

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Application of Ohio Power :  
Company for an Increase in: Case No. 20-585-EL-AIR  
Electric Distribution :  
Rates. :

- - -

In the Matter of the :  
Application of Ohio Power :  
Company for Tariff : Case No. 20-586-EL-ATA  
Approval. :

- - -

In the Matter of the :  
Application of Ohio Power :  
Company for Approval to : Case No. 20-587-EL-AAM  
Change Accounting Methods.:

- - -

PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney  
Examiners, at the Public Utilities Commission of  
Ohio, via Webex, called at 9:30 a.m. on Friday,  
May 14, 2021.

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VOLUME III

- - -

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

- - -

## 1 APPEARANCES:

2 American Electric Power  
3 By Mr. Steven T. Nourse,  
4 Ms. Christen M. Blend,  
5 and Mr. Tanner S. Wolffram  
6 1 Riverside Plaza, 29th Floor  
7 Columbus, Ohio 43215

8 Porter Wright Morris & Arthur, LLP  
9 By Mr. Eric B. Gallon  
10 41 South High Street, 29th Floor  
11 Columbus, Ohio 43215

12 Ice Miller, LLP  
13 By Mr. Christopher L. Miller  
14 250 West Street, Suite 700  
15 Columbus, Ohio 43215

16 On behalf of Ohio Power Company.

17 Bruce J. Weston, Ohio Consumers' Counsel  
18 By Ms. Angela O'Brien,  
19 Mr. Christopher Healey,  
20 and Mr. John Finnigan,  
21 Assistant Consumers' Counsel  
22 65 East State Street, 7th Floor  
23 Columbus, Ohio 43215

24 On behalf of the Residential Customers of  
25 Ohio Power Company.

Kegler, Brown, Hill & Ritter Co., LPA  
By Mr. Robert Dove  
65 East State Street, Suite 1800  
Columbus, Ohio 43215

On behalf of Ohio Partners for Affordable  
Energy and Natural Resources Defense  
Council.

Carpenter Lipps & Leland LLP  
By Ms. Angela Paul Whitfield  
280 North High Street, Suite 1300  
Columbus, Ohio 43215

On behalf of The Kroger Company.

## 1 APPEARANCES: (Continued)

2 Carpenter Lipps & Leland LLP  
3 By Ms. Kimberly W. Bojko  
4 and Mr. Thomas V. Donadio  
5 280 North High Street, Suite 1300  
6 Columbus, Ohio 43215

7 On behalf of the Ohio Manufacturers'  
8 Association Energy Group.

9 Dickinson Wright PLLC  
10 By Ms. Madeline Fleisher  
11 and Mr. Matthew C. McDonnell  
12 150 East Gay Street, Suite 2400  
13 Columbus, Ohio 43215

14 On behalf of Clean Fuels Ohio.

15 Dickinson Wright PLLC  
16 By Ms. Madeline Fleisher  
17 150 East Gay Street, Suite 2400  
18 Columbus, Ohio 43215

19 On behalf of Zeco Systems, Inc. d/b/a  
20 Greenlots.

21 The Ohio Environmental Council  
22 By Ms. Miranda R. Leppla,  
23 Mr. Trent A. Dougherty,  
24 and Mr. Christopher D. Tavenor  
25 1145 Chesapeake Avenue, Suite I  
Columbus, Ohio 43215

On behalf of The Ohio Environmental  
Council.

Dave Yost, Ohio Attorney General  
Mr. John Jones, Section Chief  
By Mr. Werner L. Margard, III,  
Mr. Thomas Shepherd,  
and Ms. Kyle Kern,  
Assistant Attorneys General  
Public Utilities Section  
30 East Broad Street, 16th Floor  
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

## 1 APPEARANCES: (Continued)

2 Environmental Law & Policy Center  
3 By Mr. Robert Kelter  
4 And Ms. Caroline Cox  
5 21 West Broad Street, Suite 800  
6 Columbus, Ohio 43215

7 On behalf of the Environmental Law &  
8 Policy Center.

9 McNeese, Wallace & Nurick LLC  
10 By Ms. Rebekah J. Glover,  
11 Mr. Matthew R. Pritchard,  
12 and Mr. Bryce A. McKenney  
13 21 East State Street, 17th Floor  
14 Columbus, Ohio 43215

15 On behalf of Industrial Energy  
16 Users-Ohio.

17 Boehm, Kurtz & Lowry  
18 By Mr. Michael L. Kurtz,  
19 Ms. Jody Kyler Cohn,  
20 and Mr. Kurt J. Boehm  
21 36 East Seventh Street, Suite 1510  
22 Cincinnati, Ohio 45202

23 On behalf of Ohio Energy Group.

24 Whitt Sturtevant, LLP  
25 By Mr. Mark A. Whitt  
and Mr. Lucas A. Fykes  
The KeyBank Building, Suite 1590  
88 East Broad Street  
Columbus, Ohio 43215

On behalf of Direct Energy Business, LLC,  
and Direct Energy Services, LLC.

Bricker & Eckler, LLP  
By Mr. Devin D. Parram  
and Ms. Rachael N. Mains  
100 South Third Street  
Columbus, Ohio 43215-4291

On behalf of The Ohio Hospital  
Association.

## 1 APPEARANCES: (Continued)

2 IGS Energy  
3 By Ms. Bethany Allen,  
4 Mr. Joseph Olikier,  
5 Mr. Michael A. Nugent,  
6 and Mr. Evan Betterton,  
7 6100 Emerald Parkway  
8 Dublin, Ohio 43016

9 Mr. Frank P. Darr  
10 6800 Linbrook Boulevard  
11 Columbus, Ohio 43235

12 On behalf of Interstate Gas Supply, Inc.

13 Vorys, Sater, Seymour & Pease, LLP  
14 By Mr. Michael J. Settineri  
15 and Mr. Elia O. Woyt  
16 52 East Gay Street  
17 P.O. Box 1008  
18 Columbus, Ohio 43216-1008

19 On behalf of Nationwide Energy Partners,  
20 LLC.

21 Vorys, Sater, Seymour & Pease, LLP  
22 By Mr. Michael J. Settineri  
23 and Mr. Elia O. Woyt  
24 52 East Gay Street  
25 P.O. Box 1008  
Columbus, Ohio 43216-1008

On behalf of Armada Power, LLC.

Bricker & Eckler, LLP  
By Mr. Dylan F. Borchers  
100 South Third Street  
Columbus, Ohio 43215-4291

On behalf of ChargePoint, Inc.

Keyes & Fox LLP  
By Mr. Jacob Schlesinger  
1580 Lincoln Street, Suite 1105  
Denver, Colorado 80203

On behalf of EVgo Services LLC.

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APPEARANCES: (Continued)

Bricker & Eckler, LLP  
By Mr. Dane Stinson  
and Mr. Matthew W. Warnock  
100 South Third Street  
Columbus, Ohio 43215-4291

One Energy Enterprises LLC  
By Ms. Katie Johnson Treadway  
12385 Township Road 215  
Findlay, Ohio 45840

On behalf of One Energy Enterprises.

Spilman Thomas & Battle, PLLC  
By Ms. Carrie H. Grundmann  
110 Oakwood Drive, Suite 500  
Winston-Salem, North Carolina 27103

On behalf of Walmart, Inc.

- - -

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1 Friday Morning Session,  
2 May 14, 2021.

3 - - -

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

6 This is the continuation of the hearing  
7 in Case No. 20-585-EL-AIR, et al. We are on day  
8 three. Let's get started with brief appearances from  
9 the parties beginning with the Company.

10 MS. BLEND: Thank you, your Honor. For  
11 AEP Ohio, Steven T. Nourse, Christen M. Blend, Tanner  
12 S. Wolffram, American Electric Power Service  
13 Corporation; Eric B. Gallon of the law firm Porter  
14 Wright Morris & Arthur; and Christopher L. Miller of  
15 the law firm Ice Miller.

16 EXAMINER PARROT: Staff of the  
17 Commission.

18 MR. MARGARD: Thank you, your Honor. On  
19 behalf of the Staff of the Public Utilities  
20 Commission of Ohio by Assistant Attorneys General  
21 Werner Margard, Kyle Kern, and Thomas Shepherd.

22 EXAMINER PARROT: Ohio Energy Group.

23 MS. COHN: Good morning, your Honor. On  
24 behalf of OEG, Michael Kurtz, Jody Kyler Cohn, and  
25 Kurt Boehm.

1 EXAMINER PARROT: Environmental Law &  
2 Policy Center.

3 MR. KELTER: On behalf of the  
4 Environmental Law & Policy Center, Robert Kelter and  
5 Caroline Cox.

6 EXAMINER PARROT: Ohio Consumers'  
7 Counsel.

8 MS. O'BRIEN: On behalf of the Office of  
9 the Ohio Consumers' Counsel, Angela O'Brien,  
10 Christopher Healey, and John Finnigan. Thank you.

11 EXAMINER PARROT: OMAEG.

12 MR. DONADIO: On behalf of the Ohio  
13 Manufacturer's Association Energy Group, Thomas V.  
14 Donadio and Kimberly W. Bojko with the law firm of  
15 Carpenter Lipps & Leland.

16 EXAMINER PARROT: The Kroger Company.

17 MS. WHITFIELD: On behalf of Kroger,  
18 Angie Paul Whitfield from the law firm of Carpenter  
19 Lipps & Leland.

20 EXAMINER PARROT: Interstate Gas Supply.

21 MR. BETTERTON: Good morning, your  
22 Honors. On behalf of Interstate Gas Supply is  
23 myself, Evan Betterton, Bethany Allen, Joseph Olikier,  
24 and Frank Darr.

25 EXAMINER PARROT: IEU-Ohio.

1 MR. MCKENNEY: Good morning, your Honor.  
2 For IEU-Ohio, Bryce McKenney, Matthew Pritchard, and  
3 Rebekah Glover from the law firm McNeese Wallace &  
4 Nurick.

5 EXAMINER PARROT: NRDC.

6 MR. DOVE: Good morning, your Honor. On  
7 behalf of Natural Resources Defense Council, Robert  
8 Dove with Kegler, Brown, Hill & Ritter. I am also  
9 representing Ohio Partners for Affordable Energy.

10 EXAMINER PARROT: Thank you.

11 Walmart.

12 Direct Energy Business and Direct Energy  
13 Services.

14 Ohio Hospital Association.

15 ChargePoint.

16 Nationwide Energy Partners.

17 MR. SETTINERI: Good morning, your  
18 Honors. On behalf of Nationwide Energy Partners,  
19 LLC, Michael Settineri and Elia Woyt with the law  
20 firm of Vorys, Sater, Seymour & Pease. I would also  
21 note that Mr. Woyt will be handling the witnesses  
22 today on behalf of NEP.

23 EXAMINER PARROT: Okay. Armada Power.

24 MR. SETTINERI: Again, good morning, your  
25 Honors. On behalf of Armada Power, LLC, Michael

1 Settineri and Elia Woyt of the law firm Vorys, Sater,  
2 Seymour & Pease.

3 EXAMINER PARROT: Thank you.  
4 Constellation NewEnergy.  
5 Clean Fuels Ohio.

6 MS. FLEISHER: Good morning, your Honor.  
7 On behalf of Clean Fuels Ohio, Madeline Fleisher with  
8 the law firm Dickinson Wright, and also appearing on  
9 behalf of Greenlots.

10 EXAMINER PARROT: Ohio Environmental  
11 Council.

12 MS. LEPPLA: Good morning, your Honor.  
13 Miranda Leppla, Trent Dougherty, and Chris Tavenor on  
14 behalf of the Ohio Environmental Council.

15 EXAMINER PARROT: One Energy Enterprises.  
16 Ohio Cable Telecommunications  
17 Association.

18 And finally, EVgo Services.  
19 All right. Thank you very much everyone.  
20 Ms. Fleisher, I believe you will be  
21 calling our next witness.

22 MS. FLEISHER: Yes, thank you, your  
23 Honor, and I would like to call Brendan Kelley on  
24 behalf of Clean Fuels Ohio.

25 THE WITNESS: Good morning.

1 EXAMINER PARROT: Good morning,  
2 Mr. Kelley. If you could please raise your right  
3 hand.

4 (Witness sworn.)

5 EXAMINER PARROT: All right. Thank you.

6 - - -

7 BRENDAN KELLEY

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

10 DIRECT EXAMINATION

11 By Ms. Fleisher:

12 Q. Mr. Kelley, can you please state and  
13 spell your name for the record.

14 A. Brendan Kelley, B-R-E-N-D-A-N  
15 K-E-L-L-E-Y.

16 Q. By whom are you employed and what's your  
17 position?

18 A. My employer is Clean Fuels Ohio, and my  
19 position is Director of the Drive Electric Ohio  
20 program.

21 Q. What's your business address?

22 A. 3240 West Henderson Road, Suite A,  
23 Columbus, Ohio, ZIP code 43220.

24 Q. Do you have with you a copy of the direct  
25 testimony filed on -- under your name in this

1 proceeding on April 9, 2021?

2 A. I do.

3 MS. FLEISHER: Your Honor, I would like  
4 to have that marked as Clean Fuels Ohio Exhibit 1 as  
5 previously notified to the other parties by e-mail.

6 EXAMINER PARROT: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. (By Ms. Fleisher) Mr. Kelley, was this  
9 testimony prepared by you or at your direction?

10 A. It was.

11 Q. And do you have any corrections or  
12 changes to make to this testimony at this time?

13 A. None.

14 MS. FLEISHER: On behalf of Clean Fuels  
15 Ohio, I would like to move for admission of  
16 Exhibit 1, subject to cross.

17 EXAMINER PARROT: Thank you,  
18 Ms. Fleisher.

19 Anything from any of the signatory  
20 parties?

21 All right. Counsel for IGS.

22 MR. BETTERTON: Thank you, your Honor.

23 - - -

## 1 CROSS-EXAMINATION

2 By Mr. Betterton:

3 Q. Good morning, Mr. Kelley. How are you  
4 doing this morning?

5 A. Good morning. I am well. How are you?

6 Q. I'm doing well. My name is Evan  
7 Betterton. I'm appearing today on behalf of  
8 Interstate Gas Supply; you might also know it as IGS  
9 Energy.10 If, at any point today, you have trouble  
11 hearing me or understanding what I am asking or I  
12 break up, please let me know. I am happy to repeat  
13 the question or we can have the court reporter read  
14 it back for both of us.15 I will also do my best to allow you time  
16 to finish your answer, not cut you off, but due to  
17 lag, that might happen, so please stop me and we will  
18 make sure we get your full answer. And just for  
19 clarity throughout my cross today, when I refer to  
20 your testimony, I will be referring to what was just  
21 marked Clean Fuels Ohio Exhibit 1. And when I refer  
22 to the Stipulation, I will be referring to what has  
23 previously been marked Joint Exhibit 1. Is that okay  
24 and clear with you?

25 A. Clear, and thank you.

1 Q. That's perfect. All right.

2 Do you have before you what was just  
3 marked Clean Fuels Ohio Exhibit 1?

4 A. I do.

5 Q. And Clean Fuels Ohio is a nonprofit  
6 organization that's specifically focused on  
7 supporting the deployment of advanced transportation  
8 technology solutions, correct?

9 A. That is correct.

10 Q. And you state in that testimony that --  
11 that's been previously marked that the Stipulation  
12 would take steps to address the transportation  
13 electric -- electrification efforts across Ohio,  
14 correct?

15 A. Correct.

16 Q. And specifically within that you've  
17 highlighted time-of-use distribution rates for  
18 residential customers and non-demand metered rates  
19 for certain level 2 chargers as steps taken within  
20 the Stipulation that would aid in the transportation  
21 electrification in the state, correct?

22 A. That is correct.

23 Q. And in your opinion, rates such as the  
24 residential time-of-use rates outlined within the  
25 Stipulation, are those rates important to the



1 expansion of electric vehicles -- the electric  
2 vehicle market throughout AEP's service territory?

3 A. The short answer is yes.

4 Q. Thank you.

5 And in your opinion will riders such as  
6 the ones outlined in the Stipulation promote off-peak  
7 usage and thus potentially reduce the demand during  
8 traditional peak times?

9 A. The purpose of the pilot is to determine  
10 whether or not this particular rate will be effective  
11 in that.

12 Q. I guess in your opinion do you believe  
13 that this rider is designed in a way that might cause  
14 customers to change usage from traditional on-peak to  
15 off-peak times?

16 A. Yes.

17 Q. Thank you.

18 Would you say that the overall goal of  
19 the pilots is to provide incentives to influence  
20 customer behavior to change their patterns? Is that  
21 an okay characterization of the riders?

22 A. I think so.

23 Q. And the primary means by which these  
24 pilots would shift the customer load is through price  
25 signals to encourage EV owners to use load at

1 different times of day, correct?

2 A. Correct.

3 Q. And in your opinion, utility riders such  
4 as these proposed in the residential EV pilot program  
5 can be utilized to encourage or discourage certain  
6 customer behaviors, correct?

7 A. As far as I know, yes.

8 MR. BETTERTON: Perfect. Well, with  
9 that, Mr. Kelley, I return you back to anyone else  
10 and the remainder of your Friday. Those are all the  
11 questions I have. Thank you very much.

12 THE WITNESS: Thank you. Always good to  
13 talk to a member.

14 EXAMINER PARROT: Thank you.

15 Direct Energy had indicated they may have  
16 some questions for this witness but then notified us,  
17 I believe this morning, that they will not be joining  
18 us today. So any other parties that have questions  
19 for Mr. Betterton -- I'm sorry -- for Mr. Kelley?  
20 Sorry.

21 MR. BETTERTON: Happy to answer  
22 questions, your Honor.

23 THE WITNESS: I don't mind the confusion.  
24 He is better looking than I am, so.

25 EXAMINER PARROT: I'll leave that one

1 alone.

2 All right. Anything else?

3 All right. Ms. Fleisher, any redirect?

4 MS. FLEISHER: I -- likely not, but if  
5 you give me one minute, I will consult with my  
6 client.

7 EXAMINER PARROT: Sure. We will take a  
8 brief recess off the record here.

9 (Discussion off the record.)

10 EXAMINER PARROT: All right. Let's go  
11 back on the record.

12 Ms. Fleisher, any redirect?

13 MS. FLEISHER: No, your Honors. I just  
14 would like to move once again for Clean Fuels Ohio  
15 Exhibit 1.

16 EXAMINER PARROT: All right. Examiner  
17 See, did you have any questions for Mr. Kelley?

18 EXAMINER SEE: No, I do not. Thank you.

19 EXAMINER PARROT: Thank you very much,  
20 Mr. Kelley.

21 Are there any objections to the admission  
22 of CFO or Clean Fuels Ohio Exhibit No. 1?

23 All right. Hearing none, CFO Exhibit  
24 No. 1 is admitted into the record

25 (EXHIBIT ADMITTED INTO EVIDENCE.)

1 EXAMINER PARROT: All right. I believe  
2 our next witness is Mr. Baatz. Counsel for OEC  
3 ready?

4 MS. LEPPLA: Yes, your Honor.

5 EXAMINER PARROT: We will get Mr. Baatz  
6 situated.

7 MR. SCHMIDT: Mr. Baatz, you've been  
8 promoted. If you can enable your audio and video. I  
9 can see you. Can you say something so we can make  
10 sure your audio is working?

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

13 (Discussion off the record.)

14 (Witness sworn.)

15 EXAMINER PARROT: Okay. Let's go back on  
16 the record. All right.

17 Go ahead, Ms. Leppla.

18 MS. LEPPLA: Thank you, your Honor. Good  
19 morning, your Honors. I would like to mark the  
20 testimony of Brendon Baatz as OEC Exhibit 1.

21 EXAMINER PARROT: So marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 MS. LEPPLA: Thank you.

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BRENDON J. BAATZ

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

DIRECT EXAMINATION

By Ms. Leppla:

Q. Mr. Baatz, could you please state and spell your name for the record.

A. Brendon Baatz, B-R-E-N-D-O-N B-A-A-T-Z.

Q. And who are you employed by and what is your position there?

A. Gabel Associates. My position is Vice President.

Q. Okay. And do you have in front of you what's now been marked as OEC Exhibit 1?

A. I do.

Q. And is this the testimony you prepared and had filed in this case on April 20, 2021?

A. It is.

Q. Okay. And do you have any amendments or corrections to your testimony?

A. I do not.

Q. If I were to ask you these questions contained in your testimony, would your responses be the same today?

A. They would.

1           Q.    And is your testimony true and accurate  
2 to the best of your knowledge?

3           A.    Yes, it is.

4           MS. LEPPLA: Your Honor, Mr. Baatz is  
5 available for cross-examination. I would move for  
6 admission of OEC Exhibit 1 subject to  
7 cross-examination.

8           EXAMINER PARROT: All right. Thank you.  
9 Anything from any of the parties opposing the  
10 Stipulation?

11           All right. Counsel for OCC.

12           MR. MCKENNEY: Your Honor, before we  
13 proceed, I would note that I have motions to strike.

14           EXAMINER PARROT: All right. Go ahead  
15 with that, Mr. McKenney.

16           MR. MCKENNEY: Your Honor, this is a  
17 distribution rate case. This does not involve  
18 transmission rates or generation service. Testimony  
19 involving PJM energy prices, capacity prices, other  
20 PJM wholesale market prices, carbon prices, or  
21 emissions from generation service are not relevant to  
22 this matter.

23           Further his testimony is filled with  
24 hearsay; citations to reports which he has not  
25 sponsored, did not draft, and which have not been

1 presented in this case. Accordingly, I move to  
2 strike those sections of Mr. Baatz's testimony, with  
3 the first motion beginning on page 4, line 14,  
4 starting with the word "as" through line 16 "costs."  
5 This particular motion to strike, your Honor, I would  
6 note that he is citing and quoting the testimony of  
7 Mr. Williams so, at the very least, I would ask this  
8 not be admitted into the record until, at the very  
9 least, Mr. Williams has testified.

10 The next motion to strike on page 5,  
11 line 13, the word "in" through line 19 "purchases."  
12 On line 19 "also" --

13 MS. LEPPLA: I'm sorry, Bryce. You said  
14 line 13 starting where?

15 MR. MCKENNEY: So it would actually be  
16 "in." "In several ways." So the sentence will  
17 read: "Energy efficiency programs reduce utility  
18 system costs. The reduction in demand lowers future  
19 investment costs for new distribution infrastructure  
20 upgrades that would have been required in the absence  
21 of the programs."

22 So it will start with the "in" on line 13  
23 through "purchases" on line 19. And then on line 19  
24 there is an "also." Line 20, the "transmission and"  
25 those two words. And then on line 21, "finally"

1 through "programs" on line 24. So that the answer is  
2 only responsive to distribution costs.

3 On page 5, line 25, through page 6,  
4 line 2. Environmental benefits which are not  
5 relevant to this case.

6 Page 6, line 24, "avoided" just after the  
7 bullet there. Through page 7, line 5, ending with  
8 "Texas."

9 And then page 9, rows 1 through 4 of the  
10 table, and then page 9, rows 6 through 8 of the  
11 table. So the only row of benefits would be "Avoided  
12 T&D Costs."

13 Finally, your Honor, I would move to  
14 strike all of Exhibit OEC-3

15 EXAMINER SEE: I'm sorry. Mr. McKenney.

16 MR. MCKENNEY: Yes.

17 EXAMINER SEE: Mr. McKenney.

18 MR. MCKENNEY: Yes.

19 EXAMINER SEE: Question. Would you  
20 discuss the table on page 9 again and what you are  
21 asking to be stricken?

22 MR. MCKENNEY: Yes. It would be the  
23 first four rows. So the row identified as "Avoided  
24 Electric Energy Costs," the row identified as  
25 "Avoided Electric Capacity Costs," the row "Electric



1 Energy DRIPE," and the row "Electric Capacity DRIPE,"  
2 as those are energy and capacity costs unrelated to  
3 distribution service.

4 Leave the "Avoided T&D Costs" so that  
5 would not be stricken.

6 And then strike "Avoided CO-2 Emissions  
7 Damages," "Avoided SO-2 Emissions Damages," and  
8 "Avoided NOx Emissions Damages."

9 EXAMINER SEE: Thank you.

10 MR. MCKENNEY: And then, your Honors, I  
11 would move to strike all of OEC Exhibit 3. It is  
12 replete with hearsay and reports that have not been  
13 made available and which the witness did not assist.  
14 For example, on page 16, in footnotes 14, 15, and 16,  
15 you can see the reports of Mr. Chernick regarding  
16 energy and capacity savings. As you know,  
17 Mr. Chernick was a witness for Sierra Club in the AEP  
18 PPA case. Introduction of the report will constitute  
19 introduction of other witness testimony without those  
20 witnesses being present or called.

21 Thank you, your Honors.

22 MS. LEPPLA: Your Honor, if I can  
23 respond?

24 EXAMINER PARROT: Yes.

25 MS. LEPPLA: AEP put this demand side

1 management program directly at issue when they added  
2 it as part of their original application, No. 1.

3 No. 2, our witness, if you go through I  
4 guess the lines that Mr. McKenney noted throughout,  
5 these are directly from something that were put into  
6 evidence originally by AEP as testimony. While that  
7 did not make it into the Stipulation, it doesn't mean  
8 it's not part of this case or relevant when the  
9 Company put it at issue on their own, and it is  
10 relevant to the negotiation process and how we got to  
11 a final Stipulation.

12 As for the report itself, Mr. Baatz wrote  
13 the report, did the analysis himself, this type of  
14 report comes in all the time in these cases, and  
15 the -- you, as the Administrative Law Judges, are  
16 more than capable of balancing, you know, Mr. Baatz's  
17 expertise and I do not believe it should be stricken.

18 MS. O'BRIEN: Your Honors, if I may?  
19 This is Angela O'Brien for OCC.

20 EXAMINER PARROT: Go ahead.

21 MS. O'BRIEN: We would also join IEU's  
22 motion to strike OEC-3 in its entirety. As  
23 Mr. McKenney noted, it is replete with hearsay.  
24 Although reports do come in in these proceedings  
25 quite frequently, typically there are witnesses

1 sponsoring the underlying data. In this case the  
2 report discusses data from all six Ohio electric  
3 distribution utilities as well as utilities from  
4 Michigan. There is no one in this proceeding to  
5 introduce that evidence or to sponsor that evidence  
6 and it cannot be cross-examined. For those reasons  
7 we also join's IEU's motion to strike OEC-3. Thanks.

8 MS. LEPPLA: Your Honor, if I can respond  
9 briefly?

10 EXAMINER PARROT: Yes. Go ahead.

11 MS. LEPPLA: Sure. Both -- both  
12 parties -- all parties in this case will have more  
13 than enough opportunity to cross Mr. Baatz on the  
14 report, where he got the data, where it came from. I  
15 understand the concerns but, again, to Ms. O'Brien's  
16 point, I don't think typically every witness is  
17 available to be crossed as part of a report so I  
18 disagree with that just at the outset.

19 And again, Mr. Baatz ran these scenarios,  
20 he is available for cross-examination, and this  
21 report goes directly to the heart of the DSM program  
22 that was cut from this, that was eliminated through  
23 negotiation of the parties and that we believe was  
24 wrongly eliminated from this case and belongs in a  
25 DSM program.

1 MR. DONADIO: Your Honor, OMAEG also has  
2 additional motions to strike with different rationale  
3 not offered from Mr. McKenney, although we join IEU  
4 on their motion to strike, if now would be a good  
5 time.

6 EXAMINER PARROT: If we're good with  
7 Mr. McKenney's arguments, we can move on to others.  
8 Anything else with respect to IEU's motion?

9 MR. MCKENNEY: I have nothing further,  
10 your Honor.

11 EXAMINER PARROT: All right. Go ahead.

12 MR. DONADIO: OMAEG moves to strike the  
13 following testimony of Mr. Baatz: The attached study  
14 entitled "Estimating the Benefits of Energy Waste  
15 Reduction in Ohio" which I believe is OEC Exhibit 3.  
16 Page 9, lines 3 to 4, including Table 1; page 10,  
17 lines 3 through 22 including Table 2 --

18 MS. LEPPLA: Mr. Donadio, can you slow  
19 down? I am trying to figure out where you are at.  
20 You said page 9?

21 MR. DONADIO: Yes.

22 MS. LEPPLA: Thank you.

23 MR. DONADIO: Page 9, lines 3 to 4,  
24 including Table 1.

25 MS. LEPPLA: Lines 3 to 4 are the

1 "environment per unit of pollution," starting there?

2 MR. DONADIO: Yes.

3 MS. LEPPLA: Thank you. Okay. Go ahead.

4 Sorry.

5 MR. DONADIO: No worries.

6 Page 10, lines 3 through 22 including

7 Table 2.

8 MS. LEPPLA: I'm sorry. So you said

9 Table 2 or Table 10?

10 MR. DONADIO: Table 2.

11 EXAMINER PARROT: On page 10?

12 MS. LEPPLA: Yeah. It's Table 9 and

13 Table 10 on page 10.

14 MR. MCKENNEY: Mr. Donadio, is he in the  
15 testimony, OEC-1, or the report, OEC-3?

16 MR. DONADIO: Yes, Bryce. I am looking  
17 at the testimony itself.

18 MS. LEPPLA: Got it. So was that for  
19 your original one on page 9 as well?

20 MR. DONADIO: Correct, your Honor.

21 EXAMINER SEE: Well, let's start over.

22 EXAMINER PARROT: Go back.

23 EXAMINER SEE: I want to make sure I am  
24 clear on what testimony your motion involves.

25 MR. DONADIO: Yes, your Honor. So OMAEG

1 moves to strike the attached study "Estimating the  
2 Benefit of Energy Waste Reduction in Ohio" which is  
3 OEC Exhibit 3. And then --

4 MS. LEPPLA: So in its entirety, so I  
5 don't have to interrupt?

6 MR. DONADIO: Yes, your Honor.

7 MS. LEPPLA: Sorry. This is -- sorry.  
8 Go ahead.

9 MR. DONADIO: I can't -- I have it pulled  
10 up, so I couldn't see. Sorry.

11 MS. LEPPLA: Sorry.

12 MR. DONADIO: And then page -- OEC  
13 Exhibit 1, page 9, lines 3 to 4 including Table 1.

14 EXAMINER PARROT: Okay.

15 MR. DONADIO: And then page 10 at  
16 lines 23 through 26. And then page 11, lines 1  
17 through 3 including Table 3. And then page 11 at  
18 lines 1 through 3 including Table 3. And then  
19 page 11, lines 6 through 7, beginning with the word  
20 "Based" and ending with the No. 3.

21 EXAMINER SEE: What was that last motion  
22 to strike again, please, the last two on page 11?

23 MR. DONADIO: The last two, your Honor,  
24 page 11 at lines 1 through 3 including Table 3, and  
25 then page 11 at line 6 through 7 beginning with

1 "Based" and ending with "3," the No. 3.

2 EXAMINER SEE: Okay.

3 MR. DONADIO: So this testimony consists  
4 of a statewide study which examines the potential  
5 aggregate benefits of Ohio's six regulated electric  
6 distribution utilities, all offering energy  
7 efficiency programs simultaneously. The study offers  
8 no findings specific to AEP Ohio or its service  
9 territory. Mr. Baatz's conclusions resulting from  
10 the study are not related to this proceeding which  
11 solely concerns AEP Ohio, and it does not make any  
12 fact at issue more or less probable which is the  
13 standard for relevance under Rule 401; thus, OMAEG  
14 moves to exclude the evidence pursuant to Rule 402.  
15 Thank you, your Honor.

16 EXAMINER PARROT: Thank you.

17 MS. LEPPLA: May I respond?

18 EXAMINER PARROT: Yes.

19 MS. LEPPLA: While this does cover a  
20 statewide, you know, analysis, AEP's data was  
21 included in this. Mr. Baatz is available for  
22 cross-examination. If the parties want to ask him  
23 about the data specific to AEP, they have more than  
24 enough opportunity to do that. So there is no need  
25 to have -- exclude this examination when Mr. Baatz is

1 here and available for cross-examination; and it is  
2 relevant to this proceeding because we are talking  
3 about the benefits that will be provided to AEP  
4 customers as a result of this or not as a result of  
5 this because the DSM plan was excluded from this case  
6 after originally being introduced and supported by  
7 AEP themselves so.

8 EXAMINER PARROT: All right. Anything  
9 else? Any other motions to strike?

10 MR. MCKENNEY: We would just note, your  
11 Honor, that we also support OMAEG's motion to strike.

12 EXAMINER PARROT: Thank you. All right.  
13 Hearing nothing, let's take a brief recess so that  
14 the AEs can confer and we will pick up here again  
15 shortly.

16 Off the record.

17 (Recess taken.)

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

20 Thank you, everyone. At this time the  
21 Bench is going to deny the motions to strike of OMAEG  
22 and IEU-Ohio in their entirety. AEP has put forth in  
23 its Application an energy efficiency and demand side  
24 management proposal; and consistent with my ruling as  
25 to the motion to strike certain objections on this



1 subject, we are going to allow the Commission to  
2 determine the weight to give to testimony and other  
3 evidence on this subject.

4 As to OEC Exhibit No. 3, the study that's  
5 been attached, Mr. Baatz is a coauthor of this study  
6 so we feel you will be able to ask your questions  
7 directly to him. And we are going to allow that to  
8 stand at this time as well.

9 And to the extent we have any hearsay,  
10 the Commission is more than capable of dealing with  
11 that issue.

12 Any questions before we pick up with the  
13 questioning?

14 MS. LEPPLA: None for me. Thank you,  
15 your Honor.

16 EXAMINER PARROT: Okay. All right. OCC.

17 - - -

18 CROSS-EXAMINATION

19 By Ms. O'Brien:

20 Q. Good morning, Mr. Baatz. How are you?

21 A. Good morning. How are you?

22 Q. Good. My name is Angela O'Brien, and I  
23 am here today on behalf of the Office of the Ohio  
24 Consumers' Counsel. Do you have your testimony in  
25 front of you, what's been marked as OEC 1?

1           A.    I do.

2           Q.    Can you turn to page 4 of that testimony  
3 and let me know when you are there.

4           A.    I'm there.

5           Q.    Okay.  Okay.  You'll see in the question  
6 beginning line 12, you reference the energy  
7 efficiency program AEP proposed in its initial  
8 application in this case, right?

9           A.    Correct.

10          Q.    Okay.  And at line 17 to 19, you testify  
11 that AEP Ohio has withdrawn the proposed, and I am  
12 paraphrasing here, energy efficiency programs as part  
13 of its stipulated Settlement Agreement, and then you  
14 go on to say, "Therefore, AEP Ohio is no longer  
15 proposing to offer energy efficiency programs."  
16 Right?

17          A.    That's what it says.

18          Q.    Okay.  Now, have you reviewed what's been  
19 marked as Joint Exhibit 1 which is the Joint  
20 Stipulation and Recommendation that was filed in this  
21 case?

22          A.    I have.

23          Q.    Okay.  And do you have that before you  
24 right now?

25          A.    I do not.

1           Q.    I indicated to your counsel I may be  
2 asking you questions about it. Do you have it  
3 available that you can pull it up?

4           A.    Yeah. Hold on. This is the version that  
5 was filed on 5-1?

6           Q.    I'm sorry. I didn't hear you.

7           A.    This is the version that was filed on  
8 5-11? May 11, by AEP?

9           Q.    Yes.

10          A.    Okay.

11                MS. LEPPLA: Yes. Sorry, Angela, it was  
12 not listed as one of the ones I thought you were  
13 going to ask him about, but he does have the full  
14 docket if you did ask him about other items.

15                MS. O'BRIEN: I sent a separate e-mail  
16 too that I would.

17                MS. LEPPLA: I must not have seen it. My  
18 apologies.

19          A.    That's okay. I have it open.

20          Q.    Okay. Great. Can you turn to page 18 of  
21 that document. And let me know when you're there.

22          A.    I'm there.

23          Q.    Okay. And can you go to the section,  
24 Section III.G, regarding demand side management.

25          A.    I see it.

1 Q. Okay. And do you see the language there  
2 that says AEP reserves the right to advance any  
3 proposal related to DSM, energy efficiency,  
4 electrification/EV, or similar projects in a future  
5 proceeding based on then-current laws and  
6 regulations?

7 A. I see that.

8 Q. Okay. Would you agree with me that this  
9 language expressly allows AEP to propose DSM and  
10 energy efficiency programs in a different proceeding?

11 A. I think that's what that language -- what  
12 that sentence says, yes.

13 Q. Okay. And would you also agree with me  
14 that there's nothing in the settlement that says that  
15 AEP Ohio cannot or will not propose DSM or energy  
16 efficiency programs in the future?

17 A. Can you repeat the question?

18 Q. Sure.

19 There's -- to your knowledge there's  
20 nothing in the settlement that says that AEP Ohio  
21 cannot or will not propose DSM or energy efficiency  
22 programs in the future, correct?

23 A. I think that's correct, yes.

24 Q. Okay. So just to clarify for the record,  
25 your testimony is not that AEP Ohio will never --

1 excuse me -- will never again offer energy efficiency  
2 programs in Ohio, correct?

3 A. I can't speak for what AEP Ohio will or  
4 will not do in the future.

5 Q. My question -- okay. My question was  
6 is -- your testimony is not that AEP Ohio will never  
7 again offer energy efficiency or DSM in the future.

8 A. I don't testify to what AEP Ohio is going  
9 to do in the future.

10 Q. Okay. Thank you.

11 Okay. Now if you could go back to page 4  
12 of your testimony. Let me know when you are there.

13 A. I'm there.

14 Q. Okay. Great. And line 8 there, you  
15 reference AEP's energy efficiency program that ceased  
16 operation in 2020; is that correct?

17 A. Line 8, yes, that's right.

18 Q. Okay. And as part of your preparation  
19 for your testimony, did you review materials in the  
20 PUCO's case regarding that energy efficiency program?

21 A. No, I did not.

22 Q. You did not? Okay. Can I ask you to  
23 please pull up OCC Exhibit 2.

24 A. I have that open.

25 Q. Okay. Great. And do you see at the top

1 there where it says Case No. 16-574-EL-POR?

2 A. I see that.

3 Q. Okay. And you see next to it there is a  
4 caption there that says "In the Matter of the  
5 Application of Ohio Power Company for Approval of  
6 Energy Efficiency and Peak Demand Reduction Program"?

7 A. I see that.

8 Q. Okay. Now, this -- you -- you mention  
9 this prior energy efficiency program. This is a  
10 Commission Order regarding that program, and I would  
11 like for you to turn to paragraph 13 of the Order. I  
12 believe it is on page 4 of 6.

13 A. Yes.

14 Q. Okay. And do you see paragraph 13 there?

15 A. I see it.

16 Q. Okay. And can you do me a favor? Can  
17 you read that paragraph for me?

18 A. You want me to read the whole paragraph?

19 Q. Sure. Yes.

20 A. "With the termination of the energy  
21 efficiency mandates, the Commission believes that it  
22 is appropriate to solicit the views of stakeholders  
23 on whether cost-effective energy efficiency programs  
24 are an appropriate tool to manage electric generation  
25 costs in the state and this region. Therefore, we

1 will be holding a series of workshops in order to  
2 allow interested stakeholders the opportunity to  
3 present their views on the nature and scope of energy  
4 efficiency programs going forward and particularly  
5 how such programs fit into a competitive retail  
6 service market. A format and schedule for these  
7 workshops will be announced in the near future."

8 Q. Thank you.

9 Now, would you agree with me -- now,  
10 would you agree with me that when the PUCO holds  
11 these workshops that it references in paragraph 13,  
12 nothing in the settlement will preclude AEP from  
13 proposing a utility-run energy efficiency plan,  
14 correct?

15 A. I don't think so, no.

16 Q. Okay. Okay. Now, I would like to shift  
17 gears. If you could turn to page 7 of your  
18 testimony, please. Let me know when you're there.

19 A. I'm there.

20 Q. All right. And this is where you start  
21 talking about the report that you authored regarding  
22 the potential benefit of expanded energy efficiency  
23 programs. And that report has been attached to your  
24 testimony as OEC-3, correct?

25 A. Yes.

1 Q. Okay. And from my reading of the report,  
2 your report evaluates potential costs and benefits of  
3 energy efficiency programs under three energy savings  
4 target scenarios?

5 A. That's correct.

6 Q. Okay. And also on page 7, lines 14 and  
7 15, you testify here that the analysis covered all  
8 four major investor-owned utilities, AEP Ohio, Dayton  
9 Power and Light, FirstEnergy, and Duke Ohio, correct?

10 A. That's correct.

11 Q. Okay. So that would be AEP, Dayton Power  
12 and Light which is now AES, the three FirstEnergy  
13 electric distribution utilities which are Ohio  
14 Edison, Toledo Edison, and Cleveland Electric  
15 Illuminating Company, as well as Duke Ohio; is that  
16 right?

17 A. That's correct.

18 Q. Okay. And now my understanding from your  
19 report is that you also considered data from Michigan  
20 utilities; is that right?

21 A. Well, in -- the Michigan consideration  
22 was a sensitivity analysis of potential costs of the  
23 program. And, you know, in the base analysis,  
24 Michigan data was not used. In the sensitivity  
25 analysis on the potential changing costs of the



1 programs, we did look at cost of program delivery in  
2 Michigan which is roughly double the cost of program  
3 delivery in Ohio to give a good proxy of what the  
4 cost effectiveness of the programs would look like  
5 under Ohio's cost scenario.

6 Q. Okay. So, but the base analysis, as you  
7 mentioned, does cover all of the Ohio electric  
8 distribution utilities, right?

9 A. It includes, yes, all the utilities.

10 Q. Sure. And now, my understanding from the  
11 report is that you relied on Ohio-specific costs from  
12 programs delivered in 2019 to estimate future costs;  
13 is that correct?

14 A. That's correct.

15 Q. Okay. And that you calculated the  
16 weighted average of the cost of each unit of energy  
17 saved based on the results of all six Ohio utilities  
18 in 2019, right?

19 A. That's correct.

20 Q. Okay. So OEC-3, which is your report,  
21 it -- you would agree with me it doesn't analyze the  
22 costs of AEP Ohio's DSM program that it proposed in  
23 its initial application in this case, right?

24 A. Your -- the question is, does the report,  
25 OEC-3, analyze the costs that are included in the AEP

1 proposal in this case?

2 Q. Yes.

3 A. No. It does not.

4 Q. Okay. And --

5 A. The report -- the report -- the report is  
6 basically a look at the cost and benefits of energy  
7 efficiency scenarios statewide under three different  
8 potential saving scenarios --

9 Q. Okay.

10 A. -- under costs that were incurred in  
11 2019.

12 MS. O'BRIEN: Okay. Your Honor, I am  
13 going to go ahead and move to strike his testimony  
14 after and the cost and continuing on. I didn't have  
15 a question before him.

16 MS. LEPPLA: Your Honor, I don't think he  
17 was ever finished answering the question. He was  
18 still talking when Ms. O'Brien tried to start her  
19 next question, so I would disagree with that.

20 EXAMINER SEE: Ms. Parrot, I couldn't  
21 hear you. Could you please state that again, please.

22 EXAMINER PARROT: Sorry. Too quick on  
23 the mute, hit it and then hit it again.

24 I do agree with Ms. Leppla that he was  
25 trying to complete the thought there, so the answer

1 will stand.

2 MS. O'BRIEN: Okay. Thank you.

3 Q. (By Ms. O'Brien) Okay. So you would also  
4 agree -- well, let me back up.

5 I think in your testimony you recommend  
6 that AEP offer an expanded energy efficiency program;  
7 is that correct?

8 A. The recommendation in the testimony which  
9 is on page -- starts on the bottom of page 3,  
10 recommends that the Commission approve the  
11 initially-filed programs at a minimum and then  
12 considers a larger portfolio of programs because of  
13 the documented benefits available from a larger  
14 portfolio of programs.

15 Q. Okay. But you would agree with me that  
16 your report doesn't analyze AEP Ohio's specific costs  
17 to implement a larger portfolio of programs, correct?

18 A. No, it does. It does. The cost  
19 sensitivity scenarios we included would analyze a  
20 larger portfolio. So, for example, the three  
21 different scenarios are based on an initial start  
22 point in 2021 based on 2019 costs that are adjusted  
23 for inflation. And then, you know, also escalates  
24 those costs moving forward to recognize a larger  
25 portfolio of programs and also expands that cost to

1 cover the potential cost of new programs while also  
2 considering a sensitivity of a higher-cost program  
3 with the Michigan figures we just discussed briefly.

4 Q. Okay. But I thought we just discussed  
5 that your analysis used a weighted average of data  
6 from all six Ohio electric distribution utilities,  
7 correct?

8 A. Yes.

9 Q. Okay. So my question is, your report  
10 does not analyze AEP Ohio specifically with respect  
11 to an expanded portfolio of energy efficiency  
12 programs.

13 A. I would argue that it definitely does  
14 because it examines the costs on a range from a low  
15 point to a high point of a potentially expanded  
16 portfolio that AEP would -- I mean with a high  
17 probability would likely fall within that range of  
18 the costs that we analyzed.

19 Q. Okay.

20 A. And that's why we analyze the potential  
21 range of costs so that way the Commission can  
22 consider the costs and benefits on a range and not  
23 one specific number and that's why we did it that  
24 way. So I would argue that those -- the report  
25 itself does examine the potential costs of an

1 extended portfolio for AEP Ohio.

2 Q. Okay. Can you point me to where in your  
3 testimony or where in the report you set out specific  
4 costs of AEP Ohio? And I am not talking about costs  
5 of the other electric distribution utilities. Just  
6 show me where you set forth costs of AEP Ohio to  
7 implement an expanded energy efficiency program.

8 A. That would be -- that analysis is showed  
9 on page 16 of the report which is Exhibit OEC-3  
10 page 26, where we go through the costs that were in  
11 Ohio and then in Michigan and present a potential  
12 range in the residential and business which would  
13 represent the costs for AEP Ohio to achieve an  
14 expanded portfolio of programs.

15 Q. Okay. So you are on page 26 of the  
16 report?

17 A. I am on page 26 -- well, page 16 of the  
18 report. It's page 26 of 31 of the exhibit.

19 Q. Okay. So it's page 26 -- I just want to  
20 make sure. I'm on page 26 of 31 of OEC-3.

21 A. Correct.

22 Q. Okay. Where does it set forth AEP's  
23 specific costs?

24 A. You can see that in Table 14. That's the  
25 range of potential costs by sector.

1 Q. Okay. It shows -- I see here -- am I  
2 looking at the right thing? I am looking at  
3 Table 14. It says residential, business, Michigan,  
4 Ohio.

5 MS. LEPPLA: Your Honor, if we could  
6 pause between Angela just -- you guys are talking  
7 over each other. So if you could pause to let him  
8 answer and the same for you for the questions.

9 MS. O'BRIEN: Sure. I apologize.

10 MS. LEPPLA: I am having trouble hearing.  
11 Sorry.

12 Q. (By Ms. O'Brien) So I guess my question  
13 is, am I looking at the right page that you are?

14 A. You are. You are looking at -- you were  
15 just referencing Table 14 which is on the page that I  
16 am talking about.

17 Q. Okay. So where on this page are there  
18 AEP Ohio's specific costs for energy efficiency  
19 programs?

20 A. They are in Table 14. You can see the  
21 range of costs for the residential and business  
22 sector that we estimated would be the potential range  
23 of costs for AEP Ohio to -- for the state to deliver  
24 an expanded portfolio which AEP Ohio would be a part  
25 of.

1 Q. Okay. But you would agree with me there  
2 is not a specific cost, for example, implementation  
3 of a low-income program, right?

4 A. I would argue that that is in this -- in  
5 these costs.

6 Q. Okay. But it doesn't -- oh, go ahead.  
7 I'm sorry. I didn't mean to cut you off.

8 A. On this page we didn't go program by  
9 program on specific costs. We did it at the  
10 portfolio level.

11 Q. Okay. Thank you.

12 Okay. I want to just -- so now since --  
13 you're considering data based on all of the Ohio  
14 electric distribution utilities and you're using  
15 their forecasted data, correct?

16 A. The only forecasted data that I believe  
17 we used from the electric utilities was the load  
18 forecast and that was to develop what the savings  
19 target would be in Ohio.

20 Q. Okay. So, but I guess back to my main  
21 point. You are using data from all six Ohio electric  
22 utilities so would it be fair to characterize your  
23 report of -- as an analysis of what would happen in  
24 the future if all of the electric distribution  
25 utilities in Ohio were implementing energy efficiency

1 programs, not just AEP Ohio?

2 A. I think what it does is it presents a  
3 range of costs and benefits of achieving specific  
4 energy savings scenarios based on Ohio-specific data.  
5 The majority of which is AEP Ohio because AEP Ohio is  
6 the largest utility in the state. And I think the  
7 results are easily transferable to any one specific  
8 utility that we did look at, but we presented it in  
9 the aggregate for a full statewide view given the  
10 discussions that were ongoing at the time.

11 Q. Okay. But I think my question was, this  
12 is -- your report represents something that could  
13 happen in the future, correct? Based on the data you  
14 analyzed?

15 A. It represents what our estimate of  
16 potential benefits would be given the data we had  
17 available now.

18 Q. Okay. Great. And the word "potential"  
19 means it could happen or it could not happen; is that  
20 right? Fair?

21 A. It's a forecast, yes.

22 Q. Okay. And -- and since it's a forecast,  
23 I mean, that's probably why your report I would  
24 expect at page 3 you have a disclaimer of liability  
25 there that says the report does not constitute a



1 guarantee, right?

2 A. Yes. The disclaimer is something we put  
3 in all the reports that we do because we do a lot of  
4 work for large commercial clients who use our work to  
5 make decisions, and we need to be, you know,  
6 protected on liability issues if a forecast that we  
7 do changes or something different happens and that's  
8 why that liability disclaimer is in there.

9 Q. Sure. Absolutely.

10 MS. LEPPLA: Angela, just to clarify for  
11 the record, you were on page 3 of 31?

12 MS. O'BRIEN: Yes.

13 MS. LEPPLA: Sorry.

14 MS. O'BRIEN: Okay.

15 Q. (By Ms. O'Brien) Now, I just want to  
16 shift gears a little bit. As I see, your report is  
17 dated March 2021; is that correct?

18 A. Yes, that's correct.

19 Q. Okay. And if you go to page 2 of the  
20 report, there's a section there that's titled  
21 "Acknowledgment"? Do you see that?

22 A. Yes.

23 Q. Okay. And there it indicates the report  
24 was commissioned by OEC; ELPC which is the  
25 Environmental Law & Policy Center; National Resources

1 Defense Council, NRDC; and the Ohio Hospital  
2 Association, right? Am I reading that accurately?

3 A. You took it a little bit out of order but  
4 I think you got them all.

5 Q. Okay. And you are aware that each of  
6 these parties -- each of these organizations are  
7 parties to this proceeding, right?

8 A. No, I am not.

9 Q. Okay. Well, let me ask you this: Did  
10 OEC and these other parties commission this report to  
11 support your testimony in this case?

12 MS. LEPPLA: Objection, your Honor. I am  
13 not sure how that's relevant. The report was  
14 commissioned by these folks, and Mr. Baatz is  
15 sponsoring testimony on behalf of OEC.

16 MS. O'BRIEN: Your Honor, I think it's  
17 relevant as to -- as -- it's relevant to his process  
18 of formulating his testimony, as preparation for his  
19 testimony. It's a simple question.

20 EXAMINER PARROT: Overruled.

21 MS. O'BRIEN: I think he answered it.

22 EXAMINER PARROT: Overruled. Go ahead,  
23 Mr. Baatz. I'm not sure if we got the answer or not  
24 but go ahead.

25 A. I didn't provide an answer yet. Can you

1 repeat the question?

2 Q. Oh, okay. Did OEC and those other  
3 parties commission the report to support your  
4 testimony in this case?

5 A. No, they did not.

6 Q. Okay. So why did they commission the  
7 report?

8 A. They commissioned the report because they  
9 wanted a study on what the benefits and costs would  
10 be of an expanded energy efficiency program in Ohio.

11 Q. Okay. And can you tell me what OEC paid  
12 your firm to prepare the report?

13 A. I would have to check that. I don't know  
14 that number off the top of my head.

15 Q. Okay. Could you please pull up OEC  
16 Exhibit 3.

17 A. Yes.

18 Q. Okay. And you have that?

19 A. I do.

20 Q. Okay. Great. And these are responses of  
21 the Ohio Environmental Council to OCC's first set of  
22 interrogatories and requests for production. And if  
23 you could turn to page 2 of 4.

24 EXAMINER PARROT: Ms. O'Brien, you said  
25 OEC 3. Do you mean OCC Exhibit 3?

1 MS. O'BRIEN: I'm sorry. You're correct.

2 EXAMINER PARROT: And are you now asking  
3 we officially mark this as part of this proceeding?

4 MS. O'BRIEN: Yes, please.

5 EXAMINER PARROT: Well, we need to do  
6 that.

7 MS. O'BRIEN: Yes. If you could mark OCC  
8 Exhibit 3.

9 EXAMINER PARROT: All right. The exhibit  
10 has been marked OCC Exhibit 3.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 EXAMINER PARROT: And I am sorry, what  
13 page was that?

14 MS. O'BRIEN: Page 2.

15 EXAMINER PARROT: All right. Thank you.

16 Q. (By Ms. O'Brien) Now, Mr. Baatz,  
17 typically discovery responses will indicate who  
18 assisted in preparing the responses. But did you  
19 provide information to OEC to assist them in  
20 preparing these responses?

21 A. Are you talking about the response on  
22 page 2 or are you talking about --

23 Q. Specifically the response to INT-1-002.

24 A. Yeah. They confirmed that response with  
25 me.

1 Q. Okay. So you see there where it says  
2 that OEC, let's see -- oh, I'm sorry. INT-1-001, I  
3 apologize. So did you -- did you provide or confirm  
4 that information with OEC?

5 A. They -- they provided that response. I  
6 did not. That was -- I believe they just reviewed  
7 our contract.

8 Q. Okay. Do you have any reason to dispute  
9 the information that they provided here?

10 A. No, I do not.

11 Q. Okay. And you see here where it says  
12 Gabel Associates was paid \$33,500 for the report by  
13 the Ohio Environmental Council?

14 A. I see that.

15 Q. Okay. And you just testified you don't  
16 have any reason to dispute that amount?

17 A. No, I do not.

18 Q. Okay. And are you -- do you know what  
19 the Environmental Law & Policy Center paid?

20 A. No, I do not.

21 Q. Or NRDC?

22 A. No, I do not.

23 Q. Okay. Now, as I understand it, your  
24 report has not been published in any journal or  
25 publication; is that correct?

1           A.     That's correct.

2           Q.     Okay.  And your analysis and conclusions  
3     in that report haven't been peer reviewed by  
4     energy-industry professionals outside your own firm;  
5     is that correct?

6           A.     That's correct.

7           MS. O'BRIEN:  Okay.  Thank you,  
8     Mr. Baatz.  I think that's all I have.  Thank you for  
9     your time.

10          THE WITNESS:  Thank you.

11          EXAMINER PARROT:  IEU-Ohio.

12          MR. MCKENNEY:  Your Honor, can I request  
13     a short recess?

14          EXAMINER PARROT:  Yes.  Let's go ahead  
15     and take a 5-minute break.

16          MR. MCKENNEY:  Thank you.

17          (Recess taken.)

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

20          Mr. McKenney.

21                                 - - -

22                                 CROSS-EXAMINATION

23     By Mr. McKenney:

24           Q.     Good morning, Mr. Baatz.  How are you?

25           A.     I'm well.  Good morning.

1 Q. Am I pronouncing it correctly? Is it  
2 "bots" or "bats"?

3 A. It's "bots". You had it right.

4 Q. All right. Thank you.

5 Mr. Baatz, you did not develop an energy  
6 efficiency program proposal for this case; is that  
7 correct?

8 A. Not for this case, no.

9 Q. Your testimony references the energy  
10 efficiency program proposal attached to the testimony  
11 of AEP witness Jon Williams, correct?

12 A. That's correct.

13 Q. You were not part of the AEP team that  
14 prepared the energy efficiency program proposal  
15 attached to the prefiled testimony of AEP witness Jon  
16 Williams, correct?

17 A. That's correct.

18 Q. Mr. Baatz, you are familiar with the  
19 utility cost test for evaluating an energy efficiency  
20 program, correct?

21 A. I am.

22 Q. Your testimony does not contain a utility  
23 cost test analysis of the AEP-specific energy  
24 efficiency program, correct?

25 A. No, it does not.

1 Q. You are also familiar with the resource  
2 value test; is that correct?

3 A. I've heard of this, yes.

4 Q. And you have not done a resource value  
5 test analysis on the energy efficiency program  
6 proposed by AEP?

7 A. Well, the resource value test is kind of  
8 a "create your own test." So, you know, I don't know  
9 how you define it. I mean, I did a cost/benefit  
10 approach that I think you could call a resource value  
11 test. It just depends on what you would include in  
12 the test.

13 Q. How about a total resource cost test, are  
14 you familiar with that?

15 A. I am.

16 Q. You did not conduct a total resource cost  
17 test analysis of the energy efficiency program  
18 attached to the testimony of AEP witness Jon  
19 Williams, correct?

20 A. No, I did not.

21 Q. On page 4 of your testimony, you say  
22 AEP's program would save 226 gigawatt-hours and  
23 44.1 megawatts annually. That's page 4. Those are  
24 AEP's calculations from the testimony of  
25 Mr. Williams, correct?



1 A. Can you give me just one moment?

2 Q. Sure. And if you are looking, it's on  
3 page 4, line 14. I can repeat the question if you  
4 would like.

5 A. I'm just making a note. You said page 4?

6 Q. Yes, sir.

7 A. You are asking me to confirm that what's  
8 in lines 13 through 16 are from Williams's testimony?

9 Q. That's correct.

10 A. Yes, that's right.

11 Q. You have not reviewed the inputs that  
12 were used to arrive at those figures, correct?

13 A. Not in detail, no.

14 Q. Your testimony does not include a  
15 generation price forecast, correct?

16 A. My -- my testimony?

17 Q. Correct. Does not include a generation  
18 price forecast.

19 A. The report does. I mean, to forecast  
20 avoided energy purchases, you need to forecast  
21 generation prices. So, yes, it does.

22 Q. Mr. Baatz, you understand how PJM's  
23 capacity markets work, don't you?

24 A. Yes, I do.

25 Q. You understand there is a PJM energy

1 market which procures electricity to meet consumers'  
2 demand in realtime in the near term; is that right?

3 A. That's right.

4 Q. Similarly there is a capacity market that  
5 ensures long-term grid reliability by securing the  
6 appropriate amount of power supply resources to meet  
7 predicted energy demand in the future, correct?

8 A. That's correct.

9 Q. You understand what a reserve margin is  
10 in the PJM context?

11 A. I do.

12 Q. Reserve margin is the additional  
13 generation capacity that PJM clears above its  
14 forecasted level of peak demand. Would you agree with  
15 that definition?

16 A. Yes.

17 Q. So each additional 1 percent of reserve  
18 margin translates to an additional 1 percent of  
19 demand above the forecasted peak demand, correct?

20 A. Can you restate that?

21 Q. Sure.

22 Each additional 1 percent of reserve  
23 margin translates to an additional 1 percent of  
24 demand above the PJM forecasted peak demand; is that  
25 correct?

1           A.    Yes.  Although -- it's not really demand.  
2    It's more reserve capacity to meet demand in the  
3    event of forced or planned outages and other  
4    disruptions.

5           Q.    So with that clarification, the answer to  
6    my question would be yes, each additional 1 percent  
7    reserve margin translates to an additional 1 percent  
8    of additional capacity above the forecasted peak  
9    demand; is that correct?

10          A.    I think that's correct.

11                MS. WHITFIELD:  This is Angie Whitfield.  
12    I apologize for interrupting.  I am having a hard  
13    time hearing the witness.  Could you maybe sit closer  
14    to your microphone or turn up the volume.  Thank you.

15                    Sorry to interrupt, Bryce.

16                THE WITNESS:  Is that better?

17                MS. WHITFIELD:  Maybe.  Can you turn it  
18    up a little bit more?  I don't know, maybe it's just  
19    my end, but.  Try one more time, Mr. Baatz.

20                THE WITNESS:  I just moved the microphone  
21    a little bit closer.  I am not sure what else I would  
22    do.

23                MS. WHITFIELD:  That's better.  Thank  
24    you.  I can hear you now.

25                THE WITNESS:  Okay.

1 Q. (By Mr. McKenney) Mr. Baatz, do you know,  
2 would you agree that PJM targets a 16 percent reserve  
3 margin?

4 A. Subject to check.

5 Q. The last few PJM auctions have cleared  
6 well above a 16 percent reserve margin? Would you  
7 agree with that?

8 A. Subject to check.

9 Q. When you say "subject to check," that  
10 means you aren't disagreeing but the answer is yes,  
11 subject to verification; is that correct?

12 A. That's correct. I don't have any reason  
13 to disagree with what you are saying but I don't -- I  
14 haven't checked those specific values that you  
15 mentioned.

16 Q. Thank you, Mr. Baatz, for the  
17 clarification.

18 Mr. Baatz, do you have with you what I  
19 have previously marked -- oh, sorry. I should  
20 probably mark it first.

21 MR. MCKENNEY: Your Honor, I would like  
22 to mark the document "Forecasted Reserve Margin" as  
23 IEU-Ohio Exhibit 1.

24 EXAMINER PARROT: So marked.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1           Q.     (By Mr. McKenney) Mr. Baatz, do you have  
2 that document?

3           A.     I do.

4           Q.     Have you reviewed that document since I  
5 sent it to your counsel yesterday?

6           A.     No, I have not.

7           Q.     Mr. Baatz, looking at that, would you  
8 agree this is an analysis conducted by PJM, if you  
9 look at the bottom, in 2020, forecasting its reserve  
10 margin?

11          A.     Yes.

12          Q.     And if you look there at the dotted line  
13 going across 140,000 megawatts, you see in the table  
14 that is the forecasted summer peak net internal  
15 demand, correct?

16          A.     The bottom line, the blue line?

17          Q.     Yes.

18          A.     You're asking if it's the forecasted  
19 summer peak net internal demand?

20          Q.     Yes.

21          A.     Yes, that's what it says.

22          Q.     Likewise, the middle pink line is  
23 forecasted peak net internal demand plus reserve  
24 requirement, correct?

25          A.     That's what the document says, yes.

1 Q. In the top line, the document  
2 demonstrates existing plus additions minus  
3 deactivations; regarding generation additions,  
4 existing generators, and generation deactivations,  
5 correct?

6 A. That's correct.

7 Q. Do you agree this demonstrates that PJM  
8 forecasts generally flat demand through June 2024?

9 A. Yes.

10 Q. Similarly, PJM is forecasting an increase  
11 in the reserve margin through 2024? I'm sorry.  
12 Allow me to rephrase. I think I misstated that a  
13 little bit.

14 This demonstrates that PJM is forecasting  
15 increased capacity which would be existing generators  
16 plus additions minus deactivations; is that correct?

17 A. Yes, that's correct.

18 Q. You understand there is a generation  
19 queue at PJM that new power plants enter before they  
20 enter service as installed capacity at PJM; is that  
21 correct?

22 A. Can you repeat the question?

23 Q. You understand there is a generation  
24 queue that new power plants enter before they enter  
25 service as installed capacity in PJM; is that

1 correct?

2 A. I believe so, yes.

3 Q. You are aware of various government,  
4 state, customer, and advocacy group goals to  
5 construct additional renewable generation in this  
6 country; is that right?

7 A. I am aware of that, yes.

8 Q. PJM forecasts more generation capacity to  
9 be installed than retired; would you agree with that?

10 A. That -- that would appear to be the  
11 conclusion based on this graph, but I have not looked  
12 into that.

13 Q. Mr. Baatz, I want to turn back to your  
14 testimony, page 10, line 25. You estimate bill  
15 savings using current utility tariffs. Do you see  
16 that there?

17 A. Yes.

18 Q. I will give you a chance. Those current  
19 utility tariffs include the tariffs of all Ohio's  
20 electric distribution utilities, correct?

21 A. That's correct.

22 Q. The analysis did not use just the utility  
23 tariffs of AEP Ohio, correct?

24 A. That's correct.

25 Q. Does that mean your cost/benefit analysis

1 used the Standard Service Offer generation rate found  
2 in those utility tariffs?

3 A. I believe we used the Standard Service  
4 Offers posted on the OCC website for those values.

5 Q. So you did use the SSO or Standard  
6 Service Offer generation rate in your analysis; is  
7 that right?

8 A. That's right.

9 Q. You are aware that customers in Ohio can  
10 shop with a competitive retail electric supplier for  
11 generation service, correct?

12 A. I am aware of that, yes.

13 Q. Shopping customers do not pay the  
14 Standard Service Offer rate for generation, correct?

15 A. Yes. They pay a different rate.  
16 Sometimes it's higher. Sometimes it's lower.

17 Q. And it's lower -- I'll rephrase.

18 If the CRES rate is less than the  
19 Standard Service Offer rate used by your cost/benefit  
20 analysis, a customer would save less than your  
21 estimate, correct?

22 A. Can you repeat the question?

23 Q. If the price a customer pays for the  
24 competitive electric supplier is less than the  
25 Standard Service Offer generation rate, a customer



1 would save less money than an energy efficiency  
2 program, correct?

3 A. You're asking if the energy cost was  
4 lower, would the bill savings be lower?

5 Q. Yes.

6 A. Yes.

7 Q. Mr. Baatz, in preparing your testimony,  
8 did you review the Long-Term Forecast Report of AEP  
9 Ohio?

10 A. I did not.

11 Q. Have you looked at AEP Ohio's Long-Term  
12 Forecast Report since I sent it to your counsel  
13 yesterday?

14 A. No, I have not.

15 Q. Can you turn to OEC, page 13 of 31.  
16 OEC-3, 13 of 31.

17 A. What is the title of that document?

18 Q. OEC.

19 A. I don't have them numbered.

20 Q. OEC -- sorry. OEC-3 is the report  
21 attached to your testimony. Page 13 of 31.

22 A. Okay. I thought you were referencing the  
23 long term.

24 Q. Not yet. I'll get there.

25 A. Okay.

1 Q. OEC-3, page 13 of 31, are you there?

2 A. Yes, I'm there.

3 Q. Look at footnote 10. Do you see the  
4 citation there, the utility sales forecasts can be  
5 found in Docket No. 20-501-EL-FOR for Ohio Power, the  
6 citation there?

7 A. Yes.

8 MR. MCKENNEY: Your Honor, I'd like to  
9 mark as IEU-Ohio 2, the Long-Term Forecast Report of  
10 AEP Ohio filed April 15, 2020 in Case  
11 No. 20-501-EL-FOR.

12 EXAMINER PARROT: So marked.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 Q. (By Mr. McKenney) Mr. Baatz, do you have  
15 that document?

16 A. Yes, I do.

17 Q. I'm going to ask you to turn to page 2 of  
18 119 of the document. I think it is actually page 8  
19 of 126.

20 A. Yes.

21 Q. The heading is "Company: AEP Ohio." The  
22 document is "Transmission Energy Delivery Forecast."  
23 Is that right?

24 A. That's right.

25 Q. Looking at "Total Energy Receipts,"

1 column 7, 2015 at the top, it's approximately  
2 117 million megawatt-hours per year, correct?

3 A. I see that.

4 Q. Row 10, 2030, do you see it shows 117  
5 megawatt-hours approximately?

6 A. Where? Where are you referring to?

7 Q. I'm in column 7 still.

8 A. Okay. What was the question?

9 Q. Do you see that also shows approximately  
10 117,000 megawatt-hours -- 117 million megawatt-hours  
11 in total energy receipts for AEP Ohio.

12 A. You are asking in 2015?

13 Q. In 2030.

14 A. 2030, yes, I see that.

15 Q. Would you agree, Mr. Baatz, that this  
16 appears to demonstrate that demand in AEP's service  
17 territory will be approximately flat through 2030?

18 A. No, I wouldn't agree with that.

19 Q. Would you say it is increasing?

20 A. I would say that it ebbs and flows. I  
21 mean you look at this and you see in 2015 it's at  
22 about 118 million and then it goes down to 108 and  
23 then it goes back up. So I wouldn't call it flat.  
24 If the question is, is the number almost the same in  
25 2015 as it is in 2030, then, yes, I would agree with

1 you.

2 Q. Thank you, Mr. Baatz.

3 Looking at this report, if you turn to  
4 page -- page 103 of 119 and that is -- I apologize, I  
5 am going to have a printed copy.

6 A. Page 109 of 126 if that's what you are  
7 looking for.

8 Q. Yes. You are there?

9 A. Yep.

10 Q. Okay. You would agree this shows the  
11 utility's seasonal peak load demand forecast?  
12 Correct?

13 A. That's the title of the page, yes.

14 Q. In megawatts?

15 A. Yes.

16 Q. Looking at this, would you say demand is  
17 projected to be flat?

18 A. I would say winter looks flat and in the  
19 summer you have an increase.

20 Q. Are you aware -- thank you, Mr. Baatz.

21 Are you aware that this was -- these  
22 numbers were provided before House Bill 6 repealed  
23 the energy efficiency mandates in the State of Ohio?

24 A. No, I am not aware of that.

25 Q. Mr. Baatz, we'll move on from the

1 Long-Term Forecast Report. I would like to turn back  
2 to OEC-3, specifically at page 15 of 31.

3 A. Give me just one moment, please.

4 Q. Sure.

5 A. Okay. Continue.

6 Q. Did you review the Energy Information  
7 Administration or EIA's Annual Energy Outlook 2020 in  
8 preparation for your testimony?

9 A. I -- we use some specific data that is  
10 provided within that report, but I did not review the  
11 entire report word for word.

12 MS. LEPPLA: And I am sorry, Bryce, you  
13 said 2020, right?

14 MR. MCKENNEY: That's correct.

15 MS. LEPPLA: Thank you.

16 MR. MCKENNEY: Your Honor, I would like  
17 to mark the EIA's Annual Energy Outlook 2020 as  
18 IEU-Ohio Exhibit 3.

19 EXAMINER PARROT: So marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 Q. (By Mr. McKenney) Mr. Baatz, if you would  
22 look at OEC-3, page 15 of 31, footnote 12 there, do  
23 you see the citation to the Annual Energy Outlook  
24 2020, specifically Table 54?

25 A. Can you tell me where that is, again?

1 What page are you on?

2 Q. Yes. OEC-3, page 15 of 31.

3 A. You are asking if that footnote  
4 references the EIA?

5 Q. Yes.

6 A. Yes, it does.

7 Q. The report relied upon that table in the  
8 EIA's 2020 Annual Energy Outlook?

9 A. That's correct.

10 MR. MCKENNEY: Your Honor, I would like  
11 to mark Table 54 of the EIA's Annual Energy Outlook  
12 2020 as IEU-Ohio Exhibit 3a. It is a separate  
13 document that I sent for simplicity.

14 EXAMINER PARROT: So marked.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 MR. MCKENNEY: Thank you.

17 Q. (By Mr. McKenney) Do you have that,  
18 Mr. Baatz?

19 A. Yes, I have that.

20 Q. Would you agree this appears to  
21 demonstrate that generation prices will steadily  
22 increase through 2050?

23 A. Yes.

24 Q. Mr. Baatz, I want to return to the body  
25 of the entirety of the report on page 74.

1           A.    You are in the Annual Energy Outlook  
2 report?

3           Q.    Yes.

4           A.    Okay.  And you are on page?

5           Q.    74 which is 37 of 81 of the document.

6           A.    Give me one second.  Okay.  I don't know  
7 if I am on the right page.  This is about the  
8 utilization of U.S. refineries.

9           Q.    No, I don't think so.  It is page 37 of  
10 81 of the document.

11          A.    Okay.  And that is on long-term trends in  
12 electricity generation?

13          Q.    Yes.  I believe that's correct.

14          A.    Okay.

15          Q.    The heading is "AEO2020 Reference case  
16 electricity prices fall slightly; declining  
17 generation costs are offset by rising transmission  
18 and distribution costs"; is that correct?  Is that  
19 what you see?

20          A.    Can you repeat what you just said?

21          Q.    The title of the chart and table there  
22 are "AEO2020 Reference case electricity prices fall  
23 slightly; declining generation costs are offset by  
24 rising transmission and distribution costs."

25          A.    Yes, I see that.

1 Q. EIA, would you agree, projects rising  
2 transmission costs then?

3 A. Would I agree with what? I'm sorry.

4 Q. That EIA projects rising transmission  
5 costs.

6 A. Yes.

7 Q. Likewise, EIA projects rising  
8 distribution costs?

9 A. Yes.

10 Q. This is the Annual Energy Outlook 2020,  
11 so this would have been conducted before the COVID-19  
12 pandemic; is that correct?

13 A. I believe so, yes. I believe this is  
14 nationwide, this slide we are looking at here. This  
15 is not specific to Ohio or PJM.

16 MR. MCKENNEY: Your Honor, I don't think  
17 I had a question pending and I don't think this was  
18 responsive to the question that had previously been  
19 answered, so I would move to strike that.

20 MS. LEPPLA: Your Honor, I would just  
21 disagree because the point here, he is asking  
22 Mr. Baatz questions that could be used as if they are  
23 directly related to AEP Ohio and he's merely  
24 explaining this is not the case. And I think that's  
25 a distinction.



1 MR. MCKENNEY: That's appropriate for  
2 redirect but we moved on from that subject. It was a  
3 new question. I don't think it was responsive to the  
4 one that had just been answered.

5 EXAMINER PARROT: I agree, Mr. McKenney.  
6 If you need to revisit this on redirect, Ms. Leppla,  
7 we can do that.

8 MS. LEPPLA: Thank you, your Honor.

9 Q. (By Mr. McKenney) Mr. Baatz, have you  
10 reviewed the 2021 Annual Energy Outlook?

11 A. No, I have not.

12 Q. Have you looked at it since I sent it to  
13 your counsel yesterday at all?

14 A. No, I have not.

15 MR. MCKENNEY: Your Honor, I would like  
16 to mark IEU-Ohio Exhibit 4 which is the Annual Energy  
17 Outlook 2021.

18 EXAMINER PARROT: So marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 Q. (By Mr. McKenney) Mr. Baatz, can you pull  
21 that up?

22 A. Yep. I have that open.

23 Q. And I am going to look at page 12 which  
24 is page 14 of 33 on the PDF.

25 A. Is that the page that starts with

1 "Electricity demand grows"?

2 Q. Yes.

3 A. Yes, I'm there.

4 Q. The bottom paragraph there is titled  
5 "COVID-19's projected impacts on electricity demand  
6 are short term in the Reference case," correct?

7 A. That's the heading after the "Annual  
8 average electricity growth rate"?

9 Q. Yeah. It's the bottom paragraph there.  
10 Do you see that?

11 A. Yes.

12 Q. The last sentence, "Before 2025, higher  
13 residential sector demand partially offsets lower  
14 electricity demand from the commercial and industrial  
15 sectors"; is that correct? That's what it says?

16 A. That's what it says.

17 Q. Mr. Baatz, I am going to turn back to  
18 Exhibit OEC 1 which is your testimony, just page 9,  
19 Table 1. We are done with the exhibits for now.

20 A. Yes.

21 Q. Looking at the fifth row down on that  
22 table, "Avoided T&D Costs." In the 1 percent scenario  
23 it is 87 million; is that right?

24 A. That's right.

25 Q. That is less than the program costs of

1 737 million, correct?

2 A. 87 is a smaller number than 737, that's  
3 correct.

4 Q. And that program cost of 737 million does  
5 not take into consideration cost to consumers of  
6 shared savings; is that correct?

7 A. You're talking about incentive costs to  
8 the utility?

9 Q. Yes.

10 A. No, it does not.

11 Q. Likewise, in the 1.5 percent scenario,  
12 avoided T&D costs of 174 million is less than the  
13 program cost of 1,473,000,000, correct?

14 A. The number 174 is smaller than 1,473,  
15 that's correct.

16 Q. And likewise, in the 1.5 percent  
17 scenario, the program cost does not consider shared  
18 savings costs to consumers that would go to the  
19 utility, correct?

20 A. No, it does not.

21 Q. One more time. 232 million is less than  
22 1 -- well, 1,965,000?

23 A. Yes.

24 Q. Correct? And again, program costs in  
25 that number do not consider shared savings to the

1 utility, correct?

2 A. No. I don't believe so.

3 Q. So you would agree there are additional  
4 costs that are not included in your cost/benefit  
5 analysis?

6 A. No, I don't agree with that.

7 Q. Shared savings costs are not a cost that  
8 would be paid by consumers; is that your testimony?

9 A. My testimony doesn't speak to shared  
10 savings at all. My testimony doesn't speak to  
11 performance incentives. It doesn't speak to lost  
12 revenue recovery, any of those sorts of issues.  
13 Those are policy issues that would be handled at the  
14 Commission or the state legislature in designing and  
15 approving programs. Not every state has performance  
16 incentives for utilities to deliver programs;  
17 actually most of them don't, some of them do.  
18 They've been pretty effective.

19 So, you know, the report itself looks at  
20 the benefits of the energy savings scenarios; it  
21 doesn't speak to how the energy savings would be  
22 achieved in terms of mandates or no mandates, and it  
23 doesn't speak to other policies like shared savings  
24 or other performance incentive policies.

25 MR. MCKENNEY: Thank you, Mr. Baatz.

1                   Your Honor, I have no further questions.

2                   EXAMINER PARROT: Thank you,

3 Mr. McKenney.

4                   Counsel for OMAEG.

5   - - -

6   CROSS-EXAMINATION

7 By Mr. Donadio:

8                   Q. Good morning, Mr. Baatz. How are you  
9 doing?

10                  A. I'm well. How are you?

11                  Q. Doing well myself. My name is Thomas  
12 Donadio, and I'm representing the Ohio Manufacturers'  
13 Association Energy Group. And I just have a few  
14 questions for you today in regards to the study  
15 attached to your testimony which I believe is  
16 identified as Exhibit OEC-3. You have that document  
17 available, right?

18                  A. I do.

19                  Q. Perfect.

20                                        So isn't it true that you based your  
21 analysis on the assumption that Ohio's six  
22 investor-owned utilities were offering energy waste  
23 reduction programs at the same time?

24                  A. Well, yeah. I mean the assumption is  
25 that the energy savings would be delivered on a

1 statewide basis at the percentages that we have  
2 outlined in the scenario.

3 Q. So it's fair to say that that analysis is  
4 a statewide study, correct?

5 A. Yes.

6 Q. And the quantifiable benefits you cited  
7 in the analysis are the aggregate benefits of the six  
8 investor-owned utilities all offering the waste --  
9 energy waste reduction programs simultaneously,  
10 right?

11 A. Well, again, the analysis -- the target  
12 is based on the six investor-owned utilities. And  
13 that's how we developed the savings targets and then  
14 extrapolate the benefits. You know, I think you  
15 could assume that it would be based on all six  
16 utilities delivering energy savings to achieve those  
17 benefits but I think you could also scale this down  
18 to any individual utility and say that if a utility  
19 was to meet a 1 percent target, the benefits would  
20 mostly be in the range we have here. But I don't --  
21 we don't get into any detail about how the programs  
22 are delivered or how they are done.

23 Q. Thank you.

24 And to be clear, the analysis offers no  
25 quantifiable findings that are specific to AEP Ohio?

1           A.    No.  I would definitely disagree with  
2   that.  I think all of the quantifiable findings in  
3   the report are applicable to AEP Ohio.  When we look  
4   at, for example, the costs of the program, I think  
5   the costs of delivering the energy savings through  
6   AEP Ohio would be within the range that we looked at  
7   which, again, looked at a range of program delivery  
8   costs in 2019 that were Ohio specific and then looked  
9   at what that would be if program costs doubled which  
10  is data that we got in Michigan.

11                   And then the benefits are, again, you  
12  know, they are developed and identified and  
13  quantified based on Ohio-specific data, so I think  
14  any of the benefits that we examine or any of the  
15  findings in the report, the quantifiable findings,  
16  would be applicable to companies that are specific in  
17  the report.

18           Q.    And can you please turn to page 6,  
19  Table 14 of the exhibit.

20           A.    Are you referring to the report or the  
21  testimony?

22           Q.    I'm talking about the report.

23           A.    Okay.  Page 6 of the report?

24           Q.    Yes.  And we are looking at Table 14.

25           A.    I'm there.  You said -- I have -- my

1 Table 14 is actually on page 26.

2 Q. Yes. I apologize, Mr. Baatz. That is  
3 correct. Page 26. So I have page 16 is where  
4 Table 14 is located; is that correct for you?

5 A. That's correct.

6 Q. Okay. Perfect. So you would agree that  
7 this represents a range of costs of AEP Ohio offering  
8 energy efficiency programs, correct?

9 A. I think that's correct.

10 Q. Okay. And then would this range of costs  
11 change if -- for any other Ohio investor-owned  
12 utility offering energy efficiency programs?

13 A. I don't believe so.

14 Q. Okay. Thank you.

15 And is it true that based on your  
16 analysis you concluded that AEP Ohio's energy  
17 efficiency programs as initially proposed in this  
18 proceeding would result in all of the same advantages  
19 cited -- cited in this study?

20 A. I think all of these benefits would  
21 accrue as a result of that portfolio being approved.  
22 To what level, I haven't done the math on that. I  
23 think from what I understand the proposal from  
24 Mr. Williams' testimony was less than even the  
25 1 percent target we had here, so obviously the



1 benefits would be less than what we have expressed  
2 here. But the same benefits would accrue. There  
3 would still be avoided energy costs, there would  
4 still be avoided capacity savings, there would still  
5 be substantial participant bill savings that would  
6 result in economic benefits for the state, as well as  
7 other benefits.

8 Q. Okay. But your -- this study does not  
9 show that, correct? It shows the benefits are  
10 specific to Ohio, not to AEP, right?

11 A. Well, AEP was -- the benefits are  
12 calculated based on statewide assumption of avoided  
13 costs. AEP's avoided costs were considered and  
14 analyzed to come up with those values and we would  
15 expect the benefit, at least on a  
16 dollar-per-megawatt-hour basis, to be very similar  
17 for AEP as they would be in the study.

18 Q. And your testimony did not -- sorry,  
19 Mr. Baatz. Were you still speaking?

20 A. Yeah. I had just one other thing to add.  
21 I mean, you know, when we set out to do the report,  
22 one of our goals was to stick to as much  
23 Ohio-specific data as possible to make the results,  
24 you know, more transferable to Ohio and the utilities  
25 in Ohio. So what we did is we sought out to include

1 and use as inputs Ohio-specific data from  
2 publicly-available sources and then document what  
3 these benefits would be, again using  
4 publicly-available sources and commonly-used methods  
5 to estimate what these benefits would be.

6 Q. And your testimony did not consider the  
7 advantages that are specific -- the advantages of  
8 specific waste reduction programs, correct?

9 A. I don't think I understand your question.

10 Q. Sure. So, for example, a rebate program  
11 versus a consumer education program, your testimony  
12 did not consider advantages that are specific to a  
13 certain type of program, correct?

14 A. Well, I know you are the one asking the  
15 questions here, but what do you mean by "advantages"?

16 Q. I would say that when you were  
17 considering these cost/benefit -- costs or benefits  
18 of a -- of the waste reduction in Ohio, you weren't  
19 looking at specific types of programs, correct?

20 A. We did in a way. You know, so, for  
21 example, on the costs, the costs are based on the  
22 costs within the 2019 approved programs. So within  
23 that that does look at the different types of  
24 programs. Most of the benefits that we've been  
25 talking about today, the avoided energy, avoided

1 capacity, avoided T&D, you know, are a function of  
2 energy savings, and how the energy savings are  
3 produced is irrelevant. What changes there is cost.  
4 But, you know --

5 Q. Okay. So your testimony considered the  
6 quantifiable benefits --

7 MS. LEPPLA: Your Honor -- Mr. Donadio,  
8 if you could let him finish his question, I would  
9 appreciate it.

10 MR. DONADIO: Yes. I apologize,  
11 Ms. Leppla.

12 A. So what I was going to say is there is a  
13 second part of the analysis which is an economic  
14 impact assessment. And what that did is it looked at  
15 what the economic benefits would be in Ohio based on  
16 spending. I mean, those -- that type of modeling and  
17 that type of analysis is a function of dollars, not  
18 megawatt-hours.

19 So within that context, you know, we  
20 looked at four specific areas and one of the areas  
21 was program administration. So for that we had to  
22 make a number of assumptions on the types of programs  
23 that would be delivered to develop which sectors of  
24 the economy would be impacted by the delivery and  
25 efficiency programs. So, for example, like a home

1 energy report program may rely more on, you know,  
2 printing and mailing and have very little economic  
3 impact in terms of the program spending as compared  
4 to a home construction program or a retrofit program  
5 where you have contractors going in and doing  
6 installation. So we did make some assumptions around  
7 that, that, you know, directly feed into the economic  
8 impact assessment.

9 Q. Thank you, Mr. Baatz.

10 And then if you could please turn to  
11 page 17 of the report. And if you could please look  
12 at Table 16.

13 A. Yes.

14 Q. So here shows projected monthly bill  
15 impacts for the average residential customers based  
16 on the three policy scenarios you proposed, correct?

17 A. With the cost sensitivity as well, that's  
18 correct.

19 Q. Okay. And the study does not show,  
20 however, the monthly bill impacts resulting from the  
21 three policy scenarios for commercial and industrial  
22 customers, correct?

23 A. It's not in that table, no.

24 MR. DONADIO: Okay. Thank you,  
25 Mr. Baatz.

1           If I may have a moment, your Honor, to  
2 look at my notes for one minute and then I will  
3 conclude my cross after that.

4           EXAMINER PARROT: You may.

5           MR. DONADIO: Thank you, your Honor.

6           (Discussion off the record.)

7           MR. DONADIO: I have no further  
8 questions, your Honor. Thank you.

9           EXAMINER PARROT: I believe that ends the  
10 parties that indicated they had questions for this  
11 witness. Anyone else that I missed?

12           All right. Hearing nothing, Ms. Leppla,  
13 redirect?

14           MS. LEPPLA: Yes, your Honor. If we  
15 could have a moment to confer, I would appreciate it.

16           EXAMINER PARROT: You can indeed.

17           MS. LEPPLA: Thank you.

18           (Discussion off the record.)

19           EXAMINER PARROT: Any redirect?

20           MS. LEPPLA: Yes, your Honor, we have a  
21 few questions.

22           EXAMINER PARROT: Okay.

23   - - -

24

25

## REDIRECT EXAMINATION

1  
2 By Ms. Leppla:

3 Q. Mr. Baatz, you were asked several  
4 questions about capacity and higher reserve margins  
5 and whether there is any shortage of capacity in the  
6 market. Would you still anticipate capacity savings  
7 even if PJM is long on capacity?

8 A. I would, because AEP Ohio specifically,  
9 if their -- if their own demand was lower, they would  
10 require less capacity purchases at whatever price the  
11 capacity market settles at, so there would still be a  
12 substantial capacity savings if -- even if PJM is  
13 long on capacity or is way above its 16 percent  
14 reserve margin.

15 Q. Thank you.

16 If you could turn to IEU Exhibit 3,  
17 page 37.

18 A. Yes, I'm there.

19 Q. You were asked some questions about this  
20 graph and chart. Can you tell me, is this specific  
21 to Ohio or AEP Ohio?

22 A. No, it is not. These are national  
23 numbers that are not specific to Ohio or AEP Ohio.

24 Q. Okay. And what is it specific to?

25 A. I believe these are nationwide numbers;

1 reference case for the entire country.

2 Q. Okay. And then if you can turn to page 9  
3 of your testimony.

4 A. Yes, I'm there.

5 Q. You were asked some questions about  
6 whether you included shared savings or incentive  
7 costs in your cost/benefit analysis to consumers.  
8 Would you still expect to see cost benefits to  
9 consumers if there were incentives or shared savings  
10 included in these programs?

11 A. I would. The -- you know, the chart  
12 shows -- the table that we are looking at is based on  
13 Ohio costs and it shows the programs have a  
14 cost/benefit ratio higher than 13. Even with the  
15 cost doubling, they're still above 7 according to  
16 this analysis. So even if there was a really healthy  
17 performance incentive, which I think is possible in  
18 Ohio, the programs would still be very cost effective  
19 even under the higher-cost scenario.

20 MS. LEPPLA: Thank you, Mr. Baatz.

21 No further questions, your Honor.

22 EXAMINER PARROT: Anything from any of  
23 the opposing parties with respect to Ms. Leppla's  
24 redirect?

25 MR. MCKENNEY: Nothing from IEU, your

1 Honor.

2 EXAMINER PARROT: I'm giving the other  
3 side a chance to jump in there.

4 MR. MCKENNEY: Oh, I'm sorry.

5 EXAMINER PARROT: I didn't hear anything  
6 there. Let's go back to Ms. O'Brien.

7 MS. O'BRIEN: Oh, I was going to say  
8 nothing from OCC. Thank you.

9 EXAMINER PARROT: All right. Now to you,  
10 Mr. McKenney. You said no questions, I believe?

11 MR. MCKENNEY: That's right.

12 EXAMINER PARROT: All right. And  
13 finally, OMAEG.

14 MR. DONADIO: No questions, your Honor.

15 EXAMINER PARROT: All right. Anybody  
16 else from the group?

17 MS. BLEND: Not for AEP Ohio, your Honor.

18 EXAMINER PARROT: Okay. Examiner See,  
19 any questions for this witness? I think you're  
20 muted. I think that's a no. Okay. All right.  
21 Moving on. Okay. Thank you very much.

22 All right. Let's go to the exhibits.  
23 Ms. Leppla, I believe you've already moved for the  
24 admission of the testimony.

25 MS. LEPPLA: Yes, your Honor, OEC



1 Exhibit 1 and its attachments.

2 EXAMINER PARROT: All right. Are there  
3 any objections?

4 MR. MCKENNEY: Your Honor, we would renew  
5 our motions to strike, but at the very least we would  
6 object to the admission of those parts of the  
7 testimony that quote the testimony of Jon Williams,  
8 at the very least that it be taken out after Jon  
9 Williams has testified.

10 MR. DONADIO: Your Honor, OMAEG would  
11 also renew their objections to the testimony as  
12 articulated in the motion to strike earlier.

13 MS. O'BRIEN: OCC, as well, would renew  
14 our motion to strike OEC-3.

15 EXAMINER PARROT: All right. And subject  
16 to the earlier ruling, OEC Exhibit No. 1 is admitted  
17 in its entirety.

18 (EXHIBIT ADMITTED INTO EVIDENCE.)

19 MS. LEPPLA: Thank you, your Honor.

20 EXAMINER PARROT: Ms. O'Brien.

21 MS. O'BRIEN: OCC would like to move for  
22 admission of OCC Exhibit 3.

23 EXAMINER PARROT: Are there any  
24 objections?

25 MS. LEPPLA: No, your Honor.

1 EXAMINER PARROT: Okay. Hearing none,  
2 OCC Exhibit No. 3 is admitted.

3 (EXHIBIT ADMITTED INTO EVIDENCE.)

4 EXAMINER PARROT: Finally, Mr. McKenney.

5 MR. MCKENNEY: Your Honor, I would move  
6 for --

7 MS. BLEND: Your Honor --

8 MR. MCKENNEY: -- the admission of  
9 IEU-Ohio Exhibits 1, 2, 3, 3a, and 4.

10 EXAMINER PARROT: All right. Hang on  
11 just a minute.

12 Ms. Blend, did I hear you?

13 MS. BLEND: Yes. I'm sorry, your Honor.  
14 I didn't mean to speak over Mr. McKenney. I just had  
15 a clarifying question. To confirm, OCC is not moving  
16 OCC Exhibit 2?

17 MS. O'BRIEN: Yeah. It's a Commission  
18 Order, so I think, you know, I referenced it as an  
19 exhibit for clarity of the record but, no, I am not  
20 moving it into evidence, that's correct.

21 MS. BLEND: Thank you.

22 EXAMINER PARROT: All right. IEU-Ohio  
23 has moved for the admission of IEU Exhibits 1, 2, 3,  
24 3a, and 4. Are there any objections?

25 MS. LEPPLA: Yes, your Honor. I would

1 move to -- I would object to them being moved in  
2 their entirety. For IEU Exhibit 2, IEU Exhibit 3,  
3 and IEU Exhibit 4, I would move that -- or I would  
4 request that only the parts that were actually  
5 discussed as part of the testimony be moved in  
6 because they are long reports and I don't know what  
7 else is in there and I don't think they should be  
8 admitted into evidence in full.

9 MR. MCKENNEY: Your Honor, we think that  
10 they are -- he relied on these reports in OEC-3, and  
11 his report is filled with other reports in their  
12 entirety which have been quoted and cited. I  
13 understand, you know, in past practice we have done  
14 that where we only admit those sections that have  
15 been used but these are EIA reports which he has used  
16 to develop his report and, therefore, I think they  
17 should be included, admitted in their entirety,  
18 including the Long-Term Forecast Report. So for  
19 those reasons, I would ask that they be admitted in  
20 their entirety.

21 As for the annual energy outlooks, as you  
22 know, sometimes there are interactive aspects to that  
23 which are not -- have not been attached, and I am not  
24 seeking to admit those. It is just the reports which  
25 I have attached and the table to the 2020 Annual

1 Energy Outlook.

2 MS. LEPPLA: Your Honor, I don't believe  
3 Mr. Baatz relied on the EIA Annual Energy Outlook  
4 2021 at all.

5 MR. MCKENNEY: Your Honor, I will  
6 withdraw my request to admit IEU-Ohio Exhibit 4.

7 EXAMINER PARROT: All right. We will  
8 withdraw that motion. Any other objections before I  
9 issue a ruling on the others?

10 All right. IEU-Ohio Exhibits 1, 2, 3,  
11 and 3a are admitted in their entirety.

12 (EXHIBITS ADMITTED INTO EVIDENCE.)

13 MS. LEPPLA: Thank you, your Honor.

14 MR. MCKENNEY: Thank you, your Honor.

15 EXAMINER PARROT: Thank you, Mr. Baatz.  
16 Let's go off the record.

17 (Discussion off the record.)

18 (Recess taken.)

19 EXAMINER SEE: Let's go on the record.  
20 Would counsel for ELPC like to call its  
21 next witness?

22 MR. KELTER: We would. Thank you, your  
23 Honor. Mr. Neme, could you please state your name  
24 and business address for the record.

25 EXAMINER SEE: Before you do that,

1 Mr. Neme, if you would raise your right hand.

2 MR. KELTER: Oh, sorry.

3 (Witness sworn.)

4 EXAMINER SEE: Thank you.

5 Go ahead, Mr. Kelter.

6 - - -

7 CHRIS NEME

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

10 DIRECT EXAMINATION

11 By Mr. Kelter:

12 Q. Mr. Neme, could you please state your  
13 name and business address for the record.

14 A. My name is Chris Neme. I work for Energy  
15 Futures Group whose business address is P.O. Box 587,  
16 Hinesburg, Vermont 05461.

17 Q. Do you have before you the direct  
18 testimony of Chris Neme marked as ELPC Exhibit 1  
19 filed on April 9?

20 A. I do.

21 Q. Was this testimony prepared by you or  
22 under your direction?

23 A. Yes.

24 Q. Do you have any corrections to make to  
25 the testimony?

1           A.    I do not.

2           Q.    If I asked you the questions in your  
3 testimony today, would your answers be the same?

4           A.    Yes, they would.

5           MR. KELTER:  Your Honor, ELPC moves for  
6 the admission of ELPC Exhibit 1, subject to cross.

7           EXAMINER SEE:  And we've --

8           MR. DONADIO:  Your Honor, OMAEG would  
9 like to move to strike portions of Mr. Neme's  
10 testimony.

11           EXAMINER SEE:  We'll mark ELPC Exhibit 1.  
12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13           EXAMINER SEE:  And go ahead Mr. Donad --  
14 pronounce your last name for me, sir.

15           MR. DONADIO:  Donadio.

16           EXAMINER SEE:  Donadio, thank you.  Okay.  
17 Go ahead.

18           MR. DONADIO:  Your Honor, OMAEG moves to  
19 strike the following testimony of Mr. Neme as  
20 improper hearsay.  Page 21, lines 347 to 350; page --

21           MR. KELTER:  I am sorry, Mr. Donadio.  I  
22 am at page 21.  Which line numbers did you say?

23           MR. DONADIO:  Mr. Kelter, I am looking on  
24 page 21 and lines 347 through 350.

25           MR. KELTER:  Through 350.

1 MR. DONADIO: Correct.

2 EXAMINER SEE: Go ahead.

3 MR. DONADIO: And then on that same page,  
4 page 21, footnote 13.

5 MR. KELTER: I'm sorry. Where are we,  
6 Mr. Donadio?

7 MR. DONADIO: Also on page 21, footnote  
8 13.

9 MR. KELTER: Oh, footnote 13. Sorry  
10 about that.

11 MR. DONADIO: No worries.

12 And then page 22, lines 354 through 357.  
13 And then on that same page, page 22, footnote 14 as  
14 well.

15 EXAMINER SEE: Does that complete your  
16 motion to strike, sir?

17 MR. DONADIO: No, your Honor.

18 EXAMINER SEE: Oh, okay.

19 MR. DONADIO: I was just waiting to make  
20 sure that Mr. Kelter and the Bench had the correct  
21 portions of the testimony.

22 The foregoing testimony consists of  
23 out-of-court statements offered for the truth of the  
24 matter asserted that were not made by a declarant who  
25 is testifying at this hearing.

1           Mr. Neme did not conduct or otherwise  
2 participate in the study that he has referenced, and  
3 parties have no opportunity to cross-examine the  
4 study's authors. This testimony is classic hearsay  
5 under Rule 801(c), and because no exception is  
6 applicable, it should be stricken pursuant to  
7 Rule 802 as improper hearsay.

8           MR. MCKENNEY: Your Honor, IEU-Ohio  
9 supports OMAEG's motion to strike as that testimony  
10 is blatant hearsay. We do have additional motions to  
11 strike but we can wait for a ruling on those if you  
12 prefer.

13           MS. O'BRIEN: Your Honor, OCC would also  
14 support OMAEG's motion to strike those portions of  
15 the testimony.

16           MS. BLEND: And your Honor, AEP Ohio also  
17 supports OMAEG's motion.

18           MR. KELTER: Your Honor, I did want to  
19 respond whenever it is appropriate for me to respond.

20           EXAMINER SEE: Are there any other  
21 parties joining the motion?

22           If you would like to respond now,  
23 Mr. Kelter, go ahead.

24           MR. KELTER: Your Honor, I -- I  
25 acknowledge those are hear -- that those quotes are



1 hearsay, but they are essentially being adopted by  
2 Mr. Neme as his opinions and the attorneys are free  
3 to ask him about this and there are exceptions to the  
4 hearsay rule and I believe that this falls within an  
5 exception.

6 EXAMINER SEE: Okay. Before making a  
7 ruling on the motion of OMAEG, I believe counsel for  
8 IEU indicated there was some additional sections of  
9 Mr. Neme's testimony that he --

10 MR. MCKENNEY: Yes, your Honor --

11 EXAMINER SEE: -- has a motion to strike.

12 MR. MCKENNEY: I have a couple of motions  
13 to strike. So, much of Mr. Neme's testimony is  
14 relied on hearsay by quotes -- quotes. In many  
15 particular provisions cited by OMAEG, there are  
16 citations to reports that have not been provided and  
17 not included.

18 Although we went through this with  
19 Mr. Baatz, I think the situation is a little  
20 different here in that the reports are cited in his  
21 actual testimony and not in a report attached to his  
22 testimony. And citations to reports in his own  
23 individual testimony, I think, are improper.

24 So the first motion to strike that I  
25 would make is on page 14, line 212, footnote 3.

1 EXAMINER SEE: Mr. McKenney.

2 MR. MCKENNEY: Yes, ma'am, your Honor.

3 EXAMINER SEE: Slow down, please. Thank  
4 you. Now, first one is on page 14?

5 MR. MCKENNEY: Yes, your Honor.  
6 Footnote 3, starting with the "See" in the footnote.

7 EXAMINER SEE: Okay.

8 MR. MCKENNEY: Next one is on page 14,  
9 lines 213 through 223, on the grounds of relevance.  
10 Page 15 --

11 MR. KELTER: Hold on. Hold on. Thanks.  
12 Now page 15?

13 MR. MCKENNEY: Line 235, footnote 4.

14 Page 15, line 236, starting with "For  
15 example" through line 240 and footnote 5, on  
16 relevance and hearsay.

17 Page 15, line 241, to the next page,  
18 page 16, line 248, including footnote 6.

19 After that one, I will skip to page 18.

20 EXAMINER SEE: Just a minute,  
21 Mr. McKenney. Did you give us grounds for -- did you  
22 say the grounds for your last motion?

23 MR. MCKENNEY: Relevance and hearsay.  
24 Relevance and hearsay, your Honor.

25 EXAMINER SEE: Okay. And your next?

1 MR. KELTER: One second, your Honor. My  
2 pen just ran out of ink. Okay. I'm ready.

3 MR. MCKENNEY: On page 18, I think it's  
4 appropriate to strike footnote 8 for hearsay. The  
5 report has not been provided or available.

6 Page 18 then, line 293, beginning with  
7 "For example" through line 297, including footnote 9  
8 on relevance, "Chicago-area," and hearsay.

9 With this one, we will skip ahead a  
10 little bit to page 23, line 378 through 391, which is  
11 on the next page including Table 1. This testimony  
12 is included in the testimony of Mr. Williams. I  
13 believe there are grounds -- may be grounds to strike  
14 it from Mr. Williams' testimony, and that it be  
15 stricken here or at least ruling on admission of this  
16 testimony be delayed until Mr. Williams has  
17 testified. The same is true for Figure 2 on page 25.

18 Next, page 26, footnote 17 and 18.

19 MR. KELTER: Hold on one second.  
20 Page 26, which footnotes?

21 MR. MCKENNEY: 17 and 18, hearsay. The  
22 witness can testify to this in his own knowledge, but  
23 the reports for which he relied upon do not belong in  
24 his testimony as those witnesses have not been  
25 provided for cross-examination nor have the reports

1     been provided for review.

2                     Page 26, line 422, beginning with "As"  
3     through page 27, line 427, "spending," footnote 21.  
4     This is consistent with my prior motion to strike  
5     Figure 1.

6                     Same with page 27, line 431, starting  
7     with "First," through line 437, "investments,"  
8     footnotes 22 and 23.

9                     Page 27, line 437, just footnote 24.  
10    Another report which has not been provided which he  
11    did not participate on. And if you look at that  
12    particular footnote you'll see it is actually direct  
13    testimony of Shawn M. White in another proceeding so  
14    that would be inadmissible testimony from another  
15    proceeding being introduced into this one.

16                    Then page 28, line 448, just footnote 26,  
17    for the same reasons, another report.

18                    EXAMINER SEE: Mr. McKenney, what  
19    footnote was that, please?

20                    MR. MCKENNEY: 26. It would actually be  
21    26 and 27.

22                    EXAMINER SEE: Okay.

23                    MR. MCKENNEY: And then on page 29, 463  
24    through line 464, ending with "benefits" and  
25    footnote 28, consistent with the prior motion to

1 strike Figure 1.

2 Your Honor, this is testimony, not a  
3 report that's been attached to testimony. For those  
4 reasons, I think the reports that have been cited in  
5 support of his testimony are inadmissible and should  
6 not be admitted into the record in this case. Thank  
7 you.

8 EXAMINER SEE: Mr. Kelter.

9 MR. KELTER: Your Honor, thank you. I  
10 don't know if you want to go through some of these  
11 one by one because some of them are different than  
12 others. I can address generally this idea of  
13 Mr. Neme citing reports to start, if that's helpful.

14 EXAMINER SEE: You can go generally and  
15 then one by one, if you wish, so your response is  
16 covered.

17 MR. KELTER: I would like to do that  
18 because in terms of relevance, I think we should  
19 address each objection individually in terms of  
20 relevance. I think we can probably address the issue  
21 of Mr. Neme relying on reports and what I would say  
22 about his reliance on reports is that expert  
23 witnesses almost universally rely on reports done by  
24 others and adopt those findings as part of their  
25 testimony, and the parties can cross Mr. Neme on

1 those reports and his -- his opinions related to  
2 those reports.

3 And all these reports are publicly  
4 available. If it's helpful, we can send the reports  
5 to everyone. So that's in terms of the reports.

6 And whenever you are ready, we can go  
7 objection by objection in terms of relevance because  
8 I would like to address those individually.

9 EXAMINER SEE: Go ahead, please,  
10 Mr. Kelter.

11 MR. KELTER: And I think opposing counsel  
12 went through the testimony page by page, correct?  
13 Mr. Donadio? I just want to make sure I am doing  
14 this in order.

15 So I would start at page 14. I believe  
16 there was a relevance objection related to lines 213  
17 to 223.

18 EXAMINER SEE: Yes.

19 MR. KELTER: And Mr. Neme makes the point  
20 that electric efficiency programs reduce the costs of  
21 supplying electricity to customers in several ways.  
22 I think it is relevant to understand how energy  
23 efficiency works in reducing costs to customers  
24 because the point is that the utilities should be  
25 doing -- that AEP should be doing energy efficiency

1 in order to reduce costs. So I think it's relevant  
2 to have that explanation.

3 Should I proceed, your Honor?

4 EXAMINER SEE: Yes, you should.

5 MR. KELTER: Page 15, lines 236 to 240,  
6 for example, in 2011, Consolidated Edison, the  
7 electric utility serving New York City and  
8 neighboring Westchester County, found when it  
9 included the effects of systemwide efficiency  
10 programs in its 10-year forecast of distribution  
11 system needs its forecast capital expenditures  
12 declined by more than \$1 billion. I think that's  
13 relevant to show that there's systemwide benefits to  
14 efficiency.

15 I believe the next objection is at  
16 line 241 to 248 -- oh, and, your Honor, on footnote 4  
17 at line 235, I would point out that this is actually  
18 a study done by Mr. Neme, and his opinions are based  
19 on his own work in regard to that footnote. So  
20 that's different than some of the other objections.

21 EXAMINER SEE: Okay.

22 MR. KELTER: And I believe in terms -- I  
23 think -- did I talk about line 241 to 248 yet?

24 EXAMINER SEE: No, you did not.

25 MR. KELTER: That testimony refers to

1 market price reductions. And again, this is a  
2 benefit from energy efficiency and relevant to our  
3 argument that AEP should be doing energy efficiency.

4 And as far as footnote 6 in there, this  
5 is a letter that's been widely circulated in Ohio and  
6 has been referenced by numerous people in the state  
7 and relates to a specific PUCO Staff Report, which  
8 goes to its relevance and reliability.

9 The next thing I have, your Honor, is on  
10 page 18, lines 293 to 297. The question is "Are  
11 there studies that have quantified the value of  
12 public health improvements resulting from reduced  
13 emissions?" And Mr. Neme responds to that question,  
14 and I think that public health improvements are  
15 relevant to the issue of whether -- whether AEP  
16 should be doing efficiency programs. Public health  
17 relates to the justness and reasonableness of rates  
18 and the overall benefits of the program.

19 The next thing that I have, your Honor,  
20 is line 347 to line 350, and the footnote supporting  
21 that, your Honor, I would submit that the context of  
22 this makes it clear that Mr. Neme is adopting this  
23 opinion as his -- this quote as something that he  
24 believes is true and accurate. And whether you allow  
25 in the report or not, I think that we should allow in



1 lines 347 to 350 and let the other -- let opposing  
2 counsel ask Mr. Neme any questions that they want  
3 about that section.

4 And the same argument applies to  
5 lines 354 and 357 in terms of these lines reflecting  
6 Mr. Neme's own opinion, and they can ask him about  
7 those.

8 The next thing I have, your Honor, is on  
9 page 23.

10 EXAMINER SEE: Just a moment.

11 MR. KELTER: Sorry.

12 EXAMINER SEE: Go ahead, Mr. Kelter.

13 MR. KELTER: Your Honor, lines 378 to 391  
14 reflect an issue that --

15 EXAMINER SEE: I'm sorry. What page are  
16 you on, Mr. Kelter?

17 MR. KELTER: I'm sorry, your Honor.  
18 Page 23.

19 EXAMINER SEE: Okay. And that was 378  
20 to?

21 MR. KELTER: 391.

22 EXAMINER SEE: Okay.

23 MR. KELTER: And this is related to  
24 Mr. Williams' testimony which has not been submitted  
25 for the record that we plan to submit for the record

1 and that has been served to the parties. I'm not  
2 sure exactly how we should address that here today,  
3 if you want me to make arguments as to the relevance  
4 of Mr. Williams' testimony, but I am happy to do  
5 that.

6 EXAMINER SEE: Did you want to do that  
7 now, Mr. Kelter?

8 MR. KELTER: I can do that -- I think  
9 there had been some preliminary ruling on how to  
10 handle Mr. Williams' testimony, that it would be  
11 deferred until -- I thought it might be deferred  
12 until we introduced it on Monday when we're prepared  
13 to cross Mr. Williams.

14 MR. MCKENNEY: That is my request, your  
15 Honor, and I don't think -- relevance was not the  
16 grounds.

17 EXAMINER SEE: Okay.

18 MS. BLEND: And, your Honor, the Company  
19 would support deferring the resolution of that issue  
20 until Monday, but I would note that we view the  
21 discussion of Mr. Williams' testimony in Mr. Neme's  
22 testimony more as background. It doesn't really seem  
23 to us, to me, to really constitute hearsay and so I  
24 think for that reason it may be appropriate to deal  
25 with it when Mr. Williams testifies next week.

1 EXAMINER SEE: Mr. Kelter, did you want  
2 to continue?

3 MR. KELTER: Yes, your Honor. The next  
4 thing that I have is on page 26, line 422 to  
5 line 427. And I believe this also refers to  
6 Mr. Williams' testimony; is that correct?

7 MR. MCKENNEY: That's correct.

8 MR. KELTER: Thanks.

9 MR. MCKENNEY: Mr. Kelter, I would point  
10 you to I did move to strike footnotes 17 and 18 so  
11 you have an opportunity to respond.

12 MR. KELTER: Right. I think I responded  
13 in general to the question of the admission of other  
14 reports that Mr. Neme relied on. I think I addressed  
15 that earlier. And I don't think this is different  
16 but give me one second to review this, please.

17 MR. MCKENNEY: Sure. Just as you were  
18 going in order, it seemed like we skipped over it.

19 MR. KELTER: Yes, I think I've already  
20 addressed the admission of the reports that Mr. Neme  
21 relies on, and I've already discussed that. But  
22 continuing in order, I think we're at line 431 to  
23 line 437. And again, that refers to Mr. Williams'  
24 testimony.

25 THE WITNESS: And one discovery response.

1 MR. KELTER: And the discovery response,  
2 I believe footnote 22 which -- which is also from  
3 Mr. Williams' testimony. Mr. Williams [sic], did you  
4 also object to footnote 23?

5 EXAMINER SEE: Mr. McKenney.

6 MR. MCKENNEY: Yes, as part of citing the  
7 line that is -- I moved to strike so, yes, that would  
8 be included.

9 MR. KELTER: Right. And that's just a  
10 response -- a data response, NRDC Interrogatory  
11 01-006 which -- from AEP to NRDC which is the type of  
12 discovery that's commonly relied on by witnesses and  
13 commonly admitted into discovery and -- I'm sorry,  
14 admitted into the record. And Mr. McKenney can ask  
15 Mr. Neme about that.

16 The next thing that I had that's not  
17 related to a report is on page 29 at line 463 to 464.  
18 And I believe that's also related to Mr. Williams'  
19 testimony.

20 Mr. McKenney, I think that's it. Did you  
21 have anything more that you were trying to strike?

22 MR. MCKENNEY: That is all that I had.

23 MR. KELTER: Thanks.

24 MR. DONADIO: Your Honor, OMAEG would  
25 like to join IEU-Ohio's motion to strike, and we

1 would just note the wide circulation of a Senate  
2 letter in reference to page 16, footnote 6, does not  
3 fall under the hearsay exception. And simply because  
4 the letter was widely circulated, it's still  
5 impermissible hearsay under the rule with no  
6 exception, and the parties have no ability to cross  
7 those authors; so, therefore, we would also seek to  
8 have it stricken. Thank you.

9 EXAMINER SEE: Okay.

10 MR. DONADIO: Also, your Honor, OMAEG has  
11 an additional motion to strike if you would like to  
12 hear that now.

13 EXAMINER SEE: Yes. Let's go ahead and  
14 get them all in. Go ahead.

15 MR. DONADIO: Your Honor, OMAEG moves to  
16 strike Mr. Neme's testimony from page 32, lines  
17 519 --

18 EXAMINER SEE: Just a minute. Page 32?

19 MR. DONADIO: Page 32.

20 EXAMINER SEE: Okay.

21 MR. DONADIO: And then lines 519 through  
22 522.

23 MR. KELTER: Is there a grounds for that?

24 MR. DONADIO: Yes, Mr. Kelter. OMAEG  
25 moves on the grounds of relevancy. Mr. Neme

1 testified that utilities in states other than Ohio  
2 offer energy efficiency programs without being  
3 statutorily required to do so. Other states' laws  
4 and regulations, or lack thereof, have no bearing on  
5 AEP Ohio's ability to offer energy efficiency  
6 programs in Ohio or any other matter at issue in this  
7 proceeding. And because Mr. Neme's testimony does  
8 not make any fact at issue more or less probable, it  
9 does not meet the standard for relevance under  
10 Rule 401 and, therefore, should be stricken pursuant  
11 to Rule 402 which prohibits admission of irrelevant  
12 evidence. Thank you.

13 MR. KELTER: Your Honor, I believe that  
14 that objection is inappropriate because it goes to  
15 the weight of the testimony, not the relevance.

16 MR. DONADIO: Your Honor, if I may  
17 respond, it does go to the relevancy of the  
18 testimony, specifically that the relevant --  
19 specifically that the laws, regulations of other  
20 states governing energy efficiency programs has no  
21 relevance in this proceeding, and it doesn't make any  
22 fact at issue more or less probable which is the  
23 appropriate standard.

24 EXAMINER SEE: Are there any other --

25 MR. MCKENNEY: We join.

1 EXAMINER SEE: -- motions to strike  
2 Mr. Neme's testimony?

3 Okay. Were you responding to --  
4 Mr. Kelter, were you responding? Did I speak over  
5 you there? I could hear some background.

6 MR. KELTER: No, your Honor. I don't --  
7 no.

8 EXAMINER SEE: Okay. Thank you. If  
9 you'll give me a few minutes to go through the  
10 motions and we'll be back with you shortly. Let's go  
11 off the record.

12 (Discussion off the record.)

13 (Recess taken.)

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

16 I appreciate every -- I appreciate the  
17 parties' patience while we went through that list of  
18 motions to strike.

19 As to the motions submitted offered to  
20 strike various portions of Mr. Neme's testimony, the  
21 motions to strike are denied except for as to  
22 footnote 13 and 14 which I believe Mr. Kelter  
23 indicated that the witness would be adopting the  
24 portion -- the quoted portions of his testimony on  
25 pages 21 and 22 as his opinion.

1           As to the other aspects, I'll go through  
2 the three different types that are here. Mr. Kelter,  
3 your --

4           MR. KELTER: Yes, your Honor.

5           EXAMINER SEE: -- your witness quotes an  
6 NRDC interrogatory on page 27 of his testimony. I am  
7 going to ask that you make that an exhibit if what --  
8 and that it be offered. That's if one of the parties  
9 have not already included it and would be marking it  
10 and making it an exhibit.

11          MR. KELTER: That was footnote 23, your  
12 Honor?

13          EXAMINER SEE: That is footnote 23, the  
14 response to NRDC Interrogatory 1-006. It is on  
15 page 27 of Mr. Neme's testimony.

16          MR. KELTER: Got it. Thank you, your  
17 Honor.

18          EXAMINER SEE: Consistent with the  
19 Bench's prior rulings in regard to the testimony --  
20 quotes from the testimony of Mr. Jon Williams who  
21 originally offered testimony on behalf of AEP Ohio  
22 which was submitted on June 15, 2020, I am going to  
23 allow those quotes to stand in Mr. Neme's testimony.

24           I also find that the reports other than  
25 13 and 14, which are stricken from the testimony, the



1 reports offered by Mr. Neme and noted in his  
2 testimony are in support of his opinion, and counsel  
3 for the parties may cross-examine Mr. Neme on that  
4 portion of his testimony and information that he's  
5 offered or drawn from the reports that are cited in  
6 his testimony.

7 MS. WHITFIELD: Your Honor, can I ask a  
8 question quick? Are you striking footnotes 13 and  
9 14 --

10 EXAMINER SEE: Yes.

11 MS. WHITFIELD: -- on page 21 and 22?  
12 Are you striking the quotes in the body of his  
13 testimony?

14 EXAMINER SEE: No, Ms. Whitfield, I am  
15 not. I am only striking the footnotes themselves and  
16 the reference to them because Mr. -- counsel for  
17 Mr. Neme said that Mr. -- I'm sorry, Mr. Kelter,  
18 counsel for Mr. Neme, said that Mr. Neme would be  
19 adopting the rationale offered there as his opinion.

20 MS. WHITFIELD: Okay. Thank you for that  
21 clarification.

22 EXAMINER SEE: Okay. And with that, I  
23 believe the first -- first let me ask, are there any  
24 questions for Mr. Neme from parties opposing the  
25 Stipulation?

1 I understand that the order for counsel  
2 for the parties supporting the Stipulation we would  
3 start with OCC.

4 MS. O'BRIEN: Yes.

5 EXAMINER SEE: Okay. Go ahead,  
6 Ms. O'Brien.

7 MS. O'BRIEN: Thank you.

8 - - -

9 CROSS-EXAMINATION

10 By Ms. O'Brien:

11 Q. I guess it's afternoon now. Good  
12 afternoon, Mr. Neme. How are you?

13 A. I'm fine, thanks. Good afternoon,  
14 Ms. O'Brien.

15 Q. My name is Angela O'Brien. I am here  
16 today on behalf of the Office of the Ohio Consumers'  
17 Counsel. Could you -- do you have your testimony in  
18 front of you?

19 A. I do.

20 Q. Okay. Could you please turn to page 7 of  
21 your testimony and let me know when you're there.

22 A. Okay. I'm there.

23 Q. Okay. Now, beginning at line 80, you  
24 state that your testimony focuses on just one issue  
25 and that's the settlement's provision that strikes

1 AEP's voluntary efficiency programs; is that right?

2 A. That's correct.

3 Q. Okay. Now, did you review what's been  
4 marked as Joint Exhibit 1 in this case which is the  
5 Joint Stipulation and Recommendation?

6 A. I have not carefully reviewed it. I'm  
7 familiar with the reference to DSM, but I haven't  
8 looked carefully at the rest of it.

9 Q. Okay. Could you pull Joint Exhibit 1 up,  
10 please.

11 A. Yes.

12 Q. Okay. And I'm going to ask you to turn  
13 to page 18 of that document.

14 A. I'm there.

15 Q. Okay. And we are going to talk about the  
16 Section III.G which is the demand side management  
17 provision. Okay. Do you see the language there that  
18 says AEP agrees to withdraw, without prejudice to any  
19 future case, the DSM program in the Application?

20 A. I do.

21 Q. Okay. And it also says AEP reserves the  
22 right to advance any proposal related to DSM, energy  
23 efficiency, electrification/EV, or similar projects  
24 into future proceedings based on then-current laws  
25 and regulations.

1           A.    Yes.

2           Q.    Okay.  Now, would you agree that this  
3 language allows AEP to propose DSM and energy  
4 efficiency programs in a different proceeding?

5           A.    While I am not an attorney, that appears  
6 to be a reasonable read of that statement.

7           Q.    Okay.  And are you aware of anything else  
8 in the settlement that says that AEP cannot or will  
9 not propose energy efficiency programs in the future?

10          A.    I am not.

11          Q.    And just to be clear, your testimony  
12 today is not that AEP Ohio has agreed to never again  
13 offer DSM or energy efficiency programs; is that  
14 correct?

15          A.    I have not made a statement in my  
16 testimony regarding what AEP may offer in the future.  
17 It was solely focused on the merits of proceeding  
18 with the proposal that they had originally made last  
19 year.

20          Q.    Okay.  So would the answer to my question  
21 be, yes, you are not -- you are not testifying that  
22 AEP Ohio will never be proposing energy efficiency or  
23 DSM in the future?

24          A.    I am not testifying in the way you just  
25 described.

1 Q. Okay. Thank you.

2 Now, if you could turn to page 6 of your  
3 testimony and let me know when you're there.

4 A. Okay.

5 Q. And in line 65 to 66, you testified that  
6 you were involved in Case No. 16-0743-EL-POR  
7 regarding FirstEnergy's proposed 2017 to 2019 energy  
8 efficiency program?

9 A. That's correct.

10 Q. Okay. Now, are you familiar with the  
11 PUCO's February 24, 2021, Order in that proceeding?

12 A. I'm not sure.

13 Q. Okay. Could you pull up for me OCC  
14 Exhibit 2.

15 A. Yes.

16 MS. O'BRIEN: And, your Honor, I would  
17 just like to mark OCC Exhibit 2 at this point.

18 EXAMINER SEE: Ms. O'Brien?

19 MS. O'BRIEN: Yes.

20 EXAMINER SEE: You want him to pull up  
21 OCC Exhibit 2?

22 MS. O'BRIEN: Yes.

23 EXAMINER SEE: Okay.

24 MS. O'BRIEN: And I would also like to  
25 mark it just for clarification.

1 EXAMINER SEE: Okay.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. (By Ms. O'Brien) Okay. Mr. Neme, do you  
4 have that available to you?

5 A. I do.

6 Q. Okay. So you see the third caption down  
7 there is -- is the case, the 16-743-EL-POR, and  
8 that's the proceeding you were involved in, right?

9 A. I do see that, yes.

10 Q. Okay. And at the very top do you see  
11 where it says Case No. 16-574-EL-POR?

12 A. I do.

13 Q. And that corresponds to AEP Ohio's energy  
14 efficiency program?

15 A. Yes.

16 Q. Okay. Would you turn to paragraph 13 of  
17 the Order and I believe it starts at the bottom of  
18 page 4.

19 A. Yes. I'm there.

20 Q. Could you look that provision over and  
21 just read it to yourself, please. Let me know when  
22 you're done.

23 A. Okay. I'm finished.

24 Q. Okay. So is -- this provision basically  
25 says that the PUCO announced it will be scheduling

1 workshops in the near future for interested  
2 stakeholders to present their views on whether energy  
3 efficiency programs are an appropriate tool to manage  
4 electric generation costs in Ohio; is that --

5 A. Yes.

6 Q. Okay. Now, when the PUCO holds these  
7 workshops, you're not aware of anything in the  
8 settlement that would preclude AEP Ohio from  
9 proposing an energy efficiency plan in those  
10 proceedings, do you -- or are you, rather?

11 A. No. It seems a pretty broad statement  
12 that wouldn't preclude that.

13 Q. Okay. Thank you.

14 Now, if you could turn to page 8 of your  
15 testimony.

16 A. Okay.

17 Q. And, let's see, toward the bottom  
18 beginning at line 115 -- I'm sorry, 117 -- well, 115  
19 to 118 at the bottom of the page. You reference  
20 Columbia Gas's energy efficiency program.

21 A. Yes.

22 Q. And you state there if Columbia Gas's  
23 efficiency program spending was applied to AEP, AEP  
24 would have an energy efficiency budget of 60 to  
25 65 million which is substantially more than what AEP

1 proposed in the Application; is that a fair  
2 characterization of your testimony?

3 A. Yes. Well, let me clarify slightly what  
4 you just said to be clear. If the percent of  
5 spending as a percent of customers' total bills for  
6 AEP was the same as it was -- as it is for Columbia  
7 Gas, then that higher level of DSM spending for AEP  
8 would be the comparable number to what has been  
9 approved for Columbia Gas.

10 Q. Okay. So is it your testimony today that  
11 the PUCO should require AEP Ohio to adopt a 60 to  
12 65 million dollar spending level for energy  
13 efficiency in this proceeding?

14 A. It's my testimony that that would be a  
15 reasonable level of spending for the Commission to  
16 adopt. I would suggest, at minimum, they should  
17 consider adopting the level that was proposed by AEP  
18 originally last year and consider ramping it up to  
19 this level.

20 MS. O'BRIEN: Okay. Just check here.

21 Mr. Neme, I think that is all that I  
22 have. Thank you very much for your time.

23 THE WITNESS: Thank you.

24 EXAMINER SEE: Counsel for IEU-Ohio.

25 MR. MCKENNEY: Thank you, your Honor.



1 - - -

2 CROSS-EXAMINATION

3 By Mr. McKenney:

4 Q. Good afternoon, Mr. Neme. How are you?

5 A. Good afternoon. I'm fine, thanks. And  
6 you?

7 Q. I am well, thank you.

8 Mr. Neme, you did not develop an energy  
9 efficiency program for this case, did you?

10 A. What do you mean by an efficiency  
11 program?

12 Q. You are not proposing an energy  
13 efficiency program in this case, are you?

14 A. I am not sure what -- what you mean by an  
15 efficiency program. Do you mean a specific mix of  
16 programs that would comprise a portfolio of programs?

17 Q. Yes. Have you developed something like  
18 that?

19 A. I have in my testimony suggested that the  
20 portfolio programs that Mr. Williams originally  
21 proposed for -- on AEP's behalf last year is a  
22 reasonable mix, a balanced portfolio, as a place to  
23 start that could be ramped up over time.

24 Q. So you support the testimony of  
25 Mr. Williams and have not developed your own energy

1 efficiency plan; is that correct?

2 A. I have not attempted to tinker. There  
3 were some things I would probably refine on the edges  
4 of what AEP has proposed in Mr. Williams' testimony.  
5 But as a whole, I thought it was a reasonable package  
6 as long as the levels are ramped up over time.

7 Q. You were not part of the AEP team that  
8 prepared that energy efficiency program, correct?

9 A. That's correct.

10 Q. Your testimony does not include any  
11 generation price forecasts, correct?

12 A. I have not directly developed a  
13 generation price forecast. I have indirectly relied  
14 on AEP's forecasts of avoided costs for -- for energy  
15 and capacity in reaching conclusions about the  
16 benefits of the efficiency programs.

17 Q. I'll rephrase it. You did not  
18 independently conduct any generation price forecast,  
19 correct?

20 A. That's correct. That's correct.

21 Q. Your testimony likewise does not include  
22 any independent analysis of energy market savings,  
23 correct?

24 A. I'm sorry. What do you mean by energy  
25 market savings?

1           Q.    I'll rephrase.  Your testimony likewise  
2 does not include any independent analysis of PJM  
3 energy market savings, correct?

4           A.    You mean energy price reductions?  Is  
5 that what you mean by energy market savings?  I just  
6 want to make sure I am understanding your question.

7           Q.    Yes.  I will try to rephrase one more  
8 time.  Your testimony does not include any  
9 independent analysis of savings of energy efficiency  
10 programs, PJM's -- resulting from PJM's energy  
11 market, correct?

12          A.    Not -- not direct.  Again, it was --  
13 there was some indirect acknowledgments of the AEP  
14 calculations and pointing out in a couple of places  
15 where AEP calculations have actually understated the  
16 savings that would be realized in the PJM market, but  
17 I did not develop from the ground up an independent  
18 analysis of those values.

19          Q.    For example, looking on page 23 of your  
20 testimony, you cite a forecasted energy savings, but  
21 you did not develop that energy savings forecast?

22               MR. KELTER:  Hold on.  Hold on.  Could  
23 you give me one second to get --

24               MR. MCKENNEY:  Sure.

25          A.    I'm sorry.  Where on page 23?

1 Q. I believe it's line 378 through 380.

2 A. Oh, okay. You are talking about the  
3 number of kilowatt-hours and peak megawatts in  
4 savings rather than the cost.

5 Q. This is a different question. Yes.

6 A. Thank you. No, I have not -- I have not  
7 done -- built from the ground up, from the measure  
8 up, a set of estimates of what AEP's programs would  
9 save. These are values that Mr. Williams had  
10 estimated. I assume that they are reasonable and in  
11 the ballpark given the evaluation that has been done  
12 of their programs over the years.

13 Q. You are familiar with the utility cost  
14 test for evaluating an energy efficiency program; is  
15 that correct?

16 A. I am.

17 Q. Your -- you did not independently conduct  
18 a utility cost test analysis of AEP's energy  
19 efficiency program, did you?

20 A. I have simply critiqued AEP's estimate of  
21 the utility cost test net benefits and concluded that  
22 they have understated them.

23 Q. Are you familiar with the resource value  
24 test for evaluating an energy efficiency program?

25 A. That's a complicated question. The

1 concept of a resource value test was born out of the  
2 development of the National Standard Practice Manual  
3 for Benefit-Cost Analysis of Energy Efficiency  
4 Resources which I was a coauthor. As Mr. Baatz noted  
5 this morning, it is a -- it is a concept that is  
6 somewhat fluid because it's based on individual state  
7 policies. So there's no single resource value test  
8 conceptually. I am familiar with what AEP has called  
9 a resource value test where they tried to take the  
10 guidance from the National Standard Practice Manual  
11 and develop a test around their interpretation of  
12 that guidance.

13 Q. Mr. Neme, let's turn to the table on  
14 page 24 of your testimony.

15 A. Okay.

16 Q. You did not create the table on page 24  
17 of your testimony, correct?

18 A. That's correct. This table comes  
19 directly from Mr. Williams' testimony.

20 Q. The UCT benefits there, which is the  
21 utility cost test, you did not develop those,  
22 correct?

23 A. That's correct.

24 Q. Same with the RVT at the end of that  
25 table, you did not correct -- independently calculate

1 those values, correct?

2 A. That's correct.

3 Q. In fact, you did not independently  
4 support this -- the creation of this table at all,  
5 correct?

6 A. That's correct. As I said in my  
7 testimony and a few minutes ago, I actually think  
8 some of the approach at estimating some of these  
9 values are understating benefits, so I would not  
10 suggest that these are -- I did not develop and would  
11 not suggest they are fully representative of the  
12 magnitude of benefits of the portfolio for these.

13 Q. Likewise, would you agree it is not fully  
14 representative of the costs of a program?

15 A. No, I wouldn't say that.

16 EXAMINER SEE: Mr. Neme, excuse me.  
17 Mr. Neme, at the end of your answer you trail off.  
18 Could you make an effort to speak up throughout your  
19 answer?

20 THE WITNESS: My apologies. Yes, I will.  
21 And if -- I could repeat the answer if that would  
22 help.

23 Q. (By Mr. McKenney) Mr. --

24 A. Okay. You got it.

25 Q. Thank you.

1           EXAMINER SEE: There's no need to repeat  
2 it. Thank you.

3           Q.     (By Mr. McKenney) Mr. Neme, do you  
4 understand how PJM's markets work?

5           A.     Roughly speaking.

6           Q.     You are not testifying here today as an  
7 expert on PJM energy markets, correct?

8           A.     I am not.

9           Q.     Likewise, you are not here testifying as  
10 an expert on PJM's capacity markets, correct?

11          A.     I am not here in that capacity. I have a  
12 pretty good understanding of how their capacity  
13 markets work, but I am not here to speak to that  
14 topic.

15          Q.     Mr. Neme, your testimony suggests an  
16 energy efficiency program on the magnitude of 60 to  
17 65 million; is that correct?

18          A.     That's correct.

19          Q.     Nobody in this case has developed an  
20 energy efficiency program consistent with your  
21 suggestion, correct?

22          A.     It depends what you mean by that. AEP  
23 just finished running a set of programs in the year  
24 2020, so not very many months ago, that spent exactly  
25 within that range and is a reasonable portfolio of

1 programs of that cost.

2 Q. You have not attached a plan to your  
3 testimony, correct?

4 A. I have not attached a plan to my  
5 testimony, that's correct.

6 Q. You have not designed a suite of programs  
7 for an energy efficiency plan on the magnitude of 60  
8 to 65 million, correct?

9 A. I have not designed a suite of programs  
10 from the ground up but have suggested that the  
11 programs AEP has proposed are reasonable in terms of  
12 comprising what a suite of programs at that level of  
13 spending level would look like.

14 Q. You have not provided an analysis of the  
15 cost effectiveness of a plan of the magnitude of 60  
16 to 65 million, correct?

17 A. I wouldn't say it that way exactly. I  
18 have -- as I just pointed out, the 2020 programs that  
19 AEP ran and finished just several months ago were in  
20 that budget level and were actually more cost  
21 effective than what AEP has forecast the smaller  
22 level of programming would be in this proceeding.

23 Q. And you did not review the inputs to  
24 those figures; is that correct?

25 A. I did a high-level review, but I have not



1 done a detailed review.

2 MR. MCKENNEY: Thank you. I have nothing  
3 further, your Honor.

4 EXAMINER SEE: Counsel for OMAEG.  
5 Thank you, Mr. McKenney.

6 MR. DONADIO: Thank you, your Honor.

7 - - -

8 CROSS-EXAMINATION

9 By Mr. Donadio:

10 Q. Good afternoon, Mr. Neme. How are you  
11 doing today?

12 A. I'm doing okay, thank you. And you?

13 Q. Doing well. I just have a few questions  
14 for you about your testimony, and I assume you have  
15 that available; is that correct?

16 A. Yes, that's correct.

17 Q. Okay. Thank you. If you could please  
18 turn to page 33 of your testimony.

19 A. Okay.

20 Q. In your testimony you recommended a  
21 budget for AEP's energy efficiency program portfolio  
22 ranging from 60 to 65 million, correct?

23 A. Correct.

24 Q. And didn't you state that range is  
25 roughly double from what AEP Ohio initially proposed

1 in this proceeding?

2 A. Yes. It's roughly double what they  
3 initially proposed in this proceeding and about on  
4 par with what they spent last year.

5 Q. And you did not quantify the bill impact  
6 to AEP Ohio customers that would result from  
7 implementing an energy efficiency program with a  
8 budget of 60 to 65 million, did you?

9 A. I had suggested that the level of cost  
10 effectiveness that the Company achieved last year  
11 with a similar level of effort would be a reasonable  
12 proxy for that. And if my recollection holds, it was  
13 multiple dollars of bill savings per dollar program  
14 spent.

15 Q. And to calculate this budget of 60 to  
16 65 million, you relied on figures from Columbia Gas  
17 of Ohio, correct?

18 A. Yes, in part.

19 Q. More specifically, isn't it true you came  
20 up with your proposed testimony -- sorry. Strike  
21 that, your Honor.

22 More specifically, isn't it true that you  
23 came up with your proposed energy efficiency budget  
24 for AEP Ohio by examining Columbia's energy  
25 efficiency -- energy efficiency budget for 2021?

1           A.     That was the first step but then to kind  
2 of ground truth whether that would be a reasonable  
3 level, I looked at what AEP has historically spent  
4 including what they spent last year which happened to  
5 be right at that range and, therefore, concluded it  
6 was reasonable.

7           Q.     And then in proposing this budget for AEP  
8 Ohio, your testimony doesn't address the differences  
9 between energy efficiency programs offered by  
10 Columbia Gas of Ohio and those included in AEP Ohio's  
11 initial proposal in this proceeding?

12          A.     I'm sorry. Could you restate the  
13 question?

14          Q.     Of course.

15                 So in proposing your budget for AEP Ohio  
16 in this proceeding, your testimony doesn't address  
17 the differences between energy efficiency programs  
18 offered by Columbia in that budget year and those  
19 that were proposed by AEP Ohio in this proceeding,  
20 correct?

21          A.     Not exactly. I did look at the range of  
22 programs that Columbia Gas is proposing. I looked at  
23 their analysis of how cost effective they would be.  
24 AEP's mix of programs was estimated to actually be  
25 more cost effective than Columbia Gas's, and again,

1 for those reasons seemed like a -- that comparison  
2 seemed like a reasonable starting point.

3 Q. But your testimony doesn't specifically  
4 address the programs being offered by Columbia Gas,  
5 correct?

6 A. No. I looked at their -- the  
7 conclusion -- I looked at their programs, how they  
8 were built up, and then my conclusions were drawn  
9 from the combined effects of the programs in  
10 aggregate.

11 Q. Thank you. Again, in making the  
12 comparison between Columbia Gas of Ohio and AEP Ohio  
13 to formulate the proposed energy efficiency budget,  
14 you didn't address the differences between gas and  
15 electric services, correct?

16 A. I did indirectly as I previously noted.  
17 Generally speaking electric efficiency programs these  
18 days have greater benefits in terms of cost  
19 reductions than gas programs. And in that sense  
20 there was a form of comparison. And when I found  
21 that Columbia Gas's programs were determined to be  
22 cost effective, fairly robustly, and AEP-Ohio's were  
23 even more cost effective, that level of comparison  
24 was part of my thinking.

25 MR. DONADIO: Thank you, your Honor. May

1 I have a moment to look over my notes before I  
2 conclude?

3 EXAMINER SEE: Yes, you may.

4 MR. DONADIO: Thank you, your Honor. No  
5 further questions. Thank you.

6 EXAMINER SEE: Thank you.

7 Those were the only three signatory  
8 parties that indicated they had cross-examination for  
9 Mr. Neme. Do any of the other signatory parties have  
10 questions for this witness?

11 MS. BLEND: No, your Honor.

12 EXAMINER SEE: Ms. Parrot? I'm sorry.  
13 Before I go to Ms. Parrot, Mr. Kelter, any recross --  
14 redirect for Mr. Neme?

15 MR. KELTER: I would like a minute to  
16 confer with co-counsel, your Honor.

17 EXAMINER SEE: Certainly. Let's take a  
18 brief recess.

19 (Recess taken.)

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

22 Mr. Kelter.

23 MR. KELTER: I just have one question for  
24 Mr. Neme on redirect, your Honor.

25 - - -

## REDIRECT EXAMINATION

1  
2 By Mr. Kelter:

3 Q. Mr. Neme, do you recall OCC Attorney  
4 O'Brien asking you to take a look at page 18 of the  
5 Stipulation and asking you a question about whether  
6 AEP can propose energy efficiency programs in a  
7 future proceeding?

8 A. I do.

9 Q. Mr. Neme, do you have an opinion on  
10 whether AEP should wait and propose programs in a  
11 future proceeding or -- or implement energy  
12 efficiency programs in the context of this  
13 proceeding?

14 A. I do. There's significant value to  
15 consumers in getting started sooner rather than  
16 later. In that context, moving forward through this  
17 proceeding with a set of programs would make a lot of  
18 sense. It would provide customer bill savings that  
19 would otherwise be lost.

20 As I noted in my testimony, some of the  
21 most important opportunities for helping customers to  
22 invest in energy efficiency is when they are already  
23 in the market to buy a new refrigerator, a new hot  
24 water heater, a new air conditioner because their  
25 existing one is broken. And every month that there

1 are no efficiency programs in the market to help  
2 those customers when they are buying a new one, a new  
3 product, to buy the most efficient one is a missed  
4 opportunity.

5 And once a customer buys a standard  
6 efficiency hot water heater or a standard efficiency  
7 central air conditioner rather than a more efficient  
8 one, they are stuck with that efficiency and the  
9 higher bills that go with it for the 10-, 15-,  
10 20-year life of those products.

11 So for those reasons, I think it makes  
12 sense to proceed with adopting efficiency programs as  
13 early as possible.

14 MR. KELTER: Thank you. That's all the  
15 questions I have, your Honor.

16 EXAMINER SEE: Okay. Any -- any recross  
17 by opposing parties on -- on Mr. Kelter's redirect?

18 MS. O'BRIEN: Your Honor, do you mean  
19 supporting parties?

20 EXAMINER SEE: Not yet.

21 MS. O'BRIEN: Oh, I apologize. I'm  
22 confused. Excuse me. I will have some recross.

23 EXAMINER SEE: Sometimes so am I,  
24 Ms. O'Brien.

25 Hearing none from opposing parties, now

1 let's move to the signatory parties and we will start  
2 with Ms. O'Brien.

3 MS. O'BRIEN: Okay. Thank you. Just  
4 briefly.

5 - - -

6 RE-CROSS-EXAMINATION

7 By Ms. O'Brien:

8 Q. Mr. Neme, Mr. Kelter asked you about your  
9 opinion on whether AEP should move forward in the  
10 context of this case. You would agree with me there  
11 are six electric distribution utilities in Ohio; is  
12 that correct?

13 A. That's right. Three of them are under  
14 the FirstEnergy umbrella, yes.

15 Q. Okay. But there are six of them,  
16 correct?

17 A. Yes.

18 Q. Okay. And in -- you recall us discussing  
19 the Commission Order in the FirstEnergy energy  
20 efficiency plan that you were involved in?

21 A. I do.

22 Q. Would you agree with me that there would  
23 be value in having uniform standards applicable to  
24 all six electric distribution utilities with respect  
25 to implementing energy efficiency programs?



1 A. Uniform standards with respect to what?

2 Q. Regular -- regulatory provisions,  
3 regulations, targets.

4 A. There's probably -- I'm sorry?

5 Q. Go ahead.

6 A. What was the last one?

7 Q. Targets, savings targets.

8 A. There -- there would probably be some  
9 value in having consistency moving forward but that  
10 wouldn't preclude one utility getting started sooner  
11 and then refining its portfolio consistent with any  
12 kind of statewide decisions that get made.

13 Q. So the answer to my question is, yes,  
14 that there would be value in having consistency?

15 MR. KELTER: Your Honor, I object.

16 Mr. Neme just answered that question. Asked and  
17 answered.

18 MS. O'BRIEN: And, your Honor, I am just  
19 following up to clarify for the record.

20 MR. KELTER: He gave a very clear answer.

21 EXAMINER SEE: And the objection is  
22 sustained.

23 MS. O'BRIEN: Okay. Thank you. I have  
24 no further questions.

25 EXAMINER SEE: Thank you.

1 Counsel for IEU-Ohio, any recross?

2 MR. MCKENNEY: No recross from IEU.

3 Thank you.

4 EXAMINER SEE: Counsel for OMAEG, any  
5 recross?

6 MR. DONADIO: No further questions, your  
7 Honor.

8 EXAMINER SEE: Okay. Is there any  
9 recross by any of the other signatory parties?

10 Ms. Parrot, do you have any questions for  
11 this witness?

12 EXAMINER PARROT: I do not.

13 EXAMINER SEE: Okay. Thank you.

14 Mr. Kelter.

15 MR. KELTER: Your Honor, are we ready for  
16 me to move for the admission of Mr. Neme's testimony?

17 EXAMINER SEE: Yes, we are.

18 MR. KELTER: Your Honor, I would like to  
19 move for the admission of the testimony of Chris  
20 Neme, marked as ELPC Exhibit 1, into the record.

21 EXAMINER SEE: Okay. Are there any  
22 objections to the admission of ELPC Exhibit 1?

23 MR. MCKENNEY: Your Honor, we renew our  
24 motion to object to the admission of any reference  
25 Mr. Neme makes in regards to Jon Williams' testimony

1 until Jon Williams has testified. Thank you.

2 MR. DONADIO: Your Honor, OMAEG also  
3 renews its objections to the admission of Mr. Neme's  
4 testimony as articulated previously. Thank you.

5 EXAMINER SEE: Okay. With that, ELPC  
6 Exhibit 1 is admitted into the record.

7 (EXHIBIT ADMITTED INTO EVIDENCE.)

8 MR. KELTER: Thank you, your Honor.

9 EXAMINER SEE: And I would remind  
10 Mr. Kelter as to offering at the next available  
11 meeting of this hearing the -- excuse me, sorry, the  
12 NRDC interrogatory mentioned earlier.

13 MR. KELTER: Yes, your Honor. We've made  
14 note of that and will do so at the start of the next  
15 hearing.

16 EXAMINER SEE: Okay. Thank you. Ms. --  
17 Ms. O'Brien.

18 MS. O'BRIEN: Your Honor -- I'm sorry,  
19 your Honor. With respect to OCC Exhibit 2 which I  
20 marked, I don't believe -- it's a Commission order.  
21 I'm -- don't seek to move it into evidence for that  
22 reason because it is a Commission order, and it's not  
23 evidence, so I'm not seeking to move it.

24 EXAMINER SEE: Okay. Thank you.

25 Thank you, Mr. Neme. You may step down.

1 THE WITNESS: Thank you. Have a good  
2 weekend, everyone.

3 MR. KELTER: Thank you, your Honor.

4 EXAMINER SEE: Thank you.

5 I believe that concludes the witnesses we  
6 had scheduled for today. Let's go off the record.

7 (Discussion off the record.)

8 EXAMINER SEE: We will reconvene on  
9 Monday at 9:00 a.m. Thank you.

10 (Thereupon, at 1:58 p.m., the hearing was  
11 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 Friday, May 14, 2021, and carefully compared with my original stenographic notes.

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Karen Sue Gibson, Registered Merit Reporter.

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Carolyn M. Burke, Registered Professional Reporter.

(KSG-7074)

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Summary: Transcript in the matter of the Ohio Power Company hearing held on 05/14/21 - Volume III electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.