Honor, there is no attorney-client privilege for any
12 communications with a testifying expert. Nor am I
13 asking any questions about attorney work product. I
14 am asking the witness what she knows and what she
15 understood she was involved in.

16 MR. NOURSE: First of all, it's false
17 that there is no attorney-work-product privilege for
18 outside experts or experts generally as Mr. Whitt
19 said.

20 Secondly, again, if, you know, if he
21 wants to ask questions about what steps she took
22 toward the survey or what time frame that was and
23 that kind of thing, but he's actually getting into
24 well your -- here is what was happening with these
25 people and then you worked toward the preparation and

1 filing of the case in this way. Those are different
2 matters and I think that gets into the -- into the
3 attorney-work-product area.

4 MR. WHITT: Your Honor, I think the
5 Commission is entitled to know whether AEP decided it
6 was going to make this filing before or after the
7 surveys were done. That's where this line of
8 questioning is going.

9 MR. NOURSE: I don't understand the
10 probative value of that.

11 EXAMINER SEE: To the extent the witness
12 knows, she can answer the question. You can answer
13 the question.

14 THE WITNESS: Can you restate the
15 question?

16 MR. WHITT: Sure.

17 Q. (By Mr. Whitt) At the time you were
18 brought into this case in July of 2018, was it your
19 understanding that AEP was already planning to make a
20 regulatory filing involving renewable energy
21 projects?

22 A. At the time I was brought into this, this
23 project, my understanding was that AEP Ohio had
24 engaged Navigant to do an independent survey and an
25 assessment overall of its customers' support for, and

1 attitudes about, renewable energy. It was -- I was
2 aware that -- that they were interested in having
3 Navigant be available to sponsor that -- that report
4 in a regulatory proceeding potentially. But I don't
5 recall the timing of that.

6 Q. Well, why was Navigant or AEP interested
7 in what customer attitudes were about renewable
8 energy? I mean, did you have some context for what
9 you were doing?

10 A. Yes. The context that we had was that
11 they had committed to -- to pursue development of
12 900 megawatts of renewable energy in a
13 separately-approved regulatory proceeding, and they
14 wanted to gauge their customers' attitudes and
15 opinions about that, in order to inform, you know,
16 that pursuit.

17 Q. Okay. And the actual surveys were
18 conducted in mid-August of 2018, correct?

19 A. Correct.

20 Q. About a month after you got involved in
21 the proceeding; is that correct?

22 A. Correct.

23 Q. And by the time the survey was prepared
24 and before it was actually sent out, you knew, by
25 that time, that AEP had made this commitment to

1 pursue development of 900 megawatts of renewable
2 generation, correct?

3 A. Correct.

4 Q. And, in fact, the survey itself, if we
5 look at page 31 of your report, tells customers that
6 AEP is working on the development of 900 megawatts of
7 renewables, correct? I will give you a minute to get
8 there. Under the "Willingness to Pay" heading. Do
9 you see that?

10 A. Oh.

11 EXAMINER SEE: So, Mr. Whitt, are you
12 looking at the page numbers on the bottom of the
13 survey or at the top?

14 MR. WHITT: Oh, sorry, I didn't realize
15 they were different. I was looking at the number on
16 the bottom.

17 EXAMINER SEE: Could you please use the
18 reference at the top.

19 MR. WHITT: Exhibit TH-1.

20 EXAMINER SEE: Page 38 of 41?

21 MR. WHITT: Yes.

22 Q. Under the "Willingness to Pay" heading,
23 the survey itself lets customers know that AEP is
24 working on a development of this 900 megawatts of
25 renewable generation, correct?

1 A. Correct.

2 Q. And the survey, more or less, is trying
3 to figure out what customers think about this plan,
4 correct?

5 A. The survey, yes.

6 Q. And it's fair to say, isn't it, that the
7 survey could not have factored into AEP's decision
8 about whether to pursue this development because --
9 because that decision had been made before you sent
10 the survey?

11 MR. NOURSE: Again, your Honor, you know,
12 the decision to make a filing and when that happens
13 or what -- at what point in the development of, you
14 know, marshaling of facts and information and
15 supporting data is -- is -- I don't think it's
16 probative of anything. I don't think it -- she can
17 ask -- she can be asked whether any of that
18 sequence --

19 MR. WHITT: I am going to cut this off --

20 EXAMINER SEE: Wait just a minute,
21 Mr. Whitt.

22 MR. WHITT: -- because I haven't heard a
23 legal objection.

24 EXAMINER SEE: Wait just a minute,
25 Mr. Whitt.

1 MR. WHITT: I'm tired of the speaking
2 coaching.

3 EXAMINER SEE: Wait just a minute. You
4 were allowed to speak. Hold on.

5 MR. NOURSE: I did, I said it was not
6 probative, it's not relevant of anything to get into
7 these things, and it's -- and it's touching on
8 attorney work product when you're talking about
9 decisions to make filings, at what point and based on
10 which testimony or what exhibits you plan to do and
11 whether that taints -- I mean, I don't understand how
12 this is probative or relevant of anything. That's my
13 objection.

14 EXAMINER SEE: Do you wish to respond?

15 MR. WHITT: AEP has put the matter at
16 issue by sponsoring a report and making a filing
17 saying we need to pursue this development because
18 customers have told us that's what they want. They
19 have put -- that is their assertion. I am seeking to
20 rebut the assertion by pointing out, not as a matter
21 work product or anything else, but as a matter of
22 logic and common experience, that the survey could
23 not have been the basis for a decision that had been
24 previously made.

25 MR. NOURSE: Your Honor, again, the basis

1 of our decision to file and whether it was based on
2 Exhibit 1 or Exhibit 2 or Exhibit 3 is beside the
3 point. And certainly saying that we did a survey
4 that supported what we already wanted to do, that
5 doesn't take away from the survey, it doesn't affect
6 any testimony that supports -- that's put in, in
7 support of an application, is developed with the idea
8 of making the filing and so, you know, it's just
9 beside the point. It's not probative of anything.
10 It's not relevant to get further down into this
11 rabbit hole.

12 MR. WHITT: Your Honor, it's the very
13 point.

14 EXAMINER SEE: Just a minute.

15 The motion is overruled. Ms. Horner can
16 answer the question.

17 Do you need it read back to you,
18 Ms. Horner?

19 THE WITNESS: Please.

20 (Record read.)

21 A. I don't have insight into at what point
22 AEP Ohio made the decision to make this regulatory
23 filing. What I can say is that the survey itself is
24 part of a larger set of analysis that is included in
25 the overall report that Navigant undertook earlier

1 but then the survey was -- was sent to customers, and
2 the survey development also was initiated well before
3 August when it was sent out to customers.

4 Q. Right. But you can't know what customers
5 think until you send the survey, correct?

6 A. Correct.

7 Q. That's why you do the survey, right?

8 A. Yes.

9 Q. So no one can make any determination
10 about customer attitudes until the survey is
11 completed, the results tallied, and the data
12 analyzed, correct?

13 A. We can't know what the survey results are
14 going to be, the results of the specific survey
15 before the survey is sent. I don't -- I can't speak
16 to what AEP Ohio knew, via other means, about its
17 customers' desires or support or attitudes about
18 renewable energy outside of the survey results.

19 Q. And you haven't seen any surveys, other
20 than the one, that you've sponsored, that would speak
21 to any of those issues, have you?

22 A. Beyond what's covered in our report that
23 analyzed what large C&I customers, the magnitude of
24 their commitment to renewable energy and the
25 questionnaires, we -- and our overall awareness of

1 support for renewables across the country, no, we did
2 not examine specific studies.

3 Q. Okay. But you knew that AEP had
4 determined there was a need for 900 megawatts of
5 renewables and Navigant then prepared a survey and
6 subsequent report gauging customer sentiment about
7 those plans, correct?

8 A. We knew they had committed to pursue
9 development of 900 megawatts of renewable resources
10 in a separate proceeding.

11 Q. And the purpose of the survey was to
12 gauge customer attitudes about this new renewable
13 development, correct?

14 A. That regulatory directive, yes.

15 Q. You're not aware of some regulatory
16 directive that said AEP has to build 900 megawatts of
17 renewable, are you?

18 A. No; just the regulatory approval of
19 that -- of the settlement in which they agreed to
20 pursue development --

21 Q. Okay.

22 A. -- of 900 megawatts.

23 Q. Okay. Now, I'm assuming that you wanted
24 to make sure -- that Navigant wanted to construct the
25 survey in such a way as to maximize the response

1 rate; would that be correct?

2 A. I think it's correct to say Navigant
3 wanted to ensure a robust response as to ensure that
4 the response rate would be statistically significant
5 at a minimum.

6 Q. So the more responses, the better, as far
7 as surveying is concerned, correct?

8 A. I think that question is probably a
9 better one for Ms. Fry. She's the -- an expert in
10 terms of survey response.

11 Q. I don't know if that requires an expert
12 opinion, but Navigant sent surveys by e-mail to
13 120,000 people, correct?

14 A. Correct.

15 Q. And I would assume that it was Navigant's
16 hope for as many people as possible to respond to the
17 survey; would that be fair?

18 A. I think that's fair.

19 Q. Okay. And to get people to respond, I'm
20 assuming Navigant wanted to make sure the questions
21 were clear; fair to say?

22 A. Yes.

23 Q. And that the process for responding would
24 be simple, correct?

25 A. Yes.

1 Q. And the letters we looked at a little bit
2 ago, I think they referenced the fact that the survey
3 was expected to take 5 minutes. Do you recall seeing
4 that in the letters?

5 A. I do.

6 Q. So you wanted the process to be -- well,
7 the shorter and easier the process, the more likely
8 people would be to respond, correct?

9 A. I think that is a factor that can
10 influence whether a customer participates.

11 Q. Okay. And the way Navigant put together
12 its survey, the respondents don't even have to really
13 type, do they? They can just click boxes, correct?

14 A. For some questions. For others, if they
15 cared to offer an opinion, in the open-ended
16 questions, there would be some typing involved.

17 Q. But that was optional, wasn't it, the
18 typing out?

19 A. Yes.

20 Q. Okay. So someone -- it was Navigant's
21 hope that when they sent this survey, people would
22 take 5 minutes to read the questions, click their
23 responses, leave comments if they were so inclined,
24 and hit a button to submit the survey, correct?

25 A. Correct.

1 Q. And by allowing people to just hit a
2 button to submit the survey, people wouldn't have to
3 type in some e-mail address to get the results back,
4 correct?

5 A. I believe that is true. Ms. Fry will be
6 able to confirm that.

7 Q. Okay. So a lot of effort was made to put
8 together a survey that was quick, easy,
9 understandable, and would maximize the response rate;
10 would that be fair?

11 A. Those were some of our key objectives.
12 We wanted to make sure that customers understood the
13 specific initiative that was being pursued, that they
14 understood AEP Ohio's current generation percentage
15 of renewables; so we wanted to provide context so
16 that customers would have that in mind, you know,
17 when answering questions.

18 Q. Okay. And despite all of those efforts,
19 over 95 percent of the people that received this
20 e-mail survey didn't even bother to respond to it,
21 correct?

22 A. I believe the response rate was slightly
23 higher for certain -- for certain groups, but in
24 general that is, you know, in the aggregate about
25 approximately the response rate that we received.

1 And about -- it met and, in fact, exceeded our -- our
2 targets in terms of the response rate.

3 Q. 120,000 surveys went out, correct?

4 A. Correct.

5 Q. 7,500, approximately, responses came in,
6 correct?

7 A. Correct.

8 Q. So 100 -- well, anyone, except me, can do
9 the math, but the vast majority of people didn't
10 respond to this request to take a survey, correct?

11 MR. NOURSE: Asked and answered;
12 objection.

13 EXAMINER SEE: Move on, Mr. Whitt. It's
14 been answered.

15 Q. (By Mr. Whitt) Is it fair to assume that
16 the people -- the small percentage of people who took
17 the time to respond to the survey, have stronger
18 feelings about the topics raised, than the vast
19 majority of people who ignored the survey?

20 A. We don't have any reason to think that
21 customers who responded to the survey feel strongly
22 in either direction about the topic of the survey.
23 And -- and, in general, the response rate is pretty
24 consistent with what we have seen in our practice
25 with other general population surveys. So that leads

1 us to believe that there's no reason to think that
2 they feel more strongly or positively or negatively
3 about the topic.

4 Q. So the response rate suggests nothing to
5 you about any predisposition that the respondents may
6 have had? That's not a factor?

7 A. No, we don't have any reason to think
8 that it reflects any disposition one way or the
9 other.

10 Q. All of the percentages and figures that
11 are in the report pertain to the 7,500 survey
12 responses; is that correct? For example, on Figure
13 6 -- let me find that. Exhibit TH-11, page 17 of 41,
14 Figure 6.

15 A. Yes.

16 Q. It says, for example, 52 percent of
17 residential non-PIPP survey respondents thought it
18 was very important that AEP Ohio make greater use of
19 renewable energy, correct?

20 A. Correct. And that is 52 percent of the
21 7,498 residential non-PIPP.

22 Q. Right. And that's not 52 percent of AEP
23 Ohio's million-plus non-PIPP residential customers,
24 correct?

25 A. This survey -- the results that are

1 presented in the attachment to my testimony are --
2 are the results of this survey which we believe to be
3 representative, but it is not a survey of all of
4 their customers.

5 Q. Correct. And even though most customers
6 who are asked these questions disregarded them and
7 didn't respond, is it your position that the
8 responses of the 5 percent or so of folks who did
9 respond represent the views of everyone?

10 A. We believe that the -- there's -- based
11 on the -- the sample methodology and size that we
12 performed, and our assessment of some of the
13 demographic information that we collected against AEP
14 Ohio's own demographic information, we don't have any
15 reason to think that it's not representative of AEP
16 Ohio's overall customer population that they support
17 renewables.

18 Q. Well, I am willing to be proven wrong
19 here, but I didn't see -- I didn't read anywhere in
20 the report where Navigant claims that the survey
21 results represent anything other than a numerical
22 calculation of the answers that they got from
23 respondents and that the results should generally be
24 applied to all customers. That's not in the record,
25 is it?

1 A. The report focuses on the results of the
2 survey.

3 Q. You had talked briefly about your work at
4 PG&E. And that's Pacific Gas & Electric, right?

5 A. Correct.

6 Q. And I think it's, at least this company,
7 it's fairly well known that PG&E is having some tough
8 times right now, correct?

9 A. Correct.

10 Q. They are being blamed for the wildfires
11 we've had out in California, correct?

12 A. I have read that.

13 Q. I am not saying they did it, but other
14 people are saying. And PG -- PG&E is on the verge
15 of, if not in, bankruptcy, correct?

16 MR. NOURSE: Objection, relevance.

17 MR. WHITT: I'll tie it up.

18 EXAMINER SEE: Get to it.

19 MR. WHITT: Did she answer that question?

20 EXAMINER SEE: Answer the question,

21 Ms. Horner, if you know.

22 A. I can't speak to PG&E's plans to file for
23 bankruptcy.

24 Q. But you are aware, at least anecdotally
25 from the news, PG&E is in trouble financially,

1 correct?

2 A. I have read the news stories about PG&E.

3 Q. Okay. And given the blame that is being
4 lodged at PG&E for the wildfires, would it be fair to
5 say that PG&E's customers don't hold it in very high
6 regard right now?

7 MR. NOURSE: Objection. Relevance,
8 speculation, calls for speculation.

9 MR. WHITT: I have one question after
10 this that ties it up.

11 EXAMINER SEE: The objection is
12 sustained.

13 Q. Would you -- your work currently involves
14 matters of regulatory policy, does it not?

15 A. Yes.

16 Q. And your work at PG&E involved regulatory
17 policy as well, did it not?

18 A. It did.

19 Q. Would you believe it would be a sound
20 regulatory policy for the California PUC to decide
21 what it should do to address PG&E's current situation
22 by sending a list of options to PG&E customers and
23 asking them what they think?

24 MR. NOURSE: Objection.

25 Q. Does that sound reasonable to you?

1 MR. NOURSE: Objection. Relevance.
2 There is no relevance. And, again, this has no
3 comparison to anything in this case.

4 EXAMINER SEE: The objection is
5 sustained. Move on, Mr. Whitt.

6 Q. Other than -- other than a report being
7 submitted that asserts need based on customer
8 preferences.

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

11 Q. (By Mr. Whitt) Were you -- when we were
12 fighting about the survey this morning, it was -- I
13 think it was Mr. Kurtz who had mentioned J.D. Powers
14 and how their surveys are routinely admitted in
15 regulatory proceedings. Did you hear that?

16 A. Yes.

17 Q. And I would assume, as somebody in the
18 survey business, that you know who J.D. Powers is?

19 A. I'm aware of J.D. Power.

20 Q. And does J.D. Powers, in your view, have
21 a reputation for fairness and accuracy?

22 MR. NOURSE: I would object to relevance
23 and there is no basis for this -- this observation,
24 or it doesn't relate to any specific J.D. Power's
25 work or has no context or relevance.

1 MR. WHITT: These are foundation
2 questions.

3 EXAMINER SEE: You want to give me some
4 idea where you are going?

5 MR. WHITT: Well, I am going to take out
6 a survey -- actually, yeah, I am going to show -- I
7 am going to have admitted into this record other
8 surveys from AEP's customers showing that they are
9 third from the bottom in J.D. Power's annual survey
10 of major electric utilities and that information is
11 relevant because the Company is planning a proposal
12 that we believe would displace my clients from a
13 market that they want to enter, and customer
14 attitudes about customer service and other aspects of
15 AEP Ohio is something the Commission should know
16 about before it approves a policy that would allow
17 that to happen.

18 Again, I -- you're preaching to the choir
19 on this whole survey issue, but the precedent was set
20 this morning that we can let that stuff in. If we
21 are going to let in surveys about AEP customer
22 attitudes, then let's let in surveys.

23 MR. NOURSE: Yeah, your Honor, there is
24 no comparison to pulling a survey out of wherever
25 Mr. Whitt got his surveys and having a customer

1 survey done by an independent expert and sponsored in
2 testimony in this case.

3 Obviously that does not suggest anything
4 about what any other party can do in the record,
5 especially absent testimony supporting the survey and
6 being subject to extensive discovery,
7 cross-examination, et cetera. So there's no
8 comparison.

9 And Mr. Whitt, if he had wanted to do
10 something like that, he could have at least had his
11 own witness try to present evidence like that and we
12 could deal with it, but he's certainly not entitled
13 to testify about anything -- any of the hearsay he
14 just mentioned or use that as evidence in this case.

15 MR. WHITT: Your Honor, I am asking a
16 witness, who is involved in regulatory policy and who
17 is sponsoring a survey herself, whether she's
18 familiar with an internationally-known organization
19 that doesn't do surveys because they get paid; it
20 does them as a -- as a business.

21 MR. NOURSE: Your Honor, that's like --
22 are you done? That's like saying an expert witness
23 should always be able to sponsor some other nonparty,
24 non-witness's opinions just because they've heard of
25 them or run across them in their business. That --

1 that, you know, that's a joke.

2 I mean, we have a witness here that has
3 established credibility, has sponsored and conducted,
4 overseen a valid survey that has direct application.
5 It's not some general viewpoint. It's directly
6 applicable to the issues in this case. It's been
7 developed and presented appropriately within the
8 Commission's rules for presenting evidence and
9 subject to discovery and cross-examination that --
10 and he can't use my witness to try to bootstrap some
11 general credibility of a third party that's not here
12 and not related to any witness's testimony that's
13 going to be subjected to discovery or
14 cross-examination. It's inappropriate.

15 MR. WHITT: Again, I was asking
16 foundational questions. If she's never heard of J.D.
17 Powers, doesn't know what I am talking about, then
18 we'll move on.

19 MR. NOURSE: That's beside the point,
20 your Honor. We know where it's headed because he's
21 already said that. He already tried to summarize --

22 MR. WHITT: If your witness doesn't know
23 who J.D. Powers is, she's not qualified to testify on
24 what she is testifying about.

25 EXAMINER SEE: Mr. Whitt, just -- the

1 parties can hold their comments.

2 The objection is sustained.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. WHITT: Your Honor, I would like to
5 make a proffer, Direct Exhibit 1. I will hand out
6 copies momentarily. Press release from J.D. Power,
7 July 11, 2018, a month before the Navigant folks did
8 their survey.

9 MR. NOURSE: Your Honor, excuse me. I
10 object. He is going to read stuff in before he
11 distributes it or talks about it?

12 MR. WHITT: Okay. Direct Exhibit 1 --

13 MR. NOURSE: He doesn't get to simply
14 summarize --

15 MR. WHITT: Direct Exhibit 1 is a
16 document that has the name "J.D. Power" on the left.
17 And we respect the Bench's ruling, to preserve the
18 record, we are making a proffer of an exhibit which
19 is a press release and slides from J.D. Power,
20 summarizing the results of its residential electric
21 utility customer satisfaction survey. And we believe
22 that had we been permitted to proceed with the line
23 of questioning, we would have established a
24 foundation with this witness to identify the press
25 release and the attachments. And the information, in

1 our view, is relevant to a broader range of customer
2 attitudes than presented -- excuse me, than presented
3 by the Company.

4 So, with that, I will pass it around.
5 The proffer is made, and I'm done.

6 EXAMINER SEE: You're going to -- and
7 you've completed your cross-examination, Mr. Whitt?

8 MR. WHITT: Yes, your Honor.

9 EXAMINER SEE: With that, we are going to
10 take a half-hour lunch break. We will resume at
11 1:45.

12 We're off the record.

13 (Thereupon, at 1:13 p.m., a lunch recess
14 was taken.)

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1 Thursday Afternoon Session,
2 January 17, 2019.

3 - - -

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

6 Mr. Nugent.

7 MR. NUGENT: Yes.

8 EXAMINER SEE: You can go ahead and start
9 your cross-examination, please.

10 - - -

11 TRINA HORNER

12 being first duly sworn, as prescribed by law, was
13 examined and testified as follows:

14 CROSS-EXAMINATION

15 By Mr. Nugent:

16 Q. Good afternoon, Ms. Horner, welcome back.

17 A. Good afternoon.

18 Q. Earlier, this morning, you provided some
19 testimony regarding your professional background and
20 your work experience. For the record, you are the
21 Director of Navigant's Energy Practice, correct?

22 A. I am a Director in Navigant's Energy
23 Practice.

24 Q. And you have been employed with Navigant
25 for a little over two years, correct?

1 A. Yes.

2 Q. Okay. Possibly earlier this morning you
3 indicated to Ms. Whitfield that you personally
4 prepared, in your words, portions of the original
5 report entitled "AEP Ohio Voice of the Customer:
6 Attitudes and Expectations for Renewable Energy,"
7 correct?

8 A. Correct.

9 Q. Okay. I believe you also indicated that
10 two of your colleagues, Andrea Romano, and a
11 gentleman by the name of Brian, which I can't read my
12 notes, prepared portions of that report as well,
13 correct?

14 A. Yes; Brian Dickman.

15 Q. Thank you.

16 Did anyone at AEP Ohio, the parent
17 company of American Electric Power, or its
18 subsidiaries, assist you in drafting or preparing the
19 report?

20 A. No.

21 Q. Okay. Did anyone else at Navigant assist
22 you in preparing the report?

23 A. As I mentioned, Nicole Fry prepared
24 portions of the report as well.

25 Q. Okay. And am I correct Navigant surveyed

1 a total of 160,000 customers in the AEP Ohio service
2 territory prior to performing its assessment?

3 A. We sampled, yes, 160,000 customers total.

4 Q. And the Navigant assessment is based on
5 the 8,822 total survey responses it received,
6 correct?

7 A. I'm sorry, can you repeat the question?

8 Q. Sure.

9 MR. NUGENT: Could you reread the
10 question, please?

11 (Record read.)

12 A. The survey assessment is based on that
13 total --

14 Q. Okay.

15 A. -- of responses.

16 Q. And that's approximately a 5-percent
17 response rate, correct?

18 A. Approximately.

19 Q. Okay. And do you have a copy of your
20 testimony in front of you?

21 A. I do.

22 Q. Okay. Do you also have a copy of the
23 report with you?

24 A. I do.

25 Q. Okay. I would like to direct your

1 attention to page 4 of your testimony, lines 1
2 through 3, if I could. Okay. There you say that
3 "Results from the online survey indicate that a
4 strong majority of customers believe it is important
5 that AEP Ohio makes greater use of renewable energy
6 above current levels." Do you see that?

7 A. I do.

8 Q. Okay. And those results you referenced
9 are based on the responses provided to Question 2 of
10 the survey, correct?

11 A. Corrected.

12 Q. Okay. And am I correct that Question 2
13 makes no mention of, or reference to, AEP Ohio when
14 asking customers to assess the importance that the
15 energy they receive in the future make greater use of
16 renewables?

17 A. That is correct. The statement above it,
18 which is contextual, does reference AEP Ohio, but the
19 question itself does not.

20 Q. To be clear, Question 2, itself, does not
21 reference AEP Ohio.

22 A. Yes, I think it could be inferred from
23 the statement above it but Question 2 does not
24 include that.

25 Q. Thank you.

1 So it would be fair then to say that
2 based on the results of Question 2 to the survey, a
3 strong majority of AEP Ohio customers believe it's
4 important that the energy they receive in the future
5 make greater use of renewables regardless of the
6 energy provider?

7 A. Could you repeat the question, please?

8 MR. NUGENT: Could you please reread the
9 question?

10 (Record read.)

11 A. I think it's fair to say that absent the
12 context from the statement immediately preceding it.
13 However, given that the statement immediately
14 preceding Question 2 refers to "AEP Ohio" twice, I'm
15 not -- I wouldn't be able to characterize how the
16 answer to Question 2 would be interpreted if the
17 contextual statements preceding it weren't there.

18 Q. Sure. But I didn't ask you about the
19 contextual statements. I just asked about the
20 question itself and the question itself speaks very
21 generally about customer interests in renewable,
22 energy, correct?

23 A. Yes.

24 Q. So it would be fair then to say the
25 response is also very general in that while customers

1 may be optimistic about renewable energy, their
2 optimism, it's not AEP Ohio that's providing the
3 energy, it's -- they are more interested in receiving
4 renewable energy regardless of who provides that
5 energy, correct?

6 A. Question 2 doesn't, by itself, address
7 who provides the energy, so --

8 Q. Correct.

9 A. I think it's fair to say Question 2, by
10 itself, indicates that customers believe it's
11 important to make greater use of renewable energy.

12 Q. In a general sense, correct?

13 A. If it's taken by itself.

14 Q. Thank you.

15 Staying with that report, if you could
16 turn to page 19. I'm looking at Figure 8.

17 A. Okay.

18 Q. And am I correct, of the small C&I
19 customers that responded to the survey, 45 percent
20 indicate that it is moderately important, slightly
21 important, or not important that AEP Ohio provide
22 renewable energy that's produced within Ohio?

23 A. Yes.

24 Q. Moving down the page to Section 4.2.4, am
25 I correct that residential non-PIPP customers were

1 randomly shown a monthly pricing range increase to
2 determine whether those customers will be willing to
3 support AEP Ohio's proposed renewable development
4 projects?

5 MR. NOURSE: Could I get the reference
6 again?

7 MR. NUGENT: Sure. Page 19, Section
8 4.2.4.

9 MR. NOURSE: Thank you.

10 THE WITNESS: Could you please read the
11 question again?

12 (Record read.)

13 A. Yes.

14 Q. Thank you. And to clarify, it's actually
15 4.2.4.1. I cited 4.2.4, but the information I was
16 looking for is provided in that section.

17 Ms. Horner, that pricing range that we
18 are referring to started at 50 cents per month and
19 increased to as much as \$1.75 per month, depending on
20 the answers customers provided, correct?

21 A. Correct, for residential non-PIPP
22 customers.

23 Q. Thank you. And to be clear, not every
24 customer surveyed was provided with the same monthly
25 pricing increase information, correct?

1 A. The -- correct. The starting price
2 provided to residential non-PIPP customers was
3 randomly selected.

4 Q. Okay. Thank you.

5 If you could please turn to the following
6 page, page 20. Looking at the first paragraph on
7 that page. The assessment -- or the report, pardon
8 me, states "The results show that the level of
9 customer support for bill increases is relatively
10 consistent across the dollar amounts tested,
11 suggesting that the difference between a 75 cents a
12 month and \$1.75 a month increase may be insignificant
13 for the customers who are willing to pay more." Do
14 you see that?

15 A. Yes.

16 Q. Okay. So would you agree that Navigant's
17 assessment assumes that because customer attitudes
18 related to bill increases are consistent, a customer
19 that indicated a willingness to support a billing
20 increase at the lowest end of that range would also
21 support an increase at the range maximum?

22 A. I think that is a factor in reaching that
23 conclusion.

24 Q. For my next question, for transparency, I
25 am looking at both your testimony and the report.

1 The testimony, if you could turn to page 4, lines 4
2 to 5.

3 A. Yes.

4 Q. Okay. You indicated that "many small C&I
5 customers are willing to pay some additional amount
6 on their electricity bills for AEP Ohio investments
7 in renewable energy." Do you see that?

8 A. I do.

9 Q. Okay. If you could, turn to page 21 of
10 the report. I am looking at Figure 10. Let me know
11 when you're there.

12 A. Yes, I'm there.

13 Q. Am I correct that based on the
14 information provided in Figure 10, an average of
15 51 percent of all small C&I customers that responded
16 to the survey indicated they are either unwilling or
17 not sure of their willingness to pay a monthly bill
18 increase?

19 A. Yes, I believe that is true.

20 Q. And small C&I residential, non-PIPP, and
21 residential PIPP customers were asked in the survey
22 to indicate their level of agreement, either with AEP
23 Ohio's increased investment in wind and solar energy,
24 or maintaining their current energy bill amount,
25 correct? I believe those are Questions 11 and 12.

1 A. Yes. The question was phrased in two
2 ways.

3 Q. If you could turn to page 25 in the
4 report.

5 A. Okay.

6 Q. Pardon me, page 24. And I am looking at
7 Figure 12. Am I correct that 62 percent of small C&I
8 customers that responded to the survey are either
9 neutral or in agreement that maintaining current bill
10 amounts is more important than AEP Ohio's investment
11 in renewable energy?

12 THE WITNESS: I'm sorry. Could you read
13 the question again, please.

14 (Record read.)

15 A. That is true. Depending on how the
16 question is framed, C&I customers' perspectives
17 differed slightly.

18 Q. But could you answer the question I
19 asked?

20 MR. NUGENT: Could you reread the
21 question, please?

22 MR. NOURSE: The answer, you mean? She
23 did answer it. Can we reread the answer, too, if you
24 are going to read the question?

25 MR. NUGENT: That's fine.

1 (Record read.)

2 Q. But those customers were either neutral
3 or in agreement or strongly agreed that maintaining
4 current bill amounts is more important than AEP
5 Ohio's investment in renewable energy, correct?

6 A. Yes, that is what Figure 12 says. And
7 when the question is framed differently in the
8 opposite approach, C&I customers generally were
9 neutral, agreed, or strongly agreed that wind and
10 solar energy is more important than maintaining
11 current bill amounts.

12 MR. NUGENT: Could you read the answer
13 back, please?

14 (Record read.)

15 MR. NUGENT: Your Honor, I would move to
16 strike everything after the answer to my question
17 which I believe was a "Yes."

18 MR. NOURSE: Your Honor, I think the
19 witness is simply -- I thought the foundation was
20 covered earlier that Questions 11 and 12 were
21 related, and flipped the question as, I guess, as a
22 survey control, so he is asking about Figure 12, and
23 she agreed to what Figure 12 said, but I believe she
24 was referring to Figure 13, on the next page, to
25 round out the statement about how customers responded

1 when the question was flipped.

2 MR. NUGENT: That wasn't my question,
3 your Honor. I was asking exclusively about the
4 information provided on Figure 12.

5 MR. NOURSE: Yeah, I think she provided a
6 full answer that explained the whole -- how the whole
7 line of questioning ties together.

8 EXAMINER SEE: And the answer stands.
9 Move on, Mr. Nugent.

10 MR. NUGENT: Thank you.

11 Q. (By Mr. Nugent) If you could, Ms. Horner,
12 please turn to page 33 of the report. Are you there?
13 Okay. Of the open-ended comments submitted by small
14 C&I customers in Figure 23, 67 percent were
15 categorized either mixed, neutral/unclear, or opposed
16 to AEP Ohio's development of renewable energy,
17 correct?

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

20 (Record read.)

21 A. Figure 23 shows that 26 percent were
22 neutral or unclear, 46 were opposed, and 65 percent
23 were mixed.

24 MR. NOURSE: I'm sorry. Could you reread
25 the answer?

1 (Record read.)

2 Q. Staying on that same page and moving down
3 to Figure 24, am I correct that the top supportive
4 theme provided by small C&I customers indicated that
5 those customers are generally supportive of
6 renewables?

7 A. Yes.

8 Q. And what does that mean? How do you
9 define "generally"?

10 A. In that category, customers support
11 renewables, the idea of renewables, renewables
12 generally, not specific types.

13 Q. Pardon me. Would it be fair then to say
14 that they support the idea of renewables, regardless
15 of the provider?

16 A. Well, again, I think the question in
17 isolation, yes, the survey is coming from AEP Ohio
18 with the context that it's AEP Ohio who's developing
19 them or proposing to. But, in isolation, yes.

20 Q. Thank you.

21 And based on this assessment and your
22 review of the -- information and the responses
23 provided in the report, would you agree that the
24 outcome of the survey would have been the same had
25 the survey questions substituted any reference to AEP

1 Ohio with, hypothetically, IGS Solar or some other
2 third-party renewable-energy provider?

3 A. I can't speculate as to how customers
4 would have reacted to that. There are other
5 variables that are unknown that may have factored
6 into answers.

7 Q. Based on the information provided, what
8 is your opinion?

9 MR. NOURSE: Objection. That calls for
10 speculation and she just indicated she couldn't do
11 that.

12 EXAMINER SEE: The objection is
13 sustained.

14 Q. Ms. Horner, am I correct you previously
15 indicated you reviewed the written comments to the
16 survey?

17 A. I reviewed some of them. I did not
18 review all of them.

19 Q. Okay. But you did review the survey
20 responses, correct, the written responses the
21 customers submitted?

22 MR. NOURSE: Sorry, I object. Can you
23 clarify? Are you asking about the raw survey data or
24 what -- are you asking whether she reviewed every
25 cell of data or what are you asking?

1 Q. Can you clarify for me how many comments
2 you actually did review? And to be clear, I am
3 referring to the survey responses themselves, yeah,
4 the written comments?

5 A. The written comments to the survey, I
6 didn't count them. Maybe a couple hundred.

7 Q. Okay. That's quite a few. So based on
8 your review of the comments, would you agree there
9 were several hundred that indicated they were
10 strongly opposed to AEP Ohio's proposal?

11 A. Sorry. Are you asking if I read several
12 hundred that were strongly opposed to AEP Ohio's
13 proposal?

14 Q. In reviewing those comments, would you
15 agree there were several that indicated -- several
16 hundred customers that indicated they were opposed to
17 AEP Ohio's proposal?

18 A. In reviewing the comments, I did read
19 some that were from C&I customers that were opposed
20 to AEP Ohio's proposal, yes. There were -- the
21 comments that I reviewed, spanned the -- the gamut of
22 potential support or opposition.

23 Q. What about the residential PIPP and
24 non-PIPP customers? Did you review their comments?

25 A. Yes.

1 Q. Okay.

2 A. Some of them.

3 Q. Sure. And of those that you reviewed,
4 were there any that indicated opposition to AEP
5 Ohio's proposal?

6 A. Yes. Again, there were some in the
7 residential group that I reviewed that opposed AEP
8 Ohio's proposal just as there were some that
9 supported it.

10 Q. Do you have a ballpark or an estimate for
11 the number of comments you reviewed that were
12 opposed?

13 A. I don't recall.

14 MR. NUGENT: Okay. Your Honor, I would
15 like to mark IGS Exhibit 3 and that exhibit contains
16 an excerpt of those comments.

17 MR. NOURSE: Are these the open-ended
18 comments?

19 MR. NUGENT: Yes.

20 MR. NOURSE: Okay. Before we talk about
21 these, I would like to review this for
22 confidentiality.

23 MR. OLIKER: As far as we know, the
24 document was not marked confidential.

25 MR. NOURSE: We indicated earlier, when

1 this came up, some of the comments identified
2 customers specifically and would be considered
3 confidential. I don't know whether the document that
4 was just handed to me has that -- has any
5 confidential. I just said I would like to review it
6 with that concern before we proceed or get a
7 representation from counsel that they are not going
8 to ask about any comments that disclose individual
9 customers.

10 MR. OLIKER: No. The expletives are also
11 taken out as well.

12 MR. NOURSE: You redacted the document or
13 was it --

14 MR. OLIKER: The -- where an expletive
15 was used, we just put a bracket.

16 MR. NOURSE: So you redacted what the
17 Company produced in discovery?

18 MR. OLIKER: We took out swear words to
19 avoid putting them in the docket.

20 MR. NOURSE: I am actually asking
21 Mr. Nugent. I think he is handling this witness, but
22 if I can get a representation whether it's what we
23 provided or whether it was redacted and --

24 MR. NUGENT: The exhibit contains the
25 responses themselves, no customer-identifying

1 information, to the best of our knowledge.

2 MR. NOURSE: Thank you. I just ask that
3 we proceed with caution on that confidentiality
4 issue. Thank you.

5 EXAMINER SEE: Okay. And you want --
6 this is marked as IGS 3?

7 MS. BOJKO: I am sorry, I didn't hear
8 you, your Honor.

9 EXAMINER SEE: And this is marked IGS
10 Exhibit 3.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. (By Mr. Nugent) So, Ms. Horner, what my
13 colleague referred to, does this look like some of
14 the comments that were included in response to the
15 survey?

16 A. It does.

17 Q. Okay. If I could draw your attention to
18 the middle of the first page. I want to read some of
19 those comments to you. It says "To the average AEP
20 distribution customer, this survey conflates the role
21 of the AEP utility with the...AEP power supplier. Is
22 the provision of renewable energy only limited to the
23 standard service offer, or would there be some
24 mechanism at the utility level, such as a rider,
25 which would apply to customers taking power through a

1 competitive supplier? This survey does not feel
2 'right' and is potentially misleading."

3 Did you have an opportunity to previously
4 read that comment?

5 A. I don't recognize this.

6 Q. Okay. Moving further down the page,
7 about three-quarters of the way down, there is a
8 comment that starts in caps, "I do not," it goes on
9 to say, "want to pay for higher cost unreliable
10 electricity so that some environmentalists can sleep
11 at night. These folks are not even AEP customers who
12 want renewables, let them pay extra."

13 MR. NOURSE: Your Honor, I am going to
14 object. I mean, we earlier had a discussion that
15 this data, the open-ended question data was
16 potentially going to be marked as an exhibit per the
17 Bench's direction.

18 And I will say, as I said before, it's a
19 very voluminous document, but I guess I don't --
20 obviously IGS has excerpted and modified the thing
21 that we provided in discovery, and so this is a
22 highly-selective, carefully-chosen list, apparently,
23 and so I want to know if we are going to make that
24 larger set of data an exhibit, then I have no problem
25 with this. Otherwise, I think it's, you know, it's

1 manipulated the data that was provided and it's
2 prejudicial in the sense that they are being highly
3 selective about reading things into the record here.

4 MR. NUGENT: Well, and to be clear, your
5 Honor, this is actually included in Matthew White's
6 testimony as Exhibit 2. Our feeling is AEP could
7 have included this in their testimony but they chose
8 not to which is why we are submitting it now.

9 MR. NOURSE: We didn't get a chance to
10 file rebuttal yet, but I'm just going back to the
11 Bench's ruling on what you talked about as an exhibit
12 and I guess I just want to make sure if we are going
13 to do that, that's fine. We can all read selected
14 portions if we want to.

15 EXAMINER SEE: Mr. Nourse, are you
16 indicating that what's been marked as IGS Exhibit 3
17 is a portion of a larger exhibit that you were
18 directed to provide earlier this morning and agreed
19 to do so?

20 MR. NOURSE: Yes, I believe that's my
21 best understanding. The witness may be able to
22 verify or clarify but that it's a subset of what we
23 provided in discovery that, you know, has also -- had
24 some modifications done to it but it's, you know,
25 it's a subset.

1 EXAMINER SEE: Okay. And you are still
2 going to provide that information so that we would
3 have what --

4 MR. NOURSE: That's what I wanted to
5 confirm we are still going to do that.

6 EXAMINER SEE: Okay. Yes. I expect you
7 to provide what we reserved to be AEP Exhibit 7
8 earlier this morning.

9 MR. NOURSE: Thank you.

10 MR. NUGENT: Was there a pending
11 question?

12 (Record read.)

13 Q. (By Mr. Nugent) Is that comment familiar
14 to you?

15 A. I don't recall seeing that in my review
16 of the comments; and the customers who received the
17 survey are AEP Ohio customers.

18 Q. Okay. But would you agree that the
19 document before you contains roughly several hundred
20 comments that are opposed to AEP's proposed
21 development?

22 A. I agree that the document in front of me
23 appears to be a subset of the write-in responses to
24 the survey that reflect either opposition to or are
25 mixed or neutral or unclear. I see some comments in

1 here that, to my eye, seem unclear in where they
2 stand on renewables.

3 Q. Well, would you agree of the 8,000-plus
4 customers that actually responded to this survey,
5 only a small subset actually provided comment?

6 A. Approximately a quarter of the customers,
7 I believe over 2,000 submitted written comments out
8 of the 8,000-plus who responded.

9 MR. NUGENT: Thank you, Ms. Horner. No
10 further questions.

11 EXAMINER SEE: Ms. Bojko.

12 MS. BOJKO: Yes, your Honor. Thank you.

13 - - -

14 CROSS-EXAMINATION

15 By Ms. Bojko:

16 Q. Good afternoon, Ms. Horner.

17 A. Good afternoon.

18 Q. I want to clarify a couple of statements
19 that you said earlier today in response to questions.
20 You used the word "statistically significant." Do
21 you recall that?

22 A. Yes.

23 Q. Do you have a quantitative value for what
24 "statistically significant" means?

25 A. I think it -- the absolute value depends

1 on the circumstances and what's being sampled, and I
2 would suggest that witness Fry is -- was involved
3 determining and deriving the numbers required for
4 significance in this study.

5 Q. Okay. And I can talk to Ms. Fry about
6 this when she's on the stand, but you used that term
7 in response to some questions, and I'm trying to
8 understand, to you, what is statistically
9 significant. Is 50 percent, 51 percent
10 significantly -- statistically significant, or is 1
11 percent statistically significant?

12 A. Statistically significant in terms of how
13 I was thinking and using the term earlier simply
14 means that it receive -- that it represents a number
15 that -- at which we were able to have confidence in
16 the survey results.

17 Q. And at what percentage is that number?
18 What percentage of the whole would you believe to be
19 statistically significant?

20 A. So that varies for each -- each question
21 and, again, I would refer you to Ms. Fry.

22 Q. But, Ms. Horner, I'm confused. You are
23 deferring me to Ms. Fry when you use the phrase in
24 response to questions. So from your perspective --
25 you are being offered as an expert here today; is

1 that correct?

2 A. Yes.

3 Q. And you are being offered as an expert in
4 the preparation of a report regarding a survey that
5 Navigant prepared and conducted for AEP Ohio,
6 correct?

7 A. Correct.

8 Q. And as an expert in the field that's
9 relying on this report, you used the term
10 "statistically significant," and I want to know, in
11 your opinion, what is statistically significant?
12 What percentage?

13 A. I did not have in mind a specific number
14 in making that reference.

15 Q. And in your work with Navigant, you don't
16 have in mind a specific value to what, in your expert
17 opinion, is deemed to be statistically significant?

18 A. I am not an expert in developing the
19 survey, design or implementation or analysis, and
20 that is why we relied on witness Fry for -- for those
21 calculations. However, I understand that the -- that
22 the responses that Navigant designed the survey to
23 elicit and, in fact, received, allowed us to have
24 confidence in the survey results.

25 Q. You stated, I believe, that you are

1 responsible for at least portions of the report that
2 is attached to your testimony; is that correct?

3 A. That is correct.

4 Q. And this is your exhibit attached to your
5 testimony. Coming in today, it was your
6 understanding that you were supporting this exhibit,
7 correct?

8 A. Yes.

9 Q. Okay. And if the report uses the term
10 "statistically significant" or "statistical
11 significance," you are sitting here today telling me
12 you don't know how that's defined, correct?

13 MR. NOURSE: Your Honor, I object. I
14 don't think she's asked any questions about
15 references in the report to statistical significance
16 or that Ms. Horner had the response Ms. Bojko just
17 stated.

18 MS. BOJKO: Well, your Honor, she did
19 state -- she did use the term in response to other
20 questions earlier this morning or earlier this
21 afternoon. It is actually in the report. If counsel
22 is asking for a reference, it's on page 15 of 41 in
23 Exhibit TH-1.

24 And I would also note that I can ask the
25 questions of an expert that I want. It doesn't have

1 to be tied to her report. If she is claiming to be
2 an expert in the field and is put on the stand as
3 one, she can answer the questions that an expert in
4 that field would answer or be able to answer.

5 MR. NOURSE: Yeah. The only question I
6 objected to was the one that was just stated
7 referencing the report and stating that she already
8 answered that question which didn't happen.

9 MS. BOJKO: Can we have the question
10 reread? I don't believe that's what I said.

11 (Record read.)

12 MR. NOURSE: I'm sorry, I thought
13 Ms. Bojko was going to rephrase, but if that's not
14 the case, I renew my objection.

15 EXAMINER SEE: Do you wish to rephrase,
16 Ms. Bojko?

17 MS. BOJKO: I can say it another way,
18 your Honor.

19 Q. (By Ms. Bojko) You -- you are the expert
20 responsible for the report attached to your testimony
21 and you also drafted your own testimony; is that
22 fair?

23 A. I am sponsoring the report attached to my
24 testimony. I was responsible for drafting portions
25 of that testimony and I relied on the expertise of

1 others, including Ms. Fry, to craft other portions of
2 that testimony -- or that report, rather, in order --
3 including the design and analysis of the survey as it
4 related to our confidence level and its statistical
5 significance.

6 Q. So as an expert that's supporting this
7 report and that submitted testimony in this case, do
8 you have a definition of statistical significance?

9 A. I do not. I relied on the judgment and
10 expert experience of Ms. Fry.

11 Q. And sitting here today, you do not know
12 what that judgment of Ms. Fry entailed or what value
13 would be associated with her definition of
14 statistically significant, correct?

15 A. I believe that it applies differently.
16 There isn't one numerical number that is applicable
17 to all of the questions in the aggregate.

18 Q. Okay. But you reference Ms. Fry in
19 different scenarios in talking about the survey, and
20 you don't know, whatever scenario that you are
21 referring to in your response, you don't know at
22 which point in time which value Ms. Fry was attaching
23 to statistical significance, correct?

24 A. Well, as we say in the report, we
25 designed the sample size requirements to achieve 90

1 percent confidence. At -- and 10 percent precision.
2 And so that is the -- that was the goal of the
3 sample.

4 Q. So 90 percent in one situation was
5 statistically significant and 10 percent was
6 statistically significant in another scenario?

7 A. No. That's -- that's not what I said.

8 Q. Okay. Well, I asked you -- it was -- I
9 asked you what you believed to be statistically
10 significant and it's my understanding you don't have
11 an opinion of what is statistically significant; is
12 that correct?

13 A. I relied on Ms. Fry --

14 Q. Thank you.

15 A. -- for that.

16 Q. And in some prior questions, I was a bit
17 confused about who this survey went to. Did this
18 survey only go to Standard Service Offer customers,
19 SSO customers, or did it go to all non-PIPP
20 residential customers?

21 A. The survey went to a -- a random sample
22 of non-PIPP, PIPP, small C&I customers, for whom AEP
23 Ohio had e-mail addresses.

24 Q. Okay. And I am asking you if those
25 customers, that small subset you just referenced,

1 were Standard Service Offer customers?

2 A. It could have gone to Standard Service
3 Offer customers as part of that random sample.

4 Q. And it could have also gone to shopping
5 customers?

6 A. If they are customers of AEP Ohio with an
7 e-mail address, then they could have received the
8 survey.

9 Q. Okay. You do understand that all of the
10 customers would be customers of AEP Ohio for
11 distribution service, correct?

12 A. Correct.

13 Q. So the survey could have gone to any AEP
14 Ohio distribution customers? Is that your testimony?

15 A. Yes.

16 Q. And was it -- in response to a question
17 you said -- to counsel that asked you questions
18 previously you -- you responded with the term "AEP
19 Ohio customers." So, in your mind, when you use the
20 term "AEP Ohio customers," you mean all AEP Ohio
21 distribution service customers?

22 A. Yes.

23 Q. And in sending this to all AEP Ohio
24 distribution customers, you recognize that some of
25 those customers could be receiving their generation

1 supply from a competitor; is that correct?

2 Competitive supplier?

3 A. Yes.

4 Q. And did the survey ask those that are
5 receiving generation from a competitive supplier,
6 whether they are currently receiving renewable
7 generation from their existing generation supplier?

8 A. The survey did not include any questions
9 about where a customer is receiving their generation
10 supply because that goal of the survey was to get
11 insight into customer's perspectives about the
12 initiative that AEP Ohio was pursuing.

13 Q. And the initiative that you are
14 referencing is that AEP Ohio, the distribution
15 utility, would be supplying generation to the
16 customers from a renewable source?

17 A. Correct.

18 Q. And with the clarification that "AEP Ohio
19 customers" means "all distribution customers," you
20 didn't poll all -- all AEP Ohio distribution
21 customers to ask them whether they wanted a renewable
22 generation source supplied by either AEP Ohio or the
23 competitive retail electric supplier, correct?

24 A. The survey asked customers what they
25 thought about renewable generation being pursued for

1 development by AEP Ohio because that was the new
2 initiative that we wanted customers' perspectives on.

3 Q. So the answer to my question is no?

4 A. Correct.

5 Q. Did the surveys ask whether customers
6 were currently offsetting their energy usage by
7 on-site renewable energy?

8 A. Can you repeat the question?

9 Q. Did the surveys ask whether customers
10 were currently offsetting their energy usage by
11 on-site renewable energy?

12 A. No. As I said before, the survey didn't
13 ask -- include questions around customers' own
14 options to supply on-site energy, as we assumed
15 customers already were aware of those options.

16 Q. Well, did the surveys ask whether
17 customers were currently offsetting their energy
18 usage by purchasing renewable energy credits or
19 environmental attributes to meet the customers'
20 desires?

21 A. No. The survey was designed to ask about
22 a new program that AEP Ohio was offering and did not
23 focus on the other options in the market that
24 presumably customers were aware of.

25 Q. Did the survey generally ask whether

1 customers had already purchased or entered into
2 agreements to purchase renewable energy?

3 A. No.

4 Q. And the survey did not inquire as to
5 whether customers could break current contracts to
6 enter into an agreement with AEP Ohio to provide
7 green energy to them?

8 A. Could you restate the question, please?

9 Q. Sure.

10 You explained earlier to me that the
11 questions centered around whether AEP Ohio could
12 provide green energy generation to the customers, and
13 I am asking if there was a question as to whether
14 that was possible from a legal standpoint -- well,
15 possible from a contractual standpoint of whether
16 those customers could break their contracts to do
17 what you're suggesting?

18 MR. NOURSE: Your Honor, this might be a
19 good time, I was going to offer to stipulate that the
20 survey did not ask any question that's not listed in
21 the Appendix A to TH-1, of which the universe is
22 endless and unlimited, and we will be happy to
23 stipulate that, you know, and that's different from
24 if she had a question of why didn't ask this or
25 something like that, but we're just going to say it

1 asked A through Z. We will offer that stipulation to
2 save time.

3 MS. BOJKO: Your Honor, I think my
4 question is off of a response she gave to me
5 previously which is not in the list in the Appendix.
6 I wanted to know if AEP asked whether they could
7 actually enter into a contract with AEP Ohio to
8 provide green generation to them.

9 MR. NOURSE: Well, that's the point of my
10 offer, your Honor. It's any question that's not in
11 the Appendix was not asked in the survey.

12 MS. BOJKO: Your Honor, I will rephrase.
13 How about that?

14 EXAMINER SEE: I appreciate the
15 stipulation. Go ahead with your question and --

16 MS. BOJKO: Thank you.

17 Q. (By Ms. Bojko) For the customers that
18 responded that they would be open to having AEP Ohio
19 provide green generation to them, did -- did Navigant
20 or AEP follow up with those customers to inquire as
21 to whether that was a possibility with regard to
22 current contracts that customer may have?

23 MR. MENDOZA: Asked and answered. The
24 stipulation covers that question.

25 MS. BOJKO: It does not.

1 EXAMINER SEE: The witness can answer the
2 question if she knows.

3 A. No.

4 MS. BOJKO: Your Honor, I believe the
5 rest of my questions have been asked. Thank you. No
6 further questions. Thank you.

7 EXAMINER SEE: Mr. Collier?

8 MR. COLLIER: No questions.

9 EXAMINER SEE: Mr. Darr?

10 MR. DARR: Thank you, your Honor.

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Darr:

14 Q. It's fair to say Navigant did not
15 quantify the local demand for renewable generation
16 mentioned on page 9 of 41 of TH-1, except for the
17 calculation that we find on page 14 of TH-1, correct?

18 MR. NOURSE: Could I have the question
19 reread, please?

20 EXAMINER SEE: Yes.

21 Q. Is it fair to say Navigant did not
22 quantify the local demand for renewable generation in
23 Ohio which is referenced on page 9 of 41 of TH-1,
24 except as set out on page 14 of 41 of TH-1?

25 A. Yes.

1 Q. And the calculation on page 14 of 41
2 found in Exhibit TH-1, basically takes the 75
3 companies that Navigant identified in the large
4 customer survey, large commercial and industrial
5 customer survey, and basically takes those companies'
6 loads and estimates what that would translate into in
7 terms of total gigawatt-hours for those companies,
8 correct?

9 A. Yes. That -- that calculation is
10 provided in order to, as I said, present the
11 magnitude of the load and what it represents of the
12 customers who had made -- the large C&I customers who
13 had made a commitment to one of the four
14 sustainability organizations or were mentioned in the
15 Ohio report.

16 Q. But in context, basically what you did
17 was a math problem, correct? You took customer load,
18 multiplied it by the load factor, came up with a
19 total number of gigawatt hours, and said here is a
20 number, right?

21 A. Yes. Each for wind and solar capacity.
22 Is that the number you are referring to?

23 Q. Yes.

24 Now, you were also aware, at the time,
25 that at least eight of those referenced companies had

1 constructed or planned to construct on-site solar
2 distributed generation, correct?

3 A. I don't know if it was eight, but we were
4 aware that some -- some companies had already
5 installed on-site DG.

6 MR. DARR: May I approach, your Honor?

7 EXAMINER SEE: Yes.

8 Q. You were asked a question in discovery
9 concerning your 75 referenced companies, correct?

10 A. Yes.

11 MR. DARR: Can I have this marked as I
12 believe it's IEU Exhibit 9. It's Interrogatory
13 IEU-INT-6-001. 8 was the one with administrative
14 notice.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 Q. Do you have in front of you what's been
17 marked as IEU Exhibit 06-001? For purposes of
18 pinning down this answer, take a look at your
19 response to Part a. which says "Identify the number
20 of companies that have constructed or have announced
21 plans to construct on-site solar generation." Does
22 that help refresh your recollection?

23 A. It does.

24 Q. And it's eight, correct?

25 A. Correct.

1 Q. And you were also aware that at least one
2 of the companies in this set that you include in the
3 75 referenced companies had indicated that it had
4 begun to -- or was considering the construction of
5 wind generation, correct? I believe there is a typo
6 in your answer to b.

7 A. Yes.

8 Q. And the response was that at least one
9 was considering or had constructed wind generation,
10 correct?

11 A. Correct.

12 Q. Set that aside for a second.

13 Now, with regard to the survey for large
14 customers, that was essentially a seven-question
15 survey, correct? Speaking now of the large C&I.
16 That was a seven-question survey, correct?

17 A. Sorry, the large C&I. I believe so.

18 MR. DARR: Can I have a document marked
19 as IEU Exhibit 9 -- or excuse me, 10.

20 I am having -- permission to mark it as
21 10, your Honor?

22 EXAMINER SEE: So marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 Q. Do you have in front of you what has been
25 marked as IEU Exhibit No. 10?

1 A. Yes.

2 Q. And would you agree with me this is the
3 sheet summarizing the questions and results of the
4 large C&I customer survey?

5 A. This is the sheet that summarizes the
6 results of the large C&I customer questionnaire that
7 we reference in the report, yes.

8 Q. And for reference, there are, in fact,
9 seven questions that were included on the survey,
10 correct?

11 A. Correct.

12 Q. Now, in the survey, did Question 2 branch
13 off of Question 1? Were customers for example -- let
14 me be more specific. Were customers that answered
15 "Yes" to Question 1, then directed to answer Question
16 2? If you know.

17 A. I am not certain. Ms. Fry helped to
18 administer that survey --

19 Q. Yes, and the reason why I ask that is if
20 you look at Question 1, it has 29 respondents of
21 which 14 answered "Yes." If you look at Question 2,
22 it has 14 respondents; a dropoff of 15. Question 3,
23 however, has 2 respondents. And then, again, there
24 is a dropoff for the next two questions.

25 So, again, my question, are you familiar

1 enough with the survey to know whether or not there
2 was a branching that took place between Question 1
3 and Question 2 and Question 3 and Questions 4 and 5
4 respectively?

5 A. I am not certain --

6 Q. Okay.

7 A. -- if there was a branching. That is a
8 question for Ms. Fry.

9 Q. Now, with regard to your report, now I am
10 looking at page 14 of 41 of Exhibit TH-1, Section
11 3.2, second bullet. In that second bullet you state
12 a majority of the respondent companies indicate they
13 preferred that a portion of their renewable supply be
14 based on local/regional projects in Ohio, assuming
15 there is -- assuming no significant difference in
16 price. Do you see that statement?

17 A. Yes.

18 Q. Now, if I go to IEU Exhibit 9, the survey
19 results, and I go to Question 5, it states "Presuming
20 there was no significant difference in price, would
21 you prefer that a portion of your renewable supply be
22 based on local/regional projects that create jobs and
23 economic impacts in Ohio?"

24 Is that statement the source of your --
25 are the responses to that fifth question, the source

1 for your statement of a majority of respondents
2 indicated this preference?

3 EXAMINER SEE: Mr. Darr, you are
4 referring to IEU Exhibit 9 or Exhibit 10?

5 MR. DARR: Exhibit 10, I'm sorry. It was
6 unclear.

7 A. Yes, I believe this characterization is
8 related to the fifth question.

9 Q. Okay. And in the response to the fifth
10 question, there are 9 who state they would prefer
11 local or region -- local or regional project to
12 create jobs and economic impacts in Ohio, correct?

13 A. Correct.

14 Q. Now, with regard to the way this
15 struck -- this survey was conducted, there was a --
16 at least a two-step process by which you identified
17 companies that were -- that would receive the survey,
18 correct?

19 A. Yes. Navigant identified large C&I
20 customers to receive the -- the questionnaire and
21 some of which were included in the filtering process
22 described in Section 3.1.

23 Q. Right. And the first step was first to
24 identify companies that met a threshold in terms of
25 amount of electric use, correct?

1 A. Correct.

2 Q. And then the second step was to
3 cross-reference those companies with organizations
4 that those companies had identified themselves with,
5 to demonstrate that they were supportive of the use
6 of renewable electric resources, correct?

7 A. Yes. Either identified themselves with
8 or affiliated themselves with one of four
9 organizations, or were identified in the Powering
10 Ohio report.

11 Q. Now I'd like to direct your attention
12 back to the summary of the results of the Navigant
13 large C&I -- large customer C&I survey or large C&I
14 customer survey, excuse me. And let's go to question
15 No. 1. Now, these are, again, you've identified
16 companies that have already made a commitment to the
17 use of renewable resources, correct?

18 MR. NOURSE: Can I object? Are you
19 asking made a commitment with their affiliation or
20 made a commitment to develop their own
21 behind-the-meter or -- I'm not clear on the question.

22 MR. DARR: Again, I am using the language
23 out of the report. The report states that their
24 membership in or affiliation with a sustainability
25 organization that demonstrated the company commitment

1 to sustainability or interests in accessing renewable
2 generation as part of their energy supply. That's --

3 MR. NOURSE: Thank you.

4 Q. That was that first step, correct, or the
5 second step of your filtering process.

6 A. Yes. But I'm -- and what I'm saying is
7 that the outreach to sustainably-minded large
8 customers through the questionnaire that we reference
9 in Section 3.2, that included some of the customers
10 identified through the filtering process but it
11 included others as well.

12 Q. You're saying that none of the -- that
13 there are, among the 75 customers identified by you
14 through this filtering process, some of them are not
15 affiliated with or linked to or made commitments to
16 those four or five organizations?

17 A. No, that's not what I'm saying.

18 Q. Okay.

19 A. I'm sorry, I'm being unclear.

20 Q. Every one of those companies is -- was
21 identified because they were affiliated with an
22 organization and had made either a commitment to
23 renewable resources or some sort of sustainability
24 commitment, correct?

25 A. That is correct.

1 Q. Okay. As long as we are all on the same
2 page.

3 Now, let's take a look at the response to
4 the first question. "Does your company currently
5 have goals related to carbon emissions?" And I
6 believe this is on IEU 10. And the response to that
7 first question is that 11 of these do not, and 4 do
8 not know, correct?

9 A. That is what that results of that -- to
10 that particular questionnaire indicate. What I am
11 suggesting is the outreach to sustainably-minded
12 customers went to more than the 75 customers
13 identified in Section 3.1.

14 Q. I'm -- again, I'm buffaloed. The 29 that
15 actually responded to your survey are part of that --
16 are a subset of the 75 companies that you identified
17 in the -- in the filtering process, correct?

18 A. Not necessarily because -- what I'm
19 saying is that the -- in Section 3.1, we identified a
20 filtering process and we quantify -- through that
21 filtering process, we quantify the load of 75
22 customers identified through the filtering process to
23 identify the -- just the magnitude of those customers
24 who had aligned themselves with the same
25 sustainability-minded organization. The

1 questionnaire that was described in Section 3.2 did
2 go to some of those 75 customers; it went to others
3 as well.

4 Q. So the first statement in that paragraph
5 that Navigant reached out to the large C&I customers
6 identified through the filtering process to better
7 understand their perspectives; what you're saying is
8 that it went to the 75 that are affiliated and a
9 whole bunch more that weren't?

10 A. Yes. What I am saying is that the
11 outreach to the large C&I customers, through the
12 large C&I customer questionnaire, went to some of the
13 75 customers as well as to others. In other words,
14 there's some overlap between the two sets of analysis
15 and data-gathering for customer actions and
16 perspectives, but the two sets of customers are not
17 completely aligned, do not completely match up.

18 Q. Given that that's the case, it's fair to
19 say that less than half of the customers -- customers
20 that you surveyed had carbon emission commitments,
21 correct? Or didn't know?

22 A. Yes.

23 Q. And it's fair to say that more than half
24 of the customers that you surveyed did not have goals
25 with regard to the procurement of renewable power,

1 either solar or wind, correct?

2 A. Which question are you referring to?

3 Q. 3.

4 A. Yes. And these responses, generally the
5 29 customers who responded to the questionnaire was a
6 relatively small proportion of the customers that we
7 received. We note in the report that it's -- the
8 outreach shouldn't be considered to be representative
9 of the overall large C&I customer population. We did
10 include it here in an effort to be transparent and to
11 show the various methods by which Navigant attempted
12 to gather data about AEP Ohio's customers'
13 perspectives on renewables.

14 Q. Yes, I understand from prior examination
15 you've already indicated and the report indicates the
16 results of this survey are not statistically
17 significant, correct?

18 A. Correct.

19 Q. And in terms of the question with regard
20 to preference for local or regional power, 9 of the
21 29 respondents, or less than a third, indicated that
22 preference, correct?

23 A. Which question are you referring to?

24 Q. 5 again.

25 A. Yes, 9 customers expressed a preference

1 for local over regional projects.

2 Q. And with regard to the scope of the large
3 C&I survey, the survey did not ask any of the
4 respondents whether or not they had been denied
5 electric supply with renewable attributes, correct?

6 A. Can you repeat the question, please?

7 Q. Sure.

8 With regard to the large C&I customers
9 surveyed, the survey does not ask any of the
10 respondents whether it -- it -- any respondent,
11 whether it had sought and been denied electric supply
12 with renewable attributes, correct?

13 A. Correct.

14 Q. And Navigant has no information with
15 regard to the number of companies that have entered
16 into or have announced plans to enter into purchase
17 power agreements for wind generation, correct? And
18 if it will help refresh your recollection, if you
19 turn to IEU Exhibit 9, your response to d.

20 A. Uh-huh. Yes, that was outside the scope
21 of the perspectives we wanted to gather.

22 Q. Navigant has not identified the number of
23 companies that have entered into or have announced
24 plans to enter into purchase power agreements for
25 solar generation, correct?

1 A. Correct.

2 Q. And further, you have not identified the
3 number of companies that have constructed or have
4 announced plans to construct renewable generation
5 other than wind or solar generation on-site, correct?

6 A. Yes.

7 Q. And Navigant further has not collected or
8 identified any information of the number of companies
9 that have entered into or have announced plans to
10 enter into purchase power agreements for renewable
11 generation other than wind or solar, correct?

12 A. Correct.

13 Q. And just to close the circle, Navigant
14 has not assessed whether or how AEP Ohio's customers'
15 energy demands are being supplied in Exhibit TH-1,
16 has it?

17 A. That's correct.

18 MR. DARR: Thank you. I have nothing
19 further.

20 EXAMINER SEE: Mr. McNamee?

21 MR. McNAMEE: No questions. Thank you.

22 EXAMINER SEE: Mr. -- Mr. Nourse, any
23 redirect?

24 MR. NOURSE: Could we have a brief moment
25 to confer? I don't think we need to break --

1 EXAMINER SEE: Sure.

2 MR. NOURSE: -- too much.

3 (Discussion off the record.)

4 EXAMINER SEE: Are you ready, Mr. Nourse?

5 MR. NOURSE: Yes.

6 - - -

7 REDIRECT EXAMINATION

8 By Mr. Nourse:

9 Q. Just a couple of questions, Dr. Horner.
10 Can you -- can you recall some questions earlier
11 about whether Navigant did anything to screen AEP
12 employees out of the survey process?

13 A. Yes.

14 Q. And as I recall, your response is that
15 Navigant did not screen AEP employees or take any
16 efforts to screen AEP employees out of the survey
17 process, correct?

18 A. Correct.

19 Q. And have you evaluated whether that
20 impacted the survey validity or the results, and can
21 you address that?

22 A. Yes. After the survey was complete,
23 Navigant requested that AEP Ohio investigate how many
24 of the random sample of customers who did receive the
25 survey were former or current AEP Ohio customer --

1 employees. That number turned out to be less than
2 500. I believe it was 484 current or former
3 employees. And that number, in the context of the
4 7,498 non-PIPP residential customers, comprises, you
5 know, approximately 7 percent. We do not believe
6 that that materially impacts the conclusions that we
7 drew from our report.

8 Q. And can I clarify two things about your
9 answer? First of all, you said "AEP Ohio employees."
10 Is it your understanding that the analysis that you
11 requested encompassed all AEP employees? Not just
12 the AEP Ohio division?

13 A. Yes. I'm used to saying "AEP Ohio."

14 Q. Yep. And, secondly, the 484 figure that
15 you mentioned, was that of the responses or of the
16 total random sample pool?

17 A. The 484 were the customers of AEP Ohio
18 who are AEP employees or former employees who
19 received the survey. We do not know who actually
20 filled out the survey and so our -- the 484 number
21 really -- we -- even if we were to assume that all
22 484 of those filled out the survey, which we don't
23 know, but if they did, that would comprise
24 approximately 7 percent of the overall responses.

25 Q. Okay. And just to make -- make this

1 perfectly clear, Navigant did not exclude employees
2 of other stakeholders in this process, like IGS, who
3 is headquartered in AEP Ohio's territory, none of
4 those employees were excluded either, correct?

5 A. That's correct. The sample was random.

6 Q. Okay. And then second area I wanted to
7 cover briefly. You had questions earlier, from
8 Mr. Whitt, about the timing of the survey as compared
9 to, I guess, the filing of -- the decision to file
10 this case.

11 Can you tell us whether -- whether AEP
12 had decided to file this case before you did the
13 survey or whether they decided to file the case on
14 September 19 when they actually did file it, did that
15 affect -- did the timing of that decision affect the
16 survey in any way?

17 A. No. We believe that the survey would
18 have been run and implemented and analyzed, and the
19 results, regardless of when it was issued, we believe
20 would have come up with the -- with the same results.

21 MR. NOURSE: Thank you. That's all I
22 have, your Honor.

23 EXAMINER SEE: Recross, Mr. Dove?

24 MR. DOVE: No, your Honor.

25 EXAMINER SEE: Mr. Mendoza?

1 MR. MENDOZA: No, your Honor. Thank you.

2 EXAMINER SEE: Ms. Leppla?

3 MS. LEPPLA: No, your Honor.

4 EXAMINER SEE: Ms. --

5 MS. COHN: Cohn. No, your Honor.

6 EXAMINER SEE: Ms. Cohn.

7 MS. COHN: No, your Honor. Sorry.

8 EXAMINER SEE: Mr. Healey.

9 MR. HEALEY: Nothing further, your Honor.

10 Thank you.

11 EXAMINER SEE: Mr. Whitt.

12 MR. WHITT: No, your Honor. Thank you.

13 EXAMINER SEE: Mr. Nugent?

14 - - -

15 RECROSS-EXAMINATION

16 By Mr. Nugent:

17 Q. One question, Ms. Horner. Can you tell
18 me, did you perform an analysis of the likelihood
19 that AEP Ohio employees provided their employer with
20 their personal e-mail address?

21 A. We did not.

22 Q. Thank you.

23 So same question but just to broaden it
24 now, with not just AEP Ohio but the parent company as
25 well?

1 A. Can you repeat the question.

2 Q. Sure.

3 So did you perform an analysis of the
4 likelihood that the parent company, AEP Ohio's
5 employees provided their employer their personal
6 e-mail?

7 A. No.

8 MR. NUGENT: Thank you. Nothing further.

9 EXAMINER SEE: Ms. Bojko.

10 MS. BOJKO: Nothing further, your Honor.

11 EXAMINER SEE: Ms. Whitfield.

12 MS. WHITFIELD: No further, your Honor.

13 EXAMINER SEE: Mr. Collier.

14 MR. COLLIER: No, your Honor. Thank you.

15 EXAMINER SEE: Mr. Darr.

16 MR. DARR: No questions.

17 EXAMINER SEE: Mr. McNamee.

18 MR. McNAMEE: No questions. Thank you.

19 - - -

20 EXAMINATION

21 By Examiner See:

22 Q. Ms. Horner, the survey that you conducted
23 for Navigant, it was an online survey?

24 A. That's correct.

25 Q. And it was exclusively online, correct?

1 A. That is correct.

2 Q. Why -- why did Navigant elect to conduct
3 the survey exclusively online by e-mail?

4 A. In our experience, that was the
5 most-efficient way to reach the most customers and in
6 an effort to get a robust survey response.

7 Q. You indicated, in response to questioning
8 earlier today, that PIPP customers did not -- did
9 PIPP customers receive any of the "Willingness to
10 Pay" questions or see any of that section?

11 MS. BOJKO: I'm sorry, your Honor, I
12 couldn't hear. Could I have your question reread?

13 EXAMINER SEE: Sure.

14 Q. You indicated, in response to questions
15 presented to your earlier today, that PIPP customers,
16 residential PIPP customers, did not see either a
17 portion of the "Willingness to Pay" section or all of
18 it? I want clarification as to what portion of
19 that -- portion of the survey -- survey they
20 received, the "Willingness to Pay" section. Let me
21 try that again.

22 A. So --

23 Q. Go ahead.

24 A. So PIPP customers did not see Questions
25 6, 7, 8, or 9 in the survey.

1 Q. Okay. Or the leading -- the paragraph
2 leading into that section, the "Willingness to Pay."

3 A. I am not certain of that. Ms. Fry would
4 have the answer to that question. I cannot answer
5 definitively.

6 EXAMINER SEE: Okay. Thank you. You may
7 step down.

8 MR. NOURSE: Your Honor, we would renew
9 the motion to admit Exhibit 6.

10 EXAMINER SEE: Are there any objections
11 to the admission of AEP Exhibit 6?

12 MR. DARR: No, your Honor.

13 MR. HEALEY: None other than the many
14 that have been addressed by the Bench, so.

15 MS. WHITFIELD: Your Honor, I would just
16 actually -- Mr. Healey said the other -- the ones
17 referenced earlier, but I do want to point out and
18 move again, under Rule 702, if you recall one of
19 Mr. Nourse's responses to my objection that
20 Ms. Horner was not qualified as an expert to offer
21 opinion testimony on customer surveys was that it was
22 premature and there had been no voir dire or any
23 questioning about her -- her qualifications. So we
24 did that on -- on cross-exam and there's been no
25 testimony that she has any specialized knowledge,

1 skill, experience, training, or education regarding
2 customer surveys and the analysis of those, and so we
3 would move, pursuant to Rule 702, that both her
4 testimony and her report be stricken. Thank you,
5 your Honor.

6 EXAMINER SEE: Okay.

7 MR. DARR: Your Honor, again, I would
8 join in the several motions to strike the testimony
9 based on a variety of reasons including, most
10 prominently, relevance. With regard to TH-1 which is
11 the attachment to the Horner testimony, it appears
12 that that testimony is based in large part on the
13 testimony of Ms. Fry. Since she is also a
14 co-sponsoring witness, I would think it would be
15 premature at this point to move that into evidence
16 prior to Ms. Fry's testimony.

17 MR. NOURSE: Your Honor, anybody else?

18 I have no problem with holding off on
19 TH-1 until after Ms. Fry testifies, but as to the --
20 as to Kroger's motion, I am not going to repeat my
21 other arguments I made earlier, but the one point I
22 was making about no deposition and no voir dire
23 was -- was definitely a sequence and timing issue,
24 it's certainly too late to try to do that now after
25 all the testimony has been in the record, all the

1 questioning about this testimony, so I think it's
2 untimely at this point and also should just be
3 rejected for the same reasons we talked about -- the
4 other reasons we talked about before.

5 EXAMINER SEE: AEP Exhibit 6 is admitted
6 into the record.

7 (EXHIBIT ADMITTED INTO EVIDENCE.)

8 EXAMINER SEE: Mr. Healey.

9 MR. HEALEY: Yes, your Honor. OCC would
10 seek the admission -- moves for the admission of OCC
11 Exhibits 3, 4, 5, 6, 7, and 8.

12 MR. NOURSE: And, your Honor, we have no
13 objection to 4, 5, and 8. I would like to address
14 Exhibit 3 and 6 and 7.

15 So on Exhibit 3, I think the witness
16 challenged some of the statements that were made in
17 this article. She did answer all the questions posed
18 about the circumstances of her employment with PG&E,
19 and I think answered all the questions that -- any
20 counsel posed about that. And so I think the record
21 is clear on that point. And I would oppose the
22 admission of Exhibit 3 as being unnecessary and being
23 disputed by the witness.

24 EXAMINER SEE: First, let me start with
25 the ones that you were -- 4, 5, and 8 you are okay

1 with?

2 MR. NOURSE: Yeah.

3 EXAMINER SEE: Those are admitted into
4 the record.

5 (EXHIBITS ADMITTED INTO EVIDENCE.)

6 EXAMINER SEE: And you're opposing 3.

7 MR. NOURSE: Opposing 3, and I don't know
8 if we want to talk more about that, or you want me to
9 go on to Exhibits 6 and 7?

10 EXAMINER SEE: As to OCC Exhibit 3, it is
11 also admitted into the record.

12 (EXHIBIT ADMITTED INTO EVIDENCE.)

13 MR. NOURSE: Thank you, your Honor.

14 On Exhibits 6 and 7, excuse me, I think
15 these are -- this is information the witness is not
16 familiar with. It did not -- it does not bear on the
17 values used in the "Willingness to Pay" section
18 regarding future incremental costs associated with
19 the proposal in this case.

20 These figures relate to selected material
21 about the Company's AER, the Advanced Energy Rider,
22 which is not at issue in this case, and I think
23 it's -- it's confusing to try to put this in when it
24 has no bearing and is a different -- completely
25 different set of costs and rates than what the

1 witness -- what the survey addressed in the
2 "Willingness to Pay" section.

3 MR. HEALEY: Your Honor, if I may
4 respond?

5 EXAMINER SEE: Go ahead, Mr. Healey.

6 MR. HEALEY: These exhibits include
7 information about what customers actually pay for
8 renewable energy which is certainly relevant to what
9 they would be willing to pay, and it goes to the
10 veracity and accuracy of the survey which asks
11 customers questions about their willingness to pay
12 without providing this data.

13 I would also note that while Mr. Nourse
14 did object to these documents generally, I did ask
15 Ms. Horner several questions about the rates in these
16 exhibits, and those questions were not specifically
17 objected to at the time. So for purposes of keeping
18 a clear record, I was asking a question about an
19 exhibit, she responded. If we don't have the exhibit
20 in the record, then there's a hole.

21 I would also note that these documents
22 come from the PUCO's own website and, therefore,
23 would potentially be -- or should be subject also to
24 administrative notice which the Attorney Examiners
25 routinely do for PUCO-sourced documents.

1 MR. NOURSE: And I would be happy to
2 agree to administrative notice of AER rates, you
3 know, for a longer period of time -- pardon me --
4 than the two selected quarters that were presented in
5 Exhibits 6 and 7. For example, the fourth quarter of
6 '18 and the first quarter of '19 is also available on
7 the website, on the PUCO's website, and involves
8 rates that are lower, and the most-recent information
9 is not used to do this, you know. This, again, is a
10 rabbit trail in my view, but. So if we want to take
11 a broader notice of the Company's AER rates, we can
12 do that. I could also offer those quarters that I
13 just mentioned, at least, to give a fuller view of
14 more recent data for the AER.

15 MR. HEALEY: Your Honor, I would be fine
16 with supplementing these with the two most-recent
17 quarters. The reason I included these was because
18 they were the quarter in which the survey was taken
19 and the one immediately preceding, but I am happy to
20 add the two most-recent to the administrative notice
21 request if that helps Mr. Nourse.

22 EXAMINER SEE: OCC Exhibits 6 and 7 are
23 admitted into the record and we'll take
24 administrative notice of the more-recent periods of
25 the same information of the first quarter of 2019.

1 MR. NOURSE: Thank you, your Honor.
2 Appreciate it.

3 (EXHIBITS ADMITTED INTO EVIDENCE.)

4 MS. BOJKO: I'm sorry, your Honor. Is
5 your ruling in addition to the ones?

6 EXAMINER SEE: Yes.

7 MR. NOURSE: We are happy to mark these
8 as exhibits, too, your Honor, I just don't have extra
9 copies right now, of the fourth quarter 2018 and
10 first quarter of 2019.

11 EXAMINER SEE: Okay. You want to mark
12 them as an exhibit and we'll add them?

13 MR. NOURSE: We do have copies. Thank
14 you. So would you like me to mark these, too, as
15 exhibits?

16 EXAMINER SEE: That's fine.

17 MR. NOURSE: We have copies, at least
18 some copies. So the fourth quarter of 2018 will be
19 AEP Exhibit 8 and the first quarter of 2019 will be
20 AEP Ohio Exhibit 9.

21 (EXHIBITS MARKED AND ADMITTED.)

22 EXAMINER SEE: Ms. Whitfield.

23 MS. WHITFIELD: Yes, your Honor. I would
24 move for the admission of Kroger Exhibit 1 which is
25 the response to OCC-RPD-3-10 including the

1 attachments thereto.

2 EXAMINER SEE: Any objection to the
3 admission of Kroger Exhibit 1?

4 MR. NOURSE: One second, your Honor. Oh,
5 no.

6 EXAMINER SEE: Kroger Exhibit 1 is
7 admitted into the record.

8 (EXHIBIT ADMITTED INTO EVIDENCE.)

9 MS. WHITFIELD: Thank you, your Honor.

10 EXAMINER SEE: IGS Exhibit 3.

11 MR. NUGENT: Your Honor, IGS moves to
12 admit IGS Exhibit 3 into the record.

13 MR. NOURSE: And I would just note we
14 don't object to this, provided we're submitting the
15 larger set of data in which this is a subset.

16 EXAMINER SEE: And that is the
17 understanding of the Bench that you would be
18 submitting that information and marking it.

19 MR. NOURSE: And on that point, can I ask
20 your Honor if it's okay to distribute that by e-mail?
21 It is, as I think hinted earlier, it's several
22 hundred pages. Is it okay to circulate that to the
23 reporter, the Bench, and the parties by e-mail rather
24 than printing copies? It's voluminous, quite
25 voluminous.

1 EXAMINER SEE: We are going to need at
2 least one paper copy and everybody else can get a
3 copy. That one print copy should go to the court
4 reporters.

5 MR. NOURSE: Got it. Thank you.

6 EXAMINER SEE: With that, IGS Exhibit 3
7 is admitted into the record.

8 (EXHIBIT ADMITTED INTO EVIDENCE.)

9 EXAMINER SEE: And Mr. Darr?

10 MR. DARR: Move admission of IEU 9 and
11 10.

12 MR. NOURSE: No objection.

13 EXAMINER SEE: Any objection to the
14 admission of IEU 9 and 10?

15 IEU 9 and 10 are admitted into the
16 record.

17 (EXHIBITS ADMITTED INTO EVIDENCE.)

18 MR. NOURSE: Thank you, your Honor.

19 EXAMINER SEE: Just a moment, Mr. Nourse.

20 MR. NOURSE: Okay.

21 EXAMINER SEE: Okay. Let's go off the
22 record for a minute.

23 (Recess taken.)

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

1 Mr. Nourse.

2 MR. NOURSE: Yes. Thank you.

3 EXAMINER PARROT: Call your next witness.

4 MR. NOURSE: AEP calls Nicole Fry to the
5 stand.

6 (Witness sworn.)

7 EXAMINER PARROT: Thank you.

8 - - -

9 NICOLE FRY

10 being first duly sworn, as prescribed by law, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 By Mr. Nourse:

14 Q. Good afternoon, Ms. Fry.

15 A. Good afternoon.

16 Q. Can you state and spell your name for the
17 record?

18 A. Nicole Fry, N-i-c-o-l-e F-r-y.

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

21 A. Navigant Consulting. I am an Associate
22 Director in the Process Evaluation and Customer
23 Engagement Team.

24 Q. And were you engaged by AEP Ohio to
25 present testimony in this case?

1 A. I was.

2 Q. Excuse me. And did you cause to be filed
3 direct testimony on September 19, 2018 in this case?

4 A. Under my name, yes, I did.

5 MR. NOURSE: And, your Honor, I would
6 like to mark AEP Ohio Exhibit 10, Ms. Fry's prefiled
7 testimony.

8 EXAMINER PARROT: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. Ms. Fry, do you have the document we just
11 marked as AEP Ohio Exhibit 10?

12 A. Is that my testimony?

13 Q. Yes. And that was prepared by you or
14 under your direction?

15 A. Yes, it was.

16 Q. And do you have any changes, corrections,
17 or additions to that?

18 A. I do not.

19 Q. So if I were to ask you the same
20 questions today under oath, your answers would be the
21 same?

22 A. They would.

23 MR. NOURSE: Thank you.

24 Your Honor, I move for admission of
25 Exhibit 10, subject to cross.

1 EXAMINER PARROT: Thank you.

2 Mr. Mendoza?

3 MR. MENDOZA: No cross, your Honor.

4 EXAMINER PARROT: Ms. Leppla.

5 MS. LEPPLA: No cross, your Honor.

6 EXAMINER PARROT: Ms. Cohn.

7 MS. COHN: No cross. No cross, your

8 Honor.

9 EXAMINER PARROT: Mr. Healey, are you
10 ready?

11 MR. HEALEY: Yes, I am, your Honor.

12 EXAMINER PARROT: All right. Go ahead.

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Healey:

16 Q. Ms. Fry, do you have in front of you a
17 copy of the report that was attached to Ms. Horner's
18 testimony?

19 A. I do.

20 Q. Can you turn to page 5 of 41 of that
21 report, please.

22 A. Would you mind using the numbers at the
23 bottom of the page. The version that I have is --

24 Q. How about I give you a copy that has the
25 page numbers at the top?

1 A. That's fine.

2 Q. Because I think that's what we've been
3 doing so far.

4 MR. HEALEY: May I approach, your Honor?

5 EXAMINER PARROT: You may.

6 THE WITNESS: Thank you.

7 Q. (By Mr. Healey) Okay. So we're on page 5
8 of 41 of Exhibit TH-1 which is the Navigant report.
9 You defined small C&I customers, for purposes of this
10 report, as those using less than 1 million
11 kilowatt-hours per year, correct?

12 A. That's correct.

13 Q. And so, any customer that used more than
14 1 million kilowatt-hours per year would not have
15 received a copy of the survey and been asked to
16 respond to it, correct?

17 A. That's my understanding, yes.

18 Q. And when defining small C&I customers
19 under this definition, you considered each meter a
20 different customer, correct?

21 A. Yes.

22 Q. And so, for example, if a corporate
23 entity had five locations in the AEP service
24 territory, each with its own meter, that would be
25 counted as five small C&I customers, correct?

1 A. Yes, though we did try and make a
2 distinction between single meter and multi-meter
3 accounts. So if those meters were tied to a single
4 account, we did not -- we excluded them from the
5 sample in an effort to capture the single-meter small
6 businesses.

7 Q. And can you show me where, in the report,
8 it states you did that?

9 A. "To develop the sample of small C&I
10 customers in AEP Ohio territory," -- excuse me, I am
11 looking at page 5 of 41, the footnote -- "Navigant
12 defined small C&I as single meter customers with
13 annual metered consumption less than 1 million kWh
14 per year."

15 Q. Okay. So let's use McDonald's as an
16 example. McDonald's has many locations within the
17 AEP Ohio's service territory. I assume we can agree
18 on that, correct?

19 A. That's correct.

20 Q. And so you -- you excluded each of those
21 locations from your survey?

22 A. If they were all tied to one account, we
23 did.

24 Q. And what do you mean by "account"?

25 A. There was -- if they were all associated

1 with the same account number, implying that a single
2 person perhaps paid those bills or was responsible
3 for the bills of that account, it was excluded.

4 Q. And is it your understanding that AEP
5 Ohio aggregates accounts on a corporate basis like
6 that for small C&I customers?

7 A. It is my understanding that for some they
8 do.

9 Q. But not all of them?

10 A. I can't speak for how McDonald's, for
11 example, organizes their accounts and how their bills
12 are paid, but what we wanted to do was capture
13 individual businesses and at the level where those
14 decisions and bills are paid.

15 Q. Sure. A minute ago you said for some
16 customers the accounts are aggregated which would
17 mean for some they are not, correct?

18 A. I'm not aware of how all those accounts
19 are organized.

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

21 A. I do not for sure.

22 Q. Let's turn to page 39 of 41 of Exhibit
23 TH-1, please. Actually, rather, page 40. And
24 starting with Question 14, there are several
25 questions in the survey that are related to

1 demographics for residential customers, correct?

2 A. That's correct.

3 MR. HEALEY: Your Honor, if I may mark as
4 OCC Exhibit 9, AEP's response to OCC Interrogatory
5 12-136. May I approach, please?

6 EXAMINER PARROT: You may and it is so
7 marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. Ms. Fry, do you have in front of you now
10 what's been marked OCC Exhibit 9?

11 A. I do.

12 Q. And this is a discovery response for
13 which you are the respondent, correct?

14 A. That's correct.

15 Q. And the response provided by you is that
16 "Neither AEP Ohio nor Navigant has performed analysis
17 of the Voice of the Customer survey responses based
18 on the customer's age." Do you see that?

19 A. I do see that.

20 Q. Is that an accurate statement?

21 A. What that statement implies is that we
22 did not analyze the survey results to determine
23 whether there was a difference in willingness to pay
24 based on someone's age. So that would be, for
25 example, a cross-tab analysis where we assessed

1 willingness to pay based on an age. We analyzed the
2 results together as the residential class; so that
3 statement is accurate with that intent.

4 Q. Thank you.

5 MR. HEALEY: Your Honor, I would like to
6 also mark two at once because they will be quick, if
7 that's all right, OCC Exhibits 10 and 11. OCC
8 Exhibit 10 is the response to Interrogatory 12-137,
9 and OCC Exhibit 11 is the response to OCC
10 Interrogatory 12-138. May I approach, please?

11 EXAMINER PARROT: You may, and they are
12 so marked.

13 (EXHIBITS MARKED FOR IDENTIFICATION.)

14 Q. Ms. Fry, you have now in front of you
15 what's been marked OCC Exhibit 10 which is the
16 response to OCC Interrogatory 12-137. You are the
17 respondent for this discovery response, correct?

18 A. That's correct.

19 Q. And the response is "Neither AEP Ohio nor
20 Navigant has performed analysis of the Voice of the
21 Customer survey responses based on the customer's
22 approximate average electric bill." Is that a true
23 statement?

24 A. In line with my previous statement,
25 that's correct.

1 Q. And moving on to OCC Exhibit 11 which is
2 the response to OCC Interrogatory 12-138, you are
3 again the respondent, correct?

4 A. That's correct.

5 Q. And the response here is "Neither AEP
6 Ohio nor Navigant has performed analysis of the Voice
7 of the Customer survey responses based on the
8 customer's total household income." Is your response
9 the same for this one as well?

10 A. Yes, it is.

11 MR. HEALEY: Thank you, your Honor.
12 That's all I have.

13 MS. WHITFIELD: Thank you, your Honor.

14 EXAMINER PARROT: Ms. Whitfield.

15 MS. WHITFIELD: I'll go ahead if that's
16 okay.

17 - - -

18 CROSS-EXAMINATION

19 By Ms. Whitfield:

20 Q. Ms. Fry, I want to follow up on a couple
21 things. You just said, a few minutes ago, that you
22 excluded multi-metered customers from the survey. Do
23 you recall saying that?

24 A. I do.

25 Q. Okay. And where does it say in the

1 report that's attached to Ms. Horner's testimony that
2 that exclusion occurred?

3 A. It is implied in the definition of small
4 C&I customers where we stated -- let me find the
5 reference. It goes back to page 5 of 41, Footnote 1.
6 "To develop the sample of small C&I customers in AEP
7 Ohio territory, Navigant defined small C&I as single
8 meter customers with annual metered consumption less
9 than 1 million kWh per year."

10 Q. Okay. But nowhere in this report did it
11 disclose that multi-meter customers, commercial
12 customers, were excluded, correct?

13 A. No, I don't believe it was explicitly
14 stated that way.

15 Q. Or what about, did you exclude commercial
16 customers with single meters at multiple locations?

17 A. If they were tied to one single account
18 number, as I described previously, then they would
19 have been excluded but not if they are on different
20 accounts.

21 Q. And did that exclusion occur before the
22 random sample or after the surveyed results?

23 A. Before.

24 Q. So whenever -- so before AEP gave you the
25 random sampling, those exclusions already occurred?

1 A. We decided to exclude those customers
2 before any sampling, survey pooling, customer pooling
3 was done.

4 Q. But if I remember the testimony from your
5 colleague earlier, she testified that AEP did the
6 random sample, correct, Navigant did not?

7 A. They pooled the random sample from the
8 sample of small C&I customers that were single meter.

9 Q. So, for example, if -- for my client
10 Kroger, if we have 130 facilities in AEP's service
11 area, each with its own account number, would we be
12 counted as 130 small C&I customers?

13 A. I believe so.

14 Q. Ms. Fry, do you report to Ms. Horner?

15 A. Not officially through our performance
16 management organization, no.

17 Q. And you -- your testimony, you said that
18 you are in the Process Evaluation and Customer
19 Engagement Team; is that -- did I say that correctly?

20 A. That's correct.

21 Q. And is that within the energy practice or
22 that something --

23 A. It is. It is within energy.

24 Q. Is that a new change since -- that was
25 not included in your testimony so is that a new

1 change since you submitted your testimony in
2 September of 2018?

3 A. I was being more specific. So
4 organizational levels within Navigant, so there's
5 Navigant, there's the Energy Practice. Within the
6 Energy Practice, I'm part of Clean Energy Programs;
7 and as part of Clean Energy Programs, I'm part of the
8 Process Evaluation and Customer Engagement Group.

9 Q. Now, up until March of 2018, you were a
10 Managing Consultant for Navigant, correct?

11 A. That's correct.

12 Q. And I'm assuming moving up to Associate
13 Director was a promotion; is that fair?

14 A. Yes.

15 Q. And was this survey that you worked on
16 for AEP Ohio, the first survey you had done for AEP
17 Ohio?

18 A. Yes. Wait. I also was participating in
19 the C&I questionnaire, so if you call that a survey,
20 that would count as well, but those are the only two
21 for AEP.

22 Q. So just for clarification, everything
23 that is at issue with the report attached to
24 Ms. Horner's testimony, that was your first work with
25 AEP Ohio, correct?

1 A. That's correct.

2 MS. WHITFIELD: That's all I have, your
3 Honor. Thank you.

4 EXAMINER PARROT: Mr. Whitt.

5 MR. WHITT: Thank you, your Honor. I
6 just have a few questions. I'll stand kind of in the
7 corner.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Whitt:

11 Q. Ma'am, where did you get the e-mails that
12 you used for sending the surveys?

13 A. AEP Ohio had the e-mail addresses.

14 Q. Do you know how AEP Ohio obtained those
15 e-mail addresses?

16 A. I am not aware of how AEP Ohio obtained
17 those e-mail addresses.

18 Q. Did you talk to anyone about whether
19 AEP's tariff and the PUCO's rules allowed AEP to use
20 customer e-mails for the purpose in which Navigant
21 used them?

22 A. We never had that discussion. I would
23 like to clarify that the e-mail invitation that went
24 out for the survey was issued by AEP Ohio as we
25 described in the report. Navigant never had those

1 e-mail addresses.

2 Q. Understood. But you didn't -- you aren't
3 aware of any discussions, during the course of your
4 work in this case, whether AEP could send e-mails to
5 customers for purposes of conducting surveys?

6 A. No. We never had such a discussion.

7 Q. Okay. And on Exhibit TH-1, page 40 of
8 41, if you have that in front of you, it asks some
9 demographic questions, doesn't it?

10 A. It does.

11 Q. It asks customers to disclose their age
12 by various ranges, correct?

13 A. That's correct. Sorry.

14 Q. Okay. And it asks for information about
15 the survey respondent's electric bill, correct?

16 A. That's correct.

17 Q. And there's also information solicited
18 about household income, correct?

19 A. Correct.

20 Q. And that type of information would be
21 valuable to someone who wished to market products or
22 services, wouldn't it?

23 A. I'm not a marketer, but I suppose it
24 might.

25 Q. And you've probably picked up a magazine

1 and one of those little postcards falls out and it
2 asks for this type of information. Or when you buy a
3 product, to register for a warranty, it asks you to
4 fill out a bunch of information. Have you seen
5 things like that before?

6 A. I have.

7 Q. Is it your understanding that typically
8 people that sell goods and services ask for that
9 information because the responses provide value to
10 them for purposes of targeted marketing?

11 A. Among other reasons, yes, it's possible.

12 MR. WHITT: Thank you. No further
13 questions.

14 EXAMINER PARROT: Mr. Nugent.

15 MR. NUGENT: Thank you.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Nugent:

19 Q. Good afternoon, Ms. Fry.

20 A. Good afternoon.

21 Q. You worked at Navigant for about five
22 years, correct?

23 A. About that.

24 Q. Okay. And your responsibilities with
25 Navigant include managing the design, implementation,

1 and/or analysis of customer and stakeholder research
2 efforts, correct?

3 A. Largely, yes.

4 Q. Okay. And during your five years with
5 Navigant, you've personally been involved with, say,
6 approximately a dozen customer and stakeholder
7 research efforts, correct?

8 A. That's right.

9 Q. So it comes out to maybe a little more
10 than two a year?

11 A. A little more than two a year?

12 Q. Yeah.

13 A. Two or three. Some of those are ongoing,
14 so they are less effort. I spend probably more than
15 50 percent of my billable time on customer surveys
16 and research.

17 Q. Okay. Thank you.

18 And turning your attention now to the
19 residential small customer survey that's labeled as
20 Appendix A in Exhibit TH-1 of Ms. Horner's testimony.
21 Am I correct you personally designed that survey?

22 A. With a colleague, yes. I helped in the
23 design of that survey.

24 Q. And who is that colleague?

25 A. Jane Hummer.

1 Q. Okay. And was the survey designed at the
2 direction of AEP Ohio, its parent company, American
3 Electric Power, or any of its subsidiaries?

4 A. They were our client, but we designed the
5 survey.

6 Q. Okay. Did anyone at AEP Ohio, its parent
7 company, American Electric Power, or its subsidiaries
8 participate in the survey's design?

9 A. They provided input to ensure that the
10 survey was factual in the questions we were
11 presenting to the customers. For example, as
12 mentioned previously, the 4.5 percent baseline
13 renewable percentage, the "willingness to pay"
14 amounts and what would be appropriate there. And the
15 initiative, the description of the initiative, so the
16 900 megawatts of wind and solar. Their input was
17 primarily factual.

18 Q. And their input was limited to those
19 criteria only?

20 A. Largely, yes. I mean, Navigant was --
21 had responsibility for the survey and its design in
22 its entirety and had control over that.

23 Q. Okay. To be clear, the survey was
24 designed exclusively to assess customer attitudes and
25 interests toward AEP Ohio's use of renewable energy

1 generated in Ohio and delivered by the utility,
2 correct?

3 A. The -- that is not incorrect. The
4 introduction states the objectives of the survey in
5 bullet form and that's a more complete summary. You
6 can pull that up if you would like to see.

7 Q. That's not necessary. But I am correct
8 that the scope of customer participation in
9 Navigant's survey was limited to AEP Ohio's
10 residential PIPP customers, residential non-PIPP
11 customers, and small commercial/industrial customers
12 only, correct?

13 A. Small commercial/industrial,
14 single-meter, under a million kWh per year?

15 Q. Yes.

16 A. Yes, correct.

17 Q. Okay. And were you aware that AEP Ohio
18 also serves large commercial customers in its service
19 territory at the time the survey was designed?

20 A. Yes, I was aware.

21 Q. Okay. And just to clarify, large
22 commercial customers in the AEP Ohio service
23 territory were not surveyed.

24 A. That's correct.

25 Q. Okay. Did AEP Ohio provide you or any

1 member of your team with any direction regarding the
2 scope of the customer groups to be surveyed?

3 A. Not that I recall. I believe it was
4 Navigant's recommendation, upon discussion with our
5 client, Navigant's recommendation to not survey large
6 C&I customers for a couple reasons. One of which was
7 we had issued the C&I questionnaire to a subset of
8 large C&I customers and we prefer not to burden
9 customers with too many surveys at one time; they
10 don't like that.

11 And also, large C&I customers are
12 complex, their decision-making is usually more
13 nuanced, and Navigant's customer research team
14 usually opts for different methodologies such as
15 in-depth interviews and other techniques to gain the
16 complex prospectus of that customer class.

17 Q. Thank you.

18 MR. NUGENT: Could I have the answer read
19 back, please?

20 (Record read.)

21 MR. NUGENT: Thank you.

22 Q. (By Mr. Nugent) Am I correct that of the
23 160,000 customers that were surveyed, Navigant
24 identified 484 AEP employees that would have received
25 the survey?

1 A. That is my understanding.

2 Q. Okay. Can you tell me whether or not you
3 specifically counted the number of employees or did
4 you use an algorithm to identify the number of
5 employees, AEP employees, that received the survey?

6 A. I had no role in that analysis. Navigant
7 had no role in that analysis. That was an AEP Ohio
8 analysis based on information that they had about
9 their customers.

10 Q. Okay. But am I correct, of the roughly
11 8,800 responses that Navigant received, Navigant is
12 unable to quantify the number of responses submitted
13 by current or former American Electric Power
14 employees?

15 A. They are, and I would refer to my
16 colleague's testimony about the impact of that sample
17 in an absolute worst case. In my professional
18 opinion, it's unlikely to change the general
19 conclusions of the report.

20 Q. Okay. But would it be reasonable to
21 conclude that given their status as American Electric
22 Power employees, those 484 survey recipients would be
23 motivated to respond to the survey?

24 A. In my opinion, I don't believe that
25 that's reasonable.

1 Q. Ms. Fry, can you tell me whether or not
2 you're aware of the compensation structure for Ohio
3 Power Company?

4 A. I am not.

5 Q. Okay. Do you have your testimony in
6 front of you?

7 A. I do.

8 Q. If you can please turn to page 3, please.
9 And I am looking at lines 12 through 14.

10 A. Yes.

11 Q. There you indicated that "Navigant
12 screened Survey participants to exclude anyone who
13 stated that they were not a current AEP Ohio customer
14 at the time of the Survey." What was the definition
15 of "AEP Ohio customer" that Navigant used for
16 purposes of the survey?

17 A. Sure. If you go to Appendix A.

18 Q. Uh-huh.

19 A. Page 37 and 41. Question No. 1, "Are you
20 a customer of AEP Ohio at your [current residence or
21 place of business]?" -- Depending on whether it was a
22 business or residential customer -- "In other words,
23 do you receive any AEP Ohio bills (either in the mail
24 or electronically)?"

25 Anyone who said "Yes" or -- excuse me,

1 anyone who said "No" or "Not Sure" was terminated
2 from the survey, screened out.

3 Q. I see. So if you received an AEP Ohio
4 bill, for purposes of the survey, you were counted as
5 an AEP Ohio customer then, correct?

6 A. That's correct.

7 Q. Okay. So it's possible then, for
8 purposes of the survey, participants could take
9 supply from a competitive retail electric provider
10 and still be included in the definition of "AEP Ohio
11 customer," correct?

12 A. That's correct.

13 Q. Okay. And how many of those customers
14 that responded to the survey obtained their electric
15 supply from a competitive electric service provider?

16 A. We don't know.

17 Q. Okay. So am I correct you are unable to
18 provide a breakdown of those respondents that
19 obtained their electric supply from CRES providers by
20 customer class?

21 A. Yes, that's correct.

22 Q. Okay. If you could turn to page 4 of
23 your testimony, looking at lines 5 to 6.

24 A. Yes.

25 Q. Okay. There you indicated that the

1 survey asked customers "about their tradeoff
2 preferences for AEP Ohio investments in renewable
3 versus maintaining current bill amounts." Do you see
4 that?

5 A. I'm sorry, I was looking at page 4 of my
6 testimony. Can you refer me, again, to the page?

7 Q. Yeah. Lines 5 -- page 4, lines 5 through
8 6.

9 A. Yes. Thank you.

10 Q. Okay. And am I correct that in that
11 portion of your testimony you indicated that the
12 survey asked customers "about their tradeoff
13 preferences for AEP Ohio investments in renewable
14 versus maintaining current bill amounts"?

15 A. That's correct.

16 Q. Okay. Did the survey ask customers
17 whether they would be willing to pay some additional
18 amount on their electric bill for AEP Ohio's
19 investment in renewable energy even if the customer
20 does not participate in AEP Ohio's renewable program?

21 A. I'm going to break this down to make sure
22 I understand what you want to ask.

23 Q. Sure.

24 A. So this line 5 and 6 relates to, in the
25 survey, Questions 10 -- I'm sorry -- it's Questions

1 11 and 12 on page 39 and 41.

2 Q. Uh-huh.

3 A. Those are the tradeoff questions, what's
4 more important, maintaining current energy bill
5 amounts or investing in wind and solar. So the
6 respondent was either asked 11 or 12. It was random,
7 a random showing.

8 Q. Okay. But nowhere else in the survey was
9 a question, like the one I just presented to you,
10 asked?

11 MR. NOURSE: Can I have that question
12 read again, the question you are asking about?

13 MR. NUGENT: Sure.
14 Could you please reread?

15 THE WITNESS: Yes.

16 (Record read.)

17 MR. NOURSE: Yeah, objection. I don't
18 know what you're referring to when you say when they
19 don't participate in the renewable program.

20 MR. NUGENT: Sure.

21 Q. And to clarify, a customer of a, I'll say
22 a competitive electric supplier. So I'm asking about
23 willingness to pay an increased amount on their
24 electric bill to support AEP's program, would they be
25 willing to do so even if they are, say, a customer of

1 a competitive retail electric supplier? Was that
2 question asked or questions?

3 A. The competitive retail electric supplier
4 customers were included in the sample of respondents
5 invited to take the survey. We don't know how many
6 of the respondents who answered the "Willingness to
7 Pay" questions were CRES customers. So it's possible
8 that a CRES customer also was willing to pay for this
9 initiative. We don't know.

10 Q. But am I correct the survey made no
11 mention of the renewable energy products and services
12 currently available through the competitive market
13 here in Ohio?

14 A. That's correct; the surveys focused on
15 the initiative described to the customers.

16 MR. NUGENT: Thank you, Ms. Fry.

17 I have nothing else.

18 EXAMINER PARROT: Ms. Bojko.

19 MS. BOJKO: No questions, your Honor.

20 Thank you.

21 EXAMINER PARROT: Mr. Collier?

22 MR. COLLIER: No questions, your Honor.

23 EXAMINER PARROT: Mr. Darr?

24 MR. DARR: Just a couple of areas of
25 concern, your Honor.

1 or branching response? What triggered the branch?

2 A. Question 3, "Does your company currently
3 have goals related to the use or procurement of
4 renewable power?"

5 Q. And if the respondent answered "Yes,"
6 then they were given Questions 4 and 5; is that
7 correct?

8 A. That's correct.

9 Q. Was this a paper survey or an electronic
10 survey?

11 A. This was an electronic survey.

12 Q. And so, similar to the small customer and
13 small C&I -- or residential and small C&I, the
14 customer would have been directed to a website,
15 correct?

16 A. That's correct.

17 Q. How many invitations were sent out to
18 customers? How many customer invitations were or --
19 let me rephrase.

20 How many customers were contacted with --
21 with a request to take the survey?

22 A. I believe -- I believe around 150.

23 Q. So twice the number identified by the
24 first -- by the two-step filtering process?

25 A. That's right.

1 Q. And how -- in terms of the customers that
2 were contacted, how were those identified, out of the
3 large customers which you identify, I think in the
4 Navigant report, as somewhere nearly 11,000?

5 A. I believe that that correspondence also
6 included customers for which AEP Ohio was either
7 aware that they had distributed generation on-site,
8 or they were I believe in the -- potentially part of
9 the top 100 load, or there may have been other
10 criteria that allowed that list.

11 And the reason I am less precise about
12 this is because, as clarified in the report, this was
13 never meant to be a representative, high-quality,
14 robust survey. It was meant to help understand the
15 perspectives of people that we were -- the client
16 believed was inclined to have goals related to
17 renewable energy so.

18 Q. So in terms of confidence levels, there
19 is no 90-percent confidence level associated with
20 this, correct?

21 A. That's correct. By design.

22 Q. And were all of the 75 customers,
23 identified by the two-step filtering process,
24 provided an invitation?

25 A. No, they were not. And not on purpose.

1 These exercises were done at different times. It was
2 never meant to be a direct link to the exercise that
3 Trina Horner described previously.

4 Q. So if we go to Exhibit TH-1 on page 14 of
5 41, and look at the first sentence in the paragraph
6 identified as 3.2, the filtering process referred to
7 there was only the first step, not the two-step
8 filtering process; is that correct?

9 A. Yes. It's not the exact same filtering
10 process.

11 MR. DARR: That's all I've got. Thank
12 you.

13 EXAMINER PARROT: Mr. McNamee?

14 MR. McNAMEE: No questions, your Honor.
15 Thank you.

16 EXAMINER PARROT: Any redirect,
17 Mr. Nourse?

18 MR. NOURSE: Could we have a moment, your
19 Honor?

20 EXAMINER PARROT: You may.

21 (Pause in proceedings.)

22 MR. NOURSE: Your Honor.

23 EXAMINER PARROT: Ready when you are.

24 MR. NOURSE: Just a couple of questions.

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REDIRECT EXAMINATION

By Mr. Nourse:

Q. Ms. Fry, you were just discussing, with Mr. Darr, the concept of 90-percent confidence interval. Do you recall that?

A. I do.

Q. And how does the confidence interval concept relate to the statistical significance concept in relation to these surveys?

A. Separate from --

MR. DARR: Objection, your Honor. The question concerning confidence interval related only to the first survey, not the second. The question asked as to both. It's outside the scope.

MR. NOURSE: Well, your Honor, that's fine, I could limit it to the survey that Mr. Darr -- I don't think there is any difference in the concept but I can ask as a follow-up question.

MR. DARR: Move to strike the comment, your Honor, because now he is testifying to the confidence interval of the other survey.

MR. NOURSE: No. Your Honor, I was following up on exactly what Mr. Darr asked about, and the witness can explain any differences if she needs to.

1 EXAMINER PARROT: I think you offered to
2 limit the question, Mr. Nourse, so let's go ahead and
3 do that.

4 MR. NOURSE: I will restate if you would
5 like.

6 EXAMINER PARROT: Yep, go ahead.

7 Q. (By Mr. Nourse) With respect to the
8 90-percent confidence interval concept you were just
9 discussing with Mr. Darr, how does confidence
10 interval relate to the concept of statistical
11 significance?

12 MS. BOJKO: Objection, your Honor.
13 Beyond the scope of re -- beyond the scope of re --
14 cross. Beyond the scope of cross. Sorry, long day.
15 No questions were asked of this witness about the
16 statistical significance. That was a prior witness.
17 And Mr. Nourse is not able to attempt to rehabilitate
18 the prior witness through this witness through
19 redirect.

20 MR. NOURSE: Well, your Honor, I am not
21 attempting to rehabilitate. Certainly the prior
22 witness deferred that concept to this witness. But
23 this idea of confidence interval was a new concept
24 that was mentioned and I want to make sure the record
25 is clear about what that means.

1 MR. DARR: Actually, it wasn't.

2 Ms. Horner referred to 90-percent confidence interval
3 in her response to questions from Ms. Bojko earlier
4 today. That's why I asked the question be limited.

5 MR. NOURSE: Again, your Honor, this
6 witness has been held out as the expert on these kind
7 of statistical things, so if she is talking about a
8 90-percent confidence interval during her
9 cross-examination, I'm entitled to ask her to
10 elaborate on what that -- what that concept means in
11 the area of her expertise.

12 EXAMINER PARROT: The objection is
13 overruled.

14 Go ahead, Ms. Fry.

15 THE WITNESS: Can you repeat the
16 question?

17 MR. NOURSE: Yes.

18 Q. (By Mr. Nourse) Regarding the concept
19 that you mentioned of confidence interval, how does
20 that concept relate to the concept of statistical
21 significance?

22 A. So I'll explain it as clearly as I can.
23 When a result is statistically significant, we are at
24 a confidence and precision level, it tells us how --
25 how close we believe the estimate is to the true

1 value. And so if we are -- if we set our, say, a
2 target survey level of 300 which is pretty common for
3 residential surveys, we assume that the -- it's based
4 on a confidence level and precision assuming a
5 certain variability in the data.

6 And so, for example, if I am designing a
7 robust survey like one that we did for the
8 residential class, I want to know, you know, what's
9 the sample size that I need to be 90-percent sure
10 that the answer is -- falls within 10 percent of the
11 actual value. And so, if we hit that 300 number of
12 surveys, we can be assured that that is statistically
13 significant. And that's how we design our samples
14 and that's the basis for work that we do that is
15 related to survey design.

16 MR. DARR: Move to strike the last
17 portion of the answer that begins if we set a -- I
18 believe if we set a sample level of 300, as we did,
19 to provide a robust survey of the residential survey.
20 All that is nonresponsive to the restriction on the
21 question.

22 MR. NOURSE: Your Honor, I asked her
23 about the concepts and how they relate and -- but
24 I've got a follow-up question. Go ahead.

25 MS. WHITFIELD: Well, actually,

1 Mr. Nourse --

2 EXAMINER PARROT: Motion to strike is
3 denied. The answer stands.

4 Go ahead, Mr. Nourse, next question.

5 Q. (By Mr. Nourse) My follow-up is simply:
6 So with the example, again, that you use with
7 Mr. Darr of 90-percent confidence interval in the way
8 you just explained it, and the 10 percent, I guess,
9 margin of error, if I can use that term, correct me
10 if I am wrong, does that suggest in the survey that
11 you were discussing with Mr. Darr that if an answer
12 was -- if an answer was 80 percent, then you would
13 have 90-percent confidence that it's accurate in the
14 range of 70 percent to 90 percent?

15 A. That's correct.

16 MR. NOURSE: Okay. Thank you. That's
17 all I have.

18 EXAMINER PARROT: Mr. Mendoza?

19 MR. MENDOZA: No questions, your Honor.

20 EXAMINER PARROT: Ms. Leppla?

21 MS. LEPPLA: No questions, your Honor.

22 EXAMINER PARROT: Ms. Cohn?

23 MS. COHN: No, your Honor.

24 EXAMINER PARROT: Mr. Healey?

25 MR. HEALEY: Yes.

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RE CROSS-EXAMINATION

By Mr. Healey:

Q. You just provided your description of confidence intervals. There is no confidence interval for the large C&I customers because it's not intended to be statistically significant, correct?

A. That's correct.

MR. HEALEY: Thank you. That's all.

EXAMINER PARROT: Ms. Whitfield?

MS. WHITFIELD: No questions, your Honor.

EXAMINER PARROT: Mr. Whitt?

MR. WHITT: No questions.

EXAMINER PARROT: Mr. Nugent?

MR. NUGENT: No questions, your Honor.

EXAMINER PARROT: Ms. Bojko?

MS. BOJKO: No questions, your Honor.

EXAMINER PARROT: Mr. Collier?

MR. COLLIER: No questions, your Honor.

EXAMINER PARROT: Mr. Darr?

MR. DARR: No questions.

EXAMINER PARROT: And Mr. McNamee?

MR. McNAMEE: No questions.

EXAMINER PARROT: Thank you very much,
Ms. Fry.

THE WITNESS: Thank you.

1 EXAMINER PARROT: All right. Mr. Nourse,
2 I believe you have already moved for the admission of
3 Company Exhibit 10. Are there any objections?

4 MS. WHITFIELD: I would just note my
5 objection on the relevance arguments that we've been
6 making numerous times just for the record. Thank
7 you.

8 EXAMINER PARROT: Noted.

9 MR. HEALEY: Same here for all the same
10 reasons we objected to Horner's testimony, we will
11 object as well.

12 MR. COLLIER: Join, your Honor.

13 MR. DARR: IEU joins as well.

14 MS. BOJKO: So does OCC.

15 MR. NUGENT: IGS and IGS Solar so joins.

16 EXAMINER PARROT: So noted.

17 MR. NOURSE: Do I have any friends left?
18 That's right. Go ahead.

19 EXAMINER PARROT: All right. With that,
20 Company Exhibit 10 is admitted.

21 (EXHIBIT ADMITTED INTO EVIDENCE.)

22 EXAMINER PARROT: Mr. Healey.

23 MR. HEALEY: Yes, your Honor. OCC moves
24 for the admission of OCC Exhibits 9, 10, and 11.

25 MR. NOURSE: No objection.

1 EXAMINER PARROT: OCC Exhibits 9, 10, and
2 11 are admitted.

3 (EXHIBITS ADMITTED INTO EVIDENCE.)

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

6 (Discussion off the record.)

7 EXAMINER PARROT: Let's go back on the
8 record. Mr. Nourse, call your next witness.

9 MR. NOURSE: Thank you, your Honor. AEP
10 calls Karl Bletzacker.

11 (Witness sworn.)

12 EXAMINER PARROT: You can have a seat.

13 - - -

14 KARL R. BLETZACKER

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

17 DIRECT EXAMINATION

18 By Mr. Nourse:

19 Q. Good afternoon.

20 A. Good afternoon, Mr. Nourse.

21 Q. Mr. Bletzacker, can you spell and --
22 state and spell your name?

23 A. My name is Karl with a K, and last name
24 is Bletzacker, B-l-e-t-z-a-c-k-e-r.

25 Q. Can you pronounce it one more time just

1 to maybe help everybody?

2 A. Bletzacker.

3 Q. Thank you.

4 And, Mr. Bletzacker, did you file
5 prefiled direct testimony in this case?

6 A. Yes, sir, I did.

7 Q. And let me back up and ask you: By whom
8 you are employed and in what capacity?

9 A. Thank you. I'm employed by American
10 Electric Power Service Corporation. And I am the
11 Director of Fundamentals Analysis.

12 MR. NOURSE: Your Honor, I would like to
13 mark Mr. Bletzacker's prefiled testimony as AEP Ohio
14 Exhibit 11.

15 EXAMINER PARROT: So marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MR. NOURSE: And we are going to be
18 providing the court reporter a copy of that
19 momentarily.

20 Q. Mr. Bletzacker, do you have the document
21 we just marked as AEP Ohio Exhibit 11 in front of
22 you?

23 A. Yes, sir, I do.

24 Q. Is this your testimony you prepared or
25 under your direction?

1 A. Yes, sir, it is.

2 Q. Do you have any changes or additions or
3 corrections to the testimony at this time?

4 A. No, I don't.

5 Q. And if I were to ask you the same
6 questions under oath today, would your answers be the
7 same?

8 A. Yes, they would.

9 MR. NOURSE: Your Honor, I move for the
10 admission of Exhibit 11, subject to
11 cross-examination.

12 EXAMINER PARROT: Thank you.

13 Mr. Mendoza?

14 MR. MENDOZA: No questions, your Honor.

15 EXAMINER PARROT: Ms. Leppla?

16 MS. LEPPLA: No questions, your Honor.

17 EXAMINER PARROT: Mr. Kurtz?

18 MR. KURTZ: Just a couple.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Kurtz:

22 Q. Good afternoon -- good evening,
23 Mr. Bletzacker.

24 A. Good evening.

25 Q. Page 9 of your testimony, your CO-2

1 forecast.

2 A. Yes, I see that.

3 Q. Okay. So you're projecting that in 2028,
4 it will be a cost of \$15 per ton and that would
5 escalate at 5 percent per year thereafter?

6 A. That's correct. We typify that as our
7 proxy for impending carbon mitigation.

8 Q. When would the 5 percent escalation end?

9 A. That goes on for the length of our
10 forecast which is out to 2050.

11 Q. Okay. How long has that been in your
12 Fundamentals Forecast or similar CO-2 forecasts? Is
13 that something new or has that been in there a while?

14 A. That's interesting. We've had a CO-2
15 proxy for the last 14 years. And this particular
16 value is different from our last forecast because the
17 last forecast contemplated that CPP, the Clean Power
18 Plan. So the \$15, of course, is a new number but the
19 concept has been there for quite a while.

20 Q. Okay. Have you presented this long-term
21 forecast to other state commissions within the CO-2
22 forecast, I guess?

23 A. The answer is yes, and the context of
24 that is I have the privilege really to give
25 presentations to IRP stakeholder meetings and they've

1 been presented in the state of Oklahoma, state of
2 Arkansas, maybe another one, but that's all that I
3 can recall.

4 Q. This isn't intended to be flippant. Let
5 me ask. You know, with the election of President
6 Trump, he is not a big fan of this. Did you change
7 your forecast. Do you change it with political
8 considerations?

9 MS. BOJKO: Objection. First of all,
10 your Honor, I think the commentary about what the
11 President may or may not be in favor of is outside
12 the scope of this case. Irrelevant. And I think
13 some people would say mischaracterizes the
14 administration.

15 MR. MICHAEL: I'll join that objection,
16 your Honor.

17 MR. KURTZ: I'll rephrase.

18 EXAMINER PARROT: Go ahead, rephrase.

19 Q. (By Mr. Kurtz) In order to be a CO-2 tax
20 or a CO-2 cap and trade, there has to be a new law,
21 right? Or a new regulation like the Clean Power
22 Plan.

23 A. That's one way to achieve carbon
24 mitigation, so you're correct with that.

25 Q. Okay. So do you -- do you take political

1 considerations into your long-term Fundamentals
2 Forecast about CO-2?

3 MR. MICHAEL: I would object, your Honor.
4 I don't think there has been any foundation for
5 Mr. Bletzacker, notwithstanding how talented he may
6 be, to forecast political winds or anything of that
7 nature, and I don't think he's qualified to answer
8 such a question.

9 MR. KURTZ: I am not asking him to
10 forecast the politics, who is going to win the
11 election. I'm asking --

12 EXAMINER PARROT: If it does.

13 MR. KURTZ: -- if it does.

14 EXAMINER PARROT: If he factors in.
15 Overruled.

16 Go ahead, Mr. Bletzacker.

17 THE WITNESS: Thank you, your Honor.

18 A. You bring up something very interesting
19 and that is that AEP has a Washington office and a
20 very talented environmental group and it is that
21 group and in Washington office that does come up with
22 and describe our future carbon policy and they have
23 for many years.

24 But to your earlier point and that is
25 that this carbon proxy can't just be concerned about

1 the nearby events. It has to -- it has to cause the
2 carbon mitigation that you would expect due to many
3 factors, that can be some political factor, it could
4 be a natural evolution of coal plants leaving the
5 supply stack. It could be an aggregation of many
6 states' RPS standards that then cause that to happen.

7 But to impose that particular carbon, I
8 like to call it carbon burden, that carbon burden on
9 the dispatch order, it is meant to replicate those
10 many things that could cause that to happen.

11 Q. That's a good point. The RGGI states --
12 the states created a carbon policy for themselves
13 voluntarily. That would be another way for this to
14 come into play, right?

15 MR. MICHAEL: Objection, your Honor.
16 Friendly cross-examination. Mr. Kurtz is obviously
17 trying to bolster additional costs that
18 Mr. Bletzacker included in his forecast for which
19 there is no basis.

20 MR. KURTZ: We have not taken a position,
21 your Honor. We do not have -- no. I'm trying to
22 understand and build the record so I can make a
23 recommendation and presumably so the Commission can
24 have a full understanding of this important policy
25 question.

1 EXAMINER PARROT: Overruled. Go ahead.

2 A. Well, I want to point out that we also
3 produce a no carbon forecast.

4 MR. DARR: There is no question pending,
5 your Honor.

6 MR. KURTZ: No. I asked him if RGGIS,
7 which means the Regional Greenhouse Gas Initiative
8 States in the northeast, who voluntarily, the states
9 voluntarily got together and created a carbon policy,
10 wouldn't that be another way for CO-2 costs to come
11 into play?

12 A. Yes, sir, it would.

13 Q. Okay. Do you look at the IRPs and the
14 forecasts of other utilities as part of your normal
15 business?

16 A. Not thoroughly. I certainly am aware of
17 them and, of course, we are active in so many
18 different jurisdictions, so many different states.
19 Those IRPs in those states get in front of us quite a
20 bit and, of course, we are in front of the
21 stockholders all the time so, to that extent, yes. I
22 may not be an expert on what goes on in IRPs in other
23 states outside of our jurisdiction.

24 Q. One last question. Do you see carbon
25 costs forecasted in the IRPs or the long-term

1 forecasts of other utilities that you do review?

2 A. Oh, yes, I do.

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

4 No more questions.

5 EXAMINER PARROT: Mr. Michael.

6 MS. BOJKO: Your Honor, may I have that
7 last question and answer read back?

8 (Record read.)

9 MS. BOJKO: Thank you.

10 EXAMINER PARROT: Go ahead, Mr. Michael.

11 MR. MICHAEL: Thank you, your Honor.

12 - - -

13 CROSS-EXAMINATION

14 By Mr. Michael:

15 Q. Mr. Bletzacker, AEP, at the state level,
16 lobbies against carbon burdens, correct?

17 A. I don't know.

18 Q. And AEP, at the federal level, lobbies
19 against carbon burdens, correct?

20 A. I really don't know.

21 Q. You testified in the State of Oklahoma
22 regarding the -- the renewable project that AEP was
23 proposing out there, correct?

24 A. I believe you are referring to the Wind
25 Catcher Energy Connection Project?

1 Q. Yes, sir.

2 A. That's correct.

3 Q. And you also testified in the State of
4 Arkansas regarding that project, correct?

5 A. That's correct. As well as Texas.

6 Q. And in?

7 A. And Louisiana.

8 Q. In Oklahoma, the Commission rejected your
9 carbon burden forecast, correct?

10 A. I didn't come away with the fact they
11 rejected my carbon burden forecast.

12 Q. In the State of Arkansas, they reject
13 your carbon burden forecast, correct?

14 A. Not that I've taken note of.

15 Q. State of Texas rejected it?

16 A. Not that I'm aware of.

17 Q. State of Louisiana reject it?

18 A. Again, that's not been my experience.

19 Q. Mr. Bletzacker, in your testimony you
20 talk about two different what I will call
21 "forecasts," correct me if I am wrong, one is the
22 long-term load forecast, correct?

23 A. No.

24 Q. You --

25 A. That's not correct.

1 Q. You forecast load on AEP's system,
2 correct?

3 A. No, I don't. Actually, I'm responsible
4 for the long term, so that means 2015 and beyond,
5 northern American, so that's not just United States,
6 that's southern Canada and some Mexico, energy
7 markets forecasts. And that is agnostic to its uses.
8 It's distributed equally across the company and used
9 for competing purposes. But I don't do any
10 forecasting for AEP.

11 Q. Okay. And then the Fundamentals
12 Forecast, is that something different than the
13 long-term energy market forecast?

14 A. I consider those synonyms, yes.

15 Q. Okay. Was the price of energy a variable
16 in that forecast?

17 A. No. It's not an input. It's actually an
18 output of the modeling that we use for those
19 forecasts.

20 Q. Okay. Mr. Bletzacker, low natural gas
21 prices, entry of new gas-fired generation, and lack
22 of load growth have led to relatively stable energy
23 prices over the past few years in western PJM,
24 correct?

25 A. I don't know that I can say that those

1 all would be contributing factors to relatively
2 stable prices. So I would need more context with
3 that.

4 Q. But you would agree that the prices have
5 been stable in western PJM in the past few years,
6 correct?

7 A. "Stable" is an interesting word. I mean,
8 we don't like -- generally we don't like volatility
9 as consumers. And prices can be very volatile even,
10 in PJM, even in western PJM, when you look at it on a
11 closer time frame; consider the polar vortex.

12 MR. MICHAEL: Your Honor, I move to
13 strike the response. I asked him that he would -- if
14 he would agree that prices have been relatively
15 stable over the last few years in western PJM and his
16 answer was nonresponsive.

17 MR. NOURSE: I disagree, your Honor. His
18 answer, in part, provided that the prices can be
19 volatile and he cited an example, the polar vortex,
20 to support his observation, in response to the
21 question about whether -- the broad statement that
22 prices are stable.

23 EXAMINER PARROT: Your motion is denied,
24 Mr. Michael.

25 Q. (By Mr. Michael) Your projection for

1 energy prices and natural gas prices, Mr. Bletzacker,
2 are substantially higher than forward prices in the
3 year 2021 and later years, correct?

4 A. That observation is correct. But I would
5 like to remind you that forward prices aren't a
6 substitute for these model-driven, long-term energy
7 market forecasts.

8 MR. MICHAEL: I move to strike everything
9 after that's correct, your Honor.

10 MR. NOURSE: Your Honor, I'm sorry, I am
11 trying to read the question again. Could I have the
12 question reread?

13 (Record read.)

14 MR. NOURSE: Right. So Mr. Michael is
15 making the comparison between Mr. Bletzacker's
16 forecasted prices and the forward market prices, so
17 part of his answer was to reject the comparison.

18 MR. MICHAEL: I don't think it rejected
19 it at all. He said I was correct.

20 MR. NOURSE: But in his own polite way.
21 He was saying that forward prices are not comparable
22 and he rejected the premise.

23 MR. MICHAEL: If you would like to do
24 that on redirect, that's fine, but I think his answer
25 was nonresponsive after he said I was correct.

1 THE WITNESS: I said you are correct in
2 your observation --

3 EXAMINER PARROT: Hang on,
4 Mr. Bletzacker. One moment.

5 Hang on.

6 Motion is denied, Mr. Michael.

7 MR. MICHAEL: Thank you, your Honor.

8 Q. (By Mr. Michael) Mr. Bletzacker, your
9 forecast projects increases in energy and capacity
10 prices, correct?

11 A. I need to review my forecast, but I would
12 like to remind you that the capacity price forecast
13 is a discrete output of that model and that that
14 model creates a fleet that is optimized and you can't
15 necessarily draw a conclusion about prices that would
16 be higher or lower depending on particular energy
17 prices.

18 Q. Okay. So your forecast projects higher
19 capacity and energy prices, correct?

20 A. You will have to give me a time frame.
21 Over the continuum of the forecast, generally it's
22 true about energy. I can't connect capacity to that.

23 Q. What part of the time frame do you
24 project increased capacity prices?

25 A. I would have to look at the forecast.

1 Q. Please do.

2 A. I don't have it in front of me. It would
3 be in one of your data requests.

4 Q. Okay. And you can't testify today as to
5 the forecast you relied on in your testimony?

6 A. You typified it as the forecast I relied
7 on. We created the forecast.

8 Q. Correct.

9 A. And I want to do my very best job for
10 you, I really do, and I need to look at my forecast
11 to verify over what periods those capacity prices are
12 rising. Sometimes they fall.

13 Q. So sometimes, under your forecast,
14 capacity prices do increase, as well as energy
15 prices, correct?

16 A. Let's separate energy and capacity.

17 Q. Absolutely.

18 A. Energy is kind of easy to follow. Over
19 time, it tends to go up, especially when you consider
20 the difference between real dollars and nominal
21 dollars.

22 Capacity prices aren't as -- aren't as
23 intuitive because they're a discrete output of that
24 model and they depend on more things than just they
25 rise or they fall.

1 So in order to help you, I would love to
2 see my forecast which is an exhibit, and I can repeat
3 back to you over what period they rise and over what
4 periods they fall. And it's very self-evident
5 though.

6 Q. Sure. The --

7 MR. OLIKER: Could I have a
8 clarification? Did the witness say "my forecast
9 which is an exhibit"?

10 THE WITNESS: It was -- it was responded
11 to in a Data Request if you care to act on that.

12 MR. OLIKER: Thank you.

13 Q. And for present purposes, Mr. Bletzacker,
14 I think you answered this, but the fact is that for
15 some periods of time in your forecast, energy prices
16 and capacity prices increase in tandem, correct?

17 A. Because capacity prices and energy prices
18 aren't necessarily in lockstep, I can't verify that.
19 But the forecast will answer that question for you
20 exactly.

21 Q. Mr. Bletzacker, you would agree there's
22 been substantial entry in PJM over the last -- entry
23 of generation over the past several years, correct?

24 A. Yes. And in our modeling, the way we
25 recognize that, is when a new unit has been added in

1 PJM, that then enters our model.

2 Q. Okay. And any increase in energy prices
3 would draw -- tend to draw even more to an entry,
4 correct?

5 A. I don't understand your question. Will
6 you please try to say that a different way?

7 Q. Certainly.

8 Energy prices increase. That would tend
9 to have a positive influence on new entry into the
10 generation market, correct?

11 A. You can't say that; no, that's not
12 correct. There are examples that would go both ways.

13 Q. What exactly can you give me,
14 Mr. Bletzacker, where energy prices increase but
15 would not draw new entry?

16 A. Well, we could have a fleet that has a --
17 an abundant supply of capacity and that new -- that
18 higher energy prices then bring units into the
19 dispatch stack or they are called on more. Okay? So
20 that doesn't have to have a new entry, that can just
21 have existing units being called on more when they
22 weren't -- when they were not before.

23 Q. And let me ask you the same question
24 about capacity prices. Would you agree that higher
25 capacity prices would tend to draw new entry?

1 A. Again, not necessarily. And the reason
2 that I answer it that way is that when you ask -- if
3 I could use the word "availability" kind of in tandem
4 with "capacity." In order to ask a unit to be
5 available, if you pay its -- it's an older unit --
6 its fixed cost to stay around to be available, and
7 there are units that are there to be paid to be
8 available and serve as capacity, then -- then -- then
9 they will.

10 Q. Okay. But generators in PJM make their
11 money predominantly off of energy and capacity,
12 correct?

13 A. That's a good typification.

14 Q. And the more money that a generator can
15 make, happens when energy prices or capacity prices
16 are higher, correct?

17 A. Of course it all depends where they are
18 on the supply track, but I generally agree with you
19 that the capacity values can't help if they are not
20 making money on energy.

21 Q. You would agree, therefore, on a
22 fundamental level to the degree energy and capacity
23 prices rise, then people looking to make money in
24 that market would have a greater degree of tendency
25 to enter the market versus when prices were low,

1 correct?

2 A. Yes. But let's talk about my modeling
3 that I do; and that is when the model, as it
4 optimizes the fleet, will pick the most
5 cost-effective unit to add and it will pick units to
6 retire. So there's a lot of dynamics that go on as
7 the fleet is optimized going forward because the
8 ultimate response is to have the most cost-effective
9 capacity values and most cost-effective fleet to
10 react to the fuel prices and other inputs, so there
11 are a lot of moving pieces and parts. But those are
12 the things that go on -- that goes on in those
13 answers.

14 Q. How does your model account for new
15 entry?

16 A. The model makes the decision to make a
17 new entrant based on, one, its installation costs,
18 whether it will make money in its optimized capacity
19 output, and it will make money on energy. It also
20 may open up this supply stack because of some
21 retirements that it deemed necessary, the model that
22 is. So there are a lot of dynamics that take place.

23 Q. Okay. So if I heard you correctly, your
24 own model forecast that there will be new entrants
25 getting higher energy and capacity prices? Correct?

1 A. I don't necessarily know that they will
2 be getting higher capacity prices. They are likely
3 to get higher energy prices. It all depends on where
4 they sit in the supply stack. But if the model adds
5 it, it means that it's economic.

6 Q. Okay. And would new entry have a
7 tendency to drive down energy prices, Mr. Bletzacker?

8 A. Well, I can give you an example where it
9 would and that is when you have units that have a
10 zero fuel cost, you end up with more units at that
11 left end of the supply stack, that would tend to
12 drive down energy prices. As I heard Mr. Ali's
13 testimony, I think he did some work in that direction
14 to show that. So that's an example of where they
15 would drive down the energy prices. But the thing
16 that really affects energy prices is fuel prices. So
17 you have to couple the two. They are not mutually
18 exclusive.

19 Q. Okay. Energy is a commodity, correct?

20 A. I assume you are talking about electric
21 energy?

22 Q. Yes, sir, yes, sir.

23 A. I would consider it a commodity, yes.

24 Q. Yeah. And the basic laws of supply and
25 demand say supply goes up, price goes down, right?

1 A. That's correct and that's illustrated in
2 the supply stack.

3 Q. Would you -- is capacity -- capacity is
4 also a commodity, correct?

5 A. I have -- I recognize that it is a
6 payment that units receive. And I realize that in
7 the PJM auction it feels like a commodity. But in
8 the modeling that we do, that is a payment that's
9 given, after you've optimized this fleet, that's a
10 payment that's given to have units available who
11 likely aren't making much money on energy --

12 Q. And --

13 A. -- to justify their existence.

14 Q. And to the extent capacity is treated as
15 you said, Mr. Bletzacker, as a commodity in PJM, once
16 again, fundamental economics would say as you
17 increase supply, price goes down, correct? Just as
18 you said with energy.

19 A. See, I can't connect the two, and that's
20 where I hope I can help you on this. And that is
21 that because there are units retiring and new units
22 coming on, and depending on whether load is
23 growing or -- heaven help us in a situation where
24 load is falling, you may have capacity values that
25 drop quite a bit if load forecasts are falling going

1 into -- going into the future. So there again, there
2 are a couple of buttons there that are being pushed
3 to come up with that general conclusion.

4 Q. And would you agree, Mr. Bletzacker, one
5 of the predominant buttons are -- is the supply of
6 capacity?

7 A. I think to some degree I would.

8 Q. Okay. And, Mr. Bletzacker, you would
9 agree that technological advances, for example,
10 horizontal drilling, would also have a tendency to
11 drive down the price of energy, correct?

12 A. Yes, but. And that "but" is that the
13 fact that you can have lower finding costs for
14 natural gas and lower lifting costs, production costs
15 for natural gas, it certainly is a wonderful thing,
16 but that isn't what sets the price of natural gas,
17 right? It's that marginal, that last unit through
18 the meter, whatever that is, that's what sets the
19 price for natural gas. So a whole bunch of cheap gas
20 because of some great advances in a particular area
21 such as the Permian, doesn't mean that that low price
22 is going to be a price we all see. So you can't come
23 to your conclusion as firmly as it seems you are.

24 Q. Well, I am just asking questions,
25 Mr. Bletzacker. Reserving the right to come to

1 conclusions after the hearing, but. And I just want
2 to make sure I was clear that I used drilling as an
3 illustrative example.

4 My predominant question was I think it's
5 consistent with your testimony that technological
6 advances in the energy field will have a tendency to
7 drive down the price of energy. You would agree with
8 that?

9 A. I would agree with that with the addition
10 that lower-priced gas generally results in
11 lower-priced power. And to the extent that you do
12 have lower-priced gas, set the margin, your power
13 prices will be less.

14 Q. Mr. Bletzacker, you forecast peak load,
15 correct?

16 A. I -- we forecast on-peak energy prices.
17 Nowhere in our forecast do we show peak load.

18 Q. Okay. And is peak loads one of the
19 inputs, then, into the forecast?

20 A. The -- not directly. So let me help.

21 Q. Uh-huh.

22 A. The forecast has load and, of course,
23 generation is built to meet the load. There is a
24 vector -- there are vectors, they are called, that go
25 ahead and shape that load, so we know load now on an

1 hourly basis. I don't give it that shape to go ahead
2 and talk about load at an hour on peak or load on an
3 hour off peak. Those are vectors that are within the
4 model. That's supplied by the vendor.

5 Q. And within the model, does the peak load
6 remain relatively close to current levels over time?

7 A. I think I understand your question. So
8 let me -- let me try this answer. When the model is
9 used to backcast rather than forecast and actuals are
10 put in, its results, prices, are very close. That's
11 something the vendor is very proud to put in front of
12 you. That's the analysis they go through. So that
13 would be -- that would be the case. The model is
14 very capable of doing that, yes.

15 Q. Okay. And would you agree,
16 Mr. Bletzacker, that the trend in peak load has been
17 down over the last five years?

18 A. On the one hand you would have to tell me
19 where, but on the other hand I don't know. I would
20 have to -- I would have to look deeper.

21 Q. If I told you where, would you know?

22 A. My follow-up would be I would have to
23 look deeper.

24 Q. Did you do any adjustment,
25 Mr. Bletzacker, for the load figures based on

1 potential expansion by large customers?

2 A. So, yes, in that those load forecasts
3 that are provided to us from our load forecasting
4 department, not AEP, but nationwide, those loads
5 would include the likelihood of expansion from those
6 industrial customers. It would also include EE and
7 other things in that as differences in load.

8 Q. It didn't include adjustment for any
9 potential contractions, though, correct?

10 A. It includes all of those factors that is
11 in the load forecast. That's -- those are all
12 components of the load forecast.

13 Q. So expansion and contraction are both
14 part of the load forecast?

15 A. As positive and negative. Positive and
16 negative load growth.

17 Q. If you turn to page 3 of your testimony,
18 please, Mr. Bletzacker, and specifically lines 7
19 through 8.

20 A. Yes, sir.

21 Q. And that's where you're discussing the
22 Fundamentals Forecast. Do you personally prepare the
23 Fundamentals Forecast?

24 A. Well, I have a group that we all do this
25 together. We all have our -- our contributions to

1 make. But I am very involved in the distribution of
2 that forecast. And your reference to line 7 and 8 is
3 identifying the fact that we distribute this forecast
4 ubiquitously to all of our operating companies and to
5 all of our other affiliates for their use. And they
6 all use it. And I get lots of feedback from them and
7 I have lots of interaction with them about the use of
8 the forecast.

9 Q. And before the forecast is made available
10 to the -- the Company in its entirety, do you
11 personally have to approve that forecast before it
12 goes out?

13 A. Yes. But I work with experts and it
14 is -- I consider it to be more of a consensus.
15 Ultimately I am responsible for its content.

16 Q. Is Mr. Torpey one of the experts with
17 whom you might consult on the Fundamentals Forecast?

18 A. No. He is one of the, we will call him
19 customers of the forecast. He's someone that would
20 use the forecast.

21 Q. Okay. Did you talk with Mr. Torpey at
22 all about the Fundamentals Forecast as it relates to
23 his testimony in this case?

24 A. No. I have interaction with so many
25 different folks about their uses of the forecast,

1 accountants, it can be tax folks, it can be EE folks
2 about all of this, that my primary responsibility is
3 to make it available and, of course, point to the
4 relevant places where they can find the information
5 they need. How they use it, I am not usually that
6 connected to.

7 Q. Before the Fundamentals Forecast was made
8 available to the Company in its entirety, did
9 Mr. Torpey see a draft of it?

10 A. No. It's not done until it's done. When
11 it's done, I release it.

12 Q. Since August 1, 2018, Mr. Bletzacker,
13 have you checked the Fundamentals Forecast and
14 compared it to actual results in the market?

15 A. "Actual results," you mean actual gas
16 prices or actual power prices?

17 Q. Correct.

18 A. I don't know that I've checked it because
19 there is a very critical piece of analysis you must
20 go through in order to compare the two -- otherwise,
21 they can't be compared -- and that is you have to
22 remove the effect of actual weather from the forecast
23 because it's a weather-normalized forecast. While
24 there's a lot of things I can do with forecasting, I
25 can't tell you whether it's going to be warmer or

1 colder than normal next year. So we make this
2 assumption that the load associated with 30-year
3 averages is what we'll see in our forecast.

4 Q. Did you do any analysis, Mr. Bletzacker,
5 regarding whether actual weather was consistent with
6 the normalized weather in your forecast report?

7 A. To some degree, yes. For instance, over
8 the last several years, since 2011, weather has been
9 incredibly warmer than normal, all but for that polar
10 vortex year.

11 I mean out of 124 years, since 1895, so I
12 guess 62 would be halfway between that, the 124,
13 we've had the first-warmest winter, we have had the
14 third-warmest winter, we've had the fourth-warmest
15 winter since 2011, and but for the polar vortex, all
16 of them have been similar to 2-plus standard
17 deviations warmer than normal.

18 Of course, we recognize that warmer -- we
19 see this in our homes -- when weather is warmer than
20 normal, our bills are a little lower; our usage is a
21 little lower. If you are a marketer, your volume
22 risk would be a little -- a little higher maybe
23 because it's not what you expect perhaps, and that
24 analysis let's me know directionally that if you are
25 to look at actual prices versus forecast prices,

1 directionally you would expect the actuals to be
2 obviously lower and that they would -- they would be
3 normalized backed up.

4 Q. How frequently is the Fundamentals
5 Forecast prepared, Mr. Bletzacker?

6 A. History would show that it's -- it's
7 been, for the 13, 14, 15 years that I've been doing
8 it, about once a year.

9 Q. Is it prepared on a regular schedule,
10 like by a date certain you want your fundamentals
11 forecast ready?

12 A. Yes, I can perhaps see some advantages of
13 doing it on a date certain, but what's -- what causes
14 it to be prepared is a -- is a significant change in
15 the drivers that affect those prices. I'll give you
16 an example.

17 The last forecast, the one prior to this
18 one, contemplated a carbon value that was related to
19 compliance with the Clean Power Plan. Those were
20 some big numbers; big burden numbers. That triggered
21 a change when that was no longer in the picture and
22 we went to our \$15 a metric ton that you see here.
23 As well as we lowered some gas prices because of some
24 of the advances that we're seeing in the shale
25 revolution and the changes in the supply stack, so to

1 speak, of natural gas. So it's those major drivers
2 that trigger another forecast. And when you see
3 another forecast, there will be major drivers to talk
4 about that triggered it.

5 Q. And what were the major drivers for the
6 August 1, 2018, Fundamentals Forecast?

7 A. That was the change in the carbon price.
8 So you went from CPP-type carbon price and the
9 burdens on the dispatch stack associated with that
10 and the lowering of the natural gas. That's what I
11 was alluding to before in my previous statement.

12 Q. I wasn't sure if that was a general
13 statement or specific to the August 1, 2018.

14 A. I'm sorry if that was confusing.

15 Q. That's all right.

16 Turn to page 8 of your testimony, if you
17 would, Mr. Bletzacker, I want to focus on the
18 question beginning on line 12.

19 A. Yes, I am there.

20 Q. And on lines 20 through 22, you discuss
21 abundant, relatively low-cost natural gas, correct?

22 A. Yes, I do.

23 Q. And productive capacity continuing to
24 grow domestically and globally, correct?

25 A. That's correct.

1 Q. And as a result of what you're discussing
2 there, your expectation would be that natural gas
3 prices would go down, correct?

4 A. Yes, but let's describe what "down" is.
5 When you look at our real price forecast -- be sure
6 we all remember that there's real and nominal; one
7 has inflation in it, the other one doesn't. So while
8 we are used to the prices of things going up when you
9 adjust for the effect of inflation, of course, that
10 brings those prices down.

11 So when you look at our forecasts and
12 I'll -- our natural gas price forecast which is on
13 the next page, 9. You see in the outer years, on a
14 real-dollar forecast, meaning that inflation is taken
15 out, that 2 percent you get hit with every year where
16 your dollar becomes less valuable, it's, roughly
17 speaking, reasonably flat going forward. So that is
18 attributed to that shale gas and other gas, those
19 abundant natural gas resources that will be available
20 to us for not much more money. So not going down,
21 but certainly staying flat on a real dollar basis.

22 Q. And to the extent it were to stay flat on
23 a real dollar basis, you would expect, Mr.
24 Bletzacker, that energy prices, too, would stay
25 relatively flat on a going-forward basis?

1 A. Yes. To bolster that, if you were to do
2 a plot between gas prices and power prices, you would
3 see a strong correlation.

4 Q. On page 9 of your testimony,
5 Mr. Bletzacker, if you would please turn there.

6 A. I am there.

7 Q. How did you come up with the 5 percent
8 figure?

9 A. Please point me to 5 percent. 5 percent
10 per annum?

11 Q. Yes, sir.

12 A. That was -- that was --

13 Q. That was it.

14 A. Yes. That's the advice of our -- I have
15 a lot of respect for these folks at our Washington
16 office and our environmental and policy folks.
17 That's their view. That's the company view.

18 Q. And do you know what underlies their
19 view, how they arrived at the 5 percent figure?

20 A. Well, we do talk about a lot and I have
21 come to appreciate it. The underlying view is that
22 if you -- our previous discussion -- if you consider
23 inflation to keep chewing away at 2 percent of our
24 paycheck every year, in essence that 5 percent is
25 only 3 percent above inflation.

1 So it's escalating at 3 percent and this
2 whole notion of the carbon burden is a proxy for many
3 things that could take place. So while there isn't a
4 taxman standing there in 2028, taking your money from
5 you exactly, there may be many different ways to have
6 the effect of reducing national carbon dioxide
7 emissions and this creates that effect.

8 Now, in order to help them with that, we
9 will have discussions about what affects different
10 carbon levels have on national CO-2 and that -- in
11 our past forecasts where we had the CPP values,
12 which, by the way, were about \$35 a ton, not this \$15
13 a ton, that dropped carbon values quite a bit.

14 Q. And I appreciate that, Mr. -- that
15 answer, Mr. Bletzacker, but I still don't understand
16 why your environmental people and people in
17 Washington said that they expected it to be 5 percent
18 per annum. What was the rationale when arriving at
19 that number?

20 A. My understanding is that -- we always
21 have -- we seem to always have growth. There's
22 always more consumers, electric demand goes up,
23 things go up, CO-2, then production goes up and up
24 and up. So if that was held flat, rather than being
25 held at 3 percent above inflation, you begin to lose

1 ground again, you would be putting more CO-2 in the
2 atmosphere. So we wanted to have a burden that
3 increased to try to moderate that increase in CO-2
4 output that just comes with growing population,
5 growing demand, that sort of thing.

6 Q. But that burden doesn't exist right now,
7 correct?

8 A. Well, it doesn't exist right now. It's a
9 proxy for what could exist.

10 Q. And I'm still trying to understand what
11 was the rationale as to what could exist?

12 A. Well, it's like a pendulum. You see
13 where you have -- not that long ago you have the CPP
14 and that very-seemingly burdensome \$35 or so per ton
15 burden. You could see the pendulum swinging the
16 other way and you have unknown -- no worries about
17 burdens. It's trying to find a carbon proxy for
18 what's likely to happen.

19 And 2028 is many Presidential terms away,
20 2028 is far enough away to where you can't connect it
21 to anything nearby, but you know something needs to
22 be done to address it. But I also want to
23 underscore, we have a no-carbon case too. You can
24 see exactly what carbon costs you by comparing the
25 two cases and that's very insightful.

1 Q. But you didn't rely on the no-carbon
2 case.

3 A. I relied -- I produced it, so I rely on
4 it quite a bit.

5 Q. But then why is 5 percent in your
6 testimony then? Why did you add that on there?

7 A. Well, we -- we provide a suite of
8 forecasts. And I'll be the first to say there's no
9 one right forecast; this is the one and this is the
10 only one. So we produced this range of forecasts.
11 We have a low band and we have a high band and we
12 have this base in between and then we have one with
13 no carbon to try to identify this kind of credible
14 range, and you see that credible range and how that
15 sits with other folks who forecast things the same
16 way that are a lot like the EIA, Department of Energy
17 and others, and it's that whole band that leads you
18 to forecast that can be useful in analysis for
19 whatever project you are looking at, be it EE or
20 installing a new scrubber or building a new unit,
21 whatever you are fixing to do.

22 Q. So is that 5 percent in that credible
23 band or is that a separate forecast from the
24 zero-carbon-burden forecast?

25 A. Oh, I see your point. So I wish I had in

1 front of you the -- since we are so close to PJM
2 here, the PJM AEP Gen Hub forecast for electricity,
3 for power, and you saw the low band, you saw the high
4 band. Let's just call it "low case" and "high case."
5 The word "band" maybe is confusing.

6 You see the base case and then the
7 no-carbon is a separate case. You wouldn't be
8 surprised, though, if you saw that between now and
9 2028, the base case and the no-carbon case looked
10 exactly the same because it is, because carbon
11 doesn't come on until 2028. So consider them to be
12 four separate cases that create this, call it just
13 the credible band.

14 Q. And the 5 percent is one of the separate
15 cases, correct?

16 A. That is the base case. That's what's in
17 the base case.

18 Q. What's the impact on the forecast if that
19 5 percent doesn't materialize, Mr. Bletzacker?

20 A. You mean it's greater than that?

21 Q. I mean it's less than that.

22 A. Well, if you were to look at the graph,
23 we have this fictional graph of the PJM power prices
24 as I described --

25 Q. Are you referring to your Fundamentals

1 Forecast report when you call it "fictional"?

2 A. Well, I am describing something that I
3 can't show in front of you. So we are imagining that
4 we have the forecast of prices in front of us; we
5 have no carbon, after 2028 of course; we have the
6 base case that has your 5 percent escalation in it;
7 and you are asking -- you are proposing if it's less
8 than 5 percent, what would that do?

9 Q. Correct.

10 A. The answer would be it's somewhere
11 between the no-carbon and the base case.

12 Q. Would the effect on energy prices be they
13 would be lower?

14 A. Yes. And if it was gone, it would be a
15 no-carbon case.

16 Q. Okay. And -- and equally if the -- if
17 the burden was 10 percent, then energy prices would
18 increase; is that your hypothesis?

19 A. That's right. And in order to enhance
20 some understanding, that's -- that number is in
21 addition to what's in the dispatch, is in addition to
22 your -- it's like an additional variable cost to the
23 dispatch stack, so it changes the merit order.
24 Changing the merit order probably changes price.

25 Q. Okay. And in the -- in the forward DIMP,

1 I don't know if you were using this as an
2 illustrative example or not, but you reference four
3 cases, one of which would be a zero-based carbon
4 burden, one was 5 percent, and then there could be
5 two other scenarios, correct?

6 A. No, that's not correct. So let me help.
7 There's four cases: A low case that's described in
8 here; a high case; we have a base case, one right
9 down the middle; and the no-carbon case is -- is
10 obviously produces lower prices than the base case
11 does, but 5 percent is the escalation. So we have
12 two components, right, we've talked about the \$15 a
13 ton but then it's the escalation of that \$15. So if
14 you do the forecast, you would see \$15 times 1.05
15 times 1.05 times 1.05. There's escalation and
16 there's the ultimate value. So it's not a separate
17 case; it's a component of the case.

18 MR. OLIKER: Your Honor, I have to
19 interject for a second. The record has contained a
20 lot of statements from the witness about multiple
21 cases including a base case, a low case, it's also in
22 his testimony, but I'm not sure that's a fact that's
23 in evidence in this case or whether it was relied
24 upon by any witness for purposes of the analysis that
25 was done. So we're talking about a lot of things

1 that are simply irrelevant. It needs to be stricken
2 and so should the transcript, all the discussion to
3 it.

4 MR. NOURSE: Your Honor, I think it's
5 pretty clear in response to questions by the OCC that
6 Mr. Bletzacker is explaining the four components of
7 his Fundamentals Forecast. I am not going to recap
8 what he said, but obviously he's describing four
9 different -- essentially the four different forecasts
10 that go into the band of reasonableness and he's
11 accurately described each of the four in responding
12 to questions of Mr. Michael, so.

13 MR. OLIKER: Your Honor, it's not
14 established that any of the other forecasts are in
15 evidence and relied upon in this case. He mentions
16 this very tenuously in his testimony. Mr. Torpey
17 says he used one case, the base Fundamentals
18 Forecast, and that's the one we should be talking
19 about and everything else should be stricken. Unless
20 he can refute that and I don't believe he can, your
21 Honor.

22 MR. NOURSE: Yeah, I mean all these cases
23 were explained in response to questions by the OCC,
24 and Mr. Bletzacker is transparently explaining all
25 the components that go into his Fundamentals Forecast

1 that was prepared and used by Mr. -- Mr. Torpey, and
2 certainly all these supporting workpapers and details
3 of each of the four were all the data was included
4 and brought to all the parties in discovery, through
5 workpapers, and it has been available to the extent
6 they have questions like Mr. Michael has today.

7 MR. OLIKER: Your Honor, I still have not
8 heard that Witness Torpey used anything in his
9 analysis other than the base fundamental forecast.
10 That has not been refuted.

11 EXAMINER PARROT: You will be free to ask
12 him that question when you are up, Mr. Oliker. Your
13 request to strike this line of questioning is denied.

14 MR. MICHAEL: I have no further
15 questions. Thank you, Mr. Bletzacker.

16 THE WITNESS: Thank you very much.

17 EXAMINER PARROT: Ms. Whitfield.

18 MS. WHITFIELD: I have no questions for
19 this witness.

20 EXAMINER PARROT: Ms. Glover.

21 MS. GLOVER: No questions.

22 MR. OLIKER: I can go, your Honor.

23 EXAMINER PARROT: Mr. Oliker.

24 MR. OLIKER: Thank you.

25 - - -

1 CROSS-EXAMINATION

2 By Mr. Oliker:

3 Q. Good evening, Mr. Bletzacker.

4 A. Good evening, Mr. Oliker.

5 Q. It's good to see you.

6 A. The pleasure is all mine.

7 Q. So let's start with your background. Am
8 I correct that you started working for a division of
9 American Electric Power in 2005?

10 A. That's correct.

11 Q. And, prior to that, you were with Honda
12 or a division of Honda.13 A. That's correct. I was the North American
14 Energy Manager for Honda.15 Q. And the "energy" world was very different
16 in to 2005, was it not?17 A. It was, and it will be different 10 years
18 from now too, I'm sure.19 Q. From 2000 to 2005, it was typically a
20 period of rising energy prices due to rising fuel
21 prices?22 A. Yes. We saw an over-rise really
23 beginning in 1997 is when it really started to go
24 away from \$2.00 to something more than that. And, of
25 course, we had Hurricane Katrina and Rita, and that

1 really made things very expensive.

2 Q. Those were both in 2005?

3 A. Not 2005. Hurricane Katrina -- yes,
4 Hurricane Katrina was late in 2005.

5 Q. So was Rita, was it not?

6 A. Yes, absolutely.

7 Q. And from 2005 to 2008, that fundamental
8 of rising energy prices continued, did it not?

9 A. Well, remember, I'm describing where
10 prices had dropped. Just to make the record clear,
11 they were very high during Hurricanes Katrina and
12 Rita for about a six-month period, they dropped, and
13 then they rose after that, so just consider that 2005
14 an exception.

15 Q. For example, coal prices were very high
16 from 2007 to 2008, correct? And so were natural gas
17 prices?

18 A. I'll go you with on that, but it -- it's
19 really a relative term. You know, back in the old
20 days, we had some high gas prices. So it's a
21 relative statement to say they were very high.

22 Q. They were higher than they are today,
23 correct.

24 A. Higher than they are today, certainly.

25 Q. And at the time there was rising demand

1 on the electric grid, correct, from 2000 to 2008?

2 A. Yes.

3 Q. It was a steady line, was it not?

4 A. Certainly.

5 Q. Okay. And on page 3, you say that the
6 Fundamentals Forecast is relied upon for purposes of
7 fixed asset impairment accounting. Are you referring
8 to an analysis that would be performed under
9 Accounting Standards Codification 980?

10 A. I don't know, but I know one of the users
11 of the forecast is the accounting group. I also
12 report to the auditors as they -- as they make
13 whatever use of the fundamentals they need, but it's
14 exact application I'm not -- not that close to.

15 Q. Is -- okay, from a high level, would you
16 agree that a fixed asset impairment occurs when the
17 projected revenues associated with an asset do not
18 cover the asset's carrying costs?

19 A. My answer is I don't know.

20 Q. How do you use the term "fixed asset
21 impairment" in your testimony?

22 A. That comes from my direct experience in
23 working through with our auditors which was Deloitte
24 at the time, and looking at the Ohio assets, for
25 instance, I believe was what they were looking at,

1 and looking at our -- our Fundamentals Forecast,
2 again, it's used ubiquitously around the company for
3 many different reasons, and they were applying it in
4 the ways that they do. They just wanted to have that
5 explained and that was my understanding of how it was
6 being used. Your takeaway should be it's used for a
7 wide variety of things.

8 Q. I'm sorry. When you just referred to
9 "they" in your answer, who is they?

10 A. Deloitte.

11 Q. So let's talk about the process with
12 Deloitte. Do they make a request to you for an
13 internally-prepared forecast?

14 A. They request a meeting and ask for a --
15 it's a rather informal meeting but they ask for a
16 presentation of our latest view of energy market or
17 the energy market.

18 Q. And is there a trigger for the meeting?

19 A. I've not experienced that to be a regular
20 event. It's happened occasionally. So I don't know
21 that I could say there's a trigger, but whenever any
22 customer of the forecast needs to talk about it, I'm
23 there to do that.

24 Q. Okay. And when you have a meeting with
25 Deloitte, would one example be if they have questions

1 of whether the book value of an asset needs to be
2 reduced to reflect more-accurate market conditions?

3 A. No. They are only asking me questions
4 about the major drivers of the forecast. They also
5 have their experts that will join the meeting, if not
6 in person, by phone, to kind of put into context
7 their views of inputs of energy market fundamentals
8 going forward and -- they want to know if -- what
9 differences there may be. And how they apply that, I
10 am not familiar with.

11 Q. So I understand your answer, Deloitte has
12 its own views of future energy market fundamentals,
13 correct?

14 A. Yes, they do. And they also run the same
15 models we do.

16 Q. And if Deloitte doesn't agree with your
17 fundamental forecast, they may, from an accounting
18 standpoint, determine that an asset needs to have its
19 book value revised, correct?

20 A. Unfortunately, I have never been involved
21 in any of those discussions after my presentation of
22 the fundamentals. Again, your takeaway here should
23 be it's used for a wide variety of somewhat seemingly
24 competing purposes.

25 Q. But the key is, for purposes of an

1 accounting standpoint, the internal AEP Ohio forecast
2 does not have the last say?

3 A. I tried to follow you there, Mr. Oliker.
4 You said "AEP Ohio." AEP Ohio -- everyone has my
5 forecast, and they get it all on the same day and
6 they can use it any way they like.

7 Q. From an accounting standpoint, Deloitte
8 or your accountants may have to utilize a different
9 forecast than the one you prepared, correct?

10 A. I never experienced that, but really I
11 don't know. They would like to have a meeting to
12 discuss it and I am there to do that.

13 Q. Well, I guess my question is: Are you
14 familiar that -- first, you know that Ohio Power
15 Company once owned generating assets?

16 A. Yes, I do know that.

17 Q. And those assets were transferred to an
18 affiliate, correct?

19 MR. NOURSE: I am just going to object
20 here. I think Mr. Bletzacker has answered to the
21 best of his ability and substantiated his one phrase
22 that he used in the list of items about how the
23 fundamental forecast is used by internal and external
24 customers of AEP, his customers and, you know, I
25 think, getting into specific examples in the past.

1 He's already explained he's not aware -- he's already
2 answered all of Mr. Olikier's questions. So I think
3 it goes beyond anything that's helpful for the
4 purposes of this case.

5 MR. OLIKER: Your Honor, I don't know how
6 Mr. Nourse could know all the questions I am going to
7 ask, but --

8 MR. NOURSE: I think I have an idea.

9 EXAMINER PARROT: The objection is
10 overruled with respect to the question that's
11 pending.

12 MR. OLIKER: Karen, could you read it
13 back, please?

14 (Record read.)

15 A. There was a lot going on at that time. I
16 do know that I was a witness in case -- cases to
17 transfer those assets to other operating companies.
18 But I'm really not in a position to know those
19 things. That's not what I do.

20 Q. Did the auditors ask you to answer any
21 questions about your forecasts as they relate to the
22 Cardinal, Conesville, Stuart, and Zimmer plants
23 around the -- prior to the impairment that was filed
24 with the SEC?

25 A. I have no involvement in any of that. I

1 would like you to take -- your takeaway here is this
2 was a collegial discussion about long-term energy
3 market forecasts and that's all they needed from me.
4 What they did beyond that was beyond my scope.

5 Q. I guess my question is: Did you have to
6 sit down with the auditors, such as Deloitte, to talk
7 about your forecast as it may relate to the power
8 plants I just referenced?

9 A. I heard nothing in the conversation
10 related to those particular power plants. We just
11 had a collegial discussion about long-term energy
12 market fundamentals and then I was dismissed.

13 Q. And what time frame was that that you are
14 referring to the collegial discussion?

15 A. Well, I've had several. Typically, they
16 are at year end. So let's say that I have had four
17 or five in the last eight, nine years. And typically
18 around the February, March period. Maybe January.

19 Q. Did you have a discussion with the
20 auditors around November 1, 2016? Or anywhere within
21 60 days prior to that time?

22 MR. NOURSE: Your Honor, I object. I
23 object. This is not relevant. It goes way beyond
24 the very limited purpose that he mentioned impairment
25 accounting in his testimony and he's explained the

1 scope of that many -- several times already this
2 evening.

3 MR. OLIKER: And, your Honor, I am simply
4 trying to determine whether the \$2 million economic
5 impairment that was filed with the SEC was based on
6 one of Mr. Bletzacker's fundamental forecasts or if
7 AEP's companies actually used different forecasts.

8 MR. NOURSE: Well, your Honor, again, he
9 already indicated that he provides some input,
10 one-way street, give them some input on future
11 prices. They, in conjunction with the Company's
12 management, make decisions about accounting -- about
13 impairments, about writeoffs, and Mr. Bletzacker has
14 already indicated he hasn't been a part of that
15 discussion or the decision that happens after they
16 get his energy -- after they get his forecast as one
17 of X number of things they consider in making that
18 decision.

19 MR. OLIKER: If the witness wants to
20 provide those answers, that's one thing, but I can't
21 cite to Mr. Nourse's statement as evidence.

22 MR. NOURSE: He's already answered those
23 questions. That's why I'm reciting them. We've
24 already been through the extent of his knowledge on
25 those points.

1 MR. OLIKER: I haven't been able to ask
2 the questions, your Honor.

3 MR. NOURSE: It's unfair to ask him to
4 speculate about what an auditor did or what the
5 Company's management did for a complex decision that
6 he wasn't part of, and he's already indicated that.

7 EXAMINER PARROT: Mr. Bletzacker, to the
8 extent you're able to, answer the question that's
9 pending, please. Do you need us to reread it?

10 THE WITNESS: Certainly. Thank you very
11 much.

12 (Record read.)

13 A. My answer is not that I recall.

14 Q. Okay. And to follow-up on your counsel's
15 discussion, am I correct that management of AEP's
16 subsidiaries make decisions based upon other
17 forecasts than the ones provided by you?

18 A. I've never experienced that.

19 Q. But we did establish that you are not
20 specifically involved in determinations to take an
21 economic impairment to an asset?

22 A. I'm involved in providing my forecast. I
23 see it used ubiquitously. That's the extent that I
24 can comment on that.

25 Q. And on page 4, line 6, your testimony

1 states "To complement the Base Case Fundamentals
2 Forecast, three associated cases are also created:
3 The Lower Band, the Upper Band, and Status Quo cases.
4 The associated cases were designed and generated to
5 define a plausible range of outcomes surrounding the
6 Base Case Fundamentals Forecast." Now, first, I
7 would like to go back to witness Torpey's testimony.
8 Have you read it?

9 A. To this point, I've just skimmed it, so
10 not thoroughly, no.

11 Q. So do you not know, one way or the other,
12 whether or not witness Torpey used all of your
13 various forecasts that you describe on page 4, line
14 6?

15 A. I am very confident he can answer that
16 question, but I don't have any knowledge about what
17 he referred to or how he used it.

18 Q. Your testimony states that the lower band
19 reflects lower demand for electric generation and
20 fuels and, consequently, lower and higher fuels
21 prices. Am I correct that the lower case assumes
22 that there will be a carbon burden in place?

23 A. Well, first of all, you didn't read the
24 sentence correctly. I know that was an accident, so
25 let me read it for you.

1 Q. Sure thing.

2 A. It says "The Lower and Upper Band
3 forecasts consider lower and higher North American
4 demand for electric generation and fuels and,
5 consequently, lower and higher fuels prices. You
6 left out one of the bands.

7 Q. Sorry, I didn't mean to interrupt you,
8 Mr. Bletzacker. Let's come back to the lower case.

9 A. Sure.

10 Q. That case assumes a carbon burden in
11 2028, correct?

12 A. That's correct.

13 Q. And as you describe I believe in your
14 testimony and to Mr. Kurtz, the burden that you
15 assumed was approximately \$15 per ton of CO-2
16 emissions?

17 A. It was exactly \$15 a ton, and it
18 escalates at 5 percent per year thereafter, through
19 the length of the term of the forecast.

20 Q. And based upon what you say on page 8, I
21 can extrapolate that a \$15 burden per ton can be
22 translated to a cost for a coal unit of \$15 per
23 megawatt-hour, correct?

24 A. That's right. There is math behind that,
25 but that's a good approximation.

1 Q. And with the 5 percent increase per year,
2 that scales out to \$15.75 per megawatt-hour and then
3 \$16.50 cents per megawatt-hour and so on?

4 A. That's right. And then you take
5 inflation out of it to see what the real effect is,
6 so it's actually a lower number.

7 Q. Okay. For example, if you go all the way
8 out to 2040, it goes up to \$24.44 a megawatt-hour
9 approximately?

10 A. Well, I have to see where you are citing
11 that from, but assuming you are looking at a forecast
12 and those are nominal dollars and it's a quote from
13 our forecast, I would -- I would acquiesce if you
14 stipulate to that.

15 Q. Okay. And I will stipulate that I was
16 reading that from your forecast.

17 A. Perfect.

18 Q. We'll get into that maybe later.

19 A. Wise man.

20 Q. You also talk about the fact that the
21 CO-2 burden that we've been discussing would fall
22 disproportionately on coal assets; is that correct?

23 A. Yes. Because coal has a greater emission
24 rate than gas would, it is going to have to, you
25 know, change the dispatch order and it is the unit

1 that does, well say, suffer the most.

2 Q. Okay. And we see the impact of that in
3 your forecast with the flipping of the dispatch
4 order. What happens is natural gas plants are
5 utilized more which increases demand for natural gas,
6 correct?

7 A. That's correct.

8 Q. And as a result of that, in 2028, you
9 have the impact of the carbon burden on coal plant
10 dispatch but also an increase in natural gas prices,
11 correct?

12 A. That's correct. And to elaborate on
13 that, because there is less coal demand there is
14 greater natural gas demand, as you said, and that is
15 very visible in our forecast, you see right there at
16 2028, the natural gas price rises up because there is
17 that feedback. Greater demand means greater prices.
18 I refer to that also as elasticity.

19 MR. OLIKER: Now, could we go off the
20 record for one minute, your Honor?

21 EXAMINER PARROT: Yes.

22 (Discussion off the record.)

23 EXAMINER PARROT: Let's go back on.

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

25 EXAMINER PARROT: You may.

1 MR. OLIKER: I am going to hand two
2 documents to the witness. They are excerpts given
3 that these come from Excel spreadsheets. And the
4 first document, I believe, relates to the on-peak and
5 off-peak PJM pricing as well as Henry Hub nominal
6 natural gas and also CO-2 prices, which is IGS
7 Exhibit 4.

8 EXAMINER PARROT: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 MR. OLIKER: And the second document I
11 would like to mark is IGS Exhibit 5. It would be, I
12 believe, the PJM on-peak and off-peak pricing and
13 natural gas prices and CO-2 prices for the low case
14 as IGS Exhibit 5.

15 EXAMINER PARROT: So marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MR. OLIKER: To be clear, these are
18 excerpts of the larger forecast.

19 Q. (By Mr. Oliker) And, Mr. Bletzacker,
20 let's start with what's been marked as IGS Exhibit 4.
21 And I apologize, they look very similar except for
22 the numbers?

23 A. That's right. And I've marked Exhibit 4
24 as the base case and Exhibit 5 as the low case.

25 Q. Okay. And having looked at, first, IGS

1 Exhibit 4, does this appear to be a clear and
2 accurate excerpt of your Fundamentals Forecast?

3 A. It does appear that way, yes.

4 Q. And, likewise, does IGS Exhibit 5 appear
5 to be a clear and accurate excerpt of your low case
6 forecast?

7 A. It does, yes.

8 Q. Okay. Now, let's first go to the base
9 case. We see the impact of the CO-2 burden you have
10 described in 2028, is that correct, in the very far
11 right of the document?

12 A. Yes, that's correct.

13 Q. And that's the number we talked about
14 before that escalates up to 2024, to 24.44. My
15 question is: Is that metric tons?

16 A. You'll see in the heading on Exhibit 5
17 and it applies also to Exhibit 4, that those are
18 dollars per short ton.

19 Q. Thank you for that clarification.

20 And as we look at the on-peak and
21 off-peak pricing between 2027 and 2028, there is a
22 price increase of north of \$10 a megawatt-hour,
23 correct, both the on-peak and the off-peak?

24 A. Yes, very close to that.

25 Q. And in 2027, you are predicting Henry Hub

1 natural gas prices of \$5.41 cents per MMBtu, correct?

2 A. That's correct. I'm projecting those
3 prices.

4 Q. Okay. And then that jumps to
5 approximately \$6 per MMBtu in 2028?

6 A. Yes. 5.99 exactly.

7 Q. Okay. Now, if I could turn your
8 attention to the low case.

9 A. Yes, I'm there.

10 Q. Now, in 2027, the low case reflects if we
11 were to average the on-peak and off-peak energy
12 prices, that would be about \$35 a megawatt-hour,
13 right?

14 A. I assume you are doing that as just a
15 basic average as opposed to an around-the-clock kind
16 of calculation?

17 Q. Yes.

18 A. Certainly.

19 Q. Your around-the-clock calculation would
20 not be entirely different, would it?

21 A. Not terribly.

22 Q. In the \$35 range?

23 A. But I would have noticed it.

24 Q. But it wouldn't be more than a dollar off
25 of that, would it?

1 A. No, sir, it wouldn't.

2 Q. Okay. So what we're seeing is we also
3 see carbon prices take effect in 2028, correct?

4 A. Correct.

5 Q. And that's what causes the low case to go
6 from, on the on-peak, \$39 a megawatt-hour, to almost
7 \$50 a megawatt-hour?

8 A. Well, rounding, we would say \$49, but I'm
9 with you.

10 Q. And that's the on-peak. In the off-peak,
11 it goes from \$30.72 to \$41.99?

12 A. That's correct.

13 Q. And that price increase is driven by both
14 the CO-2 burden that we established on the right
15 side, the \$13 -- or, yeah, \$13.61 per short ton,
16 coupled with an increase in natural gas prices from
17 \$4.68 to \$5.18, correct?

18 A. Correct. But the major driver in those
19 prices is, of course, the rearrangement of the fleet.
20 When the coal burden hits or as it is about to hit,
21 coal plants and some inefficient natural gas plants
22 begin to retire. So the fleet looks entirely
23 different through that period. Not entirely
24 different but somewhat different.

25 Q. So, and that's -- that's one of my

1 questions is you never ran a low case without carbon,
2 right?

3 A. No.

4 Q. But in the absence of carbon regulation
5 in 2028 under the low case, am I correct that the
6 around-the-clock price is under \$45 a megawatt-hour?

7 A. To make sure I've gotten your question,
8 you are saying if that low case didn't have a carbon
9 burden, that's what the number would be?

10 Q. Yes.

11 A. Well, of course, I don't know exactly.
12 But it wouldn't be out of the realm of possibility to
13 come and draw parallel to what you see between the
14 base case and the no-carbon case, that the low case
15 would also have that same drop in prices that the
16 base case saw. If -- if there were something that I
17 didn't create which is that low carbon -- or low
18 case, no carbon.

19 Q. And, again, as we discussed in the base
20 case, you see approximately \$11 a megawatt-hour price
21 jump in 2027 to 2028?

22 A. Well, I see on-peak from 45 to 56, and I
23 see 37 to 47; so approximately, yes.

24 Q. And in every other year before that, the
25 price increase was about a dollar, right?

1 A. Yes.

2 Q. So --

3 A. Roughly.

4 Q. -- can we say if we assume in the absence
5 of carbon regulation under the low case, you'll see a
6 dollar increase from 2027?

7 A. Well, we don't even have to guess about
8 that. You need to just look at the no-carbon
9 forecast and you'll know exactly what that price is
10 and that's been provided in this case.

11 Q. But again, you have not provided a
12 no-carbon forecast with a low case, right?

13 A. I have not, but please be careful because
14 when you have lower fuel prices and then the addition
15 of carbon burden, the fleet will change even in
16 different ways than what you see here; so be careful
17 drawing really definitive conclusions.
18 Directionally, I appreciate your point.

19 Q. Okay. You have talked about winter
20 temperatures, correct? And whether or not they were
21 warm winters or cooler winters from a really high
22 level; is that correct?

23 A. Yes, in earlier cross-examination I
24 talked about the winter heating degree days and their
25 position relative to normal.

1 Q. Would you agree that 3 of the 10 winter
2 PJM peaks occurred in the winter of 2014, '15? If
3 you know?

4 A. Well, I don't know, but please recognize
5 I'm looking at natural gas on a national basis. And
6 whether in North Dakota or in Georgia, it would have
7 no effect on -- on that -- or it wouldn't -- is a
8 subset that is -- is not relative to my analysis of
9 natural gas prices.

10 Q. Did we not have a declining-price
11 environment in January through March of 2015? If you
12 know what I mean by that terminology.

13 A. Oh, I certainly know what you mean by
14 that terminology, but I would need to see it to be
15 able to verify it.

16 Q. Was gas trading below \$3 in March and
17 February of 2015 for the Henry Hub?

18 A. Again, I don't recall, but it's a very
19 objective matter.

20 Q. Now, earlier I think you said this, that
21 it's a reasonable and sensible thing to do to have
22 multiple cases in a forecast?

23 A. We do provide a range of forecasts and I
24 think it is a reasonable thing to do, yes.

25 Q. And relying upon just one forecast could

1 lead to unintended results?

2 A. Well, my discussion about that was to
3 identify that there's no -- not necessarily -- there
4 isn't one right forecast but you provide a range of
5 forecasts which define plausible limits and that's
6 why we provide those four forecasts.

7 Q. And you referred to the "CPP." That
8 stands for the Clean Power Plan, correct?

9 A. That's correct.

10 Q. To your knowledge did Ohio sue the EPA
11 over the Clean Power Plan?

12 A. I don't recall. I don't know. I know we
13 modeled it.

14 Q. You don't know if the Attorney General of
15 Ohio filed a lawsuit against the EPA, alleging that
16 it was unlawful?

17 A. I don't recall.

18 Q. And do you know if that individual is now
19 the Governor of Ohio?

20 MS. LEPPLA: Objection, your Honor.
21 Relevancy.

22 MR. NOURSE: Objection. Relevance, lack
23 of.

24 MR. OLIKER: Your Honor, it's relevant in
25 as much as --

1 EXAMINER PARROT: He already said he is
2 not aware. Move on.

3 Q. (By Mr. Oliker) And I believe you said
4 this, Mr. Bletzacker, that carbon regulations would
5 have to result from some type of action either by the
6 Federal Government or a state government, correct?

7 A. Oh, no, you didn't hear that correctly.
8 I identified that as a proxy for things that could
9 happen and there are many things that could happen
10 including some sort of a governmental intervention
11 but also voluntary actions. A general clamoring for
12 or desire for renewables that would result in the
13 lowering of prices and the reduction of carbon
14 footprint. These numbers were typified as a proxy
15 for what the result would be.

16 Q. Let's be clear. These numbers were
17 entered into a model that -- correct?

18 A. That's correct. And the reason those
19 numbers are entered in is I can't enter in people's
20 intentions in the model, I can't enter in those --
21 those subjective things. It ends up needing to be a
22 number that achieves an effect. So there is a carbon
23 reduction in the United States associated with that
24 particular number which we believe would typify what
25 the -- what could happen at that particular time.

1 Q. Okay. The model is intended to mimic
2 possible dispatch of generating units within the PJM
3 footprint, is it not?

4 A. It is, yes.

5 Q. And if you are a coal generator, you
6 can't decide that you want to emit less carbon and
7 bid a different price, can you?

8 A. Repeat that for me, please.

9 MR. OLIKER: Can you repeat the question,
10 Karen?

11 (Record read.)

12 A. I thought I heard the word "bid," that's
13 why I wanted it to be repeated. I don't understand
14 the word "bid." And you can decide to emit less
15 carbon; you just don't generate as much.

16 Q. Right, but there are specific bidding
17 parameters into the PJM market, correct?

18 A. Yes, there are.

19 Q. And the data you provided or intend to
20 mimic the way you would have to bid given a cost
21 imposed on them through a carbon regulation, correct?

22 A. Yes. I'm adding this dispatch burden to
23 generation to be a proxy for what we expect to happen
24 and the resulting CO-2 mitigation is modeled and
25 it -- and it delivers results and it is not intended

1 to say that bidding strategy in a PJM construct is --
2 is going to be affected some particular way. It's
3 showing the output of that; it's showing the result
4 of that burden.

5 Q. And to be clear, I think you said this
6 earlier, you do not know which political party will
7 be in power over the next eight years, correct?

8 A. That's correct. And I don't know what
9 the weather will be like next year.

10 Q. And you don't know the outcome of any of
11 the General Assembly races in Ohio over the next
12 year, correct?

13 A. That's right. And I don't know what the
14 economy will look like next year either.

15 Q. But you do know that today there is no
16 burden on carbon, correct?

17 A. That's correct.

18 MR. OLIKER: Thank you. Those are all
19 the questions I have, your Honor.

20 MS. BOJKO: Your Honor, Mr. Pritchard has
21 agreed to go next.

22 EXAMINER PARROT: All right.

23 Mr. Pritchard.

24 - - -

25

1 CROSS-EXAMINATION

2 By Mr. Pritchard:

3 Q. Good evening, Mr. Bletzacker.

4 A. Good evening, Mr. Pritchard.

5 Q. Before we get back into the Fundamentals
6 Forecast, I just want to back up more to a high
7 level. If someone, whether it's a customer, internal
8 departments in AEP, a supplier, wanted to get
9 information on what future energy market prices might
10 be, what type of resources are available where they
11 could go out and look at that kind of information?

12 A. Well, fortunately, our forecasts are not
13 listed as confidential. They're available on many
14 utility -- or many utility commissions' websites.
15 But if you wanted it, probably the best first place
16 to go it would be the EIA. Energy Information
17 Administration Division of the Department of Energy.

18 Q. And another place someone might look
19 would be an exchange such as NYMEX, correct?

20 A. Oh, absolutely not correct. The NYMEX is
21 not a suitable substitute for a long-term
22 model-driven forecast. And one of the first layers
23 of proof of that is that the EIA, energy
24 consultancies such as SERA, PIRA Energy Group, Wood
25 MacKenzie and a host of others, they don't reference

1 the NYMEX in their long-term forecasts at all.

2 Q. So I understand that, your testimony is
3 that the NYMEX would not provide any indication of
4 future market prices for someone?

5 A. The NYMEX is not suitable for long-term
6 energy market forecasts and it's not suitable for
7 several reasons, one that I mentioned already, but
8 also because the participants are either hedging or
9 speculating. And one component of that hedging -- as
10 a matter of fact, 44 percent of the participants,
11 last November, were listed as spreading. And what
12 "spreading" means is that if they are trying to lock
13 down the spread between, oh, say, propane and natural
14 gas because they have a fractionation plant, that's
15 called a "fractionation spread," that's of interest
16 to them. If it's natural gas and electric
17 generation, that's a spark spread.

18 Those folks have storage fields and they
19 are worried about a summer/winter spread. Perhaps
20 they make money at \$2. They don't care whether it's
21 \$2 in the summer and \$4 in the winter, or \$10 in the
22 summer and \$12 in the winter. They just want that
23 \$2. So when they enter the market that particular
24 day, they are not giving you any indication of what
25 future prices will be.

1 Q. So a party looking to enter into, say, a
2 futures contract, might consider the future-year
3 price propositions identified by the NYMEX or ICE
4 exchange and that would provide a rough indication on
5 prices, correct, of future prices?

6 A. I hate to even call it a rough indication
7 of much of anything other than what you can find, a
8 counterparty that's willing to go ahead and buy your
9 contract or sell the contract for delivery or -- at
10 the Henry Hub, or to trade out, before it goes to
11 delivery.

12 And the thing that's important to
13 remember is that the liquidity, the number of
14 counterparties, drops off rapidly after three years
15 and the term only goes out for the NYMEX contract for
16 12 years. So you can't practically buy a large sum
17 of natural gas futures contracts, if you so desired,
18 out into those -- into that later period of time. It
19 just -- it just isn't -- it isn't used as a
20 forecasting tool and it provides no value because the
21 participants aren't there thinking that the price
22 will stay the same. They are there because they
23 think it's going to change and that's why they are
24 buying or selling their contract.

25 Q. So your answer to my question was no?

1 Given your long -- the caveat of your long
2 explanation?

3 A. Well, my answer stands. It needs those
4 clarifications so that you have a better picture.

5 Q. So your answer was no, correct?

6 MR. NOURSE: Your Honor, I think
7 Mr. Bletzacker gave his answer and his best answer,
8 so it shouldn't be recharacterized against his will.

9 Q. Mr. Bletzacker, you had mentioned earlier
10 that you had testified regarding, I'm not sure you
11 mentioned the specifics of it, but you testified
12 before this Commission in 14-1693 which dealt with an
13 AEP affiliate purchase power agreement, correct?

14 A. I did mention it before. That's the Ohio
15 PPA case?

16 Q. Yes.

17 A. The answer is yes.

18 MR. PRITCHARD: Your Honor, may I
19 approach?

20 EXAMINER PARROT: You may.

21 Q. While your counsel is taking a minute to
22 pull up their own copy, will you take a minute to
23 read the first couple pages and than I'll commence my
24 questions in a second.

25 MR. COLLIER: Your Honor, while we are

1 doing that, may I ask, what is your intent, how long
2 we will be going this evening?

3 MR. NOURSE: Mr. Pritchard, can you give
4 us the page reference?

5 MR. PRITCHARD: I will be going to pages
6 4157 and -58 here in a second.

7 MR. NOURSE: Thank you.

8 EXAMINER PARROT: While they are doing
9 that, let's go off the record.

10 (Discussion off the record.)

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

13 Q. Mr. Bletzacker, will you turn to the --
14 let me ask. In front of you is a deposition -- or,
15 not a deposition -- a hearing transcript, Ohio Power
16 Company, Volume XVII, from Case 14-1693, correct?

17 A. That's correct.

18 Q. Will you turn to page 4157.

19 A. I'm there.

20 Q. And will you look to line 22, the
21 question starting there, and let me know if I read
22 this question starting there, and the answer that
23 continues on to the next page.

24 "Question: And the one thing you
25 would -- a party looking to enter into a futures

1 contract might consider is the future year price
2 propositions identified by NYMEX or the ICE exchange,
3 for example, correct?

4 "Answer: You said they might consider,
5 yes, they would see that as a -- they would see that
6 as a rough indication."

7 Did I read that correctly?

8 A. You read it correctly.

9 Q. Thank you.

10 And a minute ago, you had mentioned
11 another thing that people that were looking to get
12 future-year price certainty might do, would enter
13 into a futures contract on the NYMEX exchange,
14 correct?

15 A. Yes. Futures contracts serve the
16 wonderful purpose of allowing you to hedge and
17 knowing exactly what your fixed price will be in the
18 future.

19 Q. And another thing someone could do is
20 enter into a bilateral transaction, correct?

21 A. Yes. Also known as swaps.

22 Q. And in your prior -- prior to coming to
23 AEP, you worked for Honda, located in -- the
24 manufacturing plant located in Marysville, correct?

25 A. That's correct. I was their North

1 American Energy Manager.

2 Q. And in your prior role, prior to AEP, you
3 purchased short- and long-term natural gas supplies
4 from major and independent producers and marketing
5 companies, correct?

6 A. That's correct.

7 Q. And you have personally monetized
8 arbitrated opportunities using NYMEX futures, local
9 and contract storage, pipeline imbalances, local
10 distribution banks, correct?

11 A. That's correct.

12 Q. And while working for Honda, you've
13 implemented hedging strategies utilizing NYMEX
14 natural gas futures contracts, correct?

15 A. Yes, I did.

16 Q. And you've personally entered into
17 bilateral contracts of 10 years or longer in the
18 energy market to lock down future price certainty,
19 correct?

20 A. That's correct.

21 Q. And you are aware other parties in the
22 market have entered into long-term contracts that
23 might be in excess of 10 years on bilateral
24 contracts, correct?

25 A. Yes. I venture to say it's a very common

1 practice for industrials, in order to have budgeting
2 certainty, that they will lock in prices for a long
3 period of time and build a portfolio of prices over
4 time.

5 Q. Now, turning back to your Fundamentals
6 Forecast. If a customer were concerned that future
7 energy prices were going to rise to the level
8 contained in your Fundamentals Forecast, that
9 customer has the ability to enter into a transaction
10 now for physical delivery in the future at whatever
11 the negotiated price would be, correct?

12 A. Yes, they can do that.

13 Q. And along the same lines, a customer
14 could do the same thing, but instead of a physical
15 delivery contract, it could just be a financial
16 transaction, correct?

17 A. That's correct.

18 Q. And the greater the spread between price
19 forecast, for example your Fundamentals Forecast and
20 what's on NYMEX, that would indicate a greater
21 potential for profit savings or -- for profit or
22 customer savings, depending on which part of that
23 transaction, correct?

24 A. Well, there's several components here
25 that I just don't want to brush by and that is that

1 someone who wants to have a fixed price for natural
2 gas, for instance, in the future, can buy futures
3 contracts. They then have to have those either
4 delivered or take the financial benefits or losses
5 from those contracts and apply them to its physical
6 prices. But that's only for a delivery of an equal
7 amount each and every day.

8 Whereas in, like, the electric generation
9 world, you have different volume requirements from
10 day-to-day and usually you have higher demands on the
11 days when prices are higher and less demand when
12 prices are lower within the month; so the two don't
13 compare as far as NYMEX hedging for an industrial and
14 what would happen for an electric generator and as
15 illustrated in our future -- in our Fundamentals
16 Forecast.

17 Q. Maybe I didn't artfully ask my prior
18 question, but sort of big picture. If you have one
19 forecast that projects gas in 10 years at \$8 and
20 another forecast, whether it's your view or someone
21 else's, and you think gas is going to be \$3, the
22 greater the price spread, the greater the potential
23 for profit or savings, correct?

24 A. I hear what you're saying generally, but
25 I want to make sure you understand those are two

1 different products. One would project the average of
2 spot prices. The futures contract delivers an equal
3 amount during the same -- during the same period. So
4 there's a difference between that -- between those
5 two different products.

6 Q. I understand. But generally speaking,
7 regardless of whether you are looking at NYMEX
8 futures or two different Fundamentals Forecasts, the
9 greater the spread between those two forecasts, the
10 greater potential for savings, for increased costs,
11 for profit, correct?

12 A. Both -- picking up from the comment about
13 weather deviations. When you have lower prices
14 because weather is low and you think weather will
15 continue to stay low and you're going to totally
16 discount the weather risk, making prices goes higher?
17 You can make speculative, all the speculative
18 decisions you would like to make.

19 Q. Let me ask this it this way: If I
20 thought gas was going to be \$8 in 10 years, and
21 someone offered me a contract for 10 years out, for
22 all the gas I need, at either \$6 or at \$3; if I
23 locked in my price at \$3, I would save more than if I
24 had locked it in at \$6, correct?

25 A. That's true. And the expectation is you

1 would be happy with that decision you made. And if
2 for some reason it went down to \$1.50 and you lost
3 money on that decision, you wouldn't be bothered by
4 that either. That's the nature of hedging. You are
5 happy with the price that you locked in.

6 Q. And so there's a break-even analysis in
7 this case, correct?

8 A. I am unaware. I don't know.

9 Q. Okay. Hypothetically, if one assumed
10 that you were comparing two products among the
11 levelized market price of \$50 and a option for a
12 long-term contract with a levelized price of \$45, if
13 you thought the market price was really going to be
14 \$50 and you could lock in at \$45, same terms, you
15 would think that's a good deal because you're saving
16 \$5, correct?

17 A. I am just so concerned that that phrase
18 starts off with "you think" and also has the outcome
19 of you could be wrong. And as long as you are happy
20 with the fact that you could be wrong and prices
21 could go even, you know, lower, then, you know, those
22 are consequences you'll have to live with. But a
23 hedge is a hedge. If you like the price, then you
24 can take it.

25 Q. Okay. Let me state this differently. If

1 we -- if we had a forecast of market price of \$50 and
2 someone offered you the ability to lock in at \$45 and
3 someone offered you the ability to lock in at \$30;
4 from a customer's perspective, locking in at the
5 lowest price would be the most beneficial from the
6 long-term hedging strategy, correct?

7 A. If your concern is that it would be
8 higher and you can lock in with something that's
9 lower, that would be advantageous to you in your
10 mind.

11 Q. So hypothetically, of those two products
12 I mentioned, customers are going to take the
13 lower-priced product, correct?

14 A. I can only speak to the fundamentals that
15 I create. I can't get into the mind of what
16 customers will like. I have had considerable
17 experience working with industrials on hedging plans
18 and policy, what they would like to do, and there's
19 many things that enter into it. Some of it isn't
20 trying to beat the market. A lot of it is trying to
21 meet a budget expectation. So I can't comment about
22 what customers would like. I know what industrials
23 tend to like to do and that doesn't match up with
24 your scenario.

25 Q. All right. Turning to your Fundamentals

1 Forecast in your testimony. You indicate that it was
2 finalized August 1, 2018, correct?

3 A. That's correct. That's when it was
4 distributed.

5 Q. And with regards to your prior
6 fundamentals as well as this one, you have a naming
7 convention for the files that includes the year the
8 forecast was completed, correct?

9 A. In the old days we used to identify when
10 the last model run was. That's not when the forecast
11 is completed. We no longer do that.

12 MR. PRITCHARD: Your Honor, I would like
13 to mark an exhibit as IEU Exhibit 11. Your Honor,
14 I'm passing out a number of exhibits that are
15 alligator clipped. The individual exhibits I am
16 going to mark are each individually stapled within
17 the whole packet.

18 Well, I guess rather than mark each one
19 individually, since I don't believe any of the
20 Fundamentals Forecasts have actually been marked yet,
21 I think I can just mark the whole package as one
22 exhibit, if that's all right with your Honors. There
23 are multiple versions of Fundamentals Forecasts
24 within the packet.

25 If the Bench has no preference, I will

1 just mark the whole packet as IEU Exhibit 11.

2 EXAMINER PARROT: Just so it's clear,
3 Mr. Pritchard, this is the Company's response to
4 IEU-RPD-01-001? Is this the entire response or just
5 excerpts of what was provided by the Company?

6 MR. PRITCHARD: The documents I am going
7 to go through are in response to RPD-1 and RPD-2, and
8 then I am going to have the witness identify what
9 follows behind that.

10 EXAMINER PARROT: Okay. Thank you. The
11 set of documents has been marked IEU Exhibit 11.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 Q. (By Mr. Pritchard) Mr. Bletzacker, do you
14 have the package of documents that we just handed out
15 in front of you?

16 A. Yes, sir, I do.

17 Q. On top of that there's a request for
18 production of documents titled IEU-RPD-1-001,
19 correct?

20 A. That's correct.

21 Q. And the request asks for a copy of the
22 long-term energy market forecasts, the Fundamentals
23 Forecast referred to in your testimony in this case,
24 correct?

25 A. That's correct.

1 Q. And then the response says "See" and
2 there is a big file name for an Excel file that was
3 provided, correct?

4 A. Correct.

5 Q. And then within that file name we have a
6 "2018H2." Does the "2018" reference the fact that it
7 was completed in 2018?

8 A. Yes. It was distributed in 2018 and
9 completed.

10 Q. And the "H2" signifies the second half of
11 the year?

12 A. That's correct.

13 Q. And then if we look at the second page of
14 the response to IEU-RPD-1-002, that was a request for
15 prior Fundamentals Forecasts prepared by AEP Service
16 Corp. from 2008 to 2018, correct?

17 A. Oh. I see 2009 to 2018.

18 Q. The --

19 A. Oh, I beg your pardon. I now see 2008
20 now, yes.

21 Q. The response is identified as a -- eight
22 attachments, each with -- references a year within
23 those file names for those Excel files, correct?

24 A. Yes, that's correct.

25 Q. And in those Excel file names, for

1 example, the first one has a 2008 and that references
2 the 2008 Fundamentals Forecast, correct?

3 A. Yes, that's correct.

4 Q. Likewise, the second one, 2H2009,
5 represents a Fundamentals Forecast from the second
6 half of 2009, correct?

7 A. Yes, that's correct.

8 Q. And the file name description for the
9 rest follow accordingly, correct?

10 A. That's correct.

11 Q. And the documents that follow, there are
12 file names at the bottom of each document.

13 Mr. Bletzacker, these are the annual price
14 Fundamentals Forecasts pages from the 2008, 2009,
15 2010, 2011, 2013, 2015, 2016, and 2018 Fundamentals
16 Forecast identified in IEU-RPD-1 and 2, correct?

17 A. That's correct. You may have missed the
18 2012 that's here also.

19 Q. It's identified on the discovery
20 response, but it's not in my attachments. So, yes, I
21 did copy 2012 when I was referring to these
22 documents, the annual price forecasts.

23 A. Yes, that's correct.

24 MR. PRITCHARD: Your Honor, I would like
25 to mark as IEU Exhibit 12, a compilation exhibit that

1 extracts Henry Hub data from each of these
2 Fundamentals Forecasts as IEU Exhibit 12.

3 EXAMINER PARROT: So marked.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 Q. Mr. Bletzacker, do you have in front of
6 you what's been marked as IEU Exhibit 12?

7 A. Yes, I do.

8 Q. And just so we can confirm that my
9 compilation exhibit that I've prepared correctly
10 corresponds to your exhibit, let's just go through
11 and compare the first column here with the reference
12 to the 2008 forecast to what -- for the 2008 forecast
13 contained in IEU Exhibit 11.

14 MR. NOURSE: Your Honor, I am going to
15 object to this. Mr. Bletzacker has already indicated
16 why it's inappropriate to try to do backcasting and
17 comparing, you know, actual market prices from the
18 past to prior Fundamentals Forecasts and why that's
19 an apples and oranges and an inappropriate
20 comparison. So I object on relevance and think it's
21 an attempt -- it's an attempt to be prejudicial, and
22 the information is not comparable.

23 MR. PRITCHARD: I would agree with one
24 thing, that it is an attempt to be prejudicial but --

25 MR. NOURSE: Unduly prejudicial.

1 MR. PRITCHARD: -- the reliability of
2 future forecasts, one thing that is going -- this
3 forecast in this case -- may be the best indicator of
4 his ability to forecast accurately is the accuracy of
5 his prior forecasts, and if Mr. Nourse wants to ask
6 the witness to explain away the differences he just
7 offered in his objection, that's grounds for
8 redirect, but it doesn't make my exhibit or
9 question -- the pending question, which is confirming
10 the data is correct, any less accurate or any less
11 relevant.

12 MR. OLIKER: Your Honor --

13 MR. NOURSE: Your Honor, I don't think
14 this is probative of accuracy, and I am sure
15 Mr. Bletzacker will also explain that, but I don't --
16 I don't even think it's probative or relevant, worth
17 admitting, because, once we talk about it in the
18 record, it will be in, regardless of whether we talk
19 about the records being admitted later.

20 MR. OLIKER: Your Honor, it's also
21 probative given that you start to see when you look
22 at these forecasts, what happens once you get out two
23 years. The deltas between the forecasts and what
24 really happened become really big and that is very
25 probative to how this forecast may be relied upon

1 going out to 20 years.

2 MS. BOJKO: Your Honor, if I may be
3 heard?

4 EXAMINER PARROT: I've heard enough. Go
5 ahead, Mr. Pritchard, but I will say that
6 Mr. Bletzacker will be permitted to give a full
7 response. So go ahead.

8 Q. (By Mr. Pritchard) Mr. Bletzacker, I will
9 rephrase the pending question.

10 Could you just reference the 2008
11 forecast that was included as Attach -- in IEU
12 Exhibit 10 and just compare that to what's in IEU
13 Exhibit 12 -- or, sorry, 11 and 12. Just make sure
14 the compilation exhibit correctly transcribes those
15 Henry Hub gas price numbers.

16 MR. NOURSE: Well, in that regard, can I
17 inquire why Attachment 5, as listed on the front, is
18 not included in the packet of the documents that were
19 provided?

20 MR. PRITCHARD: I would be happy to
21 explain off the record, but it's not a question I
22 have pending for the witness.

23 MR. NOURSE: You want to explain off the
24 record why you eliminated that year?

25 MR. PRITCHARD: It's not a question I am

1 asking the witness.

2 MR. NOURSE: Okay. All right. I just
3 wanted to inquire to make sure we weren't, you know,
4 going to have to come back to this later. Go ahead.

5 A. I understand the question you have in
6 front of me, and I have looked at the Henry Hub
7 prices for 2008 against your compilation exhibit and
8 they appear to be the same.

9 Q. And will you accept, subject to check,
10 that I correctly copied and pasted the Henry Hub
11 values from the other years?

12 A. I will -- I will accept that you put your
13 best efforts, so subject to me seeing something
14 later, yes, I'll accept that.

15 Q. All right. And turning to the
16 compilation exhibit, I want to focus on 2018. In
17 your 2008 Fundamentals Forecast, you forecasted
18 natural gas at the Henry Hub at \$9.43, correct?

19 A. That's correct.

20 Q. And that's stated in dollars per MMBtu,
21 correct?

22 A. That's correct.

23 Q. And in the 2009 Fundamentals Forecast,
24 you forecasted 2018 natural gas at the Henry Hub at
25 \$7.69, correct?

1 A. Correct.

2 Q. And in 2010, you forecasted 2018 natural
3 gas at the Henry Hub at \$6.64, correct?

4 A. That's correct.

5 Q. And in 2011, you forecasted Henry Hub gas
6 between -- for 2018, \$6.32, correct?

7 A. That's correct.

8 Q. And in 2013, Fundamentals Forecast, you
9 forecasted Henry Hub gas at \$6.12, correct?

10 A. That's correct.

11 Q. And the 2013 Fundamentals Forecast is the
12 Fundamentals Forecast that your testimony in the AEP
13 PPA case, Case No. 14-1693, was based on, correct?

14 A. I don't recall. I don't believe so.

15 Q. If I showed you a copy of your testimony
16 from Case 14-1693, might that refresh your
17 recollection on which year's forecast you used in
18 that case?

19 A. Well, of course, it would, yes.

20 Q. Mr. Bletzacker, have I handed you what
21 appears to be your testimony from Case 14-1693?

22 A. Yes, you have.

23 Q. And will you take a minute and review
24 your testimony on page 3 -- or, sorry, page 4?

25 A. Yes, I have that. And it identifies the

1 fourth quarter of 2013.

2 Q. Does that refresh your recollection of
3 whether you used your -- which forecast you used in
4 that case?

5 A. Yes, it does. Thank you very much.

6 Q. And which forecast did you use?

7 A. The 2H2013 forecast.

8 Q. Thank you.

9 A. Thank you.

10 Q. And turning back to the compilation
11 exhibit, the 2015 Fundamentals Forecast forecasted
12 2018 natural gas at the Henry Hub at \$5.40, correct?

13 A. Correct.

14 Q. And the 2016 Fundamentals Forecast 2018
15 Henry Hub natural gas was \$4.89, correct?

16 A. That's correct.

17 Q. And your Fundamentals Forecast in this
18 case, 2018 Henry Hub gas was \$3.22, correct?

19 A. That's correct.

20 Q. And when you prepared your Fundamentals
21 Forecast in this case, you had the balance of
22 information from 2018 already available, correct?

23 A. That's a good point. When it was put out
24 in August, I already had eight months of data.

25 Q. So it's fair to say --

1 A. Actuals.

2 Q. -- your projection here at \$3.22, the
3 actuals for the year are going to be relatively close
4 to natural gas at the Henry Hub around \$3.22,
5 correct?

6 A. Because it is an average of the spot
7 prices in this particular year and certainly I
8 include the actuals, the history that's already taken
9 place.

10 Q. So the answer to the question is: The
11 actuals for calendar year 2018 are going to be very
12 close to \$3.22, correct?

13 A. Yes.

14 Q. Thank you.

15 MR. PRITCHARD: Your Honor, may I have
16 just one second?

17 Q. One final line of cross, Mr. Bletzacker.
18 Earlier there was discussion about your
19 base case and your low case and perhaps which case
20 Mr. Torpey relied upon, correct?

21 A. I didn't offer any opinion as to what he
22 used. I don't know what he used, but I do recognize
23 those cases exist, of course.

24 Q. Correct. So if Mr. Torpey has, for
25 example, listed annual capacity prices, we could

1 compare those to the 2018 forecast I just handed out.
2 If they match up exactly, we are going to know he
3 used your base case, correct?

4 A. Well, please ask him but there is some
5 logic in matching up the numbers.

6 Q. Yeah. For example, your -- your other
7 cases don't have the exact same numbers as your base
8 case, correct?

9 A. That's correct.

10 MR. PRITCHARD: I have nothing further.
11 Thank you.

12 EXAMINER PARROT: Ms. Bojko?

13 MS. BOJKO: Thank you, your Honors.

14 - - -

15 CROSS-EXAMINATION

16 By Ms. Bojko:

17 Q. Good evening, Mr. Bletzacker.

18 A. Good evening, Ms. Bojko.

19 Q. Hopefully just a few minutes of questions
20 for you. The 2018 forecast is the last forecast
21 that's been performed; is that correct?

22 A. That's correct.

23 Q. And the prior fundamental forecast was
24 finalized October 27, 2016; is that correct?

25 A. That's correct.

1 Q. And typically you have been producing
2 forecasts on an annual basis; is that correct?

3 A. Roughly I think the exhibit that was
4 presented earlier shows that production forecast.

5 Q. There were two exceptions. Year 2014 and
6 year 2017 there was no forecast produced; is that
7 correct?

8 A. That's correct.

9 Q. And why not?

10 A. Well, it would go back to whenever a
11 change in fundamental drivers worthy of updating the
12 forecast or creating a new forecast. I mentioned
13 carbon mitigation being the driving factor between
14 the 2016 forecast and 2018 forecast. I don't recall
15 about the forecast before that.

16 Q. And the driving -- you would agree that
17 the driving difference between this 2016 forecast and
18 '18 forecast was the carbon value that you attached
19 or the value you attached to carbon?

20 A. Yes. That was one of them as well as the
21 installation costs of renewables and a few other
22 things.

23 Q. You would -- but you do still have a
24 value associated with carbon in the 2018 forecast,
25 correct?

1 A. That's correct. But it's widely
2 different than what was in the 2016 forecast.

3 Q. And you talked about your policy people
4 in D.C. that you discuss the assessment of the value
5 of the carbon. Do you recall that?

6 A. Yes. I'd really rather call them -- we
7 have a policy group here in Columbus, we also have a
8 Washington office, so the collection of those folks.

9 Q. And you stated earlier that you are
10 involved in those conversations?

11 A. I was involved in, you know, accepting
12 and understanding the price that they see as an
13 appropriate proxy going forward.

14 Q. And you stated that you -- those people
15 and you -- or, the discussions are what's likely to
16 happen with regard to carbon, correct?

17 A. Yes.

18 Q. And wouldn't the Company's advocacy
19 efforts affect AEP's carbon policy decisions?

20 A. I am not involved in the Company's
21 advocacy efforts, so I really don't care to speak to
22 it. I really don't know.

23 Q. You don't think that would be an
24 important determination in what's likely to happen?

25 A. I think that's a big step that

1 advocacy -- it depends on the success, doesn't it?

2 It depends on that outcome, so I just don't know.

3 Q. And both the 2016 and 2018 fundamental
4 forecasts use the Aurora model, correct?

5 A. Oh, yes.

6 Q. And, sir, isn't it true that you have
7 provided the 2016 forecasts in two cases last year,
8 seeking cost recovery for acquiring 225 megawatts of
9 renewable facilities?

10 A. It was used for many things last year.
11 I -- you may be referring to some activity in
12 Virginia and West Virginia. If so, I do recall that.

13 Q. And isn't it true, sir, that in both of
14 those cases, both Commissions found that the
15 fundamental forecasts were inflated and aggressive?

16 A. I think the Commission found that -- that
17 did -- well, I don't recall what the Commission
18 found.

19 Q. Do you recall that one Commission
20 questioned the Company's projection of the carbon
21 impact and inclusion of the carbon impact in its
22 forecast?

23 MR. NOURSE: Your Honor, I object. I
24 mean, we're talking about some other case
25 unidentified in some other jurisdiction that had a

1 different record, different circumstances. I don't
2 know how this is supposed to be probative or relevant
3 to this proceeding and what this Commission should
4 find based on this record.

5 MS. BOJKO: Your Honor, I think I
6 established that the fundamental forecasts were very
7 similar, and the witness distinguished the two
8 forecasts that were used, so it's very relevant. If
9 the witness is going -- and AEP is going to put forth
10 a fundamental forecast that we are supposed to rely
11 upon, it is within the cross-examination purview to
12 be able to challenge that forecast and challenge the
13 credibility of the forecast. And the witness did
14 identify the cases, and the witness does know the
15 cases that I am speaking of. He said that.

16 MR. NOURSE: I am not discussing Ms.
17 Bojko's right to challenge anything, but using
18 another Commission's findings in another case with a
19 different record I think is inappropriate.

20 EXAMINER PARROT: Overruled.

21 Q. (By Ms. Bojko) Do you need the question
22 read back, sir?

23 A. Please.

24 MS. BOJKO: May we have it read back?

25 (Record read.)

1 A. No, I don't recall specifically.

2 Q. And, sir, just -- I think you said this,
3 but just so I'm clear, the 2018 fundamental forecast
4 that you used in this case does include a cost
5 associated with carbon even though there are no
6 current carbon regulations?

7 A. It does in all cases except the
8 no-carbon -- what's called the status quo case.

9 Q. And I wasn't clear on your comment to
10 Mr. Pritchard. You do believe that Mr. Torpey used
11 the base case that does include carbon?

12 A. I know that the base case does include
13 carbon. I don't know what Mr. Torpey used.

14 MS. BOJKO: Okay. Thank you, your Honor.
15 I have no further questions.

16 Thank you, sir.

17 THE WITNESS: Thank you.

18 EXAMINER PARROT: Mr. Stock?

19 MR. STOCK: No questions. Thank you.

20 EXAMINER PARROT: Mr. McNamee?

21 MR. McNAMEE: No, thank you.

22 EXAMINER PARROT: Let's go off the
23 record.

24 (Discussion off the record.)

25 EXAMINER PARROT: Let's go back on the

1 record.

2 Any redirect, Mr. Nourse?

3 MR. NOURSE: No, thank you.

4 EXAMINER PARROT: Thank you,
5 Mr. Bletzacker.

6 THE WITNESS: Thank you very much.

7 EXAMINER PARROT: All right. Are there
8 any objections to Company Exhibit 11?

9 Hearing none, it is admitted.

10 (EXHIBIT ADMITTED INTO EVIDENCE.)

11 EXAMINER PARROT: Mr. Oliker.

12 MR. OLIKER: Your Honor, subject to the
13 motions to strike earlier, regarding the statements
14 regarding the low case, high case, and the bands
15 which are not relevant to this case given that
16 Witness Torpey did not rely upon, and they are simply
17 irrelevant discussions for matters not at issue
18 before the Commission.

19 MR. NOURSE: Well, your Honor, Mr. --
20 Mr. Bletzacker has already explained fully, in
21 response to a bunch of questions, including questions
22 by Mr. Oliker about these various cases, and it would
23 certainly confuse the record, to say the least, to
24 try to strike that testimony.

25 EXAMINER PARROT: I've already admitted

1 the testimony. It's noted again for the record.

2 Mr. Oliker, I was asking if you wished to move your
3 exhibits.

4 MR. OLIKER: I would move IGS Exhibits 4
5 and 5.

6 EXAMINER PARROT: Are there any
7 objections, Mr. Nourse?

8 MR. NOURSE: No.

9 EXAMINER PARROT: IGS Exhibits 4 and 5
10 are admitted.

11 (EXHIBITS ADMITTED INTO EVIDENCE.)

12 EXAMINER PARROT: Mr. Pritchard.

13 MR. PRITCHARD: Yes. I move for the
14 admission of IEU Ohio Exhibit 11 and Exhibit 12.

15 EXAMINER PARROT: Any objection?

16 MR. NOURSE: I'll just renew my objection
17 to relevancy and the probative nature of especially
18 Exhibit 12.

19 EXAMINER PARROT: Noted.

20 IEU Exhibits 11 and 12 are admitted.

21 (EXHIBITS ADMITTED INTO EVIDENCE.)

22 EXAMINER PARROT: Let's adjourn for
23 today. We will reconvene tomorrow at 9:00 a.m.

24 (Thereupon, at 7:42 p.m., the hearing was
25 adjourned.)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Thursday, January 17, 2019, and carefully compared with my original stenographic notes.

Karen Sue Gibson, Registered Merit Reporter.

Carolyn M. Burke, Registered Professional Reporter.

(KSG-6678)

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Case No(s). 18-0501-EL-FOR, 18-1392-EL-RDR, 18-1393-EL-ATA

Summary: Transcript in the matter of the Long-Term Forecast Report of the Ohio Power Company hearing held on 01/17/19 - Volume III electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.