

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 9:00 a.m. on Tuesday,
May 18, 2021.

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VOLUME V

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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.

26 Kegler, Brown, Hill & Ritter Co., LPA
27 By Mr. Robert Dove
28 65 East State Street, Suite 1800
29 Columbus, Ohio 43215

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

33 Carpenter Lipps & Leland LLP
34 By Ms. Angela Paul Whitfield
35 280 North High Street, Suite 1300
36 Columbus, Ohio 43215

37 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.

1 APPEARANCES: (Continued)

2 Bricker & Eckler, LLP
3 By Mr. Dane Stinson
4 and Mr. Matthew W. Warnock
5 100 South Third Street
6 Columbus, Ohio 43215-4291

7 One Energy Enterprises LLC
8 By Ms. Katie Johnson Treadway
9 12385 Township Road 215
10 Findlay, Ohio 45840

11 On behalf of One Energy Enterprises.

12 Spilman Thomas & Battle, PLLC
13 By Ms. Carrie H. Grundmann
14 110 Oakwood Drive, Suite 500
15 Winston-Salem, North Carolina 27103

16 On behalf of Walmart, Inc.

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Tuesday Morning Session,
May 18, 2021.

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EXAMINER SEE: Then let's go on the
record.

We are reconvening today, May 18, in Case
Nos. 20-585-EL-AIR, et al., being entitled In the
Matter of the Ohio Power Company.

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

MR. WOLFFRAM: Good morning, your Honor.
On behalf of Ohio Power Company, Steven T. Nourse,
Christen M. Blend, Tanner S. Wolffram, American
Electric Power Service Corporation, 1 Riverside
Plaza, Columbus, Ohio 43215; with the law firm Porter
Wright Morris & Arthur, Mr. Eric B. Gallon; and on
behalf of the law firm Ice Miller, Mr. Christopher L.
Miller.

EXAMINER SEE: On behalf of the Staff of
the Public Utilities Commission.

MR. MARGARD: Thank you, your Honor.
Good morning. On behalf of the Staff of the Public
Utilities Commission, Assistant Attorneys General
Werner Margard, Kyle Kern, and Thomas Shepherd.

1 EXAMINER SEE: On behalf of Ohio Energy
2 Group.

3 MS. COHN: Good morning, your Honor. On
4 behalf of OEG, Jody Cohn, Michael Kurtz, and Kurt
5 Boehm.

6 EXAMINER SEE: Environmental Law & Policy
7 Center.

8 MR. KELTER: On behalf of Environmental
9 Law & Policy Center, Robert Kelter and Caroline Cox.

10 EXAMINER SEE: On behalf of Ohio
11 Consumers' Counsel.

12 MS. O'BRIEN: Good morning, your Honors.
13 On behalf of the Office of the Ohio Consumers'
14 Counsel, Assistant Consumers' Counsels Angela
15 O'Brien, Christopher Healey, and John Finnigan.
16 Thank you.

17 EXAMINER SEE: On behalf of Ohio
18 Manufacturers' Association Energy Group.

19 MS. BOJKO: Thank you, your Honor. On
20 behalf of Ohio Manufacturers' Association Energy
21 Group, Kimberly W. Bojko, Thomas Donadio, with the
22 law firm Carpenter Lipps & Leland.

23 EXAMINER SEE: On behalf of The Kroger
24 Company.

25 MS. WHITFIELD: Good morning, your Honor.

1 On behalf of The Kroger Company, Angie Paul Whitfield
2 with the law firm Carpenter Lipps & Leland. Thank
3 you.

4 EXAMINER SEE: On behalf of Interstate
5 Gas Supply, Inc.

6 MR. DARR: For IGS, Joe Olikier, Bethany
7 Allen, Evan Betterton, and Frank Darr.

8 EXAMINER SEE: Industrial Energy Users -
9 Ohio.

10 MR. MCKENNEY: Good morning, your Honors.
11 On behalf of IEU-Ohio, Bryce McKenney, Matthew
12 Pritchard, and Rebekah Glover, from the law firm
13 McNees, Wallace & Nurick.

14 EXAMINER SEE: On behalf of Natural
15 Resources Defense Council.

16 MR. DOVE: Good morning, your Honor.
17 This is Robert Dove with Kegler, Brown, Hill & Ritter
18 on behalf of Natural Resources Defense Council. I
19 also represent Ohio Partners for Affordable Energy in
20 this case.

21 EXAMINER SEE: On behalf of Walmart,
22 Incorporated.

23 MS. GRUNDMANN: Good morning, your Honor.
24 Carrie Grundmann with the law firm of Spilman Thomas
25 & Battle on behalf of Walmart, Inc.

1 EXAMINER SEE: On behalf of Direct Energy
2 Business, LLC and Direct Energy Services, LLC.

3 Ohio Hospital Association.

4 ChargePoint, Incorporated.

5 Nationwide Energy Partners, LLC.

6 MR. SETTINERI: Good morning, your
7 Honors. On behalf of Nationwide Energy Partners,
8 Mike Settineri and Elia Woyt with the law firm of
9 Vorys, Sater, Seymour & Pease.

10 EXAMINER SEE: Armada Power, LLC.

11 MR. SETTINERI: Good morning, your
12 Honors. On behalf of Armada Power, LLC, Michael
13 Settineri and Elia Woyt with the law firm of Vorys,
14 Sater, Seymour & Pease.

15 EXAMINER SEE: Constellation NewEnergy.

16 Clean Fuels Ohio.

17 Zeco Systems, Inc. doing business as
18 Greenlots.

19 Ohio Environmental Council.

20 MS. LEPPLA: Good morning, your Honor.
21 Miranda Leppla, Trent Dougherty, and Chris Tavenor
22 for the Ohio Environmental Council.

23 EXAMINER SEE: One Energy Enterprises,
24 LLC.

25 Ohio Cable Telecommunications

1 Association.

2 EVgo Services, LLC.

3 MR. WHITT: Your Honor, this is Mark
4 Whitt. I would like to try to enter my appearance
5 again, this time not on mute. Mark Whitt and Lucas
6 Fykes on behalf of Direct Energy Business, LLC, and
7 Direct Energy Services, LLC.

8 EXAMINER SEE: Okay, Mr. Whitt. Thank
9 you.

10 Mr. Wolffram.

11 MR. WOLFFRAM: Thank you, your Honor. As
12 we've discussed off the record, the Company would
13 just like to raise a procedural matter regarding
14 Mr. Williams' cross-examination this morning.

15 Mr. Williams is appearing at the request
16 of the opposing parties. The Company is not offering
17 his testimony that he filed as part of the
18 Application as part of this proceeding and so he is
19 being made available at the request for
20 cross-examination by the opposing parties. As such,
21 it is our understanding he will be called by the
22 opposing parties and, therefore, we submit that the
23 signatory parties, to the extent they have questions,
24 be directed to ask their questions after the opposing
25 parties have had their opportunity to cross

1 Mr. Williams as the initial procedural matter.

2 And again, your Honor, understanding that
3 the opposing parties appear to want to at least
4 cross -- or ask questions of Mr. Williams regarding
5 his direct testimony in support of the application as
6 the Company is not offering Mr. Williams' testimony
7 and he is not here to testify on behalf of the
8 Company in support of the Stipulation, you know, the
9 Company would again object to the use of
10 Mr. Williams' application testimony similar to the
11 reasons discussed regarding Mr. Roush's initial
12 testimony in support of the Company's Application.
13 Thank you.

14 MR. SETTINERI: Your Honor, if I may.

15 EXAMINER SEE: Yes.

16 MR. SETTINERI: Mr. Wolffram said
17 something that triggers me to think of something.
18 What I would like to suggest is that the -- the
19 parties that subpoenaed Mr. Williams go first, then
20 the signatory parties and then the rest of the
21 opposing parties would go.

22 MR. DARR: Your Honor, this is Frank
23 Darr. I would oppose that. The scope of the
24 cross-examination is not defined by just the
25 examination directed at the witness by ELPC or OEC.

1 The scope is defined by the issues presented in the
2 case, and to the extent that this witness is adverse,
3 any adverse party would have the opportunity to
4 cross-examine this witness with regard to any
5 relevant matter in the proceeding.

6 So to assure not only the adverse parties
7 the opportunity that they are entitled to to examine
8 this witness, but also to assure that the efficiency
9 of the process is maintained, I would agree with
10 Mr. Wolffram that it should be opposing parties, then
11 signatory parties, and then a decision will have to
12 be made at that point whether or not there is another
13 round. Personally, I don't think that's appropriate
14 that we would get the second bite of the apple
15 given -- under those circumstances because then that
16 would trigger a fourth round on the part of the
17 signatory parties which seems inefficient at best
18 given that there is an opportunity for rebuttal
19 testimony in this proceeding.

20 MR. SETTINERI: Your Honor, based on what
21 Mr. Darr just explained, I will go with the plan
22 proposed by Mr. Wolffram.

23 MR. WOLFFRAM: Thank you, your Honor. We
24 agree with -- the Company supports the proposal by
25 Mr. Darr. And again, we would just like to reiterate

1 the Company will, you know, retain the right to
2 object to all lines of questioning even from -- for
3 Mr. Williams.

4 EXAMINER SEE: Mr. Wolffram, I am going
5 to need you to be in contact with your mic because
6 you trail off. There are parts of that that I could
7 not hear very clearly, but no need to repeat, it's
8 okay.

9 MR. WOLFFRAM: Okay. Thank you, your
10 Honor. Sorry.

11 EXAMINER SEE: Okay. So just so that I'm
12 clear, will AEP be presenting this witness or will --
13 do you expect OEC, ELPC to call Mr. Wolffram?

14 MR. WOLFFRAM: It's our understanding
15 that the ELPC will be calling Mr. Williams.

16 EXAMINER SEE: Okay.

17 Okay.

18 MS. LEPPLA: Yes, your Honor. I know
19 we've been going down the same line of questions --
20 questioning but ELPC is going to take the first go
21 with Mr. Williams and then OEC will follow after
22 that.

23 EXAMINER SEE: Okay. And Ms. Leppla, I
24 am getting a lot of feedback. Is that happening for
25 everyone else?

1 MS. WHITFIELD: Yes, it is.

2 MR. WOLFFRAM: Yes, your Honor.

3 MS. LEPPLA: My apologies. I will try to
4 get that corrected.

5 EXAMINER SEE: And just to be clear, you
6 said OEC would be going first or ELPC would be going
7 first?

8 MS. LEPPLA: ELPC, your Honor.

9 EXAMINER SEE: Well, then if counsel for
10 ELPC would like to call its next witness.

11 MR. KELTER: Thank you, your Honor. We'd
12 like to call Jon Williams from AEP as our next
13 witness.

14 EXAMINER SEE: Mr. Schmidt, if you
15 could -- ah. There he is.

16 Mr. Williams, if you could raise your
17 right hand.

18 (Witness sworn.)

19 EXAMINER SEE: Thank you. Go ahead,
20 Mr. Kelter.

21 MR. KELTER: Thank you, your Honor.

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JON F. WILLIAMS

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

CROSS-EXAMINATION

By Mr. Kelter:

Q. Mr. Williams, good morning. My name is
Rob Kelter. I am the attorney for the Environmental
Law & Policy Center.

Mr. Williams, do you have with you your
direct testimony from docket 20-0585 that ELP -- that
AEP filed on June 15, 2020?

A. Yes.

Q. And attached to that, do you have the AEP
Ohio DSM Plan dated 6-15-2020?

A. Could you clarify that? I am not sure I
understand what you are referring to.

Q. Attached to your direct testimony that
you originally filed as Exhibit JFW-1 is AEP's Ohio
Demand Side Management Plan dated 6-15-2020.

A. Yes, I do.

Q. Thank you. Did you prepare this
testimony or was it prepared under your supervision?

A. Yes.

Q. And your title at AEP is Managing
Director of Customer Experience and Distribution

1 Technology, correct?

2 A. Correct.

3 Q. And if you turn to page 3 at line 9 of
4 your direct testimony, you state "I am responsible
5 for the design, development, and implementation of
6 customer programs helping customers understand and
7 optimize their demand and energy use such as demand
8 side management," correct?

9 A. That's correct.

10 Q. And can you explain what it means to help
11 customers understand and optimize their demand and
12 energy use?

13 A. It can mean a lot of things. For
14 example, education, educating customers on how to
15 better use their energy, whether it's efficiency or
16 time of use, or type of use. It can also mean things
17 like helping customers manage their bills and explain
18 to customers high bills and how to help them lower
19 their bills. It can mean other things such as the
20 DSM Plan that was originally filed in this case. And
21 also there is an opportunity to help customers manage
22 their energy use. So it means quite a number of
23 things.

24 Q. And why does AEP make this effort to help
25 customers optimize their demand and energy demand?

1 MS. BOJKO: Your Honor, I'm sorry to
2 interrupt. I can't hear a word that Mr. Williams is
3 saying.

4 EXAMINER SEE: Okay.

5 MS. BOJKO: It looks like other people
6 might be struggling too.

7 MS. WHITFIELD: Yeah.

8 THE WITNESS: I apologize. I am almost
9 on top of the speakers so -- the mic, so maybe I need
10 to switch to -- if you could give me just a minute, I
11 will switch to the lavalier. Just a second.

12 EXAMINER SEE: Okay.

13 MS. BOJKO: And, your Honor, while we are
14 waiting for that, I'm sorry, did I miss, did
15 Mr. Kelter actually mark this testimony as an
16 exhibit?

17 EXAMINER SEE: No, he did not.

18 MR. DARR: Your Honor, one other concern.
19 I did not hear Mr. Kelter ask the witness to identify
20 himself for the record. If that could be addressed.

21 EXAMINER SEE: That's right.

22 MR. KELTER: Are we ready to go?

23 EXAMINER SEE: Are you ready,
24 Mr. Williams?

25 THE WITNESS: I have upgraded the

1 microphone. I hope you can hear me better now.

2 EXAMINER SEE: I can hear you just fine.
3 I am not hearing anything from other counsel or -- so
4 if you are ready, Mr. Kelter, go ahead.

5 Q. (By Mr. Kelter) Mr. Williams, could you
6 please identify yourself by the -- for the record by
7 stating your name and -- and I think we have already
8 gone through your title.

9 A. My name is Jon F. Williams.

10 Q. Thank you.

11 MR. KELTER: And, your Honor, before we
12 proceed, I would just like to mark Mr. Williams'
13 testimony and the DSM Plan that accompanies it as
14 ELPC Exhibit 2.

15 EXAMINER SEE: The exhibit is so marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MR. MCKENNEY: Can we mark these
18 separately? I'm sorry. Did you ask to have these
19 marked separately, as 1 and 2, cut out, or are you
20 saying both of them as ELPC 2?

21 MR. KELTER: I am happy to do it whatever
22 way people want, but I marked them both as ELPC 2
23 because when Mr. Williams initially filed his
24 testimony, it came with that exhibit as one piece.

25 EXAMINER SEE: Then let's keep it that

1 way if there is not a good reason to do otherwise.

2 The exhibit is so marked. Go ahead, Mr. Kelter.

3 Q. (By Mr. Kelter) I believe my last
4 question to Mr. Williams was can you explain what it
5 means to help customers understand and -- oh, no.
6 I'm sorry. Cross that. I asked that question.

7 Why does AEP make this effort to help
8 customers optimize their demand and energy use?

9 A. I believe I answered that question so I'm
10 sorry if you couldn't hear me. I apologize. We do
11 that in a number of ways. We do that by helping
12 customers manage their bills so that their capability
13 of paying bills is -- is -- they can be able to
14 handle their bills and pay their bills. We do that
15 in ways to try to help customers conserve energy
16 where it makes sense for them and use energy in a way
17 that meets their needs. So it's a way of assisting
18 customers.

19 Q. Right. And my question -- my follow-up
20 question to that, Mr. Williams, was, why does AEP
21 make that effort to help customers optimize their
22 demand and energy usage?

23 A. To try to lower their costs, to help them
24 lower their costs.

25 Q. And at page -- if you can turn to page 14

1 of your testimony. At line 19, you state that "The
2 Company also included inputs from the latest market
3 potential study completed in 2019 along with actual
4 program results to develop this DSM Plan." Does this
5 give you confidence that this DSM Plan improves on
6 the last plan AEP concluded at the end of 2020?

7 MR. WOLFFRAM: Your Honor, at this point
8 I'll object. Again, as part of the Stipulation, the
9 Company removed the DSM Plan and so this testimony is
10 not relevant to the overall Stipulation that's at
11 issue in this proceeding. And again, I think at this
12 point Mr. Kelter is reading Mr. Williams' testimony
13 into the record which again we would object to on the
14 grounds that Mr. Williams is not a Company witness in
15 support of the overall Stipulation which is at issue
16 and, therefore, reading his testimony into the record
17 is inappropriate in this context.

18 MR. KELTER: Your Honor, Mr. Williams'
19 statements are relevant to get to the question of
20 whether the Stipulation benefits customers and
21 whether the Stipulation violates any important
22 regulatory principle or practice. This testimony was
23 originally submitted by the Company as part of its
24 case. And supposedly they did that because they
25 thought that this program was in the customers'

1 interests. They removed this as part of the
2 Stipulation, but we have a right to argue that, in
3 fact, that by removing it, they are violating
4 regulatory principles and that this no longer meets
5 the standards in the public utilities act. In order
6 to make that argument, we need to be able to ask
7 Mr. Williams questions.

8 MR. WOLFFRAM: Your Honor, if I may just
9 briefly respond?

10 EXAMINER SEE: Briefly.

11 MR. WOLFFRAM: Thank you.

12 Mr. Kelter did have the opportunity to
13 ask about the removal of DSM as part of Ms. Moore's
14 testimony who sponsored the overall Stipulation which
15 included the removal of DSM. And again, to the
16 extent the opposing parties wanted to present their
17 case, they had an opportunity to present witnesses.
18 So to elicit these responses through a subpoena of
19 Mr. Williams who is not offering testimony in support
20 of the Stipulation when the Company has already
21 presented a witness who did so, is inappropriate in
22 this context. Thank you.

23 MR. KELTER: Your Honor, are you waiting
24 for me to respond to that or?

25 EXAMINER SEE: No. Just a moment.

1 The objection is overruled.

2 Mr. Williams, you can answer the
3 question.

4 THE WITNESS: Would you please repeat the
5 question?

6 EXAMINER SEE: Karen, if could you read
7 the question back, please.

8 (Record read.)

9 A. Yes.

10 Q. And does this combination of potential
11 study results and past actual results give you a high
12 level of confidence in the savings projections in the
13 plan?

14 A. The savings projections are just that, a
15 projection, so we used all the evidence that we could
16 pull together to make a -- to put the plan together,
17 so it is an estimate.

18 Q. Mr. Williams, at page 4, line 4 of your
19 testimony, if you can turn there. You state that
20 "The AEP Ohio Demand Side Management Plan...provides
21 a diverse suite of programs to cost effectively help
22 customers overall with opportunities to optimize
23 their peak demand with their overall energy use." I
24 would like to ask you to break that down. Can you
25 please, first, talk about the diverse suite of

1 programs in terms of your attempt to reach AEP
2 customers? And what do you mean by "diverse suite of
3 programs"?

4 MR. WOLFFRAM: Your Honor, again, I will
5 just object at this point on the basis of relevance.
6 Given that there is no DSM Plan included in the
7 Company's Joint Stipulation, I don't see how this --
8 the plan originally proposed in the Company's
9 Application is relevant to the overall consideration
10 of this Joint Stipulation. Thank you.

11 MR. KELTER: Your Honor, we are asking
12 these questions in order to demonstrate that the DSM
13 program should, in fact, be included in this rate
14 case and should be approved by the Commission.

15 EXAMINER SEE: Okay. And I will allow
16 the witness to answer this question.

17 MR. WOLFFRAM: Thank you, your Honor.

18 A. I really have nothing to add beyond
19 what's in Exhibit JFW-1 that goes through the set of
20 programs we're offering -- that we were offering in
21 the original application.

22 Q. Mr. Williams, when a customer
23 participates in a program by investing in an
24 energy-efficiency measure, they then benefit from
25 that over the life of the measure; is that correct?

1 A. Could you repeat the question, please?

2 Q. Sure.

3 When a customer participates in a program
4 by investing in an energy-efficiency measure, they
5 then benefit from that investment over the life of
6 the measure; is that correct?

7 A. That's correct.

8 Q. And when customers benefit from the
9 product or measure, that creates a benefit for the
10 delivery system as a whole; is that correct?

11 A. Would you define "delivery system as a
12 whole"?

13 Q. I can try. The delivery system which
14 includes the components of delivery such as
15 transformers, wires, power lines, that there is a
16 benefit to that.

17 MR. WOLFFRAM: Your Honor, I guess I'll
18 object as this question is -- is vague. I guess I am
19 not really understanding the intent of the question,
20 so maybe Mr. Kelter could reask to avoid the
21 confusion with the witness.

22 MR. KELTER: You know what, I'll get back
23 to this if that's all right, your Honor. I will move
24 along for now.

25 EXAMINER SEE: Yes.

1 Q. (By Mr. Kelter) Mr. Williams, at page 6
2 of your testimony at line 9, you state that the cost
3 of the DSM Plan is 36.6 million annually, while the
4 total benefits are 100 million annually, correct?

5 A. Yeah. That's what -- that's what the DSM
6 Plan in the original application states, correct.

7 Q. And if you turn to page 9 of your
8 testimony at line 5, you discuss the Company's
9 investment in smart meters. Has AEP done any
10 analysis to show how much customers benefit from
11 smart meters?

12 MR. WOLFFRAM: Again, your Honor, I will
13 object as outside the scope of this proceeding.

14 MR. KELTER: Your Honor, could we just
15 make that some sort of standing objection?

16 MR. WOLFFRAM: It's a different
17 objection, your Honor. I am specifically objecting
18 to the basis for the questions regarding smart meters
19 that aren't at issue in the Stipulation.

20 MR. KELTER: But, your Honor, I am about
21 to connect the smart meter to the smart thermostats
22 that are a part of that, if you will let me ask the
23 next question.

24 EXAMINER SEE: Go ahead, Mr. Kelter. The
25 objection is overruled.

1 MR. KELTER: Thank you.

2 MR. WOLFFRAM: Thank you, your Honor.

3 Q. (By Mr. Kelter) Mr. Williams, has AEP
4 done an analysis that compares how much customers
5 with only a smart meter save on their bills compared
6 to customers who combine a smart meter with a smart
7 thermostat?

8 A. I don't know.

9 Q. And at page 9, line 17, you state the
10 combination of the DSM Plan can support and encourage
11 the demand side management technologies that provide
12 the customer -- the most customer and system benefit,
13 correct?

14 A. That's what it states in the original
15 application.

16 Q. And it says "Lowering peak demand has
17 system cost benefits at the generation, transmission
18 and distribution levels." Can you please explain how
19 DSM has system benefits related first to generation?

20 MR. MCKENNEY: Objection, your Honor. I
21 would like -- can I object on relevance? Because
22 this is the same objection I had for every other
23 environmental witness we've had. This is not
24 relevant. This is a distribution rate case;
25 generation and transmission costs are not at issue

1 here.

2 MR. KELTER: Mr. Williams obviously
3 thought it was relevant. He put it in his original
4 testimony.

5 MR. MCKENNEY: His original testimony has
6 not been filed in this case and he is not submitting
7 it for the record.

8 MS. O'BRIEN: Your Honor, this is Angela
9 O'Brien for OCC. I would also object to these
10 questions which is not relevant as to the three-part
11 test that the Commission uses to evaluate
12 settlements.

13 MR. WOLFFRAM: The Company joins those
14 objections, your Honor. Thank you.

15 MR. DARR: If I may respond to part of
16 the objection raised by IEU, your Honor?

17 EXAMINER SEE: Go ahead, Mr. Darr.

18 MR. DARR: Thank you, your Honor.

19 With regard to generation, I don't have
20 an opinion one way or the other. But with regard to
21 transmission, unfortunately the Stipulation did --
22 fortunately or unfortunately the Stipulation did
23 place transmission rates in play because of the
24 modification of the BTCR pilot. So with that I just
25 want to make clear there are transmission rates at

1 issue here. Thank you.

2 MS. LEPPLA: Your Honor, if I may add as
3 well. Simply because there are additional benefits
4 of a distribution program that relate to transmission
5 and generation, doesn't mean that those are not at
6 issue. That's simply another benefit that this
7 program would have added which is part of the reason
8 we believe this Stipulation doesn't meet the
9 standards and that's part of our argument here today.

10 MR. WOLFFRAM: And, your Honor, if I may
11 again, I will just point back to the fact that
12 Mr. Williams is not offering testimony in support of
13 the Stipulation. To the extent the parties had
14 questions regarding the overall Stipulation and
15 how -- why it meets the three-part test, those
16 questions were better directed at the other Company
17 witnesses that have already presented testimony.
18 Mr. Williams is here to testify on unique factual
19 issues that he has personal knowledge of. He is not
20 here to testify as it relates to the overall
21 Stipulation and questions that should have been
22 better placed and directed at the other Company
23 witnesses.

24 MR. KELTER: Your Honor, first of all,
25 they objected to questions relating to these topics

1 when they were brought up with witness Moore. Second
2 of all, Mr. Williams testified to this himself. He
3 said demand management is a key component of the DSM
4 Plan to reduce costs for customers. The question
5 here in our argument in this case is that the Company
6 should be doing everything that it can in a rate case
7 to help reduce costs for customers. And these
8 questions are central to that issue.

9 MS. O'BRIEN: And this is Angela O'Brien.
10 I'm sorry. This is Angela O'Brien for OCC. If I
11 just may be heard. Mr. Williams isn't testifying as
12 to anything today. His testimony has not been
13 offered into evidence. As Mr. Wolffram noted, there
14 were AEP witnesses who did provide testimony in
15 support of the -- in support of the settlement and
16 Mr. Williams is not one of them.

17 EXAMINER SEE: Karen, if you could read
18 the question back for me, please.

19 (Record read.)

20 EXAMINER SEE: And I am going to allow
21 the witness to answer the question, and the
22 Commission will give this question and his testimony
23 the weight the Commission believes it deserves. Go
24 ahead and answer the question, Mr. Williams.

25 THE WITNESS: Thank you, your Honor.

1 A. It's true that lowering peak demand has
2 system cost benefits at the generation, transmission,
3 and distribution levels but there are many ways to
4 achieve that. The DSM Plan itself is -- is just one
5 way.

6 Q. Mr. Williams, can you please explain how
7 DSM has system benefits related to transmission and
8 distribution.

9 A. None of those benefits has been
10 specifically defined in the DSM Plan that was in the
11 original application. It wasn't based on
12 transmission and distribution avoided costs.

13 Q. Mr. Williams, did you not say -- did you
14 not originally testify that demand management is a
15 key component of the DSM Plan to reduce costs for
16 customers?

17 MR. WOLFFRAM: Again, your Honor, we will
18 just object on the grounds that Mr. Williams has not
19 testified to that fact in this proceeding.

20 EXAMINER SEE: Mr. Kelter, can you
21 restate?

22 MR. KELTER: Yes, your Honor.

23 Q. (By Mr. Kelter) Mr. Williams, did you not
24 state in your initial testimony that demand
25 management is a key component of the DSM Plan to

1 reduce costs for customers?

2 A. It is a key component of the original
3 application, the DSM Plan in that application.

4 Q. Thank you. That's -- Mr. Williams,
5 that's the question.

6 EXAMINER SEE: Mr. Kelter, if you could
7 allow the witness to respond fully; and once he's
8 answered your question, you can then continue.

9 MR. KELTER: Thank you. Yes, your Honor.

10 A. But it's not offered here as part of this
11 case and, further, it's just one way. There are
12 other ways as well.

13 Q. Mr. Williams, at line 21 on page 9, did
14 you not state lowering peak demand has system cost
15 benefits at the generation, transmission, and
16 distribution levels?

17 MS. BOJKO: Objection, your Honor. This
18 one has been asked and answered. He already read
19 that sentence into the record and I think it's
20 important to note this is a proposed plan.
21 Mr. Kelter's questions keep implying that this is
22 somehow an approved plan or the plan, and it was a
23 proposal in an application.

24 EXAMINER SEE: The question has been
25 asked and answered.

1 Q. (By Mr. Kelter) Mr. Williams, can you --
2 can you please explain how DSM lowers distribution
3 costs.

4 A. In general, the only way that demand side
5 management, in other words, lowering peak demand on a
6 distribution station or circuit occurs is if you have
7 specific opportunities to lower that demand at that
8 station or circuit level. We call that locational
9 avoided costs.

10 Q. Mr. Williams, is it correct that in 2020,
11 AEP achieved 213 percent of its 1 percent savings
12 target?

13 A. Just a moment.

14 MR. WOLFFRAM: Mr. Kelter, are you
15 referencing something specifically that the witness
16 can reference?

17 MR. KELTER: I believe that was in
18 Appendix R. It was R No. 2 at the bottom of the page
19 of Appendix R.

20 A. Are you talking about OEC Exhibit 3 in
21 case 21-139, the appendixes to the Portfolio Status
22 Report?

23 Q. Yes.

24 MR. WOLFFRAM: Your Honor, I will object
25 as there's been no foundation that the witness is

1 here to speak on that exhibit specifically. And I
2 will note again, it hasn't been marked to this point,
3 so I guess this line of questioning on exhibits that
4 haven't been marked and there has been no foundation
5 for, I would object on those grounds.

6 MR. KELTER: Your Honor, I just asked him
7 the question if it's correct that in 2020, AEP
8 achieved 230 -- 213 percent of its 1 percent savings
9 target. I really assumed he would know the answer to
10 that.

11 A. Mr. Kelter, generally that sounds right.
12 I've certainly looked at Appendix R and was involved
13 in the formulation of that, but I don't have it
14 directly in front of me at this moment so, subject to
15 check, I wouldn't disagree with you.

16 Q. Thank you.

17 Mr. Williams, can you please explain what
18 first-year costs means?

19 A. First-year costs simply means if you look
20 at the cost of the program delivered in that year and
21 the cost of the first-year savings in kilowatt-hours
22 were in that year, and you divide the two, and that's
23 the cost of -- first-year costs.

24 Q. And is it correct that for every \$1 that
25 AEP had planned to spend on its DSM program, that AEP

1 projected over \$3 in benefits?

2 A. Are you referring to the DSM Plan
3 proposal filed in the original case?

4 Q. Yes. Yes.

5 A. Yes.

6 Q. If you increase spending on a new DSM
7 Plan in 2022 to your 2020 level, do you anticipate a
8 significant difference in that ratio of \$3 in savings
9 for every dollar spent?

10 MR. WOLFFRAM: Your Honor, I'll object.
11 Calls for speculation.

12 MS. BOJKO: OMAEG has the same objection.
13 There's no basis or foundation for that question of
14 what the difference is of the two plans that he is
15 asking the witness to compare.

16 MR. KELTER: If he doesn't have any idea,
17 he can answer "I don't know."

18 EXAMINER SEE: The objection is
19 sustained.

20 Q. (By Mr. Kelter) Can you please turn to
21 page 17 of the DSM Plan.

22 A. Is that JFW-1?

23 Q. Yes, it is.

24 A. Did you say page 17?

25 Q. Yes.

1 A. I'm there.

2 Q. In the first sentence on page 17, it says
3 the lifetime costs of saved energy is estimated to be
4 23 cents per kilowatt-hour for the Company's DSM
5 Plan. Or actually it says dollar sign 0.023 per kWh.
6 And my question is, does that mean 0.2 -- or 2.3
7 cents per kilowatt-hour? Sorry for the confusion.
8 Let me -- let me reask that question.

9 Does that mean 2.3 cents per
10 kilowatt-hour?

11 A. The dollar sign 0.023 means 2.3 cents per
12 kilowatt-hour.

13 Q. Thank you.

14 And as for the next clause of the
15 sentence that says comparable to a supply-side
16 investment alternative, does this mean if AEP does a
17 certain amount of DSM, that means it has to purchase
18 that much less generation to meet its customers'
19 load?

20 A. This table was simply put -- put in
21 place -- I don't agree that it means that. What this
22 table does is it -- is it compares various generation
23 sources to avoided generation which would be the
24 energy efficiency column and shows where this
25 proposed plan would lie in comparison to; noting that

1 all generations sources are needed.

2 Q. So you say as compared with supply-side
3 generation investment alternatives. When you say
4 generation alternatives, does that mean that DSM is
5 the alternative to supply-side generation?

6 MR. WOLFFRAM: Your Honor, I will object
7 as asked and answered. I think the witness provided
8 a pretty comprehensive answer that encompasses that
9 question.

10 MR. KELTER: Your Honor, he did not
11 answer the question, and I am moving onto a different
12 question to try and explore this issue.

13 EXAMINER SEE: And I will allow it.

14 Mr. Williams, answer the question with
15 any clarification.

16 A. Could you please clarify the question or
17 reask it? I'll try to take it from whichever you
18 give it to me.

19 Q. The second sentence on that page says, as
20 compared with supply-side generation investment
21 alternatives. My -- so I'm asking you, is DSM an
22 alternative to generation investment?

23 MS. WHITFIELD: Mr. Kelter, can you say
24 what page you are on, you are reading from?

25 MR. KELTER: Yes. I'm still on page 17

1 of 26 of the AEP Ohio Demand Side Management Plan
2 dated June 15, 2020. It was attached to
3 Mr. Williams' testimony as JFW-1.

4 MS. WHITFIELD: Thank you.

5 A. It's a -- it's one of many needed
6 generation sources. So -- or alternative. It's an
7 alternative to generation but, again, to say that it
8 would replace generation is a different -- if that's
9 where you are going, that's a different question. I
10 would disagree with that.

11 Q. Mr. Williams, if you don't -- if AEP does
12 not invest in demand side management, do you believe
13 that the Company would have to purchase additional
14 generation to replace that demand side management?

15 MR. WOLFFRAM: Your Honor, again, I'll
16 object as speculative.

17 MR. KELTER: Your Honor, he says right
18 here that, as compared with supply-side generation
19 investment alternatives, the AEP Ohio DSM Plan cost
20 compares favorably. I'm just asking him to explain
21 that concept.

22 MR. WOLFFRAM: Again, your Honor, he is
23 asking for an opinion regarding future events and how
24 the Company may meet its generation needs, so I do
25 believe that that is asking the witness to speculate

1 as to how the Company will satisfy those requirements
2 in the future.

3 MR. KELTER: Your Honor, the witness has
4 already done the speculation. This -- this is -- I
5 am asking about something that he attached to his own
6 testimony.

7 EXAMINER SEE: The objection is
8 sustained.

9 MR. WOLFFRAM: Thank you, your Honor.

10 A. It would depend on many things. It would
11 depend --

12 EXAMINER SEE: The objection is
13 sustained.

14 THE WITNESS: I apologize.

15 EXAMINER SEE: You can strike the portion
16 of Mr. Williams' answer where he started to answer
17 after the objection was sustained.

18 Next question, Mr. Kelter.

19 Q. (By Mr. Kelter) Mr. Williams, the title
20 of Figure 3, the graph is "DSM is the lowest cost
21 resource," correct?

22 A. Yes. That's the title of the figure.

23 Q. And can you explain what that means, the
24 DSM is the lowest cost resource?

25 A. On a cost per kilowatt-hour based on the

1 estimated cost of the DSM Plan in the original
2 application it shows up as a -- as lower than other
3 supply-side resources in this chart based on 2018
4 figures in the notes below.

5 MR. KELTER: Thank you, your Honor, if
6 you can give me just one second, I think that's my
7 last question.

8 EXAMINER SEE: Okay.

9 MR. KELTER: Your Honor, that is my last
10 question. And at this time I would like to move the
11 admittance of ELPC Exhibit 2 into the record.

12 EXAMINER SEE: It's marked and we will
13 take up the exhibits at the conclusion of
14 Mr. Williams' testimony today.

15 Ms. Leppla.

16 MS. BOJKO: Your Honor, before Ms. Leppla
17 starts, I have a question, a point of clarification.
18 I thought that Mr. Williams was being called by ELPC
19 and OEC. Is that not the case? They filed a joint
20 subpoena together. I assumed they were jointly
21 sponsoring this witness.

22 MS. LEPLA: That's correct, Ms. Bojko.

23 MS. BOJKO: Well, if they are jointly
24 sponsoring the witness, then only one attorney can
25 either defend or cross the witness. Usually when

1 there is a joint sponsorship, one attorney takes the
2 lead. You don't have multiple attorneys with
3 multiple bites at the apple.

4 MS. LEPPLA: Well, your Honor, the
5 request from -- the subpoena was actually withdrawn
6 because AEP agreed to have Mr. Williams appear, and
7 as a result, I think it's fair for us, calling
8 someone as an adverse witness obviously, to be able
9 to cross -- both cross him.

10 MS. BOJKO: That's why I asked for my
11 point of clarification of who was sponsoring the
12 witness.

13 MR. WOLFFRAM: And, your Honor, the
14 witness is appearing by agreement in lieu -- in lieu
15 of the subpoena which was also issued, so I guess
16 that's a little bit of a unique circumstance.

17 EXAMINER SEE: Okay. Ms. Leppla.

18 MS. LEPPLA: Thank you, your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Ms. Leppla:

22 Q. Hi, Mr. Williams. How are you?

23 A. I'm doing fine.

24 Q. Good. I will do my best to not cover
25 anything that Mr. Kelter has obviously, but I do

1 apologize if I get close to it.

2 MS. LEPPLA: And thank you, your Honor,
3 for a little bit of grace on that. I was trying to
4 cover my questions while Mr. Kelter was questioning
5 Mr. Williams.

6 Q. So Mr. Williams, I think you've covered a
7 little bit about this but the DSM Plan proposal in
8 your original testimony in support of the Application
9 was designed to lower peak demand and energy usage
10 which, in turn, avoids generation costs; is that
11 correct?

12 A. Yes, that's correct.

13 Q. Okay. And what were some of the features
14 of the DSM program plan proposal?

15 MR. WOLFFRAM: Your Honor, I guess I'll
16 object as overly broad and, again, the
17 originally-proposed DSM Plan is not at issue in this
18 proceeding as the Company has not included it in the
19 Company's Stipulation that's at issue in this
20 proceeding. Thank you.

21 MS. LEPPLA: And, your Honor, I would
22 just again note that AEP put this squarely at issue
23 when they raised it originally by putting it into the
24 application plan and that is part of our argument
25 here is that it belongs as part of the Stipulation

1 and part of our challenge.

2 EXAMINER SEE: The objection is
3 overruled.

4 MS. LEPPLA: Thank you, your Honor.

5 MR. WOLFFRAM: Thank you, your Honor.

6 EXAMINER SEE: Mr. Williams, you can
7 answer the question.

8 A. The details about the programs are
9 covered in both the testimony in the original
10 application as well as in Exhibit JFW-1 which talks
11 about each program in the plan.

12 Q. Thank you.

13 And the DSM proposal would have cost
14 36.6 million annually; is that right?

15 A. I'm sorry. I didn't -- I missed part of
16 the sentence, part of the question.

17 MR. WOLFFRAM: Your Honor, I am having a
18 little trouble hearing Ms. Leppla. It seems like --
19 I guess I would just want to flag it because I think
20 on our end it's kind of a delayed garbled response so
21 I don't know if anybody else is having that same
22 issue but I think that's part of the issue
23 Mr. Williams is having with that question.

24 EXAMINER SEE: There was a brief moment
25 where it was delayed. Let's try that again,

1 Ms. Leppla.

2 MS. LEPPLA: Sure, no problem. Sorry,
3 your Honor.

4 Q. (By Ms. Leppla) Mr. Williams, the DSM
5 proposal would have cost \$36.6 million annually; is
6 that correct?

7 A. I'm hearing like the very end of the
8 \$.6 million. That's all I heard of the question.

9 Q. Okay. Let me try one more time.
10 The DSM proposal would have cost
11 \$36.6 million annually; is that correct?

12 A. That's correct.

13 Q. Okay. And the benefits of that plan you
14 estimated as \$100 million annually; is that correct?

15 A. I apologize but it's still garbled.
16 That's garbled.

17 MS. LEPPLA: Is everyone having trouble
18 hearing me? I apologize. I am trying to hold my
19 microphone as close to -- as close as I can.

20 THE WITNESS: What you just said, I heard
21 very clearly.

22 MR. WOLFFRAM: I don't think it's a
23 microphone issue so much as it seems to be like a
24 connection issue where I can see Ms. Leppla speaking
25 and then the sound ends up catching up with her and

1 then it kind of runs the question together and that's
2 the issue. I don't know if others are having that
3 issue but that's what we are hearing on our end.

4 EXAMINER SEE: Try it again, Ms. Leppla.
5 If we lose your connection, we'll have to address
6 that at that point.

7 MS. LEPPLA: Okay. Thanks, your Honor.
8 I did take my headphones off to see if that helps at
9 all. The joys of virtual hearings, I know.

10 Q. (By Ms. Leppla) Mr. Williams, you just
11 answered my previous question saying that the DSM
12 proposal would have cost \$36.6 million annually while
13 the benefits would have been \$100 million annually;
14 is that correct?

15 MR. WOLFFRAM: Your Honor, could we go
16 off the record? We are still having those same
17 issues.

18 EXAMINER SEE: Let's go off the record.

19 (Discussion off the record.)

20 EXAMINER SEE: Let's go back on the
21 record. Was there a question posed to the witness,
22 Karen?

23 (Record read.)

24 A. Yes, that's correct.

25 Q. Thank you, Mr. Williams.

1 And if AEP was successful and the DSM
2 Plan was cost effective, AEP would have earned an
3 annual program administration fee of 10 percent,
4 correct?

5 A. In the original application, that was
6 what was proposed.

7 Q. Okay. And that is if, and only if, AEP's
8 programs were cost effective meaning the benefits for
9 customers outweighed the costs; is that correct?

10 A. That was in the original proposal, that's
11 correct.

12 Q. Okay. And can you tell me, even with
13 that administrative fee for running cost-effective
14 programs, the benefits of \$100 million would have
15 still outweighed the costs; is that accurate?

16 A. Yes, that's accurate.

17 Q. Okay. And why is that?

18 A. Well, it's based on the utility cost test
19 and the total benefits and the resource value test,
20 and when you take the avoided cost of generation as
21 the benefit and you look at the costs and -- and
22 those benefits combined with nonenergy benefits,
23 those add up in the table as you can see. In year
24 one to be in this, outlaid cost of 3 to 1.

25 Q. Okay. Thank you. When you reference

1 Figure 1, are you talking about Figure 1 in
2 Attachment JFW-1 that's attached to your original
3 testimony filed in support of the application?

4 A. That's in the original application,
5 right.

6 Q. Okay. Thank you. Just wanted to
7 clarify.

8 And can you tell me in this proposal if
9 AEP had incurred costs in excess of that budgeted
10 \$36.6 million, how would the Company have handled
11 that?

12 MR. WOLFFRAM: Your Honor, I'll object as
13 speculative.

14 MS. LEPPLA: Your Honor, I believe this
15 is directly in his original application testimony
16 which is fair game at this point.

17 EXAMINER SEE: I'll allow the witness to
18 answer the question.

19 A. I apologize. Could you please repeat the
20 question?

21 Q. Sure.

22 If AEP had incurred costs in excess of
23 the budgeted \$36.6 million as part of that proposal,
24 how would the Company have handled that?

25 A. The Company would not have recovered that

1 cost.

2 Q. Thank you, Mr. Williams.

3 Was there any anticipated recovery from
4 customers from outside of their respective customer
5 class as part of this proposal?

6 A. No.

7 Q. Just checking my notes to avoid questions
8 that were already asked, Mr. Williams. My apologies.

9 You mentioned as part of your original
10 testimony in support of the Application that AEP
11 could have done most of the proposed DSM programs
12 in-house; is that correct?

13 A. Could you -- did you say could have done
14 most of the programs in-house?

15 Q. Correct. If -- if the DSM Plan was
16 approved, correct?

17 A. No, I don't believe that's what I said in
18 the original application. I believe I said we would
19 look at that and determine what was the lowest cost
20 opportunity to provide programs and we would pursue
21 that route. Whether it was in-house or through
22 outside implementation contractors. We would pursue
23 a low cost -- lowest-cost solution.

24 Q. Okay. Has AEP had to reassign or layoff
25 any staff working on efficiency programs after the

1 efficiency resource standard was reduced and ended by
2 House Bill 6?

3 MR. WOLFFRAM: Your Honor, I will object
4 as outside the scope of this proceeding and outside
5 the scope of Mr. Williams' originally-filed
6 testimony -- or I'll say outside the scope of the
7 exhibit that's being referenced.

8 MS. LEPPLA: Your Honor, I think it's
9 directly relevant. And -- as part of his testimony
10 and that is what I am asking about, whether they have
11 that capacity.

12 EXAMINER SEE: Ms. Leppla, I lost part of
13 your response. If you could repeat that, please.

14 MS. LEPPLA: Sure, your Honor. I think
15 that this -- my question goes directly to whether or
16 not they have the capacity to do these internally and
17 externally given the fact that they may have had to
18 reduce staff capacity after House Bill 6.

19 MR. WOLFFRAM: And, your Honor, I guess I
20 will point out that again we are talking about a
21 proposed DSM Plan that is not included in the
22 Stipulation and, therefore, the issue is not relevant
23 to the overall Stipulation which does not include the
24 DSM Plan as originally proposed in Mr. Williams'
25 direct testimony as part of the Company's

1 Application.

2 MS. O'BRIEN: OCC joins that objection.

3 EXAMINER SEE: The objection is
4 sustained.

5 MR. WOLFFRAM: Thank you, your Honor.

6 MS. LEPPLA: Thank you, your Honor.

7 Q. (By Ms. Leppla) Mr. Williams, I wanted to
8 talk a little bit about the benefits that were
9 associated with the original DSM proposal. Who did
10 AEP propose to serve with those original DSM program
11 plans?

12 A. Do you mean the customer classes?

13 Q. Yes, thank you, Mr. Williams, I did mean
14 the customer classes.

15 A. All customer classes were included.

16 Q. Okay. And you mentioned as part of your
17 original testimony in support of the Application that
18 AEP offered programs to help customers save energy
19 and manage peak demand before there were any
20 legislative requirements to provide those benefits;
21 is that correct?

22 A. Yes. We brought the programs prior to
23 the mandated requirements, that's correct.

24 Q. Can you tell me a little bit about some
25 of the programs that you offered prior to those

1 mandated programs?

2 MR. WOLFFRAM: Your Honor, I guess I'll
3 object as to the question is vague and overly broad.
4 I would imagine there is quite a bit of detail there.
5 So again, I guess I would object on those grounds.

6 MS. LEPPLA: Your Honor, Mr. Williams is
7 an expert in this. I think he can answer the
8 question as he sees fit; and if he thinks it's overly
9 broad, he can probably tell me that.

10 MR. WOLFFRAM: Again, I think the
11 question is asking for DSM proposals that were even
12 outside Mr. Williams' testimony offered in support of
13 the Company's Application; so again, I guess on that
14 grounds as well, I would object as to the relevance
15 of the question.

16 MS. LEPPLA: Your Honor, I do think this
17 goes directly to the heart of what we are asking
18 because these DSM proposals are not mandated
19 requirements. This was a voluntary proposal by the
20 Company and that's what I am exploring. They have
21 done these programs prior to being mandated
22 requirements and that is what they are proposing here
23 to do again -- or had proposed, rather. I misspoke.

24 EXAMINER SEE: The objection is
25 sustained.

1 MR. WOLFFRAM: Thank you, your Honor.

2 EXAMINER SEE: You may continue,
3 Ms. Leppla. It appears that we have lost video from
4 Ms. Leppla. Can you hear me? Ms. Leppla?

5 MR. KELTER: Your Honor, we're trying to
6 fix this.

7 MS. LEPPLA: Sorry, your Honor.
8 Struggles. Can you all hear me now?

9 EXAMINER SEE: Yes.

10 MS. LEPPLA: Great. Okay. I apologize.
11 I don't have too much more, so hopefully this won't
12 happen again. Thank you, your Honor. I think you
13 sustained the objection, correct?

14 EXAMINER SEE: I sustained the objection.
15 You may continue.

16 MS. LEPPLA: Thank you.

17 Q. (By Ms. Leppla) Mr. Williams, can you
18 tell me why AEP is well suited to offer the demand
19 side management programs that you offered as part of
20 your original --

21 EXAMINER SEE: Ms. Leppla, we lost you
22 again due to low bandwidth.

23 MS. LEPPLA: Okay, your Honor. I
24 apologize. I know I froze again. Let me reask the
25 question.

1 Q. (By Ms. Leppla) Mr. Williams, can you
2 tell me why AEP is well suited to offering the type
3 of demand side management programs you included in
4 your original application testimony?

5 A. I have no opinion sitting here today on
6 that.

7 Q. Okay. Mr. Williams, can you take a look
8 at page 9 of your original testimony filed in support
9 of the Application. On page 9 you note that the
10 Company is uniquely positioned to provide these type
11 of traditional DSM programs to all customers. Do you
12 see that line starting on page 9, line 3?

13 A. Yes, I do.

14 Q. Does that refresh your recollection on
15 why the Company is uniquely positioned to provide
16 these to customers?

17 A. I think the point is that we certainly
18 can provide those programs and certainly offered this
19 in our original application. But it's not part of
20 the -- part of the Stipulation which Ms. Moore is
21 representing for the Company today, so I don't have
22 any other opinion on that other than what's in the
23 testimony.

24 Q. Okay. So when you filed this original
25 application testimony, you did believe that the

1 Company was uniquely positioned to offer demand side
2 management programs to AEP customers; is that
3 correct?

4 A. The Company certainly has, through its
5 ability to serve all customers, a unique position in
6 that.

7 Q. Okay. And, Mr. Williams, if you can turn
8 to page 12 of your testimony. Starting at line 12,
9 you note that the DSM Plan encourages particular Ohio
10 state policy objectives; is that correct?

11 A. That's what we filed in the original
12 application, yes.

13 Q. Okay. And as you sit here today, do you
14 believe that this still, a demand side management
15 program which you testified earlier is designed to
16 lower costs for customers for AEP, continues to meet
17 these state policy objectives?

18 A. Among many other ways, yes. That's one
19 way.

20 MS. LEPPLA: Thank you, Mr. Williams. I
21 have -- my apologies, your Honor.

22 Q. Mr. Williams, I do have some questions
23 related to Figure 3 on page 17 of Exhibit JFW-1
24 that's attached to your original testimony in support
25 of the Application.

1 A. Did you say page 17?

2 EXAMINER SEE: It appears we have lost
3 Ms. Leppla again.

4 MS. LEPPLA: I apologize, your Honor. I
5 have just four more questions, so hopefully I can get
6 through these quickly without additional bandwidth
7 issues. Can you hear me okay?

8 EXAMINER SEE: We can hear you. If you
9 could repeat that last reference and question.

10 MS. LEPPLA: Absolutely. Thank you.

11 Q. (By Ms. Leppla) Mr. Williams, if you can
12 turn to Figure 3 on page 17 of Exhibit JFW-1 which is
13 attached to your original testimony filed in support
14 of the Application. Are you there?

15 A. I'm there.

16 Q. Okay. Great. And really not just
17 Figure 3 but the "Benefits" section is really what I
18 want to talk about. On page 18 you talk about
19 avoided supply costs. Can you -- can you explain to
20 me how this DSM Plan proposal would have helped avoid
21 supply costs?

22 MR. WOLFFRAM: Again, your Honor, I think
23 this question was asked and answered during
24 Mr. Kelter's examination of the witness.

25 MS. LEPPLA: Your Honor, I think a

1 variation of it was. He was directly referencing
2 that chart. I am talking about some of the text and
3 some of the other components Mr. Williams included as
4 part of his original testimony.

5 EXAMINER SEE: The witness can answer the
6 question.

7 A. The avoided supply costs, as I think I
8 explained earlier, is really related to avoiding
9 generation, capacity, and energy costs, and what
10 those -- those are considered the avoided generation
11 costs in combination and those are compared to the
12 costs of the programs to determine whether a program
13 is cost effective or not.

14 Q. Thank you, Mr. Williams.

15 On page 19, you talk about nonenergy
16 benefits of this proposed DSM program plan. Can you
17 explain what those nonenergy benefits entail for
18 Ohio -- AEP Ohio customers?

19 A. Well, for example, they include the
20 Community Assistance Program as proposed in the
21 original application; they include avoided costs from
22 noncollectible accounts to reduce the USF fund costs.
23 For nonresidential customers there is a variety of
24 business nonenergy benefits that were defined and
25 provided within the testimony. I go into those in

1 detail if you want to turn to it.

2 Q. I'm sorry, Mr. Williams, you tailed off a
3 little bit at the end.

4 A. I'm sorry. I didn't hear the question.

5 Q. No. I just think you --

6 EXAMINER SEE: We need you to speak up,
7 Mr. Williams.

8 THE WITNESS: Okay. All right. Is that
9 better?

10 EXAMINER SEE: Yes.

11 MS. LEPPLA: Yeah. Thank you, your
12 Honor.

13 A. Do you want me to repeat the answer?

14 Q. Yeah, I think we got it. That was great.
15 Thank you. I just wanted to make sure you spoke up
16 at the end because you did start to tail off so.

17 A. Okay.

18 Q. Thank you.

19 And if you turn on to page 20, can you
20 explain what energy DRIPE means and how this is a
21 benefit to AEP Ohio customers as proposed in the DSM
22 Plan?

23 A. Are you talking about DRIPE, is that what
24 you said?

25 Q. Yes.

1 A. Yeah. For DRIPE what that does is it
2 looks at the price effects from energy and demand
3 response. And in the case of energy -- energy
4 efficiency reduction as those costs come down,
5 there's a benefit in generation pricing that could
6 occur and those were taken into account in the -- for
7 participants' energy savings only.

8 Q. Thank you, Mr. Williams.

9 If you turn to page 21, can you explain
10 to me how the proposed DSM program would have led to
11 greenhouse gas reductions?

12 A. I apologize. You broke up and I didn't
13 catch the question.

14 Q. I'm sorry, Mr. Williams.

15 Can you explain to me how the proposed
16 demand side management program would have led to
17 greenhouse gas reductions?

18 A. The -- the reduction in energy used is
19 directly relational to the greenhouse reductions that
20 arise from generation of fossil fuel.

21 Q. So it's accurate -- I'm sorry. So is it
22 accurate to say that reducing the total generating
23 plant emissions is what leads to the greenhouse gas
24 reductions? To make sure I understand your answer.

25 A. That's correct.

1 Q. Okay. And just a couple more questions
2 here, Mr. Williams. The demand side management
3 proposal would have also led to economic development
4 impacts; is that correct?

5 A. I apologize. Again, I did not -- I
6 caught only part of the question.

7 Q. No problem. That's a problem on my end.
8 The demand side management proposal would
9 have also led to economic development impacts; is
10 that correct?

11 A. We've identified economic development
12 impacts in the original application, that's correct.

13 Q. Okay. Can you explain the types of
14 economic development impacts that you did provide in
15 the original plan?

16 A. Let me get to the --

17 Q. Sure, Mr. Williams, and if it helps, it
18 begins on the bottom of page 21 and continues on to
19 page 22.

20 A. Yeah. We identified and looked at -- you
21 can see in Figure 7, the direct and indirect jobs
22 that were impacted. You can see that in Figure 7.
23 Exhibit JFW-1, page 22.

24 Q. Okay. Thank you, Mr. Williams.

25 And those -- there were three different

1 types there listed, is that correct, direct effects,
2 indirect effects, and induced effects?

3 A. That's right. We do not include any
4 induced effects. We limit it to direct and indirect.

5 Q. Okay. And what did that identify -- what
6 are those direct impacts that you identified and
7 indirect impacts if you could explain that in
8 Figure 7?

9 A. I think it's explained on the top of
10 page 22. To repeat, it's the on-site or immediate
11 effects produced by expenditures. In other words, if
12 somebody is working or a trade contractor is working
13 on a home, then they are going to get paid, that's a
14 direct -- as a result of an energy efficiency
15 installation of any type, they get paid for that work
16 and that's a direct effect.

17 The indirect effect is the increased
18 economic activity, for example, who all is directly
19 involved in that sale, installation, or financing; it
20 could be a variety of things.

21 Q. Okay. And the number of both direct and
22 indirect jobs created that you identified in
23 Figure 7, total 2,635 for the year 2021; is that
24 accurate?

25 A. No, it would not be accurate.

1 Q. Is that what's listed in Figure 7,
2 Mr. Williams?

3 A. Yes, it is, but this is May of 2021, so
4 it would not be accurate for 2021. We don't have a
5 plan.

6 Q. Fair. If this had gone into effect at
7 the time that you had drafted it, is this your
8 anticipated impacts that would have occurred had this
9 plan gone into effect for 2021?

10 A. Again, it was an estimate in the original
11 application.

12 MS. LEPPLA: Okay. Thank you, your
13 Honor. No more questions.

14 EXAMINER SEE: Any cross-examination --
15 any questions for this witness by the other parties
16 opposing the Stipulation?

17 MR. DARR: Yes, your Honor. This is
18 Frank Darr from IGS -- for IGS.

19 EXAMINER SEE: Go ahead, Mr. Darr.

20 MR. DARR: Thank you.

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Darr:

24 Q. Mr. Williams, my name is Frank Darr. I
25 am here on behalf of IGS today. In your current

1 position as managing director of customer service --
2 excuse me -- customer experience and distribution
3 technology, you are responsible for customer service
4 activities of AEP Ohio, correct?

5 A. That's correct.

6 Q. Does this include things like the call
7 center at AEP Ohio?

8 A. No. I don't have direct responsibility
9 for the call center.

10 Q. You also list in your description of
11 activities contained in the ELPC exhibit that we've
12 referred to several times this morning that you are
13 responsible for alternative energy; is that correct?

14 A. That's correct.

15 Q. What do you mean by "alternative energy"?

16 A. It would be projects like solar -- for
17 solar, wind, mainly interconnections. I have a group
18 that handles interconnections to our -- to our
19 company, interconnection agreements.

20 Q. Would this also include efforts on the
21 part of Ohio Power to develop renewable resources
22 either for its own benefit or on a customer-sited
23 basis?

24 A. I would not be involved in those
25 activities if the Company is creating their own

1 resource, but for mercantile customer-sited
2 facilities, if those opportunities came up, I would
3 be.

4 Q. How many staff are under your direct
5 supervision?

6 A. It -- the number is in the low 80s, about
7 84. That's not exactly correct depending on the
8 numbers but that would be a compliment number, around
9 80 to 84.

10 Q. Are these AEP Ohio employees or are they
11 Service Corporation employees?

12 A. I only direct and manage AEP Ohio
13 employees.

14 Q. Does the group that you supervise also
15 include account representatives?

16 A. It does.

17 Q. And could you describe for us what an
18 account representative is.

19 MR. WOLFFRAM: Your Honor, I guess I'll
20 object just on relevance grounds here. I am not
21 exactly sure, you know, what the relevance of
22 Mr. Williams' direct reports are as it relates to why
23 Mr. Williams is being made available for
24 cross-examination.

25 MR. DARR: If I am given a little liberty

1 here, your Honor, I will tie it together in about
2 three questions.

3 EXAMINER SEE: Okay. You can answer the
4 question, Mr. Williams.

5 THE WITNESS: Thank you, your Honor.

6 A. I have -- "account representatives" is
7 not a typical term we use, so we have what's called
8 "customer services representatives" and "customer
9 account managers." Those are the two typical titles
10 for our direct customer-facing organization. So the
11 term you use, "account representatives," I would use
12 those two titles or general titles.

13 Q. Could you describe for us what a
14 representative does?

15 A. A customer service representative
16 generally handles smaller customers, could handle
17 communities, smaller business customers, residential
18 issues that are raised above and beyond what the call
19 center can handle, complaints, those kinds of issues,
20 account maintenance issues of a more complex nature,
21 up to small business customers, communities.

22 Q. What does an account manager handle?

23 A. An account manager typically handles
24 assigned accounts; that's the larger accounts
25 typically, more complex accounts of a larger nature.

1 Q. Now, I want to turn your attention to
2 IGS -- IGS interrogatory -- excuse me, IGS Exhibit 8
3 and 9. Do you have those in front of you?

4 A. Yes, sir, I do.

5 Q. Turning first to IGS Exhibit 8, there is
6 a reference to Attachment B. Do you see that
7 reference?

8 A. Yes, I do.

9 Q. And on the second page it says "Prepared
10 by" and then it lists Counsel, Jon F. Williams, and
11 Andrea Moore. Are you the Jon F. Williams that
12 assisted in the preparation of the response to this
13 interrogatory which has been identified as IGS
14 Exhibit 8?

15 A. Yes.

16 Q. Now, turning your attention to IGS
17 Exhibit 9. Would you agree with me, IGS Exhibit 9 is
18 the document referred to as Attachment B on IGS
19 Exhibit 8?

20 A. Yes.

21 Q. Prior to receiving the interrogatory
22 identified as IGS Exhibit 8, had you seen
23 Attachment B previously?

24 A. Which is IGS Exhibit 9?

25 Q. Yes.

1 A. Yeah. I just want to make sure I have
2 got the right -- yes, I had.

3 Q. When did you first see what's been marked
4 as IGS -- what's been admitted as IGS
5 interrogatory -- excuse me, IGS Exhibit 9?

6 A. I don't recall the exact date I first saw
7 this.

8 Q. Did you have any role in preparing what's
9 been identified as -- and admitted as IGS Exhibit 9?

10 A. No, but I did review the letter. I have
11 reviewed the letter.

12 Q. Did you review it prior to its
13 distribution or after its distribution?

14 A. Prior to.

15 Q. What's been marked as IGS Exhibit 9
16 concerns an alternative energy project -- or two
17 alternative energy projects at Willowbrook and
18 Highland, correct?

19 A. That's correct.

20 Q. If I understand it correctly, the
21 availability of these projects would have been in
22 December of 2021, with contracts that begin no
23 earlier than January 2022, correct?

24 A. The project never went forward.

25 Q. I understand that. At the time that the

1 letter went out, it was anticipated that the projects
2 would be available in 2021 with contracts to begin in
3 2022, correct?

4 A. That's what the letter states, yes.

5 Q. And am I also correct that AEP Ohio was
6 requesting meetings concerning participation in these
7 projects with various customers?

8 A. In the September-October 2019 frame --
9 time frame, that's correct. We -- we offered the
10 opportunity to participate to customers, that's
11 correct.

12 Q. Do you recall whether any meetings went
13 forward? In response to the letter that's been
14 marked as IGS Exhibit 9?

15 A. Yes. There were meetings.

16 Q. When did those meetings take place?

17 A. I don't recall the specific time that
18 those meetings took place, but they were in the
19 September-October time frame. To the best of my
20 recollection.

21 Q. Other than IGS Exhibit 8, did you receive
22 any other interrogatories in this case regarding the
23 Highland and Willowbrook solar projects?

24 MR. WOLFFRAM: Your Honor, I guess I'll
25 object on the grounds is Mr. Darr asking whether or

1 not Mr. Williams responded directly or whether the
2 Company in total received any discovery responses
3 related to those projects? Because again, I think to
4 the extent he is asking Mr. Williams on a total
5 company basis I would object as outside the scope of
6 Mr. Williams' testimony here today.

7 MR. DARR: I'm fine with limiting it to
8 his responses, your Honor.

9 EXAMINER SEE: Okay. If you can reask
10 the question, Mr. Darr.

11 MR. DARR: Sure. Actually, I thought I
12 asked it in this form but -- in the right form, but I
13 will ask it again.

14 Q. (By Mr. Darr) Did you, Mr. Williams,
15 receive any other interrogatories in this case
16 regarding the Highland and Willowbrook solar
17 projects?

18 A. I don't recall any others. I would have
19 to go through all of my responses to make sure, but I
20 don't recall any others, Mr. Darr.

21 Q. Did you receive any other data requests
22 from the Commission Staff in this case regarding the
23 Highland and Willowbrook solar projects?

24 A. I don't recall any.

25 Q. Have you made any attempt to identify the

1 costs associated with the Willowbrook and Highland
2 projects incurred by your staff in regard to the
3 meetings that you indicated took place sometime in
4 September 2019?

5 A. Those costs were part of normal -- our
6 normal customer service work and were documented
7 separately that I am aware of.

8 Q. Since these employees are under your
9 supervision, those, I think you indicated previously,
10 are AEP Ohio employees, correct?

11 A. That's correct.

12 Q. Would this time be separately billed to
13 AEP Ohio under internal accounting rules?

14 MR. WOLFFRAM: Your Honor, I guess I'll
15 object as outside the witness's -- outside the scope
16 of the witness's testimony. Again, this seems to be
17 a rehash of issues raised and more properly addressed
18 to Company Witness Roush regarding the accounting of
19 time related to these specific projects and so I'll
20 object as outside the scope of Mr. Williams'
21 testimony.

22 MR. DARR: Part of Mr. Williams'
23 responsibilities is the supervision of these
24 employees and their activities. Certainly he is the
25 appropriate witness to indicate how the billing is --

1 is under -- is undertaken by his department.
2 Additionally, the scope of the examination goes to
3 Objection E raised by IEU and is for the purpose of
4 establishing that there are cost components
5 associated with these kinds of activities.

6 EXAMINER SEE: Mr. Williams can answer
7 the question.

8 MR. WOLFFRAM: Thank you, your Honor.

9 THE WITNESS: Could you please repeat?

10 MR. DARR: Yes.

11 Q. (By Mr. Darr) Do you know whether or not
12 the costs associated with the meetings that we've
13 been talking about are separately billed back to Ohio
14 Power under its cost-allocation methods?

15 A. I don't know. I'm not familiar with how
16 the cost allocations and the spread of dollars go
17 within the system. I'm just not aware of that.

18 Q. In November of 2019, the Public Utilities
19 Commission found that there was no generation supply
20 needed from the two projects, correct?

21 MR. WOLFFRAM: Your Honor, I'll object as
22 there has been no foundation laid that Mr. Williams
23 has any knowledge of that Order.

24 MR. DARR: Your Honor, I think for
25 purposes of administrative notice, we can determine

1 the response to my question if that would solve the
2 problem. The Commission issued an Order on
3 November 21, 2019, in Case 18-501, in which it
4 determined there was no generation supply need for
5 these two projects. If Mr. Wolffram is willing to
6 agree to administrative notice of that fact which is
7 easily ascertainable from Commission records, I will
8 move on.

9 MR. WOLFFRAM: Well, I think my specific
10 objection was to the extent that you are asking
11 Mr. Williams to opine or under -- whether he has
12 knowledge of the Order itself; and so again, I
13 don't -- I don't know that stipulating to the actual
14 Order solves the issue of whether or not Mr. Williams
15 has any knowledge or has even reviewed that Order in
16 that case.

17 EXAMINER SEE: Mr. Darr, were you asking
18 Mr. Wolffram to stipulate to what's in Case
19 No. 18-501 or are you continuing with your question
20 to Mr. Williams?

21 MR. DARR: Hearing inquiry, your Honor.
22 If it's appropriate for the Bench to take
23 administrative notice of the Commission's decision in
24 Case No. 18-501, I will withdraw the question and
25 move on. If not, I think the question is appropriate

1 but, you know, if Mr. Wolffram is not willing to --
2 or is objecting to take administrative notice, then I
3 would like to ask -- ask for a ruling on my question.

4 MR. WOLFFRAM: Again, I think my
5 objection is foundational rather than, you know,
6 again the Order says what it says and so, to that
7 extent, you know, if the Bench wants to take
8 administrative notice of that but, again, there has
9 been no foundation that Mr. Williams is the
10 appropriate witness to ask questions regarding the
11 Order. And so, again, I would object on the grounds
12 there has been -- even if we take administrative
13 notice of the Order, Mr. Williams has not been
14 established as having knowledge of said Order.

15 MR. DARR: Your Honor, I will withdraw
16 the question and we will attack it this way.

17 Q. (By Mr. Darr) Mr. Williams, are you aware
18 of the -- of an application filed by AEP Ohio
19 concerning the two projects at Willowbrook and
20 Highland?

21 A. I don't recall the specific Order, no.

22 Q. That wasn't my question, Mr. Williams.
23 Let me try again.

24 Are you aware of a -- an application by
25 AEP Ohio to secure a determination of a need for

1 generation supply from the Highland and Willowbrook
2 projects?

3 A. Yes, I'm aware of that.

4 Q. And are you aware of whether or not the
5 Commission found that there was a need for generation
6 supply from those two projects?

7 A. Yes, I'm generally aware of that, yes.

8 Q. And are you familiar with the fact that
9 the Commission, in an Order issued by the Commission,
10 determined that there was no generation need for
11 those projects?

12 A. Generally. I don't know the date. I
13 don't recall the date but, generally, that's my
14 understanding.

15 MR. DARR: Now, I think I solved
16 Mr. Wolffram's problem. If we can move on then, your
17 Honor, I would like to have the record indicate
18 administrative notice of the Commission's decision on
19 November 21, 2019, in Case No. 18-501.

20 EXAMINER SEE: And we will take
21 administrative notice of that Order.

22 Q. (By Mr. Darr) Following the Commission's
23 decision in November of 2019 in the Highland and
24 Willowbrook forecasting case, did AEP Ohio continue
25 to support renewable energy projects to improve its

1 future generation mix?

2 A. I don't know.

3 Q. Turning your attention to what's been
4 previously marked as IGS Exhibit 20. Do you have
5 that in front of you?

6 A. Yes, I do. I actually do, yes.

7 Q. And directing your attention to the
8 section with the header "Meeting Customer Demands,"
9 last paragraph, I would ask you to read that last
10 paragraph in that section to yourself silently and
11 indicate -- and after you have completed that,
12 indicate that you have had a chance to read that.

13 EXAMINER SEE: Mr. Darr, what section was
14 that again? It's IGS Exhibit 20.

15 MR. DARR: Yes.

16 EXAMINER SEE: And you want IGS 20 marked
17 and what is the heading?

18 MR. DARR: I apologize, your Honor. I
19 went too quickly. It is IGS -- I would like to have
20 marked as IGS 20, a web page with the header
21 "Renewables."

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 Q. (By Mr. Darr) Mr. Williams, if you would,
24 when you have completed your review, if you could
25 indicate that to me, please.

1 A. Yes. And I think, just to make sure, I
2 read this second paragraph under "Meeting Customer
3 Demands"; is that correct? Is that what you wanted
4 me to read?

5 Q. Yes, sir.

6 A. And I have completed that.

7 Q. Okay. Based on your review of the
8 paragraph I directed your attention to, does that
9 assist your recollection as to whether AEP Ohio
10 remained committed to supporting renewable energy
11 projects?

12 A. No.

13 Q. In fact, the Company has, under your
14 direction, engaged in discussions with customers with
15 regard to customer-sited solar projects, correct?

16 MR. WOLFFRAM: Your Honor, I guess I'll
17 object. Again, the witness has indicated -- his
18 answer to the previous question was no, that this
19 didn't refresh his recollection; so to ask the
20 follow-up question as it relates to that would be --
21 is outside, you know, it's not relevant at this point
22 and, again, the witness does not have the requisite
23 recollection.

24 MR. DARR: No. It's a total different
25 question, your Honor. I asked whether or not

1 Mr. Williams' group was engaged in discussions with
2 customers with regard to customer-sited projects.
3 That's simply asking for his activities as -- as
4 stated in the question. It has nothing to do with
5 whether or not he has any current feeling about the
6 information that I directed his attention to.

7 EXAMINER SEE: And the witness can answer
8 the question.

9 THE WITNESS: Could you repeat the
10 question, please? I apologize.

11 MR. DARR: Could I have it read back,
12 please.

13 (Record read.)

14 A. When customers have expressed an interest
15 in -- to us about a renewable customer-sited --
16 mercantile renewable customer-sited project, we have
17 had discussions with customers about those.

18 Q. And to the extent that you would engage
19 in one of those projects, the costs of such projects
20 would be tracked and recovered through an agreement
21 with the mercantile customer, correct?

22 MR. WOLFFRAM: Your Honor, I am going to
23 object on relevance grounds here. Again, I think
24 based on the fact that Mr. Williams was subpoenaed
25 and agreed to appear on behalf of ELPC, they -- this

1 line of questioning goes well outside the scope of
2 what was asked during that cross-examination and now
3 this has turned into a fact-finding mission about
4 items that, you know, were previously addressed to
5 Company Witnesses Moore, Roush, and so again I think
6 it's outside the scope of what Mr. Williams has
7 been -- been made available to testify on and is not
8 relevant to the overall hearing here today which is
9 again regarding the Company's -- the Stipulation
10 that's at issue.

11 MR. DARR: Your Honor, Objection E put
12 into play the Company's activities with regard to
13 customer-sited generation. So the relevance of this
14 question is established by the scope of the
15 objection.

16 With regard to being bound by the
17 agreement between AEP and OEC or ELPC, I was not a
18 member of that agreement. And I am not bound by
19 either the Rules of Evidence, the statutory rules
20 with regard to the calling of an adverse witness. I
21 am not required to limit my cross-examination to the
22 scope of the witness's prior examination by OEC or
23 ELPC.

24 MR. WOLFFRAM: Understanding that,
25 Mr. Darr, but again, the questions have to be

1 relevant to what's at issue here which is the
2 Stipulation and again, you know, it's the Company's
3 position this line of questioning is not relevant to
4 the overall Stipulation, the hearing we are having
5 today. And again, to the extent that these questions
6 were better addressed by Company witnesses that did
7 provide testimony in support of the Stipulation, it's
8 inappropriate to raise with Mr. Williams here now.

9 MR. DARR: Again, your Honor, it goes to
10 an objection. We are not bound by the Stipulation in
11 terms of the scope of this hearing. It is a hearing
12 to address both the Staff Report -- objections to the
13 Staff Report and the Stipulation. And just for the
14 kicker, these questions were presented to -- in
15 interrogatories to the Company, and the responding
16 witness was Mr. Williams. If that needs to be
17 developed to lay further foundation for these
18 questions, I will gladly do so.

19 MR. WOLFFRAM: Your Honor, we are willing
20 to stipulate to the discovery if that would save some
21 time, but, again, our objection stands as to the
22 other.

23 MR. DARR: Fine. Parties -- if -- if AEP
24 is willing to do so, I would like to have marked as
25 IGS Exhibit 18 which is the response to interrogatory

1 IGS Interrogatory 6-3; and as IGS Exhibit 19, the
2 response to IGS Interrogatory 6-4. And with
3 agreement of the parties, I would like to have those
4 -- agreement of AEP Ohio, I would like to have those
5 admitted into the record.

6 MR. WOLFFRAM: Your Honor, if we could
7 have just a second to review those?

8 EXAMINER SEE: Yes. And with that, let's
9 take a brief recess, 5 to 7 minutes. We're off.
10 We're off the record.

11 (Recess taken.)

12 EXAMINER SEE: Let's go back on the
13 record.

14 Mr. Wolffram, have you had an opportunity
15 to review the exhibits that IGS requested be marked
16 IGS Exhibit 18 and 19?

17 MR. WOLFFRAM: Yes, your Honor. We do
18 have one correction on IGS Exhibit 19. In the last
19 sentence, the sentence reads "See the Company's
20 response to IGS-INT-06-004." That should say
21 "06-003."

22 MR. DARR: I have no objection to making
23 that correction.

24 MR. WOLFFRAM: And with that correction,
25 your Honor, we are willing to stipulate if this gets

1 us through this line of questioning as it relates to
2 these exhibits.

3 MR. DARR: Well, I have a couple
4 follow-up questions, but. So this isn't going to
5 completely close the door on this line of questions,
6 your Honor.

7 MR. WOLFFRAM: Then we will just reserve
8 our position to object to relevance as we move
9 forward again.

10 EXAMINER SEE: Okay. IGS Exhibit 18 and
11 19 are so marked and we will pick up with
12 questioning. I believe there was an outstanding
13 objection by Mr. Wolffram and that objection is
14 overruled.

15 MR. WOLFFRAM: Thank you, your Honor.

16 (EXHIBITS MARKED FOR IDENTIFICATION.)

17 EXAMINER SEE: Can we get the question
18 read back again, please, Ms. Gibson?

19 (Record read.)

20 A. That's correct. The project would be
21 created and all those costs would be separately
22 tracked.

23 Q. Now, on what's been marked and admitted
24 as IGS Exhibit 19, you refer to these costs that you
25 are currently incurring with customer meetings with

1 mercantile customers as "incidental," correct?

2 A. That's correct.

3 Q. These employees' labor costs would be
4 included as test year expenses; is that correct?

5 MR. WOLFFRAM: Your Honor, I'll object on
6 the grounds of relevance again. Ms. Moore has
7 already previously established that the expenses
8 related to the -- these -- the two projects were
9 outside the test year.

10 MR. DARR: We are not talking about those
11 two projects and that's the point of asking these
12 questions, your Honor. We are not talking about
13 Willowbrook and Highland now. We are talking about
14 customer-sited generation as opposed to the
15 Willowbrook and Highland projects which were not
16 customer-sited.

17 MR. WOLFFRAM: And then, to that extent,
18 we would object as to calls for speculation.

19 EXAMINER SEE: The objection is
20 overruled. Mr. Williams can answer the question.

21 A. Could you please repeat the question?

22 Q. Sure.

23 Costs incurred by the Company associated
24 with these meetings with mercantile customers would
25 be included as test year expenses, correct?

1 A. I don't -- I don't have any knowledge
2 about what expenses would be included in the test
3 year or not. I don't have that information, so I
4 can't -- I don't know.

5 Q. Would you agree with me that there is
6 currently no rider or tracker in the Company's rates
7 that identifies projects costs and removes them from
8 the Company revenue requirement?

9 MR. WOLFFRAM: Your Honor, again, I'll
10 object as outside this witness's knowledge.

11 EXAMINER SEE: And Mr. Williams can
12 indicate that.

13 A. I don't know.

14 Q. Are you aware of any proposal for
15 tracking the project costs associated with meetings
16 with mercantile customers concerning customer-sited
17 generation?

18 A. We have had no mercantile solar or
19 renewable projects at all, so, no, there is no
20 projects.

21 Q. And by the same token there is no
22 tracking going on, correct?

23 A. We don't have any projects, so,
24 therefore, there is no tracking of the project. We
25 have to have a project before that would occur.

1 MR. DARR: That's all the questions I
2 have. Thank you.

3 EXAMINER SEE: Were there other opposing
4 parties who have questions for this witness?

5 Silence indicates that there aren't any
6 other opposing parties that have questions for this
7 witness, so let's move to the signatory parties. Are
8 there signatory parties who have questions for
9 Mr. Williams?

10 MR. MCKENNEY: Your Honor, this is Bryce
11 McKenney for IEU. I do have just a couple questions.

12 EXAMINER SEE: Go ahead, Mr. McKenney.

13 - - -

14 CROSS-EXAMINATION

15 By Mr. McKenney:

16 Q. Good morning, Mr. Williams. How are you?

17 A. Good morning.

18 Q. Mr. Williams, do you recall being asked
19 about generation cost savings by Mr. Kelter?

20 A. Yes.

21 Q. Likewise, do you remember Ms. Leppla
22 asking you a question about Figure 1 in ELPC
23 Exhibit 2?

24 MS. LEPPLA: Your Honor, I just want to
25 object. I don't ever recall referencing Figure 1 in

1 ELPC Exhibit 2.

2 MR. McKENNEY: Okay. I will withdraw the
3 question.

4 Q. (By Mr. McKenney) Mr. Williams, can you
5 turn to what has been marked JFW-1 attached to ELPC
6 Exhibit 2 on page 18.

7 A. Yes, I'm there.

8 Q. Thank you. Do you see that top paragraph
9 entitled "Avoided Supply Costs"? That paragraph
10 states that "AEP Ohio is using marginal cost values
11 as forecasted by AEP Fundamentals group." Do you see
12 that there?

13 A. Yes, I do.

14 MR. DOVE: Your Honor, if I may. I
15 apologize. I thought at the outset of this it was
16 agreed that supporting parties wouldn't friendly
17 cross Mr. Williams.

18 MR. McKENNEY: It's not intended to be
19 friendly, your Honor.

20 EXAMINER SEE: Let me hear the question
21 first that led up to --

22 MR. DOVE: Okay. Apologies.

23 EXAMINER SEE: Okay. Hold on.

24 MR. McKENNEY: Do you want me to repeat?

25 EXAMINER SEE: Yes, please, Mr. McKenney.

1 Q. (By Mr. McKenney) All I asked was if that
2 is correct there, that third line states "AEP Ohio is
3 using marginal cost values as forecasted by AEP
4 Fundamentals group."

5 A. That's correct.

6 Q. And then I am going to ask you to turn in
7 that same exhibit in JFW -- it's actually JFW-2,
8 page 19 of 44, entitled "Avoided Costs" at the top.
9 Third line down, it says "These forecasted generation
10 costs come from the AEP Fundamentals team." Did I
11 read that correctly?

12 A. That's correct.

13 Q. Mr. Williams, you are not on the AEP
14 Fundamentals team, correct?

15 A. That's correct. I'm not.

16 Q. To your knowledge is any witness
17 testifying in this case on the AEP Fundamentals team?

18 A. No.

19 MR. MCKENNEY: Thank you.

20 Your Honor, I have no further questions.
21 I would note, however, that IEU-Ohio does intend to
22 oppose the admission of ELPC Exhibit 2 for being
23 based on hearsay; and that if your Honors do
24 entertain admission of ELPC Exhibit 2, then we will
25 have motions to strike on the grounds of hearsay and

1 lack of due process because there is no witness in
2 this case from the AEP Fundamentals team to support
3 the inputs for the conclusions made by Mr. Williams.

4 MS. LEPPLA: Your Honor, I am happy to
5 wait until we take up admission of this, but I just
6 would note that if Mr. McKenney has questions for
7 Mr. Williams about this further, he's presently on
8 the stand.

9 EXAMINER SEE: We can take up the issues
10 surrounding ELPC at a later point. Are there other
11 signatory parties --

12 MS. BOJKO: Yes, your Honor. Sorry.

13 EXAMINER SEE: Are there other parties
14 that have questions? I take it you do, Ms. Bojko.

15 MS. BOJKO: I do. Thank you, your Honor.

16 EXAMINER SEE: Go ahead.

17 MS. BOJKO: Thank you.

18 - - -

19 CROSS-EXAMINATION

20 By Ms. Bojko:

21 Q. Good morning, Mr. Williams.

22 A. Good morning.

23 Q. Was the plan attached to your testimony
24 and addressed in your testimony, an AEP proposal in
25 its application?

1 A. My testimony and the exhibits attached,
2 was it a proposal?

3 Q. Yes. Was it the Company's proposal filed
4 with its application?

5 A. It was a proposal in the original
6 application.

7 Q. And, Mr. Williams, you've testified
8 before the Commission many times before; is that
9 correct?

10 A. Yes. I've testified before the
11 Commission before.

12 Q. And in your experience, is the Company's
13 application and proposals usually adopted in --
14 excuse me. Let me rephrase.

15 In your experience are the Company's
16 application and proposals usually adopted in their
17 entirety as proposed?

18 A. That's fair. I've not experienced one
19 that's been adopted in its entirety.

20 Q. And if there is a stipulation filed in
21 the case, it would be even more true that the
22 Company's application is not likely adopted in its
23 entirety, correct?

24 A. Not in all cases but, yes, that's
25 generally true, that there is change.

1 Q. And that's because there is give and take
2 when entering into a stipulation among the parties,
3 correct?

4 A. That's my understanding and my previous
5 experience with stipulations.

6 MS. BOJKO: Thank you, your Honor. I
7 have no further questions.

8 EXAMINER SEE: Are there other signatory
9 parties that have questions for this witness?

10 Your silence indicates that there are
11 not. And I believe that the parties agreed that
12 there would be no redirect; is that correct?

13 MR. WOLFFRAM: That's the Company's
14 position, your Honor, yes.

15 MR. KELTER: We're good with that if you
16 are asking us, your Honor.

17 EXAMINER SEE: Okay. Thank you,
18 Mr. Kelter. And let's move to the exhibits. I'm
19 sorry. Does AE Parrot have any questions for this
20 witness?

21 EXAMINER PARROT: No, thank you.

22 EXAMINER SEE: Let's move to the exhibits
23 that were marked.

24 MR. KELTER: Can we go off the record for
25 one second, your Honor?

1 EXAMINER SEE: Let's go off the record.

2 (Discussion off the record.)

3 EXAMINER SEE: Let's go back on the
4 record.

5 Let's move to the exhibits that were
6 marked.

7 Mr. Kelter.

8 MR. KELTER: Your Honor, we had marked
9 the direct testimony of Jon Williams and the
10 accompanying exhibit in their totality as ELPC
11 Exhibit 2, and we move for the admission of ELPC
12 Exhibit 2 into the record.

13 EXAMINER SEE: Are there any objections
14 to the admission of what has been marked as ELPC
15 Exhibit 2?

16 MR. WOLFFRAM: Your Honor, the Company
17 would object to the admission of ELPC Exhibit 2.
18 Again, Mr. Williams -- the Company did not offer
19 Mr. Williams' testimony as part of the overall
20 Stipulation in this case. The issues covered and
21 were relevant to the Stipulation were covered by the
22 other Company witnesses. Mr. Williams was appearing
23 at the request of the opposing parties. The
24 cross-examination -- he is not presenting testimony
25 in support of the Stipulation.

1 To the extent that the parties asked
2 cross-examination questions on the record relating to
3 his testimony, those questions are on the record. It
4 would not be otherwise appropriate to admit
5 Mr. Williams' testimony in support of the Application
6 that is not relevant to the overall Stipulation that
7 is at issue in this proceeding, so the Company would
8 object to the admission of ELPC Exhibit 2 on those
9 grounds.

10 MR. KELTER: Your Honor, while I
11 understand counsel's argument that it's not relevant
12 to the Stipulation, the testimony as an exhibit is
13 relevant to whether the moving parties who signed the
14 Stipulation can meet both the standard that they have
15 got to meet to get a stipulation approved and also
16 the standards of the Public Utility Act.

17 Whether there is a Stipulation or not,
18 they've still got to prove that they meet the test
19 related to least cost service and just and reasonable
20 rates. In Sections 4909.15, 4909.152, 4909.17, and
21 also there is still a section on the books, 4905.70,
22 that encourages conservation by the utilities to help
23 reduce growth in energy demand. These things relate
24 to parts 2 and 3 of the Stipulation standards,
25 whether the Stipulation benefits customers and

1 whether it violates any important regulatory
2 principles.

3 Finally, I would also add that in
4 response to several questions Mr. Williams himself
5 said that the answer to that question is in his
6 testimony.

7 MS. GRUNDMANN: Your Honor, this is
8 Carrie Grundmann. I guess I would like to add on
9 since we've gone back and forth. Procedurally I have
10 been uncomfortable throughout these proceedings with
11 referring to the document as testimony. Mr. Williams
12 was never asked if he would like to adopt that
13 written document as his testimony. He was never
14 asked if he had corrections to that testimony. He
15 was never asked if it would actually be admitted as
16 it normally is in the regular course of business
17 before this Commission. And so I object to referring
18 to it in any respect as testimony because it hasn't
19 been subjected to the traditional set of questions
20 that direct testimony is before this Commission.

21 And I apologize for my co-counsel. He
22 joins in my objection so, my son.

23 MS. O'BRIEN: Your Honor --

24 MS. LEPPLA: Your Honor, if I could
25 directly address Ms. Grundmann.

1 EXAMINER SEE: Just a moment. Let's try
2 one at a time.

3 MS. LEPPLA: I just wanted to directly
4 address what Ms. Grundmann was saying. I understand
5 that, and I think I was very clear in my questioning
6 to refer to it as the testimony originally admitted
7 as part of the Stip -- the proposal by the -- by the
8 AEP. And certainly your Honors are capable of
9 understanding the differentiation there. And if
10 there are, you know, any kind of corrections we need
11 to make, I'm sure to the discussion that we've had,
12 but I think we are all referring to it as the
13 testimony originally filed in support of the
14 Application. But I do understand Ms. Grundmann's
15 concern. I just don't think it's valid.

16 MS. O'BRIEN: Your Honor, if I may. I
17 would just echo Ms. Grundmann's concern, also join
18 the objections of AEP Ohio; and just add, to the
19 extent, you know, ELPC and OEC had an opportunity to
20 file testimony with respect to the three-prong test,
21 they filed their testimony and that's their shot.
22 They shouldn't get the -- another opportunity to try
23 to bootstrap Mr. Williams' testimony into the record.
24 It's irrelevant to the three-prong test that the
25 Commission considers in evaluating settlements, and

1 for that reason OCC objects as well.

2 MS. BOJKO: Your Honor, OMAEG joins in
3 the objections of both AEP, OCC, Walmart, as well as
4 those articulated earlier by IEU.

5 I do think Ms. Leppla did a nice job of
6 asking her questions in the way to frame it as to the
7 Application. But with all due respect, I don't think
8 that others did so, and I think that the record is
9 confusing; and reading proposed testimony into the
10 record I think is inappropriate and that is what was
11 intended. I think that the questions can stand on
12 their own without having Mr. Williams -- and the
13 answers without having Mr. Williams' proposed
14 prefiled testimony added to the record in a DSM Plan.
15 The other parties could have submitted their own DSM
16 Plan. It was a proposed plan by the Company which
17 they admit could change, has changed. Not all
18 proposals are adopted by the Commission. And so it
19 is just a proposal; and, thus, it's not any kind of
20 evidence that can be or should be relied on. Reading
21 pieces of it into the record with no foundation is
22 inappropriate. Mr. Kelter asked no foundation for
23 any of his questions. He just dove right into
24 reading from the prefiled testimony and that's not
25 appropriate, so I would add for lack of foundation

1 to -- to the additional objections that have already
2 been stated here this morning.

3 MR. KELTER: Your Honor, I do want to
4 respond briefly to one thing Ms. Bojko said which I
5 didn't lay any foundation for Mr. Williams'
6 testimony. I asked him the first question -- or the
7 second question I asked is did you prepare this
8 testimony, or was it prepared under your supervision.

9 MR. MCKENNEY: Your Honor, may I respond?

10 EXAMINER SEE: Go ahead, Mr. McKenney.

11 MR. MCKENNEY: Thank you, your Honors. I
12 would just note IEU-Ohio joins the objections by
13 Walmart and the Company.

14 I would note that the additional problem
15 that is presented here is that if ELPC Exhibit 2 is
16 admitted, then you have the problem of parties
17 potentially referencing portions of his testimony in
18 briefs which have not been adopted and are not
19 testimony in this case and will be represented in
20 briefs as being testimony.

21 So I think the reason to not admit this
22 is because it is not, in fact, testimony, and nobody
23 has sponsored it and, therefore, it should not be in
24 briefs. If anything is admitted into the record, it
25 should only be those questions and those responses

1 which were asked by counsel from ELPC and OEC.

2 MR. MARGARD: Your Honor, Staff -- Staff
3 completely concurs and joins in the objections to the
4 admission of the testimony.

5 MS. COHN: Your Honor, OEG concurs and
6 joins in those motions as well.

7 MS. LEPPLA: Your Honor, if I can just
8 briefly respond. The suggestion that we would
9 misrepresent the testimony in briefs, frankly, is
10 slightly offensive, Mr. McKenney. Obviously we would
11 be referring to it for what it was. And again, you
12 know, the first opportunity -- we did have this
13 opportunity to cross Mr. Williams. This record is
14 now replete with references to his testimony and the
15 Attachment JFW-1. I think it will be difficult to
16 understand without this being available as part of
17 the record.

18 And like I said previously, the
19 Commission is more than capable of weighing that
20 testimony appropriately. I think it has been
21 completely stated on the record, and references are
22 completely stated. We understand this is not
23 Mr. Williams' testimony. This is an exhibit we are
24 using and the Commission can recognize it as such.

25 And then finally just related to the

1 Stipulation standard, this does fit into a hearing
2 determining the reasonableness of the Stipulation.
3 We don't believe the Stipulation is reasonable
4 specifically because it fails to include this
5 proposed DSM program plan. And, yes, not all
6 stipulations adopt everything completely and not all
7 orders do, we understand that, but this fails to be
8 in the public interest as a result of this not being
9 included and that's part of our argument. And so not
10 including this as evidence, not Mr. Williams'
11 testimony, would be a detriment to our case and it's
12 really fundamental this be part of the record.

13 MR. WOLFFRAM: Your Honor, the Company
14 would join all the objections stated previously. And
15 again, to the extent the opposing parties have
16 concerns related to Mr. Williams' testimony and how
17 that relates to the three-part test, the Company did
18 sponsor three witnesses in support of the Company's
19 overall Stipulation and why the Stipulation meets the
20 three-part test. To the extent they had questions
21 regarding the removal of DSM as it relates to the
22 overall Stipulation, those questions would have been
23 better addressed to Ms. Moore. They had the
24 opportunity to ask Ms. Moore those questions. They
25 did not, or very limited questions on those. So it

1 would be inappropriate for them to now direct those
2 questions at Mr. Williams and then use him as their
3 own subject-matter expert when they did not present a
4 witness that could have addressed the issues that
5 they are now taking up with Mr. Williams.

6 To that point, the Company agrees with
7 all the objections that have been raised and, at a
8 bare minimum, would agree with Mr. McKenney that only
9 the portions of Mr. Williams' testimony that were
10 directly referenced would be the only appropriate
11 parts of his application testimony -- Mr. Williams'
12 testimony in support of the Company's Application
13 that should be a part of the record.

14 MR. KELTER: Your Honor, ELPC and OEC
15 indicated our intent to subpoena Mr. Williams to be
16 available for cross, and AEP agreed to that. So once
17 they agreed to that, then it no longer made sense for
18 us to ask Ms. Moore or the other witnesses questions
19 about DSM. Their DSM expert was available to answer
20 those questions. And throughout this hearing, AEP
21 has made objections based on the witness not being
22 the appropriate witness to answer that question.
23 When it comes to the substance of DSM and the savings
24 it creates for customers, clearly Mr. Williams is
25 most qualified to answer that question.

1 MS. O'BRIEN: Your Honor, if I just may
2 respond to Mr. Kelter's argument. What he says
3 presumes Mr. Williams -- the exhibit that they are
4 offering now would be testimony. I can't speak for
5 AEP Ohio, but my understanding is that they did not
6 agree to admit Mr. Williams' testimony -- the exhibit
7 that ELPC now seeks to admit as Mr. Williams'
8 testimony. Therefore, it would be presumptuous of
9 ELPC and OEC to expect to have that testimony
10 admitted to support their case.

11 MR. KELTER: Your Honor, in response to
12 that, throughout this hearing and every hearing,
13 witnesses are asked questions about exhibits that
14 they are handed, often with no even previous
15 knowledge of what the exhibit is. And then that
16 exhibit gets admitted to the record as a supporting
17 exhibit. I don't see where this is different than
18 that --

19 MR. WOLFFRAM: Your Honor --

20 MR. KELTER: -- except that it's even
21 more reliable.

22 MR. WOLFFRAM: Again, that comment there
23 again reiterates the point that they are attempting
24 to elicit Mr. Williams' testimony as testimony in
25 support of an overall DSM Plan that's been removed

1 and, again, referenced on page 15 of Ms. Moore's
2 testimony in support of the Stipulation, she directly
3 addressed the Company's withdrawal of the DSM Plan.
4 And so to the extent it cannot be presumed that just
5 because the Company agreed to allow Mr. Williams to
6 appear to answer specific questions that the opposing
7 parties could not have asked those questions, as it
8 relates to the overall Stipulation, to Ms. Moore and
9 her testimony is directly on point.

10 EXAMINER SEE: If that's -- if all the
11 parties have had a chance to respond to the
12 objections to admitting ELPC 2, I would like to take
13 a few minutes and confer with Ms. Parrot in regard to
14 this issue admitting ELPC 2. But if we could, for
15 this moment, move on.

16 Karen, if you could mark those arguments
17 for me, when we started to take up the admission of
18 ELPC 2 and its admission, I would appreciate it.

19 If we could move through the other
20 exhibits that have been marked, let's do that at this
21 point. IGS Exhibit -- I'm sorry, Mr. Darr. I think
22 that's the first one. IGS Exhibit 8. Yes.

23 MR. DARR: I think we had marked 18, 19,
24 and both of those were agreed to by the Company to be
25 stipulated, and I believe you already admitted those

1 two.

2 EXAMINER SEE: They were marked. I
3 thought Mr. Wolffram was going to take the issue up
4 of admission, at least there was some discussion
5 about it. About stipulating to them later. But you
6 also referenced IGS Exhibit 8 and 9. Were you not
7 requesting admission?

8 MR. DARR: Those have already been
9 admitted, your Honor.

10 EXAMINER SEE: Okay.

11 MR. DARR: So I believe or I thought I
12 recall that 18 and 19 had already been admitted. We
13 also marked IGS 20 but that was only for the purpose
14 of refreshing recollection. I am not moving
15 Exhibit 20.

16 EXAMINER SEE: Okay.

17 MR. WOLFFRAM: And then to the extent
18 that our position needs to be restated, your Honor,
19 we don't have any objection to the admission of IGS
20 Exhibits 18 and 19, subject to the one revision that
21 we had on the record.

22 EXAMINER SEE: Okay. Were there any
23 other objections to the admission of IGS Exhibits 18
24 and 19?

25 Hearing none, IGS Exhibit 18 and 19 are

1 admitted into the record.

2 (EXHIBITS ADMITTED INTO EVIDENCE.)

3 MR. WOLFFRAM: And, your Honor, if it
4 would be helpful to the Bench, we are willing to
5 e-mail that exhibit with that correction around to
6 the court reporter if that would be helpful, the one
7 correction to IGS Exhibit 19.

8 MR. DARR: Will you also mark the
9 exhibit?

10 MR. WOLFFRAM: Yeah. We could work with
11 Mr. Darr if that works. We can coordinate to get
12 that marked and corrected.

13 EXAMINER SEE: Okay Mr. Darr?

14 MR. DARR: Fine with me.

15 EXAMINER SEE: You can work with that?
16 Okay. I appreciate it. Thank you. We are going to
17 go off the record for a minute.

18 (Discussion off the record.)

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

21 In regards to the request to admit
22 ELPC -- what has been marked as ELPC 2, the Bench
23 directs OEC, ELPC, and AEP Ohio to work together to
24 highlight those sections of this exhibit so that the
25 parties can use the highlighted portions that were

1 discussed in the course of cross-examination as a
2 part of their brief. OCC, ELPC, and AEP Ohio should
3 work together to -- and present -- and send to the
4 Attorney Examiners a proposed document which
5 highlights only those portions of this exhibit that
6 were discussed during the hearing. And by subsequent
7 entry, the Bench will file in the docket the
8 appropriate portions to be highlighted that may be
9 used in the parties' briefs.

10 With that understanding and
11 clarification, ELPC 2 is admitted into the record and
12 will be provided as an attachment to a future entry.

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 MS. LEPPLA: Thank you, your Honor.

15 MR. KELTER: Thank you, your Honor.

16 EXAMINER SEE: Thank you very much,
17 Mr. Williams. You may step down.

18 THE WITNESS: Thank you.

19 EXAMINER SEE: Next witness is IGS
20 Witness Haugen.

21 MS. ALLEN: Yes.

22 MR. WOLFFRAM: I apologize. Can the
23 Company have a couple minutes to sanitize our
24 workstation?

25 EXAMINER SEE: We are going to need to

1 take, as Ms. Allen requested yesterday, about a
2 10-minutes recess so let's resume at 12:10.

3 (Recess taken.)

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

6 If IGS could call its next witness.

7 MS. ALLEN: Thank you, your Honor.
8 Interstate Gas Supply, Inc. would like to call Joseph
9 Haugen.

10 EXAMINER SEE: And I see Mr. Haugen has
11 been promoted and is on camera. Mr. Haugen, if you
12 can please raise your right hand.

13 (Witness sworn.)

14 EXAMINER SEE: Thank you.

15 Ms. Allen.

16 MS. ALLEN: Thank you.

17 - - -

18 JOSEPH HAUGEN

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

21 DIRECT EXAMINATION

22 By Ms. Allen:

23 Q. Can you please state your name for the
24 record.

25 A. Joseph Haugen.

1 Q. And who is your employer, Mr. Haugen?

2 A. Interstate Gas Supply.

3 Q. Mr. Haugen, have you submitted testimony
4 in this proceeding?

5 A. I did.

6 MS. ALLEN: Okay. Your Honor, I would
7 like to mark the direct testimony of Joseph Haugen on
8 behalf of Interstate Gas Supply, Inc. as Exhibit --
9 as IGS Exhibit 1.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. Mr. Haugen, do you have what has been
12 marked as IGS Exhibit 1 in front of you?

13 A. I do.

14 Q. Does this contain your prefiled direct
15 testimony?

16 A. It does.

17 Q. And was this testimony prepared by you or
18 under your direction?

19 A. It was.

20 Q. And do you have any changes that you
21 would like to make to this testimony?

22 A. I have some minor clerical changes that I
23 would like to address. There on page 8 of the
24 testimony, the date "September 2016" in the chart
25 should be replaced with "February 2017" that's the

1 proper effective date.

2 And the second is in the footnote 4, on
3 the third line, Case No. 17-

4 EXAMINER SEE: Just a second, Mr. Haugen.
5 If you could slow down just a minute and start with
6 those revisions again, please.

7 THE WITNESS: Sure. Yeah. On page 8,
8 the date in the chart, "September 2016" should be
9 replaced with February 2017.

10 MR. GALLON: I'm sorry. Did you say 2016
11 or 2015?

12 THE WITNESS: '16.

13 MR. GALLON: Thank you.

14 MS. BOJKO: I'm sorry. Now I am
15 confused. Can you just repeat that again?

16 THE WITNESS: Yeah. Sure. So the date
17 on page 8 where it says "September 2016" should be
18 replaced with "February 2017."

19 EXAMINER SEE: Go ahead with your other
20 revisions, Mr. Haugen.

21 A. And then the footnote 4 on page 8, on the
22 third line where it says "Case No. 17-1462," it
23 should be "1461." So changing the "2" to a "1." And
24 that's all.

25 Q. Okay. Thank you, Mr. Haugen. And if you

1 were asked the same questions today from your
2 testimony, would your answers be the same?

3 A. They would.

4 MS. ALLEN: Okay. With that, your Honor,
5 I tender the witness for cross-examination.

6 EXAMINER SEE: First, do any of the
7 parties opposing the Stipulation have
8 cross-examination for Mr. --

9 MR. GALLON: Your Honor, would you
10 entertain a motion to strike before we begin
11 cross-examination?

12 EXAMINER SEE: Yes.

13 MR. GALLON: Thank you, your Honor.

14 AEP Ohio would move to strike on page 5,
15 lines 1 through 3, the sentence that states "Our
16 customers have informed us that the increase in this
17 cost has been harmful to their budgets and their
18 bottom lines." We move to strike this on the grounds
19 that it is hearsay.

20 EXAMINER SEE: Is that your only motion
21 to strike, Mr. Gallon?

22 MR. GALLON: No, your Honor. We have a
23 second motion to strike as well.

24 EXAMINER SEE: Okay.

25 MR. GALLON: Should I proceed with that?

1 EXAMINER SEE: Continue, yes.

2 MR. GALLON: On page 10, lines 14 through
3 17, and footnote 9. Lines 14 through 17 discuss the
4 Commission's grid modernization proceedings, and
5 footnote 9, which is the citation for those lines,
6 references the PowerForward Roadmap. This answer is
7 in response to the question "Would failing to
8 allocate transmission costs based on a customer's
9 NSPL value be inconsistent with Commission
10 precedent?"

11 The PowerForward Roadmap that Mr. Haugen
12 cites in response contains a footnote that says "The
13 Commission issues this policy document to provide
14 guidance to interested stakeholders regarding the
15 future of grid modernization in this state. Although
16 this document represents the Commission's vision for
17 grid modernization and outlines a process for moving
18 forward, nothing in this policy document should be
19 construed as binding upon the Commission in any
20 future case before the Commission. Rather, any
21 future decisions on grid modernization will be based
22 upon the specific facts and circumstances in each
23 case after all interested stakeholders have had a
24 full and fair opportunity to participate."

25 So I would move to strike the statement

1 from the witness on lines 14 through 17 and
2 footnote 9 on the grounds that the document itself
3 states that it is not to be used as precedent in a
4 proceeding like this one.

5 That's all from AEP Ohio, your Honor.

6 EXAMINER SEE: Would counsel for IGS like
7 to respond to those motions?

8 MS. ALLEN: Sure. Thank you.

9 In response to the motion to strike on
10 page 5 of Mr. Haugen's testimony, our customers have
11 informed us that the increase in cost -- in this cost
12 has been harmful to their budgets and their bottom
13 lines, this statement -- and I believe it was
14 objected to as hearsay, this statement is not being
15 offered for the truth of the matter asserted but it's
16 merely representative of what IGS's customers are
17 reporting to IGS. Mr. Haugen is just testifying that
18 this statement is made. He isn't mentioning it in an
19 attempt to prove that it's hurting their bottom line
20 or any suggestion like that so it's just being used
21 as a -- he is just stating that these statements as
22 made -- have been made, so it's not hearsay.

23 Additionally, this is something that
24 Mr. Haugen has learned from his interactions with
25 IGS's customers when helping them calculate pricing

1 and better manage their bills, so he is familiar with
2 the customers' experience with transmission rates in
3 AEP's service territory.

4 With regard to the reference to the
5 PowerForward Roadmap, I would -- I would characterize
6 the PowerForward Roadmap as described by the footnote
7 read by counsel as guidance and it's still an
8 instructive document used by the Commission when
9 considering applications. So although it may not be
10 traditional precedent in that term, it still is
11 something that the Commission utilizes, relies on,
12 and has cited in many of its orders since the Roadmap
13 has been issued.

14 MR. GALLON: May I respond briefly, your
15 Honor?

16 EXAMINER SEE: Yes.

17 MR. GALLON: Thank you.

18 With regard to page 5, the question -- or
19 the statement says "Our customers have informed us."
20 This indicates that Mr. Haugen believes that what he
21 is hearing is true and, therefore, it is being
22 offered for the truth of the matter asserted.

23 Ms. Allen's second grounds for including
24 the statement, that this is based on Mr. Haugen's
25 personal knowledge in talking with his customers,

1 further indicates that IGS believes that this is
2 true. If IGS does not believe that this is true and
3 is not including it for the truth of the matter
4 asserted, then the statement is irrelevant.

5 With regards to the reference to the
6 PowerForward Roadmap, the question that Mr. Haugen is
7 asked on page 10 is whether failing to allocate
8 transmission costs based upon a customer's NSPL value
9 would be inconsistent with Commission precedent. If
10 Ms. Allen is now acknowledging that the PowerForward
11 Roadmap is not Commission precedent as the
12 PowerForward Roadmap itself states, then this
13 statement from Mr. Haugen and the reference to the
14 PowerForward map -- PowerForward Roadmap is not
15 responsive to the question and should be struck for
16 that reason as well.

17 EXAMINER SEE: Mr. Gallon, are you now --
18 in your last statement you said that the question
19 should be struck. Are you -- are you expanding your
20 motion to strike now or are you still referring only
21 to the last sentence -- the sentence on lines 14
22 through 19?

23 MR. GALLON: I apologize if I was
24 unclear, your Honor. I am not asking for the
25 question to be struck. I am merely stating that the

1 answer that I've called out, that sentence, is no
2 longer, by Ms. Allen's concession, responsive to the
3 question because the PowerForward Roadmap is not
4 precedent. The question should stand.

5 EXAMINER SEE: AEP's motion to strike
6 what is appearing on page 5 of Mr. Haugen's testimony
7 is denied given that Mr. Haugen, according to
8 counsel, it has been his experience that that's
9 what's been represented to him.

10 And as far as AEP's motion to strike
11 portions of Mr. Haugen's testimony on page 10, the
12 content and purpose of the PowerForward Roadmap, the
13 Commission is perfectly capable of determining the
14 purpose and -- of the PowerForward Roadmap and will
15 take that testimony, give it -- and will give that
16 testimony its appropriate weight. So that motion to
17 strike is also denied.

18 MS. ALLEN: Thank you, your Honor.

19 EXAMINER SEE: If there are no further
20 motions to strike, based on the information provided
21 to the Bench, there are a few parties that would like
22 to cross-examine Mr. Haugen. Let's start with One
23 Energy Enterprises.

24 Counsel for One Energy Enterprises, LLC.

25 Let's move to counsel for OMAEG.

1 MS. BOJKO: Thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Bojko:

5 Q. Good afternoon, Mr. Haugen. Could you
6 turn to page 9 of your testimony, please.

7 A. Yes. I'm there.

8 Q. In the -- on page 9, you discuss
9 recommendations; is that correct?

10 A. That's correct.

11 Q. One of your -- well, it's my
12 understanding that your recommendation is to
13 eliminate the pilot program and -- the BTCR pilot
14 program and move forward -- move toward a more
15 permanent fix of the -- your perceived transmission
16 cost causation problem; is that fair?

17 A. That's fair.

18 Q. And in your testimony you are proposing a
19 passthrough of -- of a customer's transmission costs
20 based on the customer's NSPL tag; is that correct?

21 A. That's correct.

22 Q. And you would agree with me -- and it's
23 your understanding, sir, that the BTCR pilot program
24 expansion was in -- let me back up.

25 You are familiar with the Stipulation

1 that was filed in this case, correct?

2 A. I am.

3 Q. In the Stipulation filed in this case
4 there was a continuation and expansion of what's
5 called the BTCR pilot program, correct?

6 A. Yes.

7 Q. And that pilot program is described on
8 page 6 of your testimony, which permits participating
9 customers to have their transmission costs allocated
10 based on the customer's demand during -- during a
11 1 CP -- utilizing 1 CP versus a customer class
12 allocation methodology, correct?

13 A. That's correct.

14 Q. Okay.

15 A. Yes.

16 Q. You would agree with me, sir, that the
17 BTCR pilot program contained in the Stipulation does
18 provide benefits to those customers that are
19 participating in the program, correct?

20 A. That's correct. The customers that we
21 have enrolled in the program have seen benefits and
22 do plan to continue in the program.

23 Q. And is it your opinion, sir, that the
24 pilot program is an improvement over not having the
25 pilot program, meaning that all customers would just

1 be allocated transmission costs based on the customer
2 cost allocation -- customer class allocation
3 methodology?

4 A. I would agree with that, that the pilot
5 program is a better cost method allocation policy
6 than not having it at all.

7 Q. So that is an improvement over how
8 other -- customers participating in the BTCR program,
9 that's an improvement over not having the BTCR
10 program for those participating customers, correct?

11 A. I would agree with that.

12 MS. BOJKO: Okay. Thank you, your Honor.
13 I don't have any further questions.

14 EXAMINER SEE: Counsel for AEP Ohio.

15 MR. GALLON: Thank you, your Honor.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Gallon:

19 Q. Good afternoon, Mr. Haugen. Just a few
20 questions for you this afternoon. I want to start
21 off by talking about what you call the basic BTCR in
22 your testimony. What do you mean by the basic BTCR?

23 A. I'm referring to just the standard
24 transmission allocation process for customers not in
25 the pilot program.

1 Q. So under the basic BPCR, customers in AEP
2 Ohio's residential non-demand metered lighting county
3 fair transmission supplement secondary and county
4 fair transmission supplement primary classes, pay a
5 cents per kilowatt-hour charge based on their energy
6 usage, correct?

7 A. Correct.

8 Q. And demand metered secondary, primary,
9 and subtransmission transmission customers pay a
10 charge based on their energy usage as well, correct?

11 A. Correct.

12 Q. But they also pay a demand-based charge.

13 A. That's correct.

14 Q. This Stipulation that's been introduced
15 as Joint Exhibit 1 would continue that basic BPCR
16 without any significant changes, correct?

17 A. I believe that's correct, yes.

18 Q. If you would turn to page 4 of your
19 testimony, Mr. Haugen, lines 12 to 13.

20 A. I'm there.

21 Q. Now, actually I'll start with line 10.
22 You say "the limited expansion of the Basic
23 Transmission Cost Recovery, or BPCR, Pilot, paired
24 with the continuation of the BPCR's rate design will
25 harm customers and violate the Commission's continued

1 direction to utilize interval data to further
2 cost-causation principles." Did I read that
3 correctly?

4 A. You did.

5 Q. Is it your opinion, Mr. Haugen, that
6 continuing the basic BPCR, as it's been previously
7 approved by the Commission, will harm customers or
8 violate Commission precedence?

9 A. I believe that by not aligning the cost
10 methodologies from the wholesale side to the retail
11 side will cause harm to customers as a whole.

12 Q. So it's your opinion that the
13 currently-approved BPCR tariff is harming customers.

14 A. It is.

15 Q. In place of the existing BPCR, you are
16 proposing that AEP Ohio transition to a rate design
17 based on a customer's individual service delivery
18 identifier, or SDI, transmission tag?

19 A. That's correct.

20 Q. And you explained that for interval
21 metered customers, this means the transmission cost
22 rider charge would be based on actual hourly usage at
23 the date and time of the PJM AEP Zonal maximum demand
24 from the previous November 1 to October 31, correct?

25 A. That's correct.

1 Q. Do you know approximately how many of AEP
2 Ohio's residential customers are currently interval
3 metered? And by "how much," I'm asking a rough
4 percentage.

5 A. I do not know.

6 Q. Do you know approximately what percentage
7 of AEP Ohio's nonresidential customers are currently
8 interval metered?

9 A. The last estimate that I had heard was
10 around two-thirds.

11 Q. So for whatever percentage of residential
12 customers who don't have this interval metering and
13 the one-third of nonresidential customers who don't
14 have this interval metering, the transmission cost
15 rider charge would be based on the load profile
16 customer flat load shape, correct?

17 A. Correct.

18 Q. Is it fair to say, Mr. Haugen, that under
19 your proposal, all customers would have their
20 transmission costs moved to a mandatory time-of-use
21 tariff?

22 A. Can you repeat that question?

23 Q. Is it fair to say that what you are
24 proposing is that the BPCR be replaced with a
25 mandatory time-of-use tariff for transmission costs

1 for all AEP Ohio customers?

2 A. I want to define "time of use" a little
3 more directly, but at a high level, I would agree
4 that the customers' transmission costs should be
5 assigned to them based off of their usage during the
6 time the transmission zone peaks.

7 Q. So you don't propose that any customer be
8 able to opt in to this SDI-based transmission rider.
9 It would be mandatory for all AEP Ohio customers.

10 A. I believe there are two paths to go down
11 which I talk about in my testimony. The first path
12 is what you just described there where all customers
13 would be moved into a program that aligns cost to
14 causation.

15 The second would be limited to customers
16 who opt in to the pilot program with an expansion
17 that would allow us to offer it to anybody who is
18 interested.

19 Q. So, Mr. Haugen, you are clarifying that
20 the two paths you describe in your testimony are
21 alternatives; the Commission, in your mind, could
22 choose one or the other.

23 A. Correct.

24 Q. And you say in your testimony that under
25 what we'll call path 1, AEP Ohio would transition to

1 a rate design for the BTCR that is based on each
2 customer's SDI transmission tag; is that fair?

3 A. That's correct.

4 Q. What do you mean by "transition"?

5 A. To transition costs from the usage-based
6 model to a demand-based cost that aligns with the
7 wholesale causation.

8 Q. In your mind are you using "transition"
9 to be synonymous with "change"; or by using the word
10 "transition" are you contemplating this change would
11 take place over a period of time, not abruptly?

12 A. For my experience in these changes, they
13 always have to take place over time in order to
14 adequately inform your customers what they're
15 transitioning to.

16 Q. So in your testimony you haven't
17 specified the length of time over which this
18 transition would take place, have you?

19 A. I have not.

20 Q. And you haven't described the process by
21 which this transition would take place, correct?

22 A. That's correct.

23 Q. So, conceivably, following your first
24 path would require AEP Ohio to file another
25 application at some point in the future to accomplish

1 what you are describing?

2 A. That's correct.

3 Q. It's just left unclear by your testimony,
4 correct?

5 A. I believe the Commission would have to
6 order a directive in order for AEP to make the change
7 so that was the direction of the testimony.

8 Q. Mr. Haugen, are you generally familiar
9 with the size of AEP Ohio's residential customer
10 class?

11 A. A general idea.

12 Q. For a rough order of magnitude, how many
13 residential customers does AEP Ohio have?

14 A. Oh, shoot. It's a large number. I don't
15 have it off the top of my head. And I don't want
16 to --

17 Q. Would you --

18 A. -- misspeak.

19 Q. I'm sorry, I talked over you.

20 Would you agree that looking at AEP
21 Ohio's customers as a whole, there are somewhere
22 between 1 and 2 million customers?

23 A. That sounds accurate, yes.

24 Q. Does your testimony include any analysis
25 of the transmission cost rate impact for AEP Ohio's

1 residential customers from transitioning to the new
2 rate structure you proposed for transmission costs?

3 A. It does not.

4 Q. Does it include an analysis of the
5 transmission cost rate impacts for any customer class
6 for moving to the new transmission cost rate
7 structure you propose?

8 A. It does not. That analysis would be on
9 an individual customer level so I have not included
10 that.

11 Q. To determine the impact of moving to this
12 approach, this rate structure for transmission costs,
13 AEP Ohio and the Commission would have to look at the
14 effect on an individual customer level for between 1
15 and 2 million customers?

16 A. You would probably group them by some
17 customer classes, but I can tell you that customers
18 we have looked at in the pilot program, it has been
19 on an individual level.

20 Q. Has IGS proposed tariff language to
21 implement the new transmission cost rate structure
22 you propose?

23 A. We have not.

24 Q. So you haven't proposed specific
25 transmission cost rider charges for the various

1 customer classes if AEP Ohio were to transition to
2 this new SDI-based rate structure?

3 A. I have not in this testimony, no.

4 Q. Mr. Haugen, if I can ask you a few
5 questions about the BTCR pilot that you mentioned
6 earlier. The pilot program, as it currently stands,
7 permits participating customers to have their
8 transmission costs allocated based on the customer's
9 demand during the single zonal transmission peak,
10 correct?

11 A. That's correct.

12 Q. And you say that the way the BTCR pilot
13 program allocates costs mirrors the methodology used
14 by PJM, correct?

15 A. To determine the demand-side portion of
16 it, that's correct.

17 Q. And if I could direct your attention to
18 page 7 of your testimony. You say "A true pass
19 through of transmission service" -- let me stop and
20 direct you to the line numbers. Lines 3 through 5.
21 "A true pass through of transmission service sends a
22 very transparent pricing signal to each customer to
23 reduce demand during peak load conditions and thereby
24 reduce the need for increased transmission
25 investment." Did I read that right?

1 A. You did.

2 Q. So, in your opinion, giving customers
3 control over their transmission costs can help reduce
4 investments in transmission and help reduce costs for
5 Ohio consumers.

6 A. So what I am stating there is that by
7 reducing the overall peak demand on the grid
8 that would -- could reduce investment in transmission
9 across the entire area.

10 Q. And reducing investment in transmission
11 across the area could have benefits for all AEP Ohio
12 customers.

13 A. That's correct.

14 Q. Mr. Haugen, are you generally familiar
15 with the history of the BTCR pilot? By which I mean
16 the manner in which it was first adopted by the
17 Commission and the manner in which it's changed over
18 time?

19 A. I'm familiar with its current form and
20 how we operate in the pilot today. At a high level,
21 I know how --

22 Q. Would you --

23 A. -- we got here, but if there is something
24 specific, I would like to look at it more directly.

25 Q. I'm sorry, I spoke over you.

1 Would you agree that the BTCR pilot was
2 originally approved around 2017?

3 A. That sounds correct, yes.

4 Q. And that it originally allowed up to 19
5 customers to participate?

6 A. That sounds correct, yes.

7 Q. And then in 2018, it was expanded to
8 allow 34 customers to participate?

9 A. I believe that's correct.

10 Q. And you note in your testimony that there
11 are IGS customers participating in the pilot,
12 correct?

13 A. That's correct.

14 Q. How many IGS customers are currently
15 participating in the pilot?

16 A. Two, I believe.

17 Q. And who are those customers?

18 MR. OLIKER: Objection. Can we go off
19 the record, your Honor?

20 EXAMINER SEE: Who is speaking?

21 MS. ALLEN: I believe that's Joe Olikier.

22 EXAMINER SEE: Mr. Olikier, let's go --
23 let's go off the record.

24 (Discussion off the record.)

25 EXAMINER SEE: Let's go back on the

1 record.

2 MS. ALLEN: Your Honor, may I submit an
3 objection to the question counsel just posed to
4 Mr. Haugen? I'm concerned about if there is a -- if
5 there's -- the names of our customers participating
6 in the pilot are confidential.

7 MR. GALLON: Your Honor, if IGS believes
8 the names are confidential, I will withdraw the
9 question and instead ask Mr. Haugen to describe the
10 types of customers who are participating.

11 MS. ALLEN: I would appreciate that.

12 A. So, yeah, at a high --

13 EXAMINER SEE: Go ahead, Mr. Haugen.

14 A. So the documentation we receive for the
15 customers are always marked confidential from AEP so
16 I will treat it as such and just answer the second
17 question. They are large industrial customers
18 related to manufacturing.

19 Q. Has IGS been able to find two IGS
20 customers to participate in the BTCR pilot every year
21 since 2018?

22 A. I believe the first year. Maybe the
23 second year was only one customer. I am not sure
24 when the second account was -- was added.

25 Q. We talked about how the number of

1 customers permitted to participate in the pilot has
2 increased gradually over time. Total participation
3 as measured by megawatts has also increased over time
4 for the BTCR pilot, correct?

5 A. With IGS, it has; and I would assume with
6 the customer count increasing, the megawatts have
7 increased as well.

8 Q. Are you aware that the megawatt -- that
9 the BTCR pilot has a megawatt cap for all
10 participants?

11 A. I am aware of that, yes.

12 Q. Were you aware that that cap started at
13 400 megawatts in 2018?

14 A. That sounds correct.

15 Q. And that increased to 500 megawatts in
16 2019 and 2020?

17 A. I believe that's correct, yes.

18 Q. So since 2017, the number of customers
19 allowed to participate in the BTCR pilot has
20 gradually increased, correct?

21 A. That's correct.

22 Q. And the total megawatt participation in
23 the BTCR pilot, while limited, has gradually
24 increased over the last few years as well.

25 A. That's correct.

1 Q. And the Stipulation in this case would
2 allow approximately 15 to 16 more customers to
3 participate in the BTCR pilot program, correct?

4 A. That's correct.

5 Q. And it would also raise the megawatt
6 participation cap to 800 megawatts for 2022,
7 900 megawatts for 2023, and 1,000 megawatts for 2024;
8 is that right?

9 A. That's correct.

10 Q. So the Stipulation would continue the
11 gradual increase in customers and megawatt
12 participation that has been evidenced in the BTCR
13 pilot over the last few years?

14 A. That's correct.

15 Q. And I apologize if you answered this
16 question for Ms. Bojko, but that expansion of the
17 pilot program could reduce investments in
18 transmission area wide, correct?

19 A. I believe that's correct, yes.

20 Q. And by reducing investments in
21 transmission area wide, this expansion of the current
22 BTCR pilot could reduce costs for Ohio consumers,
23 correct?

24 A. That's correct; by reducing the peak
25 demand for transmission as a whole.

1 Q. In your testimony you are proposing to
2 eliminate the participation allotments and the
3 megawatts caps on the BTCR pilot entirely, correct?

4 A. That's correct.

5 Q. And you would do that immediately upon
6 effect of a Commission order in this case, correct?

7 A. Ideally that would be immediate, yes.

8 Q. So you're suggesting that the BTCR pilot
9 should be opened up to anyone who wishes to
10 participate at whatever level of demand they want.

11 A. That's correct.

12 Q. Does your testimony include any analysis
13 of the rate impact for residential customers if the
14 Commission were to open up the BTCR pilot to anyone
15 who wishes to participate at whatever level of demand
16 they want?

17 A. It does not include that analysis, no.

18 Q. Do you anticipate that every industrial
19 AEP Ohio customer who could join the BTCR pilot would
20 choose to do so given the option?

21 A. It's difficult to anticipate what every
22 customer would do. I believe every customer would at
23 least be interested in learning more about it; and
24 with the current limitation on the number of
25 customers who can participate, it makes it difficult

1 for us to market and inform customers, knowing that
2 the cap is so limited.

3 Q. You said that you anticipate that
4 industrial customers would at least be interested in
5 learning more about it. Would you agree that it's
6 impossible to know whether any particular industrial
7 customer would want to join the BTCR pilot because
8 each of those customers would have to do their own
9 analysis to determine their ability to shift load to
10 avoid the zonal peak?

11 A. That is correct; and that is an analysis
12 that we help our customers with.

13 Q. So for at least some industrial customers
14 within AEP Ohio's customer base, it may not be
15 possible or economical to shift to the rate structure
16 used in the BTCR pilot, correct?

17 A. That is a potential.

18 Q. And it follows, doesn't it, it would not
19 be economical for at least some industrial customers
20 in AEP Ohio's customer base to shift to the new
21 transmission rate structure you proposed for every
22 customer in AEP Ohio's customer base, correct?

23 A. While it may not be economical for every
24 organization, it would allocate the true transmission
25 cost to the customer for what they are incurring.

1 Q. Just a few more questions about that
2 first path you suggested, the changing the
3 transmission cost rate structure. I believe you said
4 that the current BTCR is harming customers; is that
5 fair? Is that a fair description of what you said?

6 A. The limitations to the BTCR pilot is
7 harming customers.

8 Q. So the fact that nonparticipants are
9 being charged transmission costs under the basic BTCR
10 that the Commission has approved, is, in your mind,
11 harming customers.

12 A. Yeah. I can give you some very specific
13 examples, if that would help.

14 Q. For now, I just want to make sure I
15 understand your prior testimony. If you believe the
16 basic BTCR is harming customers, when did that harm
17 begin? Did it begin when the BTCR was originally
18 approved by the Commission?

19 A. I believe some of that harm has occurred
20 since it was put in place.

21 MR. GALLON: Your Honor, if I could have
22 just a minute to review my notes, I may be able to
23 wrap this up.

24 EXAMINER SEE: Certainly.

25 MR. GALLON: Thank you, your Honor.

1 (Discussion off the record.)

2 EXAMINER SEE: Let's go back on the
3 record.

4 Mr. Gallon.

5 MR. GALLON: Thank you, your Honor.
6 Mr. Haugen, I appreciate your time this afternoon.
7 That's all the questions that I have.

8 EXAMINER SEE: Are there -- those are the
9 organizations supporting the Stipulation that
10 indicated that they had questions for this witness.
11 Are there any other signatory parties that have
12 cross-examination for Mr. Haugen?

13 MS. COHN: Your Honor, I have just one
14 follow-up question to Ms. Bojko's cross.

15 EXAMINER SEE: Go ahead, Ms. Cohn.

16 - - -

17 CROSS-EXAMINATION

18 By Ms. Cohn:

19 Q. Mr. Haugen, I am just following up a
20 little bit what you said to Ms. Bojko earlier. Are
21 you proposing to eliminate the pilot completely or
22 just to eliminate the stipulated participation limits
23 and megawatt-hour caps?

24 A. Just the participation limits and
25 megawatt-hour cap. Megawatt.

1 MS. COHN: Okay. Thank you. No further
2 questions.

3 EXAMINER SEE: Are there any -- is there
4 any other cross-examination by a signatory party?

5 Ms. Allen, any redirect for Mr. Haugen?

6 MS. ALLEN: May I have a few moments to
7 consider it?

8 EXAMINER SEE: Yes, Ms. Allen.

9 MS. ALLEN: Thank you.

10 (Discussion off the record.)

11 EXAMINER SEE: Let's go back on the
12 record.

13 Ms. Allen, do you have any redirect for
14 this witness?

15 MS. ALLEN: No, your Honor. We have no
16 redirect but now I would like to move for the
17 admission of IGS Exhibit 1.

18 EXAMINER SEE: Are there any objections
19 to the admission of IGS Exhibit 1?

20 MR. GALLON: Your Honor, pursuant to your
21 prior rulings on my motions to strike, no further
22 objections.

23 EXAMINER SEE: With that, IGS Exhibit 1
24 is admitted into the record -- I'm so sorry. Take
25 one step back. I didn't inquire if there were any

1 questions by AE Parrot.

2 EXAMINER PARROT: No, no questions.

3 EXAMINER SEE: Thank you.

4 (EXHIBIT ADMITTED INTO EVIDENCE.)

5 EXAMINER SEE: Now with that, thank you,
6 Mr. Haugen. You may step down.

7 THE WITNESS: Thank you.

8 MS. ALLEN: Thank you.

9 EXAMINER SEE: Given the time, it's about
10 10 after 1 and the fact that we have a rather long
11 evening -- afternoon of questioning for Mr. Lacey,
12 let's take a lunch break now and we will come back at
13 1:40. Thank you.

14 Let's go off the record.

15 (Thereupon, at 1:09 p.m., a lunch recess
16 was taken.)

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1 Tuesday Afternoon Session,
2 May 18, 2021.

3 - - -

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

6 IGS may call their next witness.

7 MR. OLIKER: Thank you, your Honor. IGS
8 and Direct would call Frank Lacey to the stand.

9 EXAMINER SEE: Mr. Lacey, I see you've
10 already been promoted. If you can raise your right
11 hand.

12 (Witness sworn.)

13 EXAMINER SEE: Okay. Thank you.
14 You can proceed, Mr. Oliker.

15 - - -

16 FRANK LACEY
17 being first duly sworn, as prescribed by law, was
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By Mr. Oliker:

21 Q. Good afternoon. Could you please state
22 your name for the record.

23 A. Yes. It's Frank Lacey, L-A-C-E-Y.

24 Q. And who is your employer?

25 A. I am self-employed; Electric Advisors

1 Consulting.

2 Q. And have you submitted prefiled testimony
3 in this case on behalf of IGS Energy and Direct
4 Energy?

5 A. I have.

6 Q. And is that document currently in front
7 of you?

8 A. It is.

9 MR. OLIKER: Your Honor, at this time I
10 would like to mark Exhibit -- IGS/Direct Exhibit --
11 Exhibit 2.

12 EXAMINER SEE: The exhibit is so marked.
13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 Q. (By Mr. Olikier) And, Mr. Lacey, was
15 IGS/Direct Exhibit 2 prepared by you or under your
16 direction?

17 A. It was.

18 Q. And do you have any changes that you
19 would like to make or clerical corrections to that
20 testimony?

21 A. Yes. I have two clerical corrections.
22 On page 18, footnote 25, it points to the wrong
23 source. It should point to the PUCO Electric Choice
24 Activity Report dated February 2021.

25 And on page 29, footnote 50, there is

1 just a typo. It says, in the second line of the
2 footnote, it refers to "Exhibit FLP." It should --

3 EXAMINER SEE: Just a moment, Mr. Lacey.

4 THE WITNESS: I'm sorry, your Honor.

5 EXAMINER SEE: You said that was footnote
6 50?

7 THE WITNESS: Yes, ma'am.

8 EXAMINER SEE: Okay.

9 A. In the second line of that footnote it
10 refers to "Exhibit FLP." It should just be "FPL."
11 The letters were reversed.

12 MR. HEALEY: Can I ask -- can I get that
13 first one again. It's not clear to me exactly how
14 that footnote should read. He said it should refer
15 to some document, instead of stating exactly what it
16 would state.

17 THE WITNESS: It should say "See PUCO
18 Electric Choice Activity Report, February 2021."

19 MR. HEALEY: Thank you.

20 MR. OLKER: Your Honor, I believe there
21 is a direct website link for that citation but it is
22 very, very long, so I will defer to your preference
23 whether he can leave it as such given that it's the
24 PUCO's own website.

25 EXAMINER SEE: What about you send the

1 website to all of the parties and the Bench as well
2 as the court reporters.

3 MR. OLIKER: Brilliant idea, your Honor.
4 I will do that.

5 EXAMINER SEE: Thank you.

6 Q. (By Mr. Oliker) And, Mr. Lacey, do you
7 have any other corrections to your testimony?

8 A. I do not.

9 Q. So subject to the corrections you just
10 made, if you were asked the same questions in your
11 testimony today, would your answers be the same?

12 A. They would.

13 MR. OLIKER: With that, your Honor, I
14 would move for the admission of the exhibit and
15 tender the witness to cross-examination.

16 EXAMINER SEE: Thank you.

17 Do any of the other opposing parties have
18 cross-examination for Mr. Lacey?

19 Your silence indicates that no other
20 opposing party -- no other party opposing the
21 Stipulation has cross-examination for this witness.
22 So let's move to the signatory parties. Let's start
23 with One Energy Enterprises. Is counsel for One
24 Energy Enterprises on the line in the Webex?

25 Okay. Let's move to Ohio Consumers'

1 Counsel.

2 MR. HEALEY: Yes, your Honor. Before I
3 start, could I ask Mr. Olikier to send that website
4 link before we get started because I may have
5 questions on that. I believe I know what he is
6 talking about, but I want to make sure we are all on
7 the same page.

8 EXAMINER SEE: Certainly.

9 MR. OLIKER: The link should be coming
10 very soon and I will send it to the other parties
11 shortly.

12 EXAMINER SEE: Mr. Olikier, is there any
13 reason you can't send it to all the parties now?

14 MR. OLIKER: I'm in the middle of doing
15 that, your Honor. I just wanted to make sure
16 Mr. Healey had as much time as possible.

17 EXAMINER SEE: Okay. Let's go off the
18 record.

19 (Discussion off the record.)

20 EXAMINER SEE: Let's go back on the
21 record.

22 Mr. Healey.

23 MR. HEALEY: Yes, your Honor. Thank you.

24 - - -

25

CROSS-EXAMINATION

By Mr. Healey:

Q. Mr. Lacey, you are proposing in your testimony to allocate about \$64 million to SSO customers through the Retail Reconciliation Rider, correct?

A. Yes.

Q. And that's because you believe that AEP incurs certain costs for its Standard Service Offer, or SSO, so only SSO customers should pay those costs, correct?

A. There are costs -- yes, there are costs that AEP incurs such as rent, computers, billing system, that service -- that are used to service SSO customers, and SSO customers should pay those costs, that is correct.

Q. Now, in your testimony you did not similarly allocate any costs exclusively to shopping customers, correct?

A. That -- I don't believe that there is a AEP tariff for shopping customers to allocate costs to, but even if there were, it wouldn't make any sense to allocate distribution costs to shopping customers.

Q. And you, in fact, did not allocate any

1 costs to shopping customers, correct?

2 A. That is correct.

3 Q. So your testimony is that AEP incurs more
4 than \$64 million for SSO customers exclusively but
5 zero dollars for CRES customers exclusively?

6 A. There's no analysis for the CRES
7 customers. There's no FERC accounting for CRES
8 customers. To the extent they incur costs related to
9 shopping, that's not a CRES customer cost, that's a
10 cost of operating in the market which benefits all
11 customers, so those costs should go to all customers.

12 Q. Okay. So not even \$1 to CRES customers?

13 A. Well, CRESs get charged fees by AEP, but
14 I did not allocate costs to CRES customers. There is
15 no mechanism to do that.

16 Q. Is it your testimony that if AEP did not
17 have an SSO, it would be able to reduce its costs by
18 \$64.4 million?

19 A. The whole purpose of an indirect cost is
20 it's a cost that supports more than one business; so,
21 no, that's not my testimony at all.

22 Q. Okay. Is -- did you try to calculate any
23 number of dollars that AEP would save if it had no
24 SSO? In your testimony?

25 A. What I did was I ran an analysis that

1 said, you know, if there was one SSO customer left,
2 that customer would pay, I forget the number, it's in
3 my testimony, like \$60 for the year or \$70 for the
4 year, something like that, so the allocation would go
5 significantly -- be reduced to practically zero if
6 there were practically zero cost -- SSO customers
7 being served by AEP.

8 Q. Right. That answer pertains to the costs
9 allocated through the rider. My question is would
10 AEP reduce the cost that it incurs if it had no SSO?

11 A. I'm sure it would but I have not
12 undertaken that analysis.

13 Q. Are you aware that marketers, like IGS,
14 have proposed similar rider mechanisms in previous
15 PUCO cases which the PUCO has rejected?

16 A. I have not participated in any of those
17 cases so I don't have direct knowledge of those.

18 Q. Now, you say you didn't participate.
19 Have you read any of the orders in those cases?

20 MR. OLIKER: Objection.

21 A. I was --

22 MR. OLIKER: Is counsel asking if he has
23 read any of those orders before he sent them to him
24 yesterday?

25 MR. HEALEY: I'm asking if he's read them

1 at any point at any time.

2 EXAMINER SEE: The witness can answer the
3 question.

4 A. I skimmed over those orders that I was
5 sent by -- well, Mr. Oliker sent them to me last
6 night. I am not sure who sent them to him. They are
7 on the exhibit list and I skimmed over those orders
8 last night. But if the question is have I read them
9 to digest them, to understand them, no, I have not.

10 Q. Have you ever read those orders before
11 you filed your testimony in this case?

12 A. I have not; had not.

13 Q. You are aware that in this case AEP, the
14 PUCO Staff, OCC, and others have signed a
15 Stipulation, correct?

16 A. I am aware of that, I didn't.

17 Q. Have you read the Stipulation?

18 A. I have.

19 Q. Have you read the whole thing?

20 A. I have.

21 Q. Are you challenging the entire
22 Stipulation as a package?

23 A. I am challenging the fact that there is
24 no allocation of costs to the SSO so if that means
25 I'm challenging the whole thing, then I guess I am,

1 but I don't really know the repercussions -- I am not
2 really sure what that means. As it stands right now,
3 the Stipulation is not in the public interest.

4 Q. Okay. You started to answer my question
5 but you said if that means that you're challenging
6 the Stipulation as a whole; does it mean that to you?

7 A. I'm testifying about a very narrow part
8 of the Stipulation, a part that it excludes and then
9 a part -- another part that it does include. Those
10 parts are not in the public interest. It's not in
11 the public interest to not allocate costs
12 appropriately to utility services.

13 Q. Do you have a copy of the Stipulation
14 with you today?

15 A. I have one, yes.

16 Q. Great. Can you turn to page 4.

17 A. Okay.

18 Q. And paragraph E says "The Signatory
19 Parties agree to an overall rate of return of
20 7.28 percent." Do you see that?

21 A. I do.

22 Q. But you don't address that in your
23 testimony, correct?

24 A. The reasonableness of that?

25 Q. Correct.

1 A. I do not.

2 Q. And you have no expert opinion on the
3 reasonableness of that rate of return, correct?

4 A. None that I have testified about.

5 Q. Let's look at page 6 of the Stipulation,
6 please.

7 A. Okay.

8 Q. And paragraph C refers to the
9 Distribution Investment Rider, and subparagraph 1
10 discusses various revenue caps. Do you see those?

11 A. I do.

12 Q. And you are not challenging any of those
13 as part of your testimony today, correct?

14 A. I -- let me read those paragraphs. Are
15 you just talking about C.1?

16 Q. Yes, C.1, the revenue caps for the DIR.

17 A. I am not testifying about that paragraph.
18 C.1.

19 Q. Thank you.

20 Can you turn to page 16, please, of the
21 settlement. And I would just note for the record
22 when I refer to "the settlement," that's Joint
23 Exhibit 1 which has already been marked.

24 A. You said page 16?

25 Q. Yes.

1 A. Okay.

2 Q. And page 16, paragraph F.1, says the
3 Company will allocate 56.77 percent of the revenue
4 requirement to residential customers. Are you
5 challenging that revenue allocation in your testimony
6 today?

7 A. I'm not challenging that number, but to
8 the extent that no allocations are being made to SSO,
9 yes, I am challenging that.

10 Q. Okay. So maybe let's talk about that a
11 little bit. As a result of your proposal to allocate
12 \$64.4 million to SSO customers through the Retail
13 Reconciliation Rider, are you proposing a change to
14 that 56.77 percent number?

15 A. I am not.

16 Q. Now, if your proposal is adopted -- let
17 me strike that.

18 I'd like to look at page 43 of your
19 testimony, please, specifically line 10. And on
20 line 10 of page 43 of your testimony, you state that
21 "Drawing on standard rate making principles, the
22 clear answer is to charge all customers for the costs
23 of the choice program, for all customers benefit from
24 the choice program." Do you see that?

25 A. I do.

1 Q. And then you continue on in line 14 to
2 say that choice exists -- the fact -- sorry. "The
3 simple fact that choice exists helps moderate SSO
4 prices," correct?

5 A. That is correct.

6 Q. And would you then similarly agree that
7 the simple fact that the SSO exists helps moderate
8 shopping prices?

9 A. I -- competitive offers moderate each
10 other. They police each other, yes. So is -- so I
11 don't -- what I don't think is that the -- you know,
12 the SSO price is a -- a moderator by itself. It --
13 it, itself, does not moderate prices. But it is one
14 of the competitive offerings in the electricity
15 market.

16 Q. Are you saying the prices in the
17 competitive market offered by CRESs are not impacted
18 whatsoever by the SSO price?

19 A. I've not investigated that so I can't be
20 for certain, but the mere fact of multiple
21 competitive offers brings a policing effect on
22 pricing to all competitors.

23 Q. And when you say "competitive offers"
24 there, that would include the SSO, correct?

25 A. Yes.

1 Q. Are you aware that the PUCO has
2 previously found that the SSO benefits all customers?

3 A. If you are talking -- are you talking
4 about like a specific order or a specific finding?

5 Q. Yes. We can do that.

6 MR. HEALEY: Your Honor, at this time I
7 would like to mark OCC Exhibit 16, please. And this
8 is the PUCO's Second Entry on Rehearing, dated
9 June 27, 2019, in Case 17-32-EL-AIR.

10 EXAMINER SEE: The exhibit is so marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. (By Mr. Healey) And, Mr. Lacey, if you
13 could turn to page 18 of this order, please.

14 MR. OLIKER: Objection. Mr. Healey has
15 not established sufficient foundation to
16 cross-examine the witness on this document. He has
17 not shown he has even seen it before other than
18 sending it to him yesterday.

19 EXAMINER SEE: Mr. Healey.

20 MR. HEALEY: I believe my only pending
21 question is can you turn to page 18, so I don't think
22 that needs any foundation.

23 EXAMINER SEE: So let's see. The
24 objection is overruled at this point.

25 Q. (By Mr. Healey) Mr. Lacey, are you on

1 page 18?

2 A. I am.

3 Q. And in paragraph 32, the PUCO said in
4 this order "Accordingly, all customers benefit from
5 Duke's ability to provide the SSO." Had you read
6 that sentence in this order before you filed your
7 testimony?

8 MR. OLIKER: Objection. Your Honor, as I
9 stated before, he has not established that the
10 witness has ever seen this document or read this
11 paragraph or has any familiarity with this case.

12 MR. HEALEY: Your Honor, if I may
13 respond?

14 EXAMINER SEE: Yes. Go ahead.

15 MR. HEALEY: The question I asked him was
16 foundational in purpose by asking him if he had read
17 this particular sentence in the order before filing
18 his testimony. That's the foundational question that
19 I am asking him.

20 MR. OLIKER: Your Honor, he needs to
21 start with the document and then you can go to the
22 specifics of the document but he hasn't even shown
23 the document itself is accurate or can be identified
24 by the witness.

25 MR. HEALEY: Your Honor, I am happy -- if

1 the witness wants to say he never read any part of
2 this order, if he wants to say that, I will gladly
3 move on.

4 EXAMINER SEE: Why don't you start there,
5 Mr. Healey.

6 MR. HEALEY: Sure.

7 Q. (By Mr. Healey) Mr. Lacey, prior to
8 filing your testimony in this case, had you reviewed
9 any part of what's now been marked as OCC Exhibit 16?

10 A. I have not. I had not prior to my
11 testimony.

12 Q. So in -- in drafting your testimony you
13 would not have considered the Commission's views as
14 stated in this order, correct?

15 A. This order did not form any of my
16 opinions, that is correct.

17 Q. Do you typically file testimony in
18 regulatory proceedings without looking at Commission
19 precedent?

20 A. The markets evolve over time and I have
21 never said that the market doesn't benefit everybody.
22 The market benefits everybody. In fact, I've
23 testified that it does. SSO is part of that market,
24 but that doesn't mean that SSO should not have costs
25 allocated to it properly. And right now, there are

1 no costs allocated to it so it's -- it has nothing to
2 do with the kind of Commission precedent or whether I
3 reviewed it. What -- or whether it's beneficial or
4 not beneficial. It's not costed correctly to
5 customers today and that's really the focus of my
6 testimony.

7 Q. Sure. I think you answered a different
8 question than the one I asked. The question I asked
9 was, do you typically file testimony in regulatory
10 proceedings without reviewing precedent from that --
11 the Commission -- in front of which you are filing
12 the testimony?

13 A. I file testimony based on the facts of
14 the case that I am operating in. And every case is
15 unique so my testimony is based on the facts before
16 me today.

17 Q. Is it your testimony then that you
18 consider Commission precedent to be irrelevant?

19 A. No.

20 Q. So you consider it to be relevant.

21 A. Commission orders are very relevant.
22 They dictate -- this case, for example, I believe is
23 a Duke Energy case and it -- dictates what happened
24 in the Duke market.

25 Q. Sure. And then despite what you now

1 concede is relevant, you chose not to look at this
2 precedent before filing your testimony, correct?

3 A. It's relevant to the Duke market. And
4 this is an AEP rate case. And I've never said that
5 SSO is not beneficial.

6 Q. Let's look at page 8 of your testimony,
7 please.

8 A. I'm sorry, page 8?

9 Q. Yes. And I would direct you to line 3.
10 And starting on line 3, you are discussing testimony
11 previously filed by AEP Witness Roush, correct?

12 A. Yes.

13 Q. And you say that Mr. Roush's analysis is
14 "anything but 'thorough' as it omits from SSO all of
15 the most basic elements of running a business, such
16 as rent, personnel, computers, systems, accounting
17 and finance, and billing." Do you see that?

18 A. I do; and that is correct.

19 Q. Is it your testimony that if AEP did not
20 have an SSO, it's rent would be lower?

21 A. No. As I have said, an indirect cost is
22 a cost that supports more than one business so costs
23 should be allocated to each business. I have not
24 testified that these costs will go away, that rent
25 will be lower. I've just testified that SSO should

1 be priced accurately and should have costs allocated
2 to it appropriately.

3 Q. Do you know when AEP first implemented an
4 SSO in Ohio?

5 A. I don't remember the specific date, no.

6 Q. Did you do any analysis of what rent AEP
7 paid before it had an SSO and after it had an SSO?

8 A. I did not.

9 Q. Is it your testimony that if AEP did not
10 have an SSO it would save money on personnel?

11 MR. OLKER: Objection. Your Honor, this
12 whole line of questioning assumes facts not in
13 evidence. There is no part of Mr. Lacey's testimony
14 necessarily focused on AEP not having an SSO; and
15 under, you know, all of the statistics that he is
16 included in his testimony, there is one, so unless he
17 can establish that fact, all of this testimony --
18 these questions are irrelevant. And they are also
19 not valid by time; how long they will have an SSO,
20 how long from now and it's very vague.

21 MR. NOURSE: Your Honor, I disagree. I
22 would just point out that Mr. Lacey multiple times in
23 his testimony uses the fact that if an SSO exists or
24 doesn't exist, that's his test for whether costs
25 should be shared; so I think that's grossly

1 inaccurate.

2 EXAMINER SEE: The objection is
3 overruled. Mr. Lacey can answer the question. Do
4 you need it read back to you, Mr. Lacey?

5 THE WITNESS: Please, your Honor.

6 MR. HEALEY: I can repeat it, your Honor.

7 Q. (By Mr. Healey) Mr. Lacey, is it your
8 testimony if AEP did not have an SSO, it could save
9 money on personnel?

10 A. I did not testify about that in what was
11 presented to the Commission.

12 Q. And did you do any analysis provided in
13 your testimony showing how many employees AEP would
14 no longer need if it did not have an SSO?

15 A. I did not. But, again, the purpose of an
16 allocation is not to -- direct costs are what you are
17 referring to. Direct costs should be directly
18 assigned to SSO. Shared costs are costs that benefit
19 more than one business and those are allocated to --
20 to the businesses. In this case, costs should be
21 allocated to SSO.

22 Q. Now, you reference computers. Is it your
23 testimony that AEP would be able to discard some of
24 its computers if it did not have an SSO?

25 A. No. My testimony is that there is no

1 possible way that AEP could conduct the business of
2 SSO without computers.

3 Q. Is it possible for AEP to support the
4 ability of CRES providers to offer service to Ohio
5 customers if AEP did not have any computers?

6 A. I don't think it would be possible for
7 AEP to run any of its businesses without computers.

8 Q. Now, we discussed this a little bit, I
9 just want to lay some foundation as we go through the
10 next line of questioning. If your proposal was
11 adopted, SSO customers would pay about \$64.4 million
12 through the Retail Reconciliation Rider, correct?

13 A. That's not a net number -- well, I guess
14 it is. Their total costs, customer costs, don't go
15 up. I think that's very important. This is just
16 moving costs from one bucket to another. AEP's
17 revenues stay the same. So there is a movement of
18 \$64 million in costs. There is not an increase.

19 Q. Understood. My question is very
20 specific, it's about the charges through the Retail
21 Reconciliation Rider only and only to SSO customers.
22 True or false: Under your proposal, if adopted, SSO
23 customers would pay \$64.4 million through the Retail
24 Reconciliation Rider?

25 A. Yes, but that is exclusive of the credit

1 that they would receive on the distribution revenue.

2 Q. Sure. We will get to that. I just want
3 to walk through the mechanics of your proposal. I am
4 not trying to misstate what your proposal is.

5 A. Okay. Thank you.

6 Q. Now, at the same time then, that same
7 amount, 64.4 million, would be credited to all
8 customers through the SSO Credit Rider, correct?

9 A. That is correct.

10 Q. And if you can turn to page 10 of your
11 testimony, please, and the table near the bottom,
12 Table FL-1.

13 A. Yes.

14 Q. Now, in this table you have provided your
15 proposed kilowatt-hour-based rates for those two
16 riders, the Retail Reconciliation Rider and the SSO
17 Credit Rider, correct?

18 A. That is correct.

19 Q. And when we see "SSO Credit Rider," that
20 0.0015, that would be a credit or a negative number,
21 correct?

22 A. That is correct.

23 Q. And so the net effect of these two riders
24 for an SSO customer would be a charge of 0.0042,
25 correct, per kWh?

1 A. That is correct.

2 Q. And the net effect for any shopping
3 customer would just be the SSO credit of 0.0015,
4 correct?

5 A. That is correct.

6 Q. And it would be true that regardless of
7 how many customers shop or take service from the SSO,
8 the net affect will always be a charge for an SSO
9 customer, correct?

10 A. I'm sorry. Could you repeat that? I am
11 sorry.

12 Q. Sure.

13 Regardless of how many customers will be
14 shopping at any given moment, the net effect of the
15 two riders under your proposal will always be a
16 positive charge for SSO customers, correct?

17 A. If 100 percent of the customers were on
18 SSO, it would be equal.

19 Q. Okay. So let -- let's ignore the
20 situations where it's zero or 100 percent, in which
21 case it would even out.

22 A. Okay.

23 Q. Anything in between it's going to be a
24 charge as a net -- net result for SSO customers,
25 correct?

1 A. As it should be, yes.

2 Q. And obviously the -- again, ignoring the
3 zero and 100 percent situations, the net effect for
4 shopping customers will always be a credit because
5 they don't pay the retail reconciliation, right?

6 A. That is correct.

7 Q. Now, the \$64.4 million amount that's
8 flowing through the Retail Reconciliation Rider, that
9 includes both residential and nonresidential SSO
10 customers, correct?

11 A. That's correct.

12 Q. And how much of that 64.4 million will be
13 paid by residential SSO customers, do you know?

14 A. Well, under this model, it's just based
15 on a kilowatt-hour basis, so however many
16 kilowatt-hours they are taking; and I didn't -- I
17 don't have that in front of me so I can't give you
18 that answer.

19 Q. Okay. Let's -- let's just talk through
20 the methodology then and we can get on the same page
21 hopefully. Let's assume that residential SSO
22 customers pay 80 percent of the SSO -- strike that.

23 Let's assume that residential customers
24 use 80 percent of the SSO load. Are you with me on
25 that assumption for this hypothetical?

1 A. Yes.

2 Q. In that situation then residential SSO
3 customers would pay 80 percent of the Retail
4 Reconciliation Rider charges, correct?

5 A. That is correct.

6 Q. And if we had the actual kWh data for
7 residential SSO customers to arrive at the total
8 amount they would pay, you would just multiply the
9 total kilowatt-hours by your 0.0057 rate for the
10 Retail Reconciliation Rider, correct?

11 A. For the rider, yes.

12 Q. And I guess if we wanted to do the net
13 calculation, if we took the total kilowatt-hour usage
14 by residential SSO customers, and multiplied it by
15 that 0.0042 net number, that would be the net impact
16 on residential SSO customers, correct?

17 A. That's correct.

18 Q. Now, I believe when you were making
19 corrections to your testimony today, you added a
20 footnote to the PUCO's Electric Choice Activity
21 website, correct?

22 A. That is correct.

23 MR. HEALEY: And I will note for the
24 record that there's a slightly better link than the
25 one Mr. Olier gave out so it's easy for parties to

1 reach this website should they be reading the
2 transcript; and if you will bear with me, I will read
3 it off. It's still a bit long but it doesn't involve
4 a hundred consecutive nonword characters. The
5 website is [puco.ohio.gov/wps/portal/gov/puco/
6 utilities/electricity/resources/ohio-customer-choice-
7 activity](http://puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/ohio-customer-choice-activity). And then there is a link at that website
8 for electric choice activity that goes to the one
9 that Mr. Olikier sent around.

10 MR. OLIKER: I'm sorry. Is there a
11 question there?

12 MR. HEALEY: No, I was identifying the
13 website in the footnote that Mr. Lacey added for the
14 record, following my asking him if he is familiar
15 with this website.

16 Now, I would like to mark -- I would like
17 to mark my next four exhibits at this time and those
18 would be OCC Exhibits 12, 13, 14, and 15. OCC
19 Exhibit 12 is information from this same website that
20 shows 2019 residential choice activity for Ohio
21 Power. OCC 13 is 2019 nonresidential usage. OCC 14
22 is 2020 residential usage. And OCC 15 is 2020
23 nonresidential usage.

24 EXAMINER SEE: OCC Exhibits 12, 13, 14,
25 and 15 are so marked.

1 (EXHIBITS MARKED FOR IDENTIFICATION.)

2 Q. (By Mr. Healey) Mr. Lacey, do you have a
3 copy, we will start with OCC 14. Do you have a copy
4 of that in front of you?

5 A. I do.

6 Q. And this appears to be the website that
7 you relied upon or part of the website that you
8 relied upon in preparing your testimony, correct?

9 A. It looks like the same website just
10 different dates that I selected.

11 Q. Right. In this particular one we see
12 some different menus. Near the top left it says
13 "Select Utility Territory." You are aware when you
14 pull down that menu you can pick which electric
15 utility in Ohio you want to look at, correct?

16 A. I am, yes.

17 Q. And then right below that it says "Select
18 Year." You can choose the year, correct?

19 A. Yes.

20 Q. And then below that, "Select Customer
21 Class," and you can either "Select All" or select
22 "Residential," "Commercial," "Industrial," and
23 "Other," correct?

24 A. Yes.

25 Q. And then there's a table next to that

1 based on what you selected from those three menus
2 that shows the respective CRES and SSO energy usage
3 by month, correct?

4 A. Correct.

5 Q. And there are two -- two graphics to the
6 right. The first one on the top shows sales by
7 selected customer class, CRES versus SSO, correct?

8 A. Yes.

9 Q. And the one below that is customer count
10 by selecting customer class, correct?

11 A. Correct.

12 Q. And you are familiar with this website,
13 understand how to navigate it, and used it in
14 preparing your testimony, correct?

15 A. I did, yes.

16 Q. Thank you.

17 Now, in Exhibit 14, we see the
18 residential energy usage as reported to the PUCO for
19 2020 for Ohio Power for residential customers,
20 correct?

21 A. Correct.

22 Q. And we can see, roughly speaking, the SSO
23 for residential customers for Ohio Power is somewhere
24 between about 600,000 and 900,000 megawatt-hours per
25 month; is that fair?

1 A. Yes.

2 Q. And I would like you to look now at OCC
3 Exhibit 15, please.

4 A. Okay.

5 Q. And would you agree that the -- this is
6 the same website but now if you look at the left
7 side, this is all the nonresidential customer classes
8 for 2020 for Ohio Power, correct?

9 A. That's correct.

10 Q. And then looking at that same table, we
11 see that the SSO usage for nonresidential customers
12 is much lower, typically, you know, 150,000 to a
13 little over 200,000 megawatt-hours per month,
14 correct?

15 A. Yes.

16 Q. And so from -- from this data what we can
17 glean is that if we were to populate your two riders
18 and SSO customers would pay a kWh-based charge of
19 0.0042, a substantial portion of that is going to be
20 paid by residential customers and much less by
21 nonresidential customers, correct?

22 A. In proportion to the amount of customers
23 that are being served by SSO, yes.

24 Q. And so if now as a result of your
25 proposal we are not only shifting customers [sic]

1 from distribution customers to SSO customers, we're
2 shifting costs from nonresidential to residential
3 customers, correct?

4 MR. OLIKER: Can I have that question
5 read back again.

6 (Record read.)

7 MR. OLIKER: I'll object. The question
8 is vague and ambiguous. Unless the witness will
9 overrule me and can understand it and can answer it,
10 but I can't understand it.

11 EXAMINER SEE: Do you understand the
12 question, Mr. Lacey?

13 A. I think so. I think there was one word
14 that was misspoken but I think I understand the
15 question.

16 MR. OLIKER: I will object then and ask
17 Mr. Healey to ask it again because I don't want the
18 witness to speculate.

19 MR. HEALEY: Sure. I'll ask it again,
20 your Honor.

21 Q. (By Mr. Healey) Mr. Lacey --

22 EXAMINER SEE: Okay.

23 Q. -- I'll break it into two pieces to make
24 it a little easier. It's understood that under your
25 proposal you are going to shift some costs that are

1 currently paid by all distribution customers and, if
2 your proposal is adopted, those costs will be paid
3 only by SSO customers, correct?

4 A. Well, I wouldn't use the word shift
5 costs. I would say we are going to allocate costs
6 properly. So -- so I would disagree with your
7 assertion that we're shifting. We are just pricing
8 the product correctly.

9 Q. Okay. And as a result of what you deem
10 to be pricing the product correctly, SSO customers
11 will pay more than they would if your proposal is not
12 adopted, correct?

13 A. They will pay the price of the costs for
14 being served by SSO, that is correct.

15 Q. And when I -- what I was trying to get at
16 from looking at the usage data in OCC Exhibits 12 and
17 13 -- sorry, Exhibits 14 and 15 is that we see that
18 the SSO load for residential customers in 2020 was,
19 in fact, much higher than the SSO load for
20 nonresidential customers, correct?

21 A. That's correct.

22 Q. And so as a result of that, the
23 difference between your proposal not being adopted
24 and your proposal being adopted means that some costs
25 that would otherwise be paid by none --

1 nonresidential customers are now going to be paid by
2 residential customers, correct?

3 A. I'm not sure I agree with that because
4 there are nonresidential customers who are on SSO and
5 they will be paying their fair share of the SSO costs
6 if it was priced appropriately.

7 Q. Right. What I am comparing -- I am
8 comparing two things. So there is two options here.
9 Either the PUCO doesn't adopt your proposal or the
10 PUCO does adopt your proposal. Do you understand
11 those two different possibilities?

12 A. I do.

13 Q. And if the PUCO adopts the second one,
14 residential customers will pay more than if the PUCO
15 adopts the first one, correct?

16 A. There's no shifting of costs between
17 commercial and residential. They'll pay more by the
18 sheer fact that they have more megawatt-hours that
19 are being served to residential.

20 Q. I didn't use the word "shift." My
21 question was only: Will residential customers pay
22 more under that second scenario where your proposal
23 was adopted compared to the first scenario where it's
24 not?

25 A. On a per-megawatt-hour basis or

1 per-kilowatt-hour basis, they will not pay any more.

2 Q. On a total customer base, the residential
3 class will pay more under your proposal than it would
4 if your proposal is not adopted, correct?

5 MR. OLIKER: Objection. I don't know if
6 it's the residential class on the SSO or the entire
7 residential class.

8 EXAMINER SEE: Repeat that, Mr. Oliker.

9 MR. OLIKER: The question is vague
10 whether Mr. Healey is referring to all residential
11 customer shopping and nonshopping or simply
12 residential customers on the SSO.

13 MR. HEALEY: I am talking about
14 residential customers in the aggregate, all of them.

15 MR. OLIKER: So to that I will say asked
16 and answered. I think the witness already provided a
17 response. I think just two or three questions ago
18 there was testimony that the witness did not think
19 that would occur.

20 EXAMINER SEE: I'm not sure it has been;
21 so, Mr. Lacey, if you could answer the question.

22 THE WITNESS: Yes.

23 A. If I understand the question, there are
24 approximately 800,000 megawatt-hours per month being
25 served to residential customers, that's on OCC 14;

1 and there are approximately 175,000 megawatt-hours
2 being served -- SSO being served to nonresidential
3 customers. That is not -- that does not result in a
4 cost shift. Yes, the residential group, because they
5 use four times as much SSO service, will pay in
6 aggregate more than the C&I customers that are on SSO
7 but that's only a volumetric thing. It's not a class
8 thing. It's not an allocation thing. It's just a
9 sheer usage issue.

10 MR. HEALEY: Thank you.

11 Your Honor, at this time I've already
12 marked OCC's Exhibits 12 and 13 which have the
13 residential and nonresidential numbers for 2019. I
14 can ask Mr. Lacey all the same questions about those,
15 but if parties would agree to stipulate those in,
16 with the understanding that it's the same as the
17 questions I asked about 2020, just getting the usage
18 numbers in, then I can move on.

19 MR. OLIKER: Chris -- Mr. Healey, the
20 request is 12 through 15 be admitted, whether we
21 oppose that; is that your question?

22 MR. HEALEY: Correct. If you'll
23 stipulate to the admission of 12 through 15, then I
24 can move on and not ask any more questions about
25 these; otherwise, I will go 12 and 13 the same way I

1 went through 14 and 15.

2 MR. OLIKER: We have -- we have no
3 objection. I may want to see if there are different
4 statistics by customer count instead of
5 megawatt-hours but, subject to checking that
6 information, I don't think we'll object.

7 EXAMINER SEE: Okay. 12 through 15 has
8 been marked and we'll take up admission of them
9 later.

10 MR. HEALEY: Okay. Your Honor, if I
11 might reserve my right then, if, for some reason,
12 admission is denied, to come back and ask questions
13 about 12 and 13 as necessary?

14 EXAMINER SEE: Sure.

15 MR. HEALEY: Thank you.

16 Q. (By Mr. Healey) Mr. Lacey, could you turn
17 to page 52 of your testimony, please.

18 A. Okay.

19 Q. Now, on page 52, in the first question
20 you refer to shadow billing and you say that you have
21 reviewed the shadow billing provisions in the
22 proposed settlement, correct?

23 A. That is correct.

24 Q. And when you say "shadow billing
25 provisions," you are referring to paragraph 11 on

1 page 11 of the settlement; is that right?

2 A. I have to go back to that document to
3 confirm.

4 Q. Sure. Why don't you do that.

5 A. What number did you say it is?

6 Q. It's paragraph 11 on page 11 of the
7 settlement.

8 A. That is correct.

9 Q. This is what you were referring to in
10 your testimony when you say "shadow billing"?

11 A. That is correct.

12 Q. And you would agree there are -- under
13 the settlement there are two distinct shadow billing
14 proposals, correct?

15 A. I don't know what you mean by that.

16 Q. Okay. I can work through it then. The
17 first sentence refers to AEP performing an aggregate
18 shadow billing calculation and then providing that
19 information to OCC and Staff, correct?

20 A. Correct.

21 Q. And then the last sentence of that
22 paragraph refers to AEP Ohio and OCC working to
23 develop a proposal to amend the Company's application
24 in another case. Do you see that?

25 A. I do.

1 Q. And you understand those are separate --
2 separate shadow billing proposals; the two are not
3 tied together, correct?

4 A. I never thought of them as two separate
5 proposals but I will accept that.

6 Q. Well, let's talk about the second one, so
7 we are just focused on the last sentence of
8 paragraph 11 on page 11 of the settlement. Now, you
9 agree that this part of the settlement says only that
10 AEP Ohio and OCC will work to develop a proposal to
11 amend the application, correct?

12 A. That's what it says, yes.

13 Q. And so if the settlement is approved as
14 filed without modification, that will not
15 automatically result in a change to AEP's customer
16 bills, correct?

17 A. That's what it looks like from these
18 words, yes.

19 Q. And if we look at page 52 of your
20 testimony, line 18, you say "The proposed settlement
21 conflicts with those policies and calls for further
22 analysis to be displayed on AEP's customer invoices."
23 Do you see that?

24 A. I do.

25 Q. That would be incorrect, right? Because

1 it doesn't call for that to happen. It calls for OCC
2 and the Company to work out a proposal.

3 A. I guess that technical difference, yes.

4 Q. And you understand and are aware that IGS
5 is able to and has, in fact, already intervened in
6 Case 20-1408, correct?

7 A. I was not aware of that but I am not
8 surprised.

9 Q. And you would expect IGS and potentially
10 others to oppose any such proposal from AEP and
11 Consumers' Counsel in that case?

12 A. I would hope everyone would oppose it
13 because it's a nonsensical calculation, but yes.

14 Q. At a minimum, they will have an
15 opportunity to, correct?

16 A. They will have an opportunity.

17 Q. Now, on page 53 of your testimony,
18 starting at line 10, you state that "Customer savings
19 cannot be measured in a vacuum" and that "It is a
20 very dynamic calculation." And then you continue and
21 say "The calculation must consider other attributes,
22 like renewable energy, efficiency products or other
23 value-added services." Do you see that language?

24 A. Yes, I do.

25 Q. Do you believe that residential customers

1 are able to perform such a "very dynamic calculation"
2 when assessing whether to shop with a marketer?

3 A. Yes, I do.

4 Q. If residential customers are able to
5 perform that very dynamic calculation, then wouldn't
6 they also be sophisticated enough to receive shadow
7 billing information on their bill and understand what
8 it means and not be misled?

9 A. Well, sadly, I think -- well, I am glad
10 you agree it would be misleading but it would be
11 misleading and the customer wouldn't necessarily know
12 it was misleading because it was coming on the
13 utility bill. The utility bills typically are
14 accurate. This calculation would not be accurate in
15 any way, shape, or form.

16 Q. So your testimony is that when a marketer
17 contacts the residential customer and provides them
18 information about renewable energy, attributes, and
19 products, they are sophisticated enough to handle
20 that, but then when AEP gives them shadow billing
21 information they are overwhelmed and don't know what
22 to do with it?

23 A. Well, if AEP says in a fact on the bill,
24 "You could have saved X by staying with us," that's a
25 pretty powerful statement, right? So is there

1 reason -- is there reason for a customer to doubt the
2 accuracy of a bill, I would hope not. This is very
3 misleading. The information is very misleading. It
4 would be very bad for the market.

5 Q. Let's look at page 58 of your testimony,
6 please. I apologize. It's page 39, footnote 58.
7 Now, in footnote 58, you identify four different
8 riders that make up AEP's Price to Compare, correct?

9 A. I do, yes.

10 Q. Now, is it your testimony that if your
11 proposal was adopted, it will have an impact on any
12 of the rates found in these four riders?

13 A. No. My testimony is only about the
14 Retail Reconciliation Rider.

15 Q. What about indirect market forces causing
16 a change to any of these riders? Did you do any
17 analysis on that?

18 A. I am not sure what you mean by that.

19 Q. Well, suppose your -- if your proposal
20 was adopted, would you expect that to -- let me start
21 over.

22 If your proposal was adopted, did you do
23 any analysis to determine whether it would influence
24 bidders in AEP's SSO auctions?

25 A. No, I did not.

1 Q. And did you do any analysis to determine
2 whether, if your proposal is adopted, AEP will incur
3 different costs under its Alternative Energy Rider?

4 A. I did not.

5 Q. Now, you're -- you're testifying on
6 behalf of IGS and Direct Energy, correct?

7 A. Correct.

8 Q. Why do those entities specifically oppose
9 leaving the Retail Reconciliation Rider and SSO
10 Credit Rider at zero dollars?

11 A. As opposed to whom?

12 Q. Well -- that's a fair point. What impact
13 do these -- what impact do you believe the
14 implementation of your proposal will have on IGS and
15 Direct's business?

16 A. I think the issue is more important than
17 that. I think the -- the issue is if you price it
18 correctly, customers can make more informed choices
19 about their energy supply. It -- it gives customers
20 better tools to make choices. Will it be beneficial?
21 I would assume it would be beneficial but the
22 testimony is not about providing a benefit. We are
23 just looking for a competitive market. A fairly
24 competitive market. And by "fairly" I don't mean
25 halfway; I mean a market that is priced in a fair

1 manner. That's all we are looking for, right? So
2 it's not -- will it help their business? I think any
3 competitive business will be helped when prices are
4 set in a rational manner.

5 Q. So if your proposal is adopted, is it
6 your expectation that IGS and Direct will be more
7 profitable in the future?

8 A. I've made no analysis about that.

9 Q. Is it your testimony that if your
10 proposal is adopted, IGS and Direct will offer lower
11 rates to customers than the rates they currently
12 offer?

13 A. So I think recently a PUCO person was
14 quoted in an aggregation matter that compared SSO
15 prices to a gallon of gasoline, right? So it --
16 prices fluctuate all the time. It will enable the
17 competitive market to be more competitive. I don't
18 know if it will make them more profitable or less
19 profitable but it will be better goods and services,
20 more goods and services will be available to
21 customers. All at the same time, prices don't go up
22 and AEP's revenues don't go up or go down.

23 Q. So is it your testimony that IGS and
24 Direct have no financial interest in the outcome of
25 this case and you are here as some kind of market

1 monitor/consumer advocate?

2 A. I've not testified about anybody's
3 profitability or my being a market monitor.

4 Q. You believe that under the current system
5 where these riders are zero that the SSO has a
6 competitive advantage over marketer rates; is that
7 fair?

8 A. An extreme competitive advantage, yes.

9 Q. And as a result of that alleged
10 competitive advantage, have you done any analysis to
11 determine whether that's caused marketers to have
12 rates that are higher than they otherwise would be?

13 A. No. Marketers operate in a very
14 competitive business. I said earlier they are
15 policed by the competition in the market. The
16 extreme advantage is what we are talking about here.
17 I think this doesn't influence their prices at all.
18 Prices are influenced by the market. Gas prices are
19 more expensive today than they were two weeks ago
20 because of this pipeline issue on the east coast.
21 Electricity prices change on a daily basis so the --
22 their prices are dictated by the market, not
23 necessarily by SSO.

24 Q. I would like you to turn to the exhibits
25 to your testimony, FPL-9, please.

1 A. Okay.

2 Q. And in this exhibit you provide a table
3 showing the number of customers that shop and the
4 number of customers that do not shop and broken it
5 down by rate class, correct?

6 A. I'm sorry. I was looking at the wrong
7 exhibit.

8 Q. Sure.

9 A. Sorry. Yes, that is correct.

10 Q. Okay. And I would like to just look at a
11 couple of these. If you look at GS-4, you understand
12 those are very large nonresidential customers,
13 correct?

14 A. Yes.

15 Q. And of those, 82 are shopping and 5 are
16 not, correct?

17 A. That's what the chart says, yes.

18 Q. So that would be substantial --
19 substantially all of the GS-4 customers are --
20 90 percent or more are shopping, correct?

21 A. Correct.

22 Q. And then we see also schools, a
23 substantial portion of those, more than 2,200 out of
24 2,500 are shopping, correct?

25 A. Correct.

1 Q. And we see for all but the residential
2 customers and the small commercials in GS-1 where
3 it's slightly favoring the SSO, more customers in
4 each other class are shopping than not shopping,
5 correct?

6 A. Right.

7 Q. Now, if, as you claim, the SSO has an
8 extreme, to use your word, competitive advantage,
9 wouldn't we expect all these customers to be rational
10 businesses and flock to the SSO to take advantage of
11 those -- that extreme competitive advantage?

12 A. Well, for many reasons, no. The SSO
13 might be right for some of those customers but it
14 might not be right because they don't get the
15 associated services that C&I customers like.

16 Also the subsidy that we are talking
17 about, you know, they are largely fixed costs. They
18 are largely customer-related costs. They are not --
19 they are not kind of variable usage-related costs.

20 So if you allocated it to, you know, on a
21 per-meter basis, for example, the allo -- the subsidy
22 to, you know, a GS-4 customer is going to be 70 bucks
23 a year. Well, they're saving, you know, potentially
24 hundreds of thousands or millions of dollars a year
25 by going to -- by using a competitive supplier so

1 that subsidy kind of gets washed out when you are a
2 bigger customer. But also again, the products, the
3 services, the clientele is more demanding and they
4 are getting the services they want from the CRES
5 providers.

6 Q. So what I am hearing you say is that you
7 believe that a \$70 subsidy gives the SSO an extreme
8 competitive advantage in a market where marketers can
9 allegedly save a large customer hundreds of thousands
10 of dollars?

11 A. For a residential customer, absolutely.
12 Yes.

13 Q. So --

14 A. It's 11 percent -- it's an 11 percent
15 flaw in the market price, the SSO price. It's
16 underpriced by 11 percent.

17 Q. So is your comment that the SSO has an
18 extreme competitive advantage applicable only to
19 residential customers?

20 A. And to the small C&I.

21 Q. And isn't it true that there are
22 potentially other explanations for why many
23 residential customers are not shopping?

24 A. There could be lots of reasons.

25 Q. One of those reasons could be that

1 marketers just aren't doing a very good job
2 marketing; is that possible?

3 A. Anything is possible. I don't know -- I
4 don't have any evidence that they don't have -- they
5 are not doing a good job marketing.

6 Q. Well, the evidence would be that
7 customers are not shopping, wouldn't it?

8 A. Well, no. In fact, the evidence that
9 they are not shopping is indicative of the fact
10 there's an extreme price advantage in the SSO
11 service, right? There are multiple suppliers, and I
12 think the charts you showed have shopping still at
13 like only about a quarter or a third of the
14 customers. Two-thirds are not shopping. That would
15 indicate when two-thirds are with one supplier and
16 one-third are with dozens of suppliers, that, to me,
17 indicates a market flaw. A severe market flaw.

18 Q. It could also indicate a superior
19 product, couldn't it?

20 A. One that is heavily subsidized would be
21 superior in the eyes of a potential buyer, yes.

22 Q. Is it -- is it your testimony that in
23 every market where one competitor is wildly
24 successful, they are only able to be successful as a
25 result of subsidies?

1 A. That's not my testimony at all. My
2 testimony is that there are big subsidies in this
3 market that should be corrected by the -- by the
4 PUCO.

5 What's interesting to me is that there is
6 a fight about this. Utility rates are cost based
7 across the board universally and it's interesting to
8 me that anyone even is fighting this because it just
9 flies in the face of traditional ratemaking. And
10 it's so obvious that there is a problem with the
11 amount of customers that are still on SSO service,
12 it's not a superior service. It does nothing for a
13 customer. It doesn't give them renewable energy. It
14 doesn't give them any special billing. It doesn't
15 give them anything. So there's nothing superior
16 about it.

17 Q. You testified in your own testimony that
18 part of the Standard Service Offer price to compare
19 is the Alternative Energy Rider, did you?

20 A. A state mandated -- yes, I did.

21 Q. Right. And so your statement just a
22 minute ago that it does not provide renewable energy
23 was false, correct?

24 A. It doesn't give the customers a choice of
25 renewable energy. It gives them what AEP has to buy

1 for them or buys for them. So it doesn't give them
2 any options at all.

3 Q. If, as you seem to think, the SSO has
4 this extreme competitive advantage, why hasn't that
5 driven marketers like IGS and Direct and everybody
6 out of business over the last 10 years; they just
7 can't compete because it's so unfair. Shouldn't they
8 be out of business by now?

9 A. Sometimes I wonder why they make the
10 effort, but they make the effort because there are
11 customers who want the superior products, who are
12 willing to pay for the superior products. Quite
13 frankly, there are customers who don't like the
14 utility. I mean, I know that might sound hard to
15 believe but customers all have different preferences.
16 So choice is good. We should be focused on making
17 the choice market functioning and functional so that
18 all customers can benefit from it.

19 Q. And that choice that customers can make
20 would include the choice to be on the SSO, correct?

21 A. Absolutely.

22 MR. HEALEY: Thank you. Nothing further,
23 your Honor.

24 EXAMINER SEE: Are there other signatory
25 parties that have questions for Mr. Lacey?

1 If not, counsel for AEP Ohio.

2 MR. NOURSE: Thank you, your Honor.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Nourse

6 Q. Good afternoon, Mr. Lacey.

7 A. Good afternoon.

8 Q. Steve Nourse here for AEP Ohio. It's
9 good to see you again.

10 A. Good to see you too. Thank you.

11 Q. I will try to avoid repeating questions
12 that Mr. Healey asked you but there could be a little
13 bit of overlap trying to cover some other areas.

14 So the first area -- and by the way, I
15 think, you know, as your testimony indicates, you're
16 a regulatory expert, and all of my questions are
17 asking you from your understanding from a regulatory
18 standpoint. I don't want to ask you any legal
19 questions so please don't interpret any of them that
20 way. Are you with me?

21 A. I am.

22 Q. Okay. First topic I would like to talk
23 about is the SSO obligation. And I think you've
24 already been -- using that acronym, Standard Service
25 Offer. So I want to ask you some questions about

1 your understanding of the SSO in Ohio.

2 Now, you agree that the electric
3 distribution utility, such as AEP Ohio, has an
4 obligation to provide the SSO to all customers in its
5 service territory, correct?

6 A. That is correct, yes.

7 Q. And a -- if a CRES fails to supply
8 generation service to a shopping customer, that would
9 result in customers defaulting to the utility's SSO,
10 correct?

11 A. That is correct.

12 Q. And for example, if a CRES is bankrupt,
13 that results in customers defaulting to the SSO,
14 correct?

15 A. I'm not sure if bankruptcy triggers it
16 automatically. But to the extent they default, they
17 would trigger back to SSO under today's market.

18 Q. And if a CRES certification is suspended,
19 would that result in customers defaulting to the SSO,
20 if you know?

21 MR. OLIKER: Objection. Calls for a
22 legal conclusion. And I believe he said "suspended."
23 There is several levels of suspension. He did not
24 say termination. I think that's probably something
25 the witness is not capable of answering. And it's

1 also vague.

2 MR. NOURSE: Well, I am happy to
3 rephrase, your Honor.

4 EXAMINER SEE: Thank you.

5 Q. (By Mr. Nourse) If a CRES certification
6 is suspended or terminated, would that result in
7 customers defaulting to the SSO if you know?

8 A. I don't know.

9 Q. Okay. And would you agree that the SSO
10 benefits all customers, SSO and shopping customers
11 alike?

12 A. SSO is available to all -- all customers,
13 shopping and nonshopping. It benefits those that are
14 on it more than those that are not on it, but there
15 is some benefit to the market, to SSO, to everybody,
16 yes.

17 Q. And you would agree that shopping
18 customers and SSO customers are not a static group of
19 customers, correct?

20 A. That is correct.

21 Q. So today's shopping customer might be
22 tomorrow's SSO customer and vice versa. You agree?

23 A. That migration can happen, yes.

24 Q. And do you agree that shopping and
25 nonshopping residential customers are both within the

1 residential customer class?

2 A. I'm sorry. Could you repeat that?

3 Q. Would you agree that both shopping and
4 nonshopping residential customers are within the
5 residential customer class?

6 A. It seems too simple a question. Yes,
7 they are all residential customers.

8 Q. And residential customers class is the
9 class they all belong to, correct?

10 A. Well, residential class is the
11 distribution class of customers they belong to. I
12 don't know that CRES providers differentiate
13 necessarily the way the distribution provider
14 differentiates. So from a distribution perspective,
15 they're residential customers. From a CRES provider
16 perspective, they might just be customers without a
17 class designation.

18 Q. Okay. And another regulatory obligation
19 under the Ohio regulatory structure is also that the
20 electric distribution utility must facilitate
21 customer choice in its service territory; is that
22 your understanding?

23 A. That is my understanding, yes.

24 Q. And I think earlier in discussion with
25 Mr. Healey, you referred to customer choice costs as

1 distribution costs. Do you recall that?

2 A. I do, yes.

3 Q. And do you also consider the costs that
4 you allocated to the SSO as distribution costs?

5 A. They're shared costs so they serve more
6 than one function.

7 Q. Is that true with customer choice costs?

8 A. Well, running the market is a
9 distribution function. SSO is not a distribution
10 function. It's a service that the distribution
11 company provides and they're different.

12 Q. And the -- what you call the "shared
13 costs" are costs relating to distribution service
14 today, correct?

15 A. You're recovering rates through
16 distribution rates today, yes. But they are not
17 distribution costs. They're shared costs.

18 Q. Now, your proposal is to recover choice
19 costs through the bypassable Retail Reconciliation
20 Rider, correct?

21 MR. OLIKER: Can I have that question
22 read back again? I think there might have been a
23 flaw in there.

24 (Record read.)

25 MR. OLIKER: I'll object. I think there

1 is a misstatement in that question in that it's vague
2 and not consistent with the testimony.

3 MR. NOURSE: I couldn't hear Mr. Olikier
4 but hopefully the witness can explain his testimony.

5 EXAMINER SEE: Did you want to repeat
6 your objection, Mr. Olikier?

7 MR. OLICKER: I'll object. The question
8 was ambiguous and to the extent I think there was a
9 flaw in the question itself as it was inconsistent
10 with the testimony.

11 EXAMINER SEE: The objection is
12 overruled. Mr. Lacey, you may answer the question.

13 A. That is not my testimony, Mr. Nourse.

14 Q. Okay. So the -- excuse me, the choice,
15 the customer choice costs you identified as part of
16 your study in your appendix, you did not include
17 those in the bypassable Retail Reconciliation Rider?

18 A. The choice costs, the costs of operating
19 the market, are distribution costs. So no, I did not
20 allocate those to SSO.

21 Q. Okay. And then your -- your allocation,
22 your study, if I can call it that, in the appendix,
23 your allocation that's the shopping customers' share
24 of the shared costs, you do put through the RRR,
25 correct?

1 A. The shopping customers don't have a share
2 of the costs that I allocated.

3 Q. Okay. I am going to come back to this --
4 that question later when I ask you about your
5 appendix. So we will come back to that.

6 Let's switch topics, Mr. Lacey. Now, I
7 want to ask you about the -- what I think you had
8 just called direct costs relating to the SSO that are
9 recovered through bypassable riders. And I think you
10 listed them early in your discussion with Mr. Healey.
11 Do you recall that?

12 A. I don't think I referred to those as
13 direct costs, but I remember the discussion you are
14 talking about.

15 Q. Okay. Well, that's fair. So the four
16 riders that were referenced, GENC, GENE, Alternative
17 Energy Rider, and Auction Cost Reconciliation Rider,
18 those are the four bypassable riders that make up the
19 SSO price? Is that your understanding?

20 A. Yes.

21 Q. And can you -- let's go through each of
22 the four. I want to get your understanding of what
23 costs are recovered in each of those four riders. So
24 could you start with the GENE and GENC.

25 A. I'm not sure what your question means

1 actually.

2 Q. What costs are recovered through the GENC
3 and GENE riders?

4 A. Specifically? Like I don't know what you
5 are asking for.

6 Q. Any way you want to describe them. Do
7 you know what costs are recovered through the GENE
8 and GENC?

9 A. Generation costs.

10 Q. Okay. And where do they come from? What
11 costs are you referring to there?

12 A. Just the costs of those riders.

13 Q. The riders are the collection mechanism.
14 What are the generation costs that go through the
15 riders?

16 A. As far as I know, they are just
17 generation costs.

18 Q. What generation costs would the Company,
19 AEP Ohio, pass through those riders?

20 A. The -- I'm not sure.

21 Q. Okay. Then the next rider is the
22 Alternative Energy Rider. Do you know what costs are
23 reflected in the bypassable AER?

24 A. Just the alternative energy costs that
25 the Company has incurred, allowed by the Commission.

1 I forget the case number but I'm more familiar with
2 that than the other ones.

3 Q. You're saying Alternative Energy Rider --
4 let me look at the answer again. Sorry.
5 "Alternative energy costs," can you elaborate on
6 that?

7 A. Nothing further than I have already said.

8 Q. Okay. So you don't know what specific
9 costs go through other than what's reflected in the
10 name of the rider?

11 A. That's correct.

12 Q. Okay. And then how about the last one,
13 the Auction Cost Reconciliation Rider, do you know
14 what costs are reflected in that rider?

15 A. Well, the auction costs are the costs, I
16 forget who your consultant is, it's Charles River, I
17 think, to host the auction.

18 Q. It's NERA but, okay, so that's one cost
19 you believe is in there. Anything else?

20 A. No.

21 Q. Do you know if any AEP Ohio labor is
22 included in that rider?

23 A. I don't know.

24 Q. Okay. All right. We'll move on.

25 The next area I want to talk to you about

1 is the -- so the two riders you discuss in your
2 testimony, the Retail Reconciliation Rider and the
3 SSO Credit Rider, so I want to ask you a little bit
4 more about the mechanics of those riders. And first
5 of all, the Retail Reconciliation Rider is bypassable
6 and the SSO Credit Rider is nonbypassable, correct?

7 A. That's correct.

8 Q. And do you know if any rider mechanics
9 were established in prior cases before this case for
10 those two riders?

11 A. Those riders were established in a prior
12 case. They were not established in this case.

13 Q. And do you know if there were any, you
14 know, rate formulas or accounting or reconciliation
15 procedures or any other rider mechanic parameters
16 established in the past?

17 A. My understanding is that was the work
18 that you guys were supposed to do for this
19 proceeding. And it wasn't done.

20 Q. Your understanding is that the Company
21 was to address all the rider mechanics in this case?

22 A. My understanding was they were directed
23 to do a thorough analysis to understand the costs
24 associated with providing SSO service and that
25 analysis was not done. Those are the costs that

1 would go into the Retail Reconciliation Rider and
2 then subsequently credit back under the Credit Rider.

3 Q. Well, again, I think my questions were
4 very clear, Mr. Lacey. I wasn't asking about the
5 costs. I was asking about rider mechanics. So is it
6 true that you don't know what was established to date
7 or what was not established to date to the mechanics
8 of the two riders you are addressing?

9 A. Well, nothing has been established. The
10 analysis wasn't done.

11 Q. Okay. Well, let's talk about the
12 analysis a little bit more. So -- and I guess I will
13 refer to this as the "SSO cost study," and I think
14 you are with me on that, the assignment to determine
15 discrete SSO costs for the purpose of this
16 proceeding; do you understand what I am referring to
17 there?

18 A. Are you talking about Mr. Roush's
19 testimony?

20 Q. Well, when I say "assignment," I am
21 referring to a prior Commission Order. But are -- my
22 real question here is, "SSO cost study," is that
23 terminology okay with you or do you want me to refer
24 to it differently?

25 A. I don't know what you are talking about

1 but I'm good with that language.

2 Q. Okay. Well, your Appendix 1, I believe,
3 attempted to capture the cost of \$64 million that you
4 believe are discrete SSO costs that should be
5 assigned to the SSO, correct?

6 A. No, that is not correct. I believe
7 there's \$64 million of shared costs. There is
8 actually 109 million of shared costs that should be
9 allocated partially to the rider. Not assigned.

10 Q. Okay. I appreciate that -- that
11 technical distinction and let me just say that the
12 costs that you identify are what you want to be
13 incorporated into the rider, right?

14 A. Was that -- was that a question?

15 Q. Yes.

16 A. I didn't hear it. Sorry.

17 Q. I just asked that to avoid using the term
18 "assign" or "allocate," I was asking if the costs in
19 your appendix, the \$64 million, are what you would
20 like to have incorporated into the riders, the RRR
21 specifically? Correct?

22 A. Yes, that's what my testimony says, but I
23 will say it's important not to ignore the words
24 "assign" and "allocate." They are critically
25 important, so.

1 Q. Yeah, we will get back to the allocation
2 in a minute, sir.

3 A. Okay.

4 Q. Okay. So -- so would you agree -- I
5 understand your criticism of Mr. Roush. And I
6 understand, you know, there may be some people that
7 would criticize your analysis. But would you at
8 least agree there is more than one way to do this SSO
9 cost analysis?

10 A. Allocation is definitely an art, but
11 clearly the answer is not zero which is what AEP has
12 proposed and which is what Staff has accepted. You
13 can't run a business with zero costs assigned to it
14 or allocated to it. You couldn't get the bills out.
15 You couldn't count the money. You couldn't get a
16 seat, you know, a chair to put someone's rear end in.
17 Zero is not the right answer. I would agree that
18 allocation is an art and there are lots of ways we
19 can do it, but zero is not the right way to do it.

20 Q. Okay. And Mr. Roush, in his direct
21 testimony in the Application, had identified
22 3-1/2 million and that -- of an allocation of SSO
23 costs and you're also critical of that analysis too,
24 right?

25 A. That's not an allocation. Those were

1 direct costs and he said so. They are direct costs
2 that should be assigned to --

3 Q. My apologies.

4 A. Critical words.

5 Q. Sure. So his recommendation in that
6 initial application was to include 3-1/2 million in
7 the RRR rider; you're also in disagreement with that
8 analysis, correct?

9 A. I'm in disagreement with that on a couple
10 of reasons.

11 Q. I am not asking you why.

12 A. Okay. It's incomplete and it includes
13 things that shouldn't be included; but, yes, I'm in
14 disagreement with his analysis.

15 Q. Okay. Now, would -- would incorporating
16 3-1/2 million dollars into the RRR, would that be
17 significant or material to IGS? Would that be
18 something you would be happy with as an outcome in
19 this case?

20 A. It's woefully inadequate, so no.

21 Q. And in fact, it's a lot closer to zero
22 than 64 million, right?

23 A. Yes.

24 Q. And would you consider it to be
25 effectively the same result as zero?

1 A. No. I mean, you are getting some costs
2 appropriately assigned but it's not zero. But it's
3 negligible, it's inadequate.

4 Q. All right. Let me shift to another
5 topic. The -- are you familiar with corporate
6 separation principles in Ohio?

7 A. Yes.

8 Q. And again, I am not asking you any legal
9 here. I just want to know your understanding of the
10 regulatory environment and, in fact, some of the
11 points you make in your testimony are related to
12 corporate separation principles. Agreed?

13 A. Yes.

14 Q. Okay. Now, the SSO is not provided
15 through a separate affiliate, is it?

16 A. No. I think my testimony was pretty
17 clear on that. It should be treated as an affiliate
18 but it's not an affiliate.

19 Q. And there is no separate accounting
20 ledger for SSO service, correct?

21 A. I would assume you have a separate ledger
22 because it's not in your rate case.

23 Q. What's your understanding of an
24 accounting ledger, sir?

25 A. A place where you account for the

1 hundreds of millions of dollars you receive. They
2 are below the line. They are not in the distribution
3 rate case, so I assume you are accounting for them
4 somewhere.

5 Q. You are referring to SSO revenues?

6 A. Yes, I am.

7 Q. Are they below the line or are they just
8 excluded for the jurisdictional distribution cost
9 study?

10 A. They are not included in the distribution
11 cost study so they are not distribution costs.

12 Q. Okay. But would you agree that the
13 Company's provision of SSO service and the revenues
14 and costs associated with that, those are regulated
15 by the PUCO?

16 A. Regulation is not a reason not to
17 allocate costs. I mean, you know, residential
18 distribution is regulated. That doesn't --

19 Q. I didn't ask you about that, sir. I'm
20 responding to when you said "below the line," okay?
21 So the SSO costs and the revenues, they are not below
22 the line, are they?

23 A. They are not included in the distribution
24 rate case or rate base. So they're separate from
25 distribution.

1 Q. Okay. Now, do you understand that the
2 provision of SSO by -- directly by the electric
3 distribution utility, AEP Ohio in this case, is not
4 an affiliate transaction?

5 MR. OLIKER: Objection. Your Honor, it
6 calls for a legal conclusion. If the witness has an
7 opinion, it's as a nonlawyer.

8 MR. NOURSE: I don't think so, your
9 Honor. He refers to corporate separation principles
10 and OAC provisions in his testimony, so he's
11 asserting an understanding of corporate separation;
12 and I made it very clear that I am not asking for a
13 legal opinion on it.

14 EXAMINER SEE: Mr. Lacey can answer the
15 question.

16 THE WITNESS: Could you repeat the
17 question, please?

18 MR. NOURSE: Can you read it back,
19 please.

20 (Record read.)

21 A. I understand and I have testified that it
22 is not an affiliate transaction, but it should be
23 treated as an affiliate transaction. It's a separate
24 business from the distribution business and it should
25 be costed at the cost to serve.

1 Q. Thank you.

2 Now, do you understand also, Mr. Lacey,
3 that AEP Ohio previously owned generation that was
4 used to serve SSO load until around 2014?

5 A. I'm vaguely familiar with that history,
6 yes.

7 Q. And are you familiar with the fact that
8 starting in 2015, the Company began procuring SSO
9 supply externally through a competitive-bidding
10 process and auction process run by NERA?

11 A. Yeah. And those yield the wholesale
12 component of the SSO rate.

13 Q. Okay. And you -- you mention in your
14 testimony and refer to what I call the ESP IV Order
15 on, I think page 6 or 7 here. Yeah, it's 5 and 6,
16 you refer to ESP IV Order. So you are familiar with
17 that, correct?

18 A. Yes.

19 Q. And if you know, did the ESP IV Order
20 direct AEP Ohio to implement new accounting
21 procedures to separate SSO costs from costs related
22 to other regulatory functions?

23 A. I don't know.

24 Q. And if you know, did the ESP IV Order
25 direct AEP Ohio to implement new accounting

1 procedures to track SSO costs separately from costs
2 related to other regulatory functions?

3 MR. OLIKER: Objection. The Order says
4 what it says and, you know, the legal requirements
5 following what the Commission directed AEP to do
6 isn't something that necessarily he can speak to.
7 The Order is what it is.

8 MR. NOURSE: Your Honor, I am asking
9 specific factual items that relate very closely to
10 his testimony and his theory for allocation. And if
11 he doesn't know, he can indicate he doesn't know.

12 EXAMINER SEE: Mr. Lacey can answer to
13 what his understanding of the Order is. The
14 objection is overruled.

15 THE WITNESS: Thank you, your Honor.

16 A. My understanding is that there was an
17 ESP IV Order that set the rider rates to zero and
18 said do a thorough analysis in this rate case.

19 Q. And what I am asking you, sir, is between
20 that time of the Order and now, were there directives
21 from the Commission to -- to do any of these things I
22 am asking you about: Implement new accounting
23 procedures, implement new internal billing
24 procedures, implement cost tracking procedures? Was
25 any of that part of the ESP IV Order, if you know?

1 A. I don't know.

2 Q. Okay. Now, let me switch topics again.

3 I am going to ask you to -- I am going to ask you to
4 refer to your FPL-6.

5 A. That 6?

6 Q. 6 is the -- it's an excerpt of AEP's Cost
7 Allocation Manual, December 2019. Do you see that?

8 A. Yes.

9 Q. And just to try to shortcut this a little
10 bit, would you agree that the -- the AEP Cost
11 Allocation Manual is intended to apply to affiliate
12 transactions and that you would like the principles
13 to apply here to this setting but they weren't
14 intended and aren't written to encompass the -- these
15 transactions?

16 A. I think the intent is that they should
17 cover this -- these transactions. SSO is a
18 competitive service and it talks about competitive
19 services. So I -- is it an affiliate per se? No, it
20 is not a different company that's operating or
21 running SSO, but I do think the concepts apply that
22 you shouldn't subsidize a competitive business with
23 regulated rates. I think that applies here.

24 Q. Okay. Well, is there anything in the
25 Cost Allocation Manual that indicates that it's

1 intended to apply or should apply or does apply to --
2 to SSO costs and activities in support of the SSO?

3 A. I don't think the word "SSO" is in the
4 manual, but that doesn't mean it doesn't apply.

5 Q. Okay. Let me ask you to turn in FPL-6
6 to -- the pages are numbered a little funny but by
7 section, of course, this is an excerpt, but the
8 2-2-1. Let me know when you are there.

9 A. I think I am there, but they are numbered
10 funny.

11 Q. Yeah. Do you see where -- under the
12 "Cost Allocation Policies and Procedures" it says
13 "Each AEP subsidiary maintains separate books and
14 records"?

15 A. I see that, yes.

16 Q. Do you see under the topic "The Cost
17 Allocation Process" where it says "the AEP companies
18 allocate costs between regulated and non-regulated
19 operations"? Do you see that?

20 A. I do.

21 Q. And do you see down under "Account
22 Designations" near the bottom, where it says the
23 "FERC's uniform system of accounts break functionally
24 between regulated and non-regulated expenses"?

25 A. I see that, yes.

1 Q. And do you see the part that carries over
2 from this page to the next under "Account
3 Designations," it says it's including "costs that
4 could be attributed to both regulated and
5 non-regulated activities"?

6 A. I see that, yes.

7 Q. Okay. We can go on but I think this will
8 be in the record. So again, the SSO is not a
9 separate affiliate nor is it a nonregulated activity,
10 would you agree?

11 A. The pricing of SSO is not regulated, so I
12 would disagree with your assertion.

13 Q. Are you saying that -- do you believe
14 that the Commission prescribes the -- and oversees
15 and approves the results of the SSO auctions that are
16 conducted by the Company?

17 A. They oversee the process of procuring
18 energy at market-based rates, yes.

19 Q. And do they approve the auction clearing
20 price before it goes into the Company's SSO rates?
21 By "they" I mean the PUCO.

22 A. The PUCO approves the market-based rate,
23 yes.

24 Q. Okay. And is there any -- so it's not an
25 unregulated service or rate, is it?

1 MR. OLIKER: Objection.

2 A. It is a market-based price so it is a
3 nonregulated price.

4 Q. Okay. I think the record will speak for
5 itself.

6 All right. Let me ask -- switch topics.
7 You discuss supplier fees in your
8 testimony?

9 A. Yes.

10 Q. Yes? And do you know whether the
11 supplier fees -- the existing supplier fees today
12 cover the underlying costs?

13 A. Of what?

14 Q. Of the service being charged for in the
15 fee. The underlying cost of the activity.

16 A. I didn't do any analysis on that. So
17 does it cost \$5 to switch a customer? I don't know.

18 Q. Okay. And --

19 A. If it does, it should be charged -- if it
20 does, it should be charged both ways. It should be
21 charged to switching back to SSO if they are going to
22 charge to go to another supplier.

23 Q. All right. Do you know whether the
24 supplier consolidated billing costs are covered by
25 supplier fees?

1 A. I don't know.

2 Q. Do you know whether the "Enroll From Your
3 Wallet" program costs are recovered by supplier fees?

4 A. I assume they are -- the costs to operate
5 the market are borne by the distribution company
6 because the market is a distribution service.

7 Q. But the fees, my question is about the
8 fees. So the fees -- you don't know whether the fees
9 cover the "Enroll From Your Wallet" program costs?

10 A. I don't know the transactional fees
11 associated with that, I'm not sure. So I don't know.
12 I've done no analysis to see whether your costs cover
13 your expenses. It's your rate case. I assume they
14 do.

15 Q. Yeah.
16 Would eliminating supplier fees promote
17 cost-causation principles? In your view?

18 A. The supplier fees for what?

19 Q. The supplier fees that you discuss in
20 your testimony.

21 MR. OLIKER: Your Honor, objection. I
22 think the witness was indicating he couldn't answer
23 it in a vacuum and he needed to know which fee he was
24 talking about. And then the question was really
25 compound and could address several possible different

1 scenarios.

2 MR. NOURSE: I can try again, your Honor,
3 but we had a whole discussion about the supplier fees
4 that he discussed in his testimony and readily
5 acknowledged that.

6 Q. (By Mr. Nourse) So would eliminating
7 those supplier fees you discuss in your testimony
8 promote ratemaking principles of cost causation?

9 A. I think it would, yes, because the costs
10 to run the market is a benefit to all customers. So,
11 yes, you shouldn't penalize a customer for switching.
12 You shouldn't penalize a customer for switching
13 again. It's the Ohio policy. So, yes, I think if
14 those were all borne by distribution, that would be
15 in line with cost-causation principles.

16 Q. Okay. Do you know if -- since you
17 mentioned the switching fee, do you know where and
18 when that was established?

19 A. I do not.

20 Q. Do you know if it's just AEP Ohio that
21 has that fee?

22 A. I do not.

23 Q. And you don't know whether it was
24 addressed in an industry proceeding instead of a rate
25 case?

1 A. I do not.

2 Q. Okay. Let me move on.

3 So, Mr. Lacey, I want to talk about your
4 FPL-3 and -4 attached to your testimony. These are
5 two articles that you, I think, authored or
6 coauthored. Do you recall that?

7 A. I do, yes.

8 Q. Okay. And can I refer to them both
9 together as the "Wrong All Along" articles?

10 A. You can call them whatever you want.

11 Q. Well, that is part of the title, right?

12 A. Yes.

13 Q. All right. So I am just trying to be
14 expedient and talk about them both together. They
15 both have generally the same theme and conclusion,
16 correct?

17 A. Yes.

18 Q. And they both refer to at least some, if
19 not all, of the same regulatory proceedings as well,
20 correct?

21 A. Generally, yes.

22 Q. And the thesis, I guess, if you will, or
23 the conclusion is that regulators for decades have
24 gotten -- gotten it wrong, meaning they haven't
25 adopted essentially the theory that you are advancing

1 in this case, correct?

2 A. I wouldn't say the regulators have gotten
3 it wrong all along. But the market has gotten
4 fiercely competitive and the market for -- you know,
5 so I think one of the examples I have is a
6 Massachusetts case from 2004 that said we are not
7 going to deal with this at this time. I think that
8 was appropriate in 2004. I don't think that's
9 appropriate in 2021. There are too many demands on
10 the market right now to have this kind of subsidy in
11 place.

12 Q. Well, Mr. Lacey, when you say in the
13 title "Default Service Pricing Has Been Wrong All
14 Along" and you talk about the multiple decades it's
15 been in effect, I mean, what is the distinction you
16 are making here? Don't you agree that the regulatory
17 commissions and the jurisdictions have implemented
18 and approved the SSO pricing consistent with the law
19 in their states?

20 A. Yes. The regulators have approved it. I
21 think -- so the pricing has been wrong all along, it
22 doesn't mean the regulators have been wrong all
23 along. I think now over the last five years the
24 market, the demands on the market are so great. The
25 renewable goals, all of the stuff, there's only one

1 way these can be met and that's with a competitive
2 market. So fixing this is critically important.
3 It's now more wrong than it was in the past.

4 Q. And you would agree that the same error
5 in your view has occurred in the gas, natural gas,
6 industry as well?

7 A. The competitive retail gas industry, yes.

8 Q. Okay. And -- okay. So one of the
9 decisions you mentioned is the PECO Pennsylvania case
10 where NRG Witness Peterson presented the same theory
11 and you talk about that in the article, correct?

12 A. I don't recall that but I am sure I did.

13 Q. On page 3 of FPL-3 at the top. You cite
14 the docket number and everything?

15 A. Okay.

16 Q. And is it fair to say that the
17 Pennsylvania Commission considered all of your
18 arguments and rejected them?

19 MR. OLIKER: Objection.

20 Q. Not your arguments. My apologies. I
21 meant NRG's arguments.

22 MR. OLIKER: Objection.

23 MR. NOURSE: Do you want me to restate
24 the question?

25 MR. OLIKER: I have an objection. What's

1 the relevance of what the Pennsylvania Commission
2 might have done under a different set of statutes
3 that are not necessarily the same as we have in Ohio?

4 MR. NOURSE: Well, normally I wouldn't
5 disagree, Mr. Olikar, but your witness has pulled
6 together a series of analyses involving several
7 states and reached the same conclusion; he is citing
8 them here in his testimony as evidence to support his
9 theory. So I think it's certainly a fair question to
10 understand the cases that he cited, how they turned
11 out, and whether the Commission considered the highly
12 similar arguments.

13 MR. OLIKAR: I don't know -- your Honor,
14 I don't know what value necessarily going down that
15 level of the rabbit hole would have for this case
16 when they have to consider the facts in this case
17 relative to the law we have in Ohio, so I just want
18 to make sure we don't cross over the line from
19 exploring background of his articles to something
20 that could potentially be prejudicial.

21 EXAMINER SEE: And I'm going to allow the
22 witness to explore it. The objection is -- I will
23 allow the witness to answer the question.

24 Go ahead, Mr. Lacey.

25 THE WITNESS: Thank you, your Honor.

1 A. So there's actually one critical
2 difference between the Pennsylvania case and this
3 case. In the Pennsylvania case there is no rider and
4 there is no make-whole mechanism. So here in this
5 case you have a rider and a make-whole mechanism that
6 are designed exactly for this process, to allocate
7 SSO costs to it and to keep the utility whole. In
8 the PECO case, if customers migrated away, PECO would
9 not have been kept whole. That was a central issue
10 in that proceeding.

11 Q. Well, first of all, you didn't answer my
12 question, but I let you finish all that. Can you
13 answer my question?

14 A. Well, I thought I did answer your
15 question. If you tell me what your question was
16 again, I would be happy to answer.

17 MR. NOURSE: Can the reporter read back
18 the question, please.

19 (Record read.)

20 A. I'm not sure exactly what the Commission
21 considered. I was not a witness in that proceeding.
22 I've read a lot of the materials in that case. There
23 is one major difference that I just mentioned. In
24 that case, PECO did not have a make-whole mechanism.
25 In this case, there is a make-whole mechanism. So

1 it's really an apples-and-oranges comparison.

2 MR. NOURSE: All right. Your Honor, he
3 still didn't answer my question. I would like to
4 mark AEP Exhibit 14 and ask that the witness pull it
5 up so we can go through some details I was hoping to
6 avoid.

7 EXAMINER SEE: AEP Exhibit 14 is so
8 marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 EXAMINER SEE: And we will give the
11 witness a moment to find it and access it.

12 THE WITNESS: I have it, your Honor.

13 EXAMINER SEE: Okay.

14 Q. (By Mr. Nourse) Okay. I'll just for
15 reference, Mr. Lacey, the disposition part of the
16 opinion starts on page 32 and I want to go through a
17 couple of the parts of the opinion and analyze the
18 same arguments you are presenting here, I guess, to
19 refresh your recollection that these -- this case
20 that you cited in both your articles. Can you turn
21 to page 33 of the opinion.

22 A. Okay.

23 Q. And I think these are marked as pages, I
24 guess. The 116 and 117. Do you see that on that
25 page?

1117

1 A. I don't see what you are referring to.

2 Oh, I see the 116, yeah, yeah, I see 116.

3 Q. Yeah. I think it's pages in the original
4 reporting or something.

5 A. That makes sense.

6 Q. I'm sorry. If you look at the paragraph
7 between 116 and 117, I would like you to read aloud
8 the second -- I'm sorry, the third sentence that
9 carries through the end of that paragraph.

10 MR. OLIKER: Could I have that read to me
11 again?

12 EXAMINER SEE: Repeat that, Mr. Olikier.

13 MR. OLIKER: Yeah. I want to make sure I
14 can follow along. I'm sorry.

15 MR. NOURSE: It's the part that begins
16 "The cost causation principles" and through the end
17 of that paragraph. Please read it aloud so we are
18 all looking at it together.

19 A. Are you asking me to read it aloud?

20 Q. Yes, sir.

21 A. Okay. "The cost causation principles
22 used by Mr. Peterson were guided by two assertions:
23 That, (1), PECO operates two 'separate and distinct'
24 businesses providing distribution service and default
25 service that requires the allocation of PECO's

1 indirect expenses between distribution customers who
2 receive default service and those who shop with an
3 EGS; and (2) the allocation of those indirect
4 expenses should be based upon PECO's default service
5 revenues and the number of customers receiving
6 default service."

7 Q. Thank you, sir. Thank you.

8 So is that -- is that a highly similar
9 argument to your testimony presented here, sir?

10 A. That summarizes the argument, yes.

11 Q. Yes. Same argument.

12 A. Well, it's a summary of the similar
13 argument in a different case.

14 Q. Okay. Yes.

15 A. Similar argument, thank you.

16 Q. And we can go on with reading this but is
17 it your understanding, can you refresh yourself
18 whether the Commission in this case adopted or
19 considered and rejected those two arguments?

20 A. They did not accept those arguments.
21 They allowed PECO to proceed with its rates as they
22 had been filed.

23 Q. Okay. I may come back to this but I am
24 going to move on. And, sir, the other case you
25 referenced in both of your articles was a New Jersey

1 PSEG case, correct?

2 A. Yes.

3 Q. And did the New Jersey Board agree with
4 or adopt the general theory in that case as an
5 outcome?

6 A. That case went to settlement so they
7 never issued an order on that issue.

8 Q. Are you aware of any other New Jersey
9 decision involving PSEG where the issue was decided?

10 A. I'm not aware if it was litigated in any
11 other proceeding.

12 Q. Okay. And is it fair to say that these
13 prior decisions that you referenced to date, no
14 Commission has agreed with the theory being advanced?

15 A. I'm not aware of any Commission except
16 for the Texas retail market fully allocates all costs
17 to its provider-of-last-resort service.

18 Q. Okay. Thank you, sir. We'll move on.

19 Let me -- let's go back to your
20 testimony -- okay. I am trying to skip questions
21 here.

22 Okay. On page -- let's go to page 14.
23 I'm sorry. I think I already covered this too.

24 15, please, page 15, footnote 22, and
25 correct me if I'm wrong but in this footnote you're,

1 I guess, pointedly concluding something you've
2 indirectly referenced earlier in your
3 cross-examination that you disagree with the idea
4 that SSO prices should be considered a price to
5 compare with shopping generation supply products; is
6 that fair?

7 A. I disagree that -- so in a nutshell, yes.
8 The price to compare is -- the SSO is not a similar
9 product to products offered by CRESSs in the market.

10 Q. Okay. And is it your understanding that
11 the "price to compare" concept is -- is used in Ohio,
12 including by the PUCO on their website?

13 A. It's a -- the concept is used in Ohio,
14 yes.

15 Q. And is it -- is it the Apples to Apples
16 website, is that your understanding?

17 A. The shopping website?

18 Q. The term they use is "Apples to Apples."
19 Are you familiar with that?

20 A. I'm familiar with the site that I think
21 you are talking about, but, yes.

22 Q. But you're saying it's not apples to
23 apples, correct, in your view?

24 A. It's apples to baked beans, really.

25 Q. All right. So let's turn to page 20,

1 please. And I am going to ask you about lines 14 and
2 15. You make a statement that "guidance from NARUC
3 and AEP suggests that all utility products should be
4 priced using fully allocated cost principles." Do
5 you see that?

6 A. I do, yes.

7 Q. So it's your contention here and you
8 cite -- in the footnote you cite the NARUC Guidelines
9 at Section D, and you cite the American Electric
10 Power Cost Allocation Manual. That's FPL-6, correct?

11 A. Yes.

12 Q. Okay. And we did discuss FPL-6 already,
13 so I'll skip that, but I want to ask you a little bit
14 more about NARUC guidelines. And I guess I want to
15 be -- look at that reference again. You're -- the
16 NARUC guidelines, can you clarify? I think you have
17 two exhibits that relate to NARUC. One is NARUC
18 Guidelines for Cost Allocation. One is NARUC Cost
19 Manual. Am I missing the reference in this footnote
20 to which one you are referring to?

21 A. The guidelines are the shorter document.
22 The guidelines are the guidelines for affiliate
23 transactions, and the cost allocation manual is
24 general cost allocation principles.

25 Q. All right. Let's just cover both of

1 them. So FPL-13 is -- this is the NARUC guidelines
2 you just now referred to?

3 A. Yes.

4 Q. And we can go through a bunch of
5 references, if you want, but would you agree that
6 these guidelines refer to affiliate transactions and
7 transactions between regulated and nonregulated
8 services or products?

9 A. They -- it goes further than that, but
10 yes. These guidelines talk about ensuring the
11 competitiveness of electricity markets and gas
12 markets so, but the title is "Cost Allocations and
13 Affiliate Transactions."

14 Q. And would you agree all the key
15 provisions in the guidelines refer to transactions
16 between a regulated utility and its nonregulated
17 affiliate?

18 A. Yes, that is the concept.

19 Q. So once again, your recommendation here
20 is that we borrow from -- the Commission borrow from
21 these concepts and apply them in a new context of
22 SSO -- this SSO cost study that we've been
23 discussing, right?

24 A. Well, fully allocated costs from
25 utilities is not a new concept. It's a new concept

1 for SSO. For some reason the utilities are fighting
2 fully allocated SSO costs. I don't understand that.
3 But this is not a new concept.

4 Q. Well, let's go back to your testimony and
5 the reference I had given you earlier on page 20. So
6 again, line 14, when you say these authorities
7 require that all utility products should be priced
8 using fully allocated cost principles, I thought we
9 just agreed that the NARUC guidelines, FPL-13,
10 explicitly are tied to transactions between a
11 regulated utility and an unregulated affiliate?

12 A. Well, I also cite -- well, I also cite
13 the NARUC cost allocation guidelines which are very
14 clear that all products should be fully -- based on
15 fully allocated costs.

16 Q. We will get back to that in a minute.
17 But you're now -- again, are you saying that the
18 statement about all utility products, that is your
19 position and that's what you think these authorities
20 support?

21 A. I have not seen --

22 Q. Not only affiliate transactions?

23 A. I have not seen any writing anywhere that
24 suggests that utilities should charge anything other
25 than fully allocated costs except for affiliate

1 transactions which NARUC says should be the higher of
2 fully allocated costs or market-based costs --

3 Q. All right. Let's -- we will keep moving.
4 I think the record is already pretty clear on that.

5 So let's look next at the NARUC manual
6 that you referred to and in your testimony this is
7 FPL-14, right?

8 A. Yes.

9 Q. And to be clear, this is a -- an excerpt
10 of just really the table of contents and two pages
11 which is a partial excerpt of one of the chapters
12 that -- is that correct?

13 A. Yeah. The document is close to 200
14 pages.

15 Q. Yes. And is it -- yeah.

16 MR. NOURSE: Let me mark -- as I did send
17 this around. I do want to ask a couple questions
18 from the full -- the full manual and this is AEP
19 Exhibit 15 I sent around. I would like to mark that
20 at this time, your Honor.

21 EXAMINER SEE: AEP Exhibit 15 is so
22 marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 EXAMINER SEE: Give us a moment.

25 MR. NOURSE: Okay. I'm sorry. My

1 computer ran out of memory. I am going to have to
2 reopen this. Give me one second.

3 Q. (By Mr. Nourse) Let me know, Mr. Lacey,
4 when you open that document.

5 A. I have it.

6 Q. All right. And this -- is it your
7 understanding from looking at this either in advance,
8 or take your time now to verify, this is the full
9 document that you excerpted in FPL-14?

10 A. Yeah. I didn't look through this page by
11 page, but it certainly looks like the one I
12 referenced.

13 Q. Okay. And if you could -- well, let me
14 ask you a couple general questions before we turn the
15 pages. So the vintage of this manual is from 1992,
16 correct?

17 A. That's when it was written. It's still
18 on NARUC's website.

19 Q. Right. So the version, the vintage of
20 this document was 1992; do you agree?

21 A. I do, yes.

22 Q. Thank you. And 1992 predates any
23 electric restructuring that was done anywhere across
24 the nation, agreed?

25 A. Yes, it does.

1 Q. And would you agree, and if you need to
2 refer to page 19 or elsewhere, this manual addresses
3 a vertically-integrated utility?

4 A. Well, it's still on NARUC's website. I
5 think it applies to regulated utilities. I mean,
6 certainly parts of it reply -- apply to
7 vertically-integrated utilities, but I think all of
8 the -- all of the -- I shouldn't say all of. I think
9 generally the principles apply to all utilities or
10 should apply to all utilities in the country.

11 Q. Yeah. I was going to say that's really
12 your opinion that part, right? You are saying it
13 should apply even though there's been dramatic
14 industry restructuring and -- well, it is true
15 certain states call it integrated utilities and might
16 completely apply this manual. It's not -- it's --
17 certainly there's nothing in here that would suggest
18 it's intended to apply today to a restructured state,
19 is it?

20 A. So it's hard to say what's not in here
21 because there is a lot of things that aren't in here.
22 One thing that is not in here is any suggestion that
23 any utility product should not be charged at cost,
24 fully allocated cost. Does it talk about
25 restructured utilities? It does not. It talks about

1 utilities and utility service and allocating costs to
2 those products and services.

3 Q. Correct. Okay. Now I would ask you to
4 turn to page 12.

5 MR. OLIKER: Can I have a clarification
6 if we are PDF page 12 or 12 marked in the manual
7 itself?

8 MR. NOURSE: The page number in the NARUC
9 document. Yeah.

10 Q. (By Mr. Nourse) Let me know when you are
11 there.

12 A. I am there.

13 Q. Okay. And basically in the middle of the
14 page do you see the statement that says "Non-cost
15 concepts and principles often modify the cost of
16 service standard, but it remains the primary
17 criterion for the reasonableness of rates"? Do you
18 see that?

19 A. Non -- yes, I do.

20 Q. And you agree with that statement, right?

21 A. Yeah, I agree that it's in here.

22 Q. And the next page, page 13, do you see
23 the -- the sentence that is the second sentence in
24 the last bullet "Design of rates," reads "Other
25 non-cost attributes considered by regulators in

1 designing rates include revenue-related
2 considerations of effectiveness in yielding total
3 revenue requirements, revenue stability for the
4 company and rate continuity for the customer, as well
5 as such practical criteria as simplicity and public
6 acceptance." Do you see that?

7 A. I do, yes.

8 Q. Do you agree with that?

9 A. I think that explains perfectly well why
10 you should be allocating costs to SSO; so, yes, I do
11 agree with that.

12 Q. Okay. And turn to page 22 next, please.

13 A. Okay.

14 Q. Can you read -- can you read -- just read
15 to yourself or aloud, either way, the last paragraph
16 of the page.

17 A. Yes, I have read it.

18 Q. And this concept here is just that there
19 is no single right answer, and the outcome depends on
20 unique circumstances of the utility and other --
21 other unique factors; would you agree?

22 A. I agree that's what it says, but we know
23 that zero is not the right answer. This document
24 doesn't support zero allocation anywhere.

25 Q. Yeah. Mr. Lacey, do you agree with what

1 I said in paraphrasing this paragraph, or should we
2 parse it out?

3 A. I agree that there are circumstances
4 which if the Commission said it doesn't make sense to
5 allocate costs this way, then you don't allocate
6 costs that way. I mean, obviously every commission,
7 there are circumstances everywhere. I think I
8 testified earlier that allocation is more art than
9 science. So, yes, there are -- there is no single
10 costing methodology. I have presented one that gets
11 to a nonzero answer. AEP has not presented one that
12 got to a nonzero answer.

13 Q. All right. Let's -- let's move back in
14 your testimony. Please turn to page 29. Okay. Do
15 you see the statement from line 22 to 25 in your
16 testimony there?

17 A. Yes.

18 Q. And you are referring to a legislative
19 proposal in this sentence?

20 A. Yes.

21 Q. And do you know whether this legislative
22 proposal passed in Ohio?

23 A. No, I do not know.

24 Q. Do you know whether -- do you know the
25 name of the legislation you are referring to?

1 A. No, I do not.

2 Q. All right. Moving to page 30 -- all
3 right. I am going to skip that. I am going to skip
4 that. Keep moving.

5 All right. Let's -- let's go to page 34,
6 sir.

7 A. Okay.

8 Q. Okay. And page 34, lines 3 and 4, you're
9 making reference to indirect costs that are incurred
10 for more than one purpose, this leads up to your
11 allocation, correct?

12 A. Correct.

13 Q. And I think you called them pool costs.
14 I am not sure that's right here. Do you know what I
15 am referring to there?

16 A. Yeah, the pool of costs is basically the
17 group of costs that are used for those businesses.

18 Q. Okay. And on line 10, you say that these
19 indirect costs "must be allocated to the businesses
20 for which it provides services." And to be clear,
21 which businesses are you referring to there?

22 A. Well, I think this -- I would have to
23 read the whole thing. I think this is a generic
24 concept but in the context of this case distribution
25 and SSO.

1 Q. Okay. And I guess on the top of page 35,
2 this is the pool reference I was thinking. So on
3 page 35, line 4, you -- you say "After allocating
4 that pool of resources to SSO, I calculate" the
5 64 million. Do you see that?

6 A. Yes.

7 Q. Okay. So the allocation you are
8 referring to is in Lacey Appendix 1, correct?

9 A. Correct.

10 Q. Okay. So I would like to ask you a few
11 questions about Appendix 1. I understand your thesis
12 and your general argument, but I want to ask you some
13 very specific questions about the mechanics of what
14 you do in this Appendix 1. Are you there?

15 A. I am.

16 Q. Okay. And is it fair to say you use two
17 allocators or three allocators in this analysis?

18 A. There are three.

19 Q. So even the actual -- the one you call
20 "Actual," it assigns 100 percent, you still consider
21 that an allocator?

22 A. Well, I mean -- well, no, technically
23 that's an assignment, not an allocation, but for the
24 model it allocates 100 percent, so it assigns in this
25 model.

1 Q. Okay. I know those terms are important
2 to you, so I wanted to make sure that was clear.
3 Okay. So I want to ask you a little bit about each
4 of these three allocators. Okay. So the revenue
5 allocator, the R allocator, or --

6 A. Yes.

7 Q. This is SSO revenues over total
8 jurisdictional revenue so it's that ratio which is
9 approximately 22 percent in your analysis?

10 A. That is correct.

11 Q. And that -- that R allocation is applied
12 to things like net plant-in-service?

13 A. Yeah. I mean, they are all listed on the
14 sheet, but yes.

15 Q. And net plant-in-service is a major
16 category for this one, for using this R allocator in
17 your analysis, correct?

18 A. Well, the plant really only -- I wouldn't
19 call it major. It only yields about a million
20 dollars to the total pool.

21 Q. Okay. But these are -- these include
22 buildings such as a distribution service center; is
23 that correct?

24 A. Yes.

25 Q. And are you familiar with the purpose and

1 utilization of a distribution service center by AEP
2 Ohio?

3 A. Yes. I think I misunderstood your first
4 question, I'm sorry. I have tried to eliminate all
5 distribution-only costs from this spreadsheet. This
6 spread -- so my intent is to not have any
7 distribution-only costs.

8 Q. Well, but I think we may disagree on the
9 definition of "distribution-only," Mr. Lacey. So
10 your -- your -- the accounts you include in the --
11 where you apply the R allocation, include buildings,
12 general plant and net general plant -- I'm sorry, net
13 plant-in-service, and buildings, offices, office
14 furniture, right?

15 A. Yes, those are in there.

16 Q. Okay. And do you know what a
17 distribution service center is?

18 A. I do.

19 Q. Explain your understanding, please.

20 A. It -- distribution service center would
21 be a facility I would call it out in the field that
22 is mainly used for what I would call the pipes and
23 wires business, the distribute -- the pure
24 distribution business, not necessarily the business
25 of the utility, right? It's used to support the

1 pipe -- the wires business in this case.

2 Q. Okay. And is there any function or
3 activity associated with the cost of a distribution
4 service center that's related to SSO service?

5 A. Not that I am aware with of, no.

6 Q. Okay. Let me ask you about the SSO
7 revenue; I guess it's the numerator for the R
8 allocator. Are you with me?

9 A. Yes.

10 Q. Okay. And would you agree that SSO
11 revenue fluctuates based on the market price of power
12 that's procured through the SSO auctions?

13 A. Yes, I would agree with that.

14 Q. And would you agree that market prices
15 for power can be volatile at times?

16 A. Yes.

17 Q. And so would you agree that using the SSO
18 revenue as a driver in the allocation of the R
19 allocator results in fluctuation of the costs that
20 are being allocated by the R allocator?

21 A. Any allocator that -- yes, it would
22 change. It would change the allocation.

23 Q. And would you agree that the fluctuation
24 of SSO revenue does not have a relationship to --
25 to -- it doesn't change any of the costs, the

1 underlying costs you are applying the allocator to,
2 does it?

3 A. It probably changes some costs but not --
4 it's not 100 percent correlation.

5 Q. And it changes the share being allocated,
6 but the underlying costs don't necessarily change;
7 would you agree with that?

8 A. Yeah, I would.

9 Q. Okay. Let me ask you a few questions
10 about the next allocator, customer allocator, or the
11 C allocator. Are you with me?

12 A. Yes.

13 Q. Okay. And this one is calculated by the
14 numerator of the number of shopping customers as a
15 percentage of total customers, correct?

16 A. The numerator is the number of
17 nonshopping customers.

18 Q. Okay. Let's turn to -- let's turn to
19 FPL-9. Well, let -- before we go to 9, before we
20 leave Appendix 1, is it -- is it the case that the
21 C allocator is approximately 38 percent? That's what
22 you use in Appendix 1, correct?

23 A. Yes.

24 Q. All right. Now if you could turn to
25 FPL-9. You just stated that the numerator is the

1 percentage of nonshopping customers, correct?

2 A. The numerator is the number of
3 nonshopping customers, correct.

4 Q. Okay. So could you check, based on the
5 numbers in FPL-9, the 38 percent calculation?

6 A. Yeah.

7 Q. You've confirmed that nonshopping
8 customers over the total is -- equals 38 percent?

9 A. Well, the -- well, the denominator is a
10 little more complicated than that, but the numerator
11 is correct.

12 Q. Well, explain what you mean by that.

13 A. The numerator is the number of
14 nonshopping customers so this is based on customer
15 relationships, kind of this term customer
16 relationships. For this allocator I'm assuming that
17 AEP has two customer relationships for every one of
18 its SSO customers; it's got a distribution
19 relationship and an SSO relationship. And it has one
20 relationship for every shopping customer; it just has
21 a distribution relationship. So the denominator is
22 the sum of those. It's the number of customer
23 relationships that AEP has.

24 Q. Okay. And in the discovery that this --
25 FPL-9 is a discovery response to the Company,

1 correct?

2 A. Yes.

3 Q. And the question in the -- in the
4 discovery question is the number of distribution
5 customers in the following classes breakout by
6 shopping versus nonshopping. Do you see that?

7 A. Yes.

8 Q. That is the data that the Company
9 provided.

10 A. That is correct.

11 Q. This is the data that you used to
12 calculate the C allocator.

13 A. That is correct.

14 Q. And it's your testimony today that the
15 allocation is nonshopping costs or the share -- the
16 nonshopping share of the costs that you allocate.

17 A. I'm sorry. Could you repeat that
18 question?

19 Q. Your testimony today is that the
20 allocation that you assigned in FPL -- Appendix 1
21 using the C allocator is the nonshopping share of
22 costs, correct?

23 A. The nonshopping share of costs?

24 Q. Yes.

25 A. The -- I'm not sure what you mean by

1 that. Sorry.

2 Q. The nonshopping share, you said the
3 numerator was the nonshopping. And the share is the
4 application of the allocator to the costs that are
5 being allocated; is that the nonshopping share of the
6 costs?

7 A. Just so we're clear, the numerator is the
8 number of nonshopping customers. The denominator is
9 the total number of customer relationships that AEP
10 has. That defines the allocator that I used for the
11 customer-based allocator.

12 Q. Are you disagreeing that it's the
13 nonshopping share?

14 A. Well, I'm just trying to make sure you
15 understand my definition of "share." It's not share
16 of total customers. It's share of customer
17 relationships. So it's actually a very -- it's much
18 more conservative from your perspective. It yields a
19 smaller result than I think what you're asking.

20 Q. I understand your definition of shares,
21 you've explained it, but whose share is it?

22 A. It's the -- it's an allocation based on
23 nonshopping customers, so it's the share of
24 nonshopping customers.

25 Q. Okay.

1 A. The customers that take SSO service.

2 Q. All right. I think we're clear -- I
3 think we are clear. Now, one of the items you
4 allocate using the C allocator is Account 920,
5 salaries, right?

6 A. Yes.

7 Q. And that's an approximately \$14 million
8 allocation, or over 20 percent of your total
9 allocation, right?

10 A. Yeah.

11 Q. Okay. And so your -- the result of your
12 analysis would suggest that everyone from the CEO to
13 the line worker spends a significant majority of
14 their time on SSO matters versus providing
15 distribution service?

16 A. Not at all. Not at all. I have a chart
17 in here that shows only about 20 percent of the
18 rate -- the revenue requirement is in the allocation
19 pool. I said I've tried to eliminate all
20 distribution costs from this, so the line worker
21 should not be in here.

22 Q. All right. Do you have any direct
23 evidence that specific -- specific costs that's used
24 to apply the C allocator are used to support the SSO?

25 A. Could you repeat that question? I'm

1 sorry.

2 Q. Yeah.

3 Do you have any evidence, any direct
4 evidence, that the costs that you are allocating
5 using the C allocator actually support the SSO?

6 A. Other than I know what the SSO service
7 is. Like you send bills. You house the employees.
8 You count the money. You write about SSO in your
9 annual report and 10-K. You know, it's a part of
10 your business, so it can't operate in a vacuum. Do I
11 have direct evidence that your people who are in the
12 billing, the customer care FERC account are actually
13 doing customer care? I don't have any direct
14 evidence of that. But what's stated in your
15 customer -- what's stated in your FERC accounts, I
16 assume is accurate.

17 Q. Okay. Thank you.

18 Let's talk briefly about the final
19 allocator, the actual or the A allocator.

20 A. Yes.

21 Q. Earlier you said it could also be
22 considered a direct assignment.

23 A. Correct.

24 Q. Are you with me?

25 A. Yes.

1 Q. Okay. And you use the A allocator for
2 general advertising expense, Account 930.1?

3 A. Yes, yes.

4 Q. And did you examine any of the projected
5 or actual test year costs in Account 930?

6 A. I looked at the FERC definition of what
7 goes into those accounts. I did not look at what
8 your line items were. Again, I assumed that your
9 accounting would be in line with the FERC system of
10 accounts.

11 Q. Of course. But does that -- does that --
12 you did agree that you did not examine any projected
13 or actual test year costs that were billed to
14 Account 930 in your review, correct?

15 A. The -- the dollar buildup, the line item
16 buildup, I did not.

17 Q. And you didn't look at, for example, any
18 of the advertisements that were done to drive those
19 test year expenses to see if they related to the SSO?

20 A. No. My review is based on what's in the
21 FERC system of accounts.

22 Q. And are you aware that the Company filed,
23 as part of the Ohio standard filing requirements in
24 this case, actual test -- actual test year
25 advertisement cost detail as part of its Application?

1 A. I didn't -- I don't recall seeing that.

2 MR. NOURSE: Okay. Your Honor, I would
3 like to reference part 15 in the Company's
4 Application in this case which is -- I think it was
5 AEP Ohio Exhibit 1. It was marked at the beginning
6 of the hearing. And I did send along yesterday as an
7 item I was going to reference.

8 EXAMINER SEE: Okay.

9 MR. NOURSE: Okay. Sorry. Did you say
10 you marked it, or that I could refer to it?

11 EXAMINER SEE: Repeat that, Mr. Nourse,
12 please.

13 MR. NOURSE: Yeah. I am really just
14 asking I guess the witness to -- if he received part
15 15 of the Application, and I indicated I was going to
16 refer to it in the disclosure yesterday.

17 MR. OLIKER: Should we go off the record
18 for a second, your Honor?

19 EXAMINER SEE: Yes.

20 (Discussion off the record.)

21 EXAMINER SEE: Let's go back on the
22 record.

23 MR. NOURSE: Thank you, your Honor.

24 Q. (By Mr. Nourse) Mr. Lacey, do you have
25 part 15 of the Application that's previously been

1 marked as AEP Ohio Exhibit 1 in this case?

2 A. Yes.

3 Q. And do you see on page 17 of 333 that a
4 reference to supplemental data provided at filing
5 which is part of the standard filing requirement
6 C-15?

7 A. Yes.

8 Q. And if you read the description, would
9 you agree that this is actual advertising costs with
10 detail during the -- during the test year?

11 A. That's what it appears to be, yes.

12 Q. Okay. And I am more than happy for you
13 to take time to look through this, but it is a long
14 document. And I wanted to, I guess, sample some of
15 these advertisements for the purpose of asking you
16 whether any of them in your view relate to the SSO.
17 So I'll first direct you to page 20.

18 A. Okay.

19 Q. And I am referring to the PDF pages.

20 A. Right. I got you.

21 Q. Can you see the "Lighting Our Future"
22 picture --

23 A. Yes.

24 Q. -- of a child? Do you think that
25 advertisement is related to the SSO?

1 A. I'm not sure what it's related to. It
2 doesn't look like it's related to distribution, so I
3 would call it a competitive advertisement; so, for
4 lack of a better place to put it, SSO is appropriate.

5 Q. So your default category is SSO? It
6 doesn't have to actually be related to the SSO?

7 A. Well, the only reason I can fathom AEP
8 doing this ad is to, you know, kind of enhance its
9 customer relationships and the -- there's no need to
10 do that for distribution. The primary avenue there
11 is SSO, so by default it is an SSO ad, yes.

12 Q. You don't think AEP has any reason to
13 relate to its customers other than the SSO; is that
14 your testimony?

15 A. No, that's not. This ad does not do that
16 though. This ad doesn't say anything about "our
17 wires" or "our distribution company." So I would
18 classify this as a competitive ad.

19 Q. Competitive in what sense?

20 A. Well, you're seeking to attract
21 customers, I would assume. You don't need to attract
22 distribution customers because you own a monopoly on
23 that service. So the other service that you would
24 attract with this ad is SSO. So to the extent it's
25 meant to attract customers, which is what most ads

1 do, then it's an SSO ad because it doesn't mention
2 distribution and there is no need to advertise for
3 distribution services.

4 Q. Well, that's your opinion but do you know
5 if this type of image ad advertising has been done
6 prior to restructuring in Ohio? Or is it your
7 opinion -- is it your testimony that it's only
8 happened after restructuring?

9 MR. OLIKER: Objection. What is the
10 relevance to what AEP might have done in 1999 under a
11 completely different statutory regimen?

12 MR. NOURSE: I'm testing the false
13 premise that he is defaulting any advertising to SSO,
14 so I am entitled to ask him that question.

15 EXAMINER SEE: The witness can answer the
16 question. Go ahead, Mr. Lacey.

17 THE WITNESS: Thank you, your Honor.

18 A. Well, first, you said it's my opinion.
19 It's not my opinion that AEP owns a monopoly on
20 distribution services. It's also not my opinion that
21 this advertisement doesn't mention distribution,
22 right? So, therefore, I would conclude it is a
23 competitive ad.

24 Q. Got it. So your definition of what is
25 related to the SSO from advertising is that it

1 doesn't mention wires; do I have that correct?

2 A. From the distribution business
3 perspective, yes.

4 Q. Okay. So -- but it was your testimony
5 earlier that you didn't examine or try to classify
6 any of the advertisements that the Company actually
7 paid for in the test year to try to determine the
8 nature of those ads even though the data was
9 available to you, correct?

10 A. Well, I said I examined the FERC
11 accounts. Advertising generally is meant to attract
12 customers. There's no need to attract distribution
13 customers so, therefore, I concluded that these were
14 SSO-related dollars.

15 Q. You didn't look at --

16 A. That was the thought process.

17 Q. -- at any of the ads, did you?

18 A. No. I just looked at the FERC account.

19 Q. Right. So you looked at the general
20 description of advertising, and you did not look at
21 any of the actual data that was available in the
22 filing, correct?

23 A. I'm looking at it now, and it's
24 confirming my analysis so.

25 Q. Have you looked at it all, sir?

1 A. Have I looked at it all?

2 Q. Not just the page I asked you. Have you
3 reviewed the entire 333 page document?

4 EXAMINER SEE: Mr. Lacey, if you would
5 not speak over each other. Thank you. Go ahead and
6 answer the question.

7 A. I just got this document right now, so I
8 have not read the whole 333 pages.

9 MR. NOURSE: Thank you. Thank you, your
10 Honor. That's all the questions I have.

11 Thank you, Mr. Lacey.

12 THE WITNESS: You're very welcome.

13 EXAMINER SEE: Mr. Olikier, do you have
14 any redirect for Mr. Lacey?

15 MR. OLIER: May I confer with the
16 witness for a few short minutes, your Honor, and
17 hopefully we can be brief, if anything?

18 EXAMINER SEE: Certainly.

19 MR. OLIER: Thank you, your Honor.

20 (Discussion off the record.)

21 EXAMINER SEE: Let's go back on the
22 record.

23 Mr. Olikier, do you have any direct of
24 Mr. Lacey? Redirect.

25 MR. OLIER: Just a few questions, your

1 Honor.

2 EXAMINER SEE: Okay.

3 - - -

4 REDIRECT EXAMINATION

5 By Mr. Olikar:

6 Q. Mr. Lacey, do you recall receiving
7 questions from Mr. Nourse about advertising expenses
8 that you would have allocated to the Standard Service
9 Offer?

10 A. I do, yes.

11 Q. Do you have any idea of the total
12 ballpark amount of those advertising expenses
13 included in your allocation?

14 A. \$1.3 million.

15 Q. Okay. Thank you.

16 And do you remember questions you
17 received from counsel for AEP regarding a case in
18 Pennsylvania involving PECO?

19 A. I do, yes.

20 Q. And are you aware of any costs that the
21 Pennsylvania Commission allocates to default service?

22 A. Yes. So they -- they assign the direct
23 costs, for example, they assign the costs of the
24 auction for the SSO. They have a purchase
25 receivables program, so they assign the uncollectible

1 expense to they call it default service, the
2 equivalent of SSO, so the direct -- the direct costs
3 are already included in the rate that default service
4 customers pay. It's the indirect costs of the shared
5 costs that were not included.

6 Q. Thank you.

7 And do you remember questions you
8 received from Mr. Nourse about the distribution
9 service center?

10 A. Yes, I do.

11 Q. Are any of the costs associated with
12 AEP's distribution service center proposed for
13 recovery through the Standard Service Offer under
14 your proposal?

15 A. They are not.

16 MR. OLICKER: Thank you, your Honor.
17 Those are all the questions that I have.

18 EXAMINER SEE: Thank you. Any recross by
19 opposing -- counsel for opposing parties? Any
20 recross by counsel for signatory parties outside of
21 the three that indicated that they had questions for
22 this witness?

23 Your silence indicates that there are
24 none.

25 MR. NOURSE: Your Honor, I am not sure if

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1 I understand your description, but I do have a couple
2 of questions.

3 EXAMINER SEE: Okay. I am going to --
4 let's go first to if they are on the -- if they are
5 in the hearing yet, One Energy Enterprises.

6 Ohio Consumers' Counsel, recross?

7 MR. HEALEY: No questions, your Honor.
8 Thank you.

9 EXAMINER SEE: Mr. Nourse, you're up.

10 MR. NOURSE: Thank you, your Honor.

11 - - -

12 RECROSS-EXAMINATION

13 By Mr. Nourse:

14 Q. Mr. Lacey, just a couple of questions
15 about the PECO case you referenced again on redirect.
16 So -- and your distinction was between the direct
17 costs that were recovered and the allocated costs --
18 the indirect costs that were allocated. Did I get
19 that right?

20 A. Yeah. They start with a nonzero number.
21 They have the costs -- the direct costs are assigned
22 to they call it default service. Their direct costs
23 are assigned to default service in Pennsylvania.

24 Q. And do you recall the questions I asked
25 you earlier about the four bypassable charges that

1 recover direct costs associated with the SSO?

2 A. Yes.

3 Q. We went through each of the four? And
4 other than referring to the name, you couldn't list
5 any of the costs that are actually recovered through
6 those riders, correct?

7 A. That's correct.

8 MR. NOURSE: Thank you. That's all I
9 have.

10 EXAMINER SEE: Okay. Mr. Olikar?

11 MR. OLICKER: Thank you, your Honor. IGS
12 would move for the admission of IGS/Direct Exhibit 2.

13 EXAMINER SEE: Are there any objections
14 to the admission of IGS/Direct Exhibit 2?

15 MR. NOURSE: No, your Honor.

16 EXAMINER SEE: Hearing none, IGS/Direct
17 Exhibit 2 is admitted into the record.

18 (EXHIBIT ADMITTED INTO EVIDENCE.)

19 EXAMINER SEE: Mr. Healey.

20 MR. HEALEY: Yes, your Honor. OCC moves
21 for the admission of Exhibits 12, 13, 14, and 15.

22 EXAMINER SEE: Are there any objections
23 to the admission of OCC Exhibits 12, 13, 14, and 15?

24 MR. OLICKER: No, your Honor.

25 EXAMINER SEE: Hearing none, OCC

1 Exhibits 12 through 15 are admitted into the record.

2 (EXHIBITS ADMITTED INTO EVIDENCE.)

3 EXAMINER SEE: And Mr. Nourse.

4 MR. NOURSE: I don't have any exhibits to
5 move, your Honor. I just marked them for reference.
6 Thank you.

7 EXAMINER SEE: Okay. Thank you.

8 MR. OLIKER: Your Honor.

9 EXAMINER SEE: Just a minute, Mr. Oliker.

10 Ms. Parrot, did you have any questions
11 for Mr. Lacey?

12 EXAMINER PARROT: No questions.

13 EXAMINER SEE: Thank you.

14 Mr. Oliker.

15 MR. OLIKER: Since we talked about it, I
16 would move for the admission of the entirety of the
17 NARUC cost allocation manual which is AEP Ohio
18 Exhibit 15. We didn't attach it to our testimony for
19 not overloading the docketing system, but since there
20 was substantial cross about it, I think it would make
21 sense to admit the entirety of the document rather
22 than just have the record reflect a few statements
23 paraphrasing portions of the document. It will be
24 much better for briefing and make sure that we are
25 being honest with the content of that manual.

1 MR. NOURSE: Your Honor, I don't think
2 the entire document should be brought in, especially
3 since they didn't do it to begin with.

4 I did ask him about a few select items
5 that were mainly in the chapter that he included two
6 pages of, so I would not object if we created a new
7 excerpt that included all the pages that were
8 referenced in cross-examination, but it is a 200-page
9 document, and so the vast, vast majority of it was
10 not discussed. I object to bringing the entire
11 document in.

12 MR. OLIKER: As a compromise, your Honor,
13 I think we could accept that. Under the Doctrine of
14 Completeness, I think we would be entitled to the
15 entire document, but at this point in time we have no
16 intention of referencing outside of the sections that
17 were discussed in the hearing.

18 MR. NOURSE: Again, I would rather create
19 an excerpt. He created a very narrow excerpt in his
20 testimony, made, you know, broader assertions about
21 it and that's why I asked him a couple other
22 passages. They were in the chapter that he -- that
23 he relied upon so. I don't think there was any
24 testimony about most of the topics, most that were
25 covered in that document, and so I don't think

1 dumping into the record makes any sense, your Honor.

2 I am happy to work with the reporter or
3 Mr. Olikier to create a new excerpt that includes all
4 the pages that were referenced on cross.

5 EXAMINER SEE: Then, Mr. Olikier and
6 Mr. Nourse, you need to work together to create a new
7 exhibit that only includes the portions of the NARUC
8 guidelines that were discussed during Mr. Lacey's
9 cross-examination, submit that document to the Bench
10 by close of business tomorrow.

11 MR. NOURSE: Thank you, your Honor.

12 EXAMINER SEE: And with that
13 clarification like the -- what was that? And upon
14 our -- the Bench's opportunity to review that
15 exhibit, we will include it in the entry that we'll
16 be issuing for inclusion in the record.

17 With that clarification, the new exhibit
18 should be created, and it will be what -- what will
19 the designation be, Mr. Olikier?

20 MR. OLIER: Since it was marked as AEP
21 Exhibit 15, I believe, I would rather keep it that
22 way because it was referenced as such in the record.

23 MR. NOURSE: That's fine. I agree.

24 EXAMINER SEE: Okay. With that
25 clarification, AEP Exhibit 15 shall be admitted into

1 the record in accordance with the entry to be issued
2 in the near future.

3 (EXHIBIT ADMITTED INTO EVIDENCE.)

4 MR. OLIKER: Thank you, your Honor.

5 EXAMINER SEE: Mr. Lacey, thank you. You
6 may step down.

7 THE WITNESS: Thank you, your Honor.

8 EXAMINER SEE: Let's go off the record
9 for a moment.

10 (Discussion off the record.)

11 EXAMINER SEE: Let's go back on the
12 record.

13 I believe Mr. Nourse represented that the
14 Company would agree not to file rebuttal if all the
15 other parties would also agree to that. So at this
16 point I would like confirmation from each of the
17 parties whether or not they will be -- will need to
18 file rebuttal.

19 MR. NOURSE: You've accurately stated the
20 Company's proposition, your Honor. Thank you.

21 EXAMINER SEE: Starting with Staff.

22 MR. SHEPHERD: Staff will not be filing
23 rebuttal testimony.

24 EXAMINER SEE: Ohio Energy Group.

25 MS. COHN: OEG will not be filing

1 rebuttal testimony.

2 EXAMINER SEE: Environment Law & Policy
3 Center.

4 MR. KELTER: We will not be filing
5 rebuttal testimony.

6 EXAMINER SEE: Ohio Consumers' Counsel.

7 MS. O'BRIEN: OCC will not be filing
8 rebuttal testimony.

9 EXAMINER SEE: OMAEG.

10 MS. BOJKO: No, your Honor, we will not
11 be filing rebuttal testimony.

12 EXAMINER SEE: Kroger Company. Is
13 Angela -- is Ms. Whitfield -- I thought -- Interstate
14 Gas Supply.

15 MR. BETTERTON: Interstate Gas Supply
16 does not intend to file rebuttal.

17 EXAMINER SEE: Industrial Energy Users.

18 MR. MCKENNEY: No rebuttal, your Honor.

19 EXAMINER SEE: Natural Resources Defense
20 Council.

21 MR. DOVE: No rebuttal, your Honor.

22 EXAMINER SEE: Ohio Partners for
23 Affordable Energy.

24 MR. DOVE: No rebuttal, your Honor.

25 EXAMINER SEE: Direct, Direct Energy

1 Business and Direct Energy Services.

2 MR. FYKES: No rebuttal, your Honor.

3 EXAMINER SEE: Ohio Hospital Association
4 has not been present.

5 Nationwide Energy Partners.

6 MR. WOYT: I don't anticipate that we
7 will be filing rebuttal, but I would want to confer
8 with my client, your Honor.

9 EXAMINER SEE: Now is the time for you to
10 confer with your client. Let me keep moving.

11 MS. WHITFIELD: Your Honor, I think you
12 already asked about Kroger. I'm sorry. I was having
13 some difficulty getting my button to work, but we
14 don't have any rebuttal.

15 EXAMINER SEE: Thank you.

16 Armada Power.

17 MR. WOYT: Same response, your Honor,
18 trying to confer now.

19 EXAMINER SEE: I'm sorry. Repeat that
20 again.

21 MR. WOYT: Same response as with
22 Nationwide Energy Partners. Once again, I don't
23 anticipate filing rebuttal, but we will need to
24 confer with clients.

25 EXAMINER SEE: Constellation NewEnergy.

1 Clean Fuels Ohio.

2 Greenlots.

3 Ohio Environmental Council.

4 MS. LEPPLA: No rebuttal from OEC, your
5 Honor.

6 EXAMINER SEE: One Energy Enterprises.
7 Ohio Cable Telecommunications
8 Association.

9 EVgo Services.

10 MS. GRUNDMANN: Your Honor, Walmart does
11 not intend to file rebuttal.

12 EXAMINER SEE: Did I miss you,
13 Ms. Grundmann?

14 MS. GRUNDMANN: If you did, it's fine.
15 At the end of the day today.

16 EXAMINER SEE: Yes, I did. Thank you.

17 I'll wait. I need to hear from Mr. Woyt
18 on behalf of his clients.

19 MR. WOYT: Can we take a 3-minute pause?
20 The call is being made right now, your Honor.

21 EXAMINER SEE: Yeah. We will take a few
22 minutes and go back on the record when you come back
23 to the meeting.

24 (Discussion off the record.)

25 EXAMINER SEE: Let's go back on the

1 record, please. Let's go back on the record.

2 Mr. Woyt.

3 MR. WOYT: Thank you, your Honor.

4 Neither Nationwide Energy Partners nor Armada Power
5 will have rebuttal.

6 EXAMINER SEE: Okay. So with that,
7 Mr. Nourse, could you confirm when the Company is
8 willing to get the transcripts into the record?

9 MR. NOURSE: Yes, your Honor. Day after
10 tomorrow, Thursday, May 20.

11 EXAMINER SEE: Okay.

12 MR. NOURSE: The transcripts and the
13 exhibits should be filed in the docket.

14 EXAMINER SEE: Okay. That's with the
15 exception of the two that the Bench has requested
16 be -- be sent to the Attorney Examiners and with the
17 entry to follow.

18 With that and in light of the proposals
19 made, initial briefs will be due on June 14. Reply
20 briefs will be due July 6.

21 Is there anything further that needs to
22 be addressed in this hearing?

23 I take your silence as a no, and we are
24 adjourned. Thank you all.

25 (Thereupon, at 5:28 p.m., the hearing was

1 adjourned.)

2 - - -

3
4 CERTIFICATE

5 I do hereby certify that the foregoing is a
6 true and correct transcript of the proceedings taken
7 by me in this matter on Tuesday, May 18, 2021, and
8 carefully compared with my original stenographic
9 notes.

10
11 _____
Karen Sue Gibson, Registered
Merit Reporter.

12
13 _____
Carolyn M. Burke, Registered
Professional Reporter.

14
15 (KSG-7076)

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Case No(s). 20-0585-EL-AIR, 20-0586-EL-ATA, 20-0587-EL-AAM

Summary: Transcript in the matter of the Ohio Power Company hearing held on 05/18/21 - Volume V electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.