

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio )  
Edison Company, the Cleveland Electric )  
Illuminating Company, and the Toledo )  
Edison Company for Authority to Establish a ) Case No. 23-301-EL-SSO  
Standard Service Offer Pursuant to R.C. )  
4928.143 in the Form of an Electric Security )  
Plan. )

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**DIRECT TESTIMONY OF JOHN A. SERYAK  
ON BEHALF OF  
THE OHIO MANUFACTURERS' ASSOCIATION ENERGY GROUP**

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**October 23, 2023**

1    **I.       INTRODUCTION**

2    **Q1.    Please state your name and business address.**

3    A1.    My name is John A. Seryak. My principal place of business is at 5701 N. High Street,  
4           Suite 112, Worthington, Ohio 43085.

5    **Q2.    By whom are you employed and in what capacity?**

6    A2.    I am the lead analyst at RunnerStone, LLC (RunnerStone) on energy regulatory, policy,  
7           and market matters. I am also the Chief Executive Officer of Go Sustainable Energy,  
8           LLC (Go Sustainable Energy), a consultancy that provides technical assistance on  
9           energy technology and energy management matters to the industrial, commercial,  
10          residential, and utility sectors. RunnerStone is a wholly-owned subsidiary of Go  
11          Sustainable Energy.

12   **Q3.    On whose behalf are you testifying in this proceeding?**

13   A3.    My testimony is being sponsored by the Ohio Manufacturers' Association Energy  
14          Group (OMAEG). OMAEG is a non-profit entity that strives to improve business  
15          conditions in Ohio and drive down the cost of doing business for Ohio manufacturers.  
16          OMAEG members take service under the General Service Primary (GP), General  
17          Service-Secondary (GS), and General Service – Subtransmission (GSU) tariffs in the  
18          service territories of Ohio Edison Company (Ohio Edison), The Cleveland Electric  
19          Illuminating Company (CEI), and The Toledo Edison Company (Toledo Edison)  
20          (collectively, FirstEnergy).

21   **Q4.    Please describe your professional experience and qualifications.**

22   A4.    I received a Bachelor's degree in Mechanical Engineering and a Master's of Science  
23          degree in Mechanical Engineering from the University of Dayton. I am a licensed  
24          Professional Engineer in the state of Ohio. I have worked extensively on energy

1 matters for over twenty years. My experience includes fieldwork at industrial,  
2 commercial, and residential buildings, identifying energy savings opportunities, and  
3 quantifying the energy and dollar savings. This experience has been for the last  
4 seventeen years chiefly through my responsibilities as the founding partner of Go  
5 Sustainable Energy. I have also worked extensively with electric distribution utilities  
6 on customer programming and technology integration. Finally, I have ten years of  
7 experience in regulatory and policy analysis in the energy industry and have authored  
8 or co-authored over thirty peer-reviewed academic papers on technical, programmatic,  
9 cultural, and regulatory issues concerning energy rates, programs, resources, and  
10 policies.

11 **Q5. Have you participated in proceedings before the Public Utilities Commission of**  
12 **Ohio (PUCO) previously?**

13 A5. Yes. I have provided testimony and advised clients on numerous energy-related issues  
14 before the PUCO. More specifically, I have filed testimony in the following  
15 proceedings:

- 16 • *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric*  
17 *Illuminating Company, and The Toledo Edison Company for Approval of Phase*  
18 *Two of Their Distribution Grid Modernization Plan*, Case No. 22-704-EL-UNC,  
19 Direct Seryak Testimony (October 20, 2023);
- 20 • *In the Matter of the OVEC Generation Purchase Rider Audits Required by R.C.*  
21 *4928.148 for Duke Energy Ohio, Inc., the Dayton Power and Light Company d/b/a*  
22 *AES Ohio, and Ohio Power Company d/b/a AEP Ohio*, Case No. 21-477-EL-RDR,  
23 Direct Seryak Testimony (October 10, 2023);
- 24 • *In the Matter of the Review of the Reconciliation Rider of The Dayton Power and*  
25 *Light Company*, Case No. 20-165-EL-RDR, Direct Seryak Testimony (September  
26 12, 2023);
- 27 • *In the Matter of the Application of Ohio Power Company for Authority to Establish*  
28 *a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code, in the Form of an*  
29 *Electric Security Plan*, Case Nos. 23-23-EL-SSO, et al., Direct Seryak Testimony  
30 (June 9, 2023);

- 1 • *In the Matter of the Review of the Power Purchase Agreement Rider of Ohio Power*  
2 *Company for 2018*, Case Nos. 18-1004-EL-RDR, et al., Direct Seryak Testimony  
3 (December 29, 2021);
- 4 • *In the Matter of the Review of the Reconciliation Rider of Duke Energy Ohio, Inc.*,  
5 Case No. 20-167-EL-RDR, Direct Seryak Testimony (October 27, 2021);
- 6 • *In the Matter of the Long-Term Forecast Report of AEP Ohio and Related Matters*,  
7 Case Nos. 18-0501-EL-FOR, et al., Direct Seryak Testimony (January 2, 2019);
- 8 • *In the Matter of the Application of the Ohio Power Company for Authority to*  
9 *Establish a Standard Service Offer*, Case Nos. 16-1852-EL-SSO, et al., Direct  
10 Seryak Testimony (May 2, 2017);
- 11 • *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric*  
12 *Illuminating Company, and The Toledo Edison Company For Approval of Their*  
13 *Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2017*  
14 *through 2019*, Case No. 16-0743-EL-POR, Direct Seryak Testimony (September  
15 13, 2016);
- 16 • *In the Matter of the Application of AEP Ohio, Inc., for Recovery of Program Costs,*  
17 *Lost Distribution Revenue and Performance Incentives Related to its Energy*  
18 *Efficiency and Demand Response Programs*, Case Nos. 14-0457-EL-RDR, et al.,  
19 Direct Seryak Testimony (March 4, 2016);
- 20 • *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric*  
21 *Illuminating Company, and the Toledo Edison Company for Authority to Provide*  
22 *for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric*  
23 *Security Plan*, Case No. 14-1297-EL-SSO, Direct Seryak Testimony (March 2,  
24 2015) and Supplemental Seryak Testimony (December 30, 2015);
- 25 • *In the Matter of the Application Seeking Approval of Ohio Power Company's*  
26 *Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the*  
27 *Power Purchase Agreement Rider*, Case Nos. 14-1693-EL-RDR, et al., Direct  
28 Seryak Testimony (December 28, 2015); and
- 29 • *In the Matter of the Application of AEP Ohio, Inc., for Approval to Continue Cost*  
30 *Recovery Mechanism for Energy Efficiency Programs through 2016*, Case No. 14-  
31 1580-EL-RDR, Direct Seryak Testimony (June 30, 2015).

## 32 **II. OVERVIEW AND CONCLUSIONS**

33 **Q6. What is the purpose of your testimony in this proceeding?**

34 A6. The purpose of my testimony is to address several of the proposals in FirstEnergy's  
35 application for approval of its fifth electric security plan (ESP V).

1 **Q7. Could you please summarize your conclusions and recommendations?**

2 A7. Many of FirstEnergy's proposals are, among other things, anticompetitive,  
3 unreasonable, imprudent, and not in the best interests of customers. I, therefore,  
4 recommend that the PUCO reject or significantly modify several components of  
5 FirstEnergy's ESP V. Specifically, based upon my regulatory experience, analysis, and  
6 expertise regarding these issues, I conclude and recommend the following:

- 7 • That FirstEnergy's interruptible (ELR) program is discriminatory. The PUCO  
8 should modify the ELR Program to be available to any commercial or industrial  
9 customer that can interrupt its load and should order that interruptible load calls  
10 be tied to transmission facility overloading and not PJM Interconnection (PJM)  
11 demand response calls;
- 12 • That FirstEnergy's Delivery Capital Recovery Rider (Rider DCR) should be  
13 discontinued. Any distribution-related costs should be recovered through base  
14 distribution rates;
- 15 • That if the PUCO allows Rider DCR to continue, the Rider DCR revenue  
16 requirement caps should be hard caps, with no deferrals or carry-overs;
- 17 • That FirstEnergy's proposed Vegetation Management Cost Recovery Rider  
18 (Rider VMC) should be eliminated, and FirstEnergy should collect all  
19 vegetation management costs through its base distribution rates; and
- 20 • That FirstEnergy should publish transparent, publicly available EV charging  
21 hosting capacity maps.

1     **III.     ECONOMIC LOAD RESPONSE PROGRAM RIDER (RIDER ELR)**

2     **Q8.     Can you describe FirstEnergy’s proposed ELR Program?**

3     A8.     FirstEnergy proposes to continue a modified version of Rider ELR, which would pay  
4             certain customers above-market rates for voluntarily participating in PJM’s capacity  
5             demand response program.<sup>1</sup>

6             FirstEnergy also proposes to no longer operate as the curtailment service  
7             provider (CSP) for ELR participants.<sup>2</sup> Instead, participants would be required to  
8             contract with a competitive CSP and bid their interruptible capacity into PJM’s capacity  
9             demand response program.<sup>3</sup> Revenue from these contracts would be paid directly to  
10            the participating customer. Additionally, FirstEnergy plans to decrease Rider ELR  
11            credits over the course of the ESP term.<sup>4</sup> Beginning June 1, 2024, FirstEnergy proposes  
12            to credit participants’ bills at a rate of \$5.00/kW of curtailable load per month, which  
13            would then decrease by \$0.50/kW of curtailable load per month for each year of ESP  
14            V to a rate of \$1.50/kW of curtailable load per month in 2031.<sup>5</sup>

15            The total credits paid out to a participant will be calculated by multiplying the  
16            customer’s curtailable load by the aforementioned rates.<sup>6</sup> Curtailable load will be  
17            determined by subtracting the customer’s firm load (as registered with PJM via the CSP

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<sup>1</sup> Rider ELR was originally authorized as part of FirstEnergy’s ESP I, and participation was limited to only select customers. *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143*, Case No. 08-935-EL-SSO, Stipulation at 12 (February 19, 2009). *See also* Case No. 08-935-EL-SSO, Direct Testimony of Kevin T. Warvell at 22 (July 31, 2008).

<sup>2</sup> Direct Testimony of Edward B. Stein at 4 (April 5, 2023) (hereinafter, Stein Testimony).

<sup>3</sup> *Id.*

<sup>4</sup> Direct Testimony of Brandon S. McMillen at 12 (April 5, 2023) (hereinafter, McMillen Testimony).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 13.

1 process) from its monthly highest thirty-minute peak and capped at the customer's  
2 contract amount.<sup>7</sup> For example, if an ELR participant has a monthly demand of 10  
3 MW but can reduce their power usage to 2 MW during an ELR curtailment event, then  
4 that customer would have 8 MW of available curtailable load.

5 Customers will be responsible for curtailing their load per their demand  
6 response contract, which will be coordinated by PJM and their CSP.<sup>8</sup> However,  
7 FirstEnergy would reserve the right to call on customers to interrupt their load if it  
8 determines that there is an emergency that may jeopardize the integrity of FirstEnergy's  
9 distribution system, but not its transmission system.<sup>9</sup>

10 **Q9. Does interrupting customer load improve electric system reliability?**

11 A9. Yes. Interrupting customer load can improve reliability by reducing demand for  
12 electric power when the supply is limited, thereby preventing the electric grid from  
13 overloading and failing. For example, if the power demand threatens to exceed the  
14 amount of power supply available, interrupting load can lower the demand and thus  
15 balance the system. Functionally, load interruption is similar to additional power  
16 supply coming online. In capacity markets, voluntary load interruption is compensated  
17 at the same price as traditional power supply for balancing the electric grid demand and  
18 supply during certain times.

19 Interrupting customer load can also reduce power demand on electric circuits,  
20 which include distribution or transmission lines, or associated facilities such as  
21 substations and transformers. If an electric facility exceeds its rated power capacity—

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<sup>7</sup> *Id.*

<sup>8</sup> Stein Testimony at 5.

<sup>9</sup> *Id.* at 6; McMillen Testimony at Attachment BSM-1, Rider ELR Tariff, Section D.

1 called its thermal limit—then the facility is in danger of failing. Interrupting some of  
2 the customer load on these circuits can reduce the demand on that line to within its  
3 thermal rating, which thus improves reliability by preventing electric facility failures.

4 **Q10. Should customers be compensated for load interruption?**

5 A10. Absolutely. Voluntary or involuntary load interruption that reduces strain on the  
6 electric system for reliability purposes is a valuable grid service and should be  
7 compensated accordingly. Similar to how electric utilities receive significant  
8 compensation for investing in hard assets to improve reliability, customers should also  
9 be compensated for when their voluntarily or involuntarily load interruption keeps the  
10 power on for other customers.

11 **Q11. Do customers voluntarily participate in other load interruption programs?**

12 A11. Yes. Demand response programs offered by PJM are voluntary and have been robustly  
13 subscribed for years. For example, in the PJM Base Residual Auction for the 2023/24  
14 Delivery Year, PJM procured 8,096 MW of demand response.<sup>10</sup> And there is a thriving  
15 competitive market for providing these kinds of services—more than sixty CSPs  
16 operate in Ohio to help customers bid their resources into PJM’s demand response  
17 program.<sup>11</sup>

18 **Q12. Does the proposed ELR Program provide unique load reduction to the electric**  
19 **system?**

20 A12. No. Not in practice. Customers participating in FirstEnergy’s ELR program do not  
21 provide unique load reductions to the grid. As I mentioned before, there are over sixty

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<sup>10</sup> PJM RPM 2023/2024 Base Residual Auction Results, available at <https://sdc.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2023-2024/2023-2024-base-residual-auction-report.ashx>.

<sup>11</sup> PJM Curtailment Service Providers, available at <https://pjm.com/markets-and-operations/demand-response/csps.aspx>.



1 CSPs operating in Ohio whose business is finding interruptible capacity to bid into  
2 PJM's demand response market. Additionally, PJM already procures robust demand  
3 response in its capacity auction independent of the ELR Program. As such, current  
4 ELR participants could participate in PJM's market even if FirstEnergy's ELR Program  
5 did not exist. Payments from FirstEnergy to these participants are all above-market  
6 and significantly higher than what these customers would receive from participation in  
7 PJM's market. As explained by FirstEnergy's witness Edward Stein, the credits  
8 available to Rider ELR participants are equivalent to approximately \$164/MW-day.<sup>12</sup>  
9 In comparison, the PJM capacity price cleared at \$34.13/MW-day in the 2023/2024  
10 Base Residual Auction.<sup>13</sup> Therefore, the ELR Program does not primarily procure new  
11 interruptible load, but rather offers above-market payments to a select few customers  
12 for claimed demand response.

13 While the ELR Program has the *potential* to provide additive or unique load  
14 reduction during distribution and transmission system emergencies, "[t]o date, the  
15 Companies have not called a load interruption event on their distribution system  
16 independent of PJM under the provisions of Rider ELR during the term of ESP IV."<sup>14</sup>  
17 Additionally, transmission voltage customers do not use the distribution grid, thereby  
18 reducing the effectiveness of this approach.

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<sup>12</sup> Stein Testimony at 6.

<sup>13</sup> *Id.* at 7, citing to <https://pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2023-2024/2023-2024-base-residual-auction-results.ashx>.

<sup>14</sup> *Id.* at 6.

1                   However, as will be discussed later, demand flexible resources should be  
2                   allowed to benefit the more local distribution and zonal transmission systems, and a  
3                   modified ELR Program has the potential to serve that purpose.

4   **Q13. Does the proposed ELR Program improve electric grid reliability?**

5   A13. Not substantively or clearly. While interrupting load *can* improve system reliability—  
6           as I noted above—neither FirstEnergy’s current or proposed ELR Programs are actually  
7           designed for this purpose. The current and proposed ELR Programs do not produce  
8           new interruptible load resources, nor do they use interruptible load in significantly  
9           different ways than PJM. And as I noted earlier, throughout the ESP IV term,  
10          FirstEnergy *never* called a load interruption event on its distribution system  
11          independent of PJM.<sup>15</sup>

12   **Q14. Would eliminating the current ELR Program significantly impact electric system**  
13   **reliability?**

14   A14. No, system reliability would likely remain the same. While the terms of ESP IV  
15          prevent ELR customers from participating in any other load curtailment or demand  
16          response program—including those offered by PJM<sup>16</sup>—these customers could  
17          immediately enroll as a demand response resource in PJM as soon as the ELR Program  
18          ended. Therefore, the amount of demand response available for PJM capacity needs  
19          would likely remain the same as the current ELR Program.

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<sup>15</sup> *Id.*

<sup>16</sup> McMillen Testimony at 12.

1 **Q15. Could a well-designed ELR Program have the potential to serve as an economic**  
2 **development program?**

3 A15. Certainly, manufacturers and other customers seeking to grow their business operations  
4 in Ohio would benefit from electricity programs and rate designs that encourage  
5 customers to manage their energy to save costs and produce system benefits, like a true  
6 interruptible program or critical peak rate would do. In this way, customers' self-  
7 interest in saving costs aligns with the benefits to the electric system and other  
8 ratepayers that are achieved from true interruptible programs. Certain customers may  
9 be attracted to this kind of program, which would cause them to choose to locate to  
10 Ohio. Thus, a well-designed ELR Program could serve as an economic development  
11 tool.

12 That said, a re-designed ELR Program should be viewed primarily as an electric  
13 system reliability mechanism, and thus should be open in a non-discriminatory fashion  
14 to any electric commercial or industrial customer, rather than as a handout to select  
15 customers. The current and proposed ELR Program is only available to select  
16 customers. This exclusivity can undermine or even completely thwart the desired  
17 economic development benefits by transforming the ELR Program into a bargaining  
18 chip or special deal, which reduces its utility as a valuable demand response program  
19 that can benefit the grid.

20 A well-defined ELR Program would provide greater benefits to all customers—  
21 regardless of whether they participate in the ELR Program—if it were available to any  
22 and all customers capable of meeting the demand response requirements. Moreover, if  
23 the ELR Program is a meritorious form of economic development for any one

1 customer, it follows that every other customer without access to the ELR Program is at  
2 an economic and competitive disadvantage.

3 The best way for interruptible programs to serve as economic development tools  
4 is to make them broadly accessible to any commercial or industrial customer, which  
5 ensures that the interruptible load is not duplicative of the PJM demand response  
6 program, and ensures that the interruptible load produces a system benefit with the  
7 value of ELR credits tethered to the system benefit value.

8 **Q16. Is the current ELR Program presently incenting economic development in Ohio?**

9 A16. No. The ELR Program does not require any capital investment or job creation  
10 commitments from participating customers. Moreover, FirstEnergy's proposed "Rider  
11 ELR will not be available to new customers."<sup>17</sup> Therefore, commercial and industrial  
12 entities considering whether to relocate to or invest in Ohio will not be able to  
13 participate in the ELR Program, which might result in them taking their business to a  
14 different state. Because of this, it would not be proper to describe the ELR Program as  
15 an economic development program.

16 **Q17. Is the proposed ELR Program discriminatory?**

17 A17. Yes, the proposed ELR Program is discriminatory given that the ELR Program will not  
18 be available to new customers,<sup>18</sup> and participation will remain limited to those  
19 participants enrolled through ESP I back in June of 2009.<sup>19</sup>

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<sup>17</sup> Stein Testimony 7.

<sup>18</sup> *Id.*

<sup>19</sup> Rider ELR was originally authorized as part of FirstEnergy's ESP I, and participation was limited to only select customers. *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143*, Case No. 08-935-EL-SSO, Stipulation at 12 (February 19, 2009). *See also* Case No. 08-935-EL-SSO, Direct Testimony of Kevin T. Warvell at 22 (July 31, 2008).

1   **Q19. Should the PUCO approve FirstEnergy’s proposed ELR Program?**

2   A19. No. The PUCO should reject FirstEnergy’s proposed ELR Program because it  
3       produces few system benefits, if any, is duplicative of a competitive market service and  
4       is anticompetitive. It is also inherently discriminatory because of its restricted and  
5       limited participation. Alternatively, if the PUCO allows FirstEnergy to have an ELR  
6       Program, the program should be modified to create actual system reliability benefits  
7       targeted to the distribution and transmission systems.

8   **Q20. What other modifications would you recommend making to the ELR Program if**  
9   **it is retained?**

10   A20. The ELR Program should be modified to couple load curtailment with transmission  
11       and distribution system reliability needs, potentially as a resource to prevent rolling  
12       blackouts and, specifically, as a resource that can be used during Post-Contingency  
13       Local Load Relief Warnings (PCLLRW). PJM issues PCLLRW to FirstEnergy  
14       Transmission facilities that are exceeding their thermal capacity limits. The PJM  
15       Manual 13 outlines how local resources can be utilized during a PCLLRW.<sup>20</sup> The ELR  
16       Program should not simply be a PJM demand response resource for generation capacity  
17       because PJM already operates a competitive demand response program.

18               Additionally, the ELR Program should be open to any commercial and  
19       industrial customer desiring to participate and who can demonstrate its ability to curtail  
20       load or dispatch behind-the-meter generation or storage when called upon. FirstEnergy  
21       should then call on ELR participants to curtail when it receives a PCLLRW warning

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<sup>20</sup> See PJM Manual 13: Emergency Operations at § 5.4 (May 18, 2023), available at <https://www.pjm.com/~media/documents/manuals/m13.ashx>.

1 from ATSI Transmission, who in turn receives this warning from PJM. In other words,  
2 the ELR Program would be used to maintain local transmission system reliability.

3 **Q21. Should the PUCO authorize a study to identify a cost effective ELR Program that**  
4 **improves reliability of the distribution and transmission systems?**

5 A21. Yes. FirstEnergy should be performing studies and analyses to determine available  
6 interruptible load for all rate classes and determine how that load can be effectively  
7 utilized to improve reliability. Based on the results of such studies and analyses,  
8 FirstEnergy should continue to update and improve its ELR Program as its distribution  
9 and transmission systems change over time.

10 **IV. DELIVERY CAPITAL COST INVESTMENT RIDER**

11 **Q22. Are the investments that FirstEnergy proposes to recover through Rider DCR a**  
12 **base distribution cost?**

13 A22. Yes. All of the costs that FirstEnergy plans to recover through Rider DCR are base  
14 distribution costs. FirstEnergy can make these investments with base distribution  
15 revenue. Additionally, if FirstEnergy's distribution costs exceed its base distribution  
16 revenue, it should file a new distribution rate case to recover those costs and  
17 investments that are used and useful to customers.

18 **Q23. Could FirstEnergy recover Rider DCR amounts through base distribution rates?**

19 A23. Yes. There is nothing preventing FirstEnergy from requesting to recover these costs  
20 through a base distribution rate case. FirstEnergy's own witness admits that "the costs  
21 in Rider DCR would be recoverable even if the rider was not effective."<sup>21</sup> Additionally,  
22 FirstEnergy has committed to filing a new distribution rate case in May 2024—its last

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<sup>21</sup> McMillen Testimony at 8.

1 rate case was filed in 2007.<sup>22</sup> Once the base distribution rate case is approved, rate base  
2 included in Rider DCR will be re-set to zero as of the date certain in the base  
3 distribution rate case because those costs will be incorporated into base rates, where  
4 they should be.<sup>23</sup>

5 Clearly, FirstEnergy recognizes that costs recovered through Rider DCR are  
6 base distribution costs. The PUCO should require that base distribution costs only be  
7 recovered through base distribution rates because distribution rate case filings take into  
8 consideration both FirstEnergy's costs and its revenues to determine whether  
9 FirstEnergy needs to collect additional funds from customers to provide its services.  
10 Allowing cost recovery for distribution costs in an ESP through Rider DCR is an  
11 example of single-issue ratemaking, which does not consider FirstEnergy's revenues  
12 or any reductions in other expenses that should be offset.

13 **Q24. Should the PUCO reject FirstEnergy's proposed adjustments to Rider DCR?**

14 A24. Yes. As a matter of policy and proper ratemaking, the PUCO should reject  
15 FirstEnergy's proposed Rider DCR amendments and require FirstEnergy to file a base  
16 distribution rate case when and if it requests to collect additional funds from customers  
17 for distribution investments. Continuing to allow significant cost riders like Rider DCR  
18 in an ESP case encourages FirstEnergy and other electric distribution utilities (EDUs)  
19 to avoid the accountability of a distribution rate case and instead seek to recover  
20 distribution investments without a proper review of all financial factors.

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<sup>22</sup>*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices And for Tariff Approvals*, Case Nos. 07-551-El-AIR, et al., Application (May 8, 2007).

<sup>23</sup> McMillen Testimony at 8.

1 **Q25. Do you have any recommendations regarding the proposed Rider DCR revenue**  
2 **caps?**

3 A25. Yes. If the PUCO approves Rider DCR, it should not allow cost deferrals or unused  
4 revenue cap roll-overs. Cost deferrals and roll-overs of unused revenue cap dollars  
5 defeat the purpose of a cost cap in limiting overall costs.

6 **V. VEGETATION MANAGEMENT COST RECOVERY RIDER**

7 **Q26. What is FirstEnergy's proposed Rider VMC?**

8 A26. Rider VMC is a new rider intended to recover incremental vegetation management  
9 expenses in excess of baseline levels recovered in the base distribution rates, as well as  
10 to fund an eight-year "enhanced" vegetation management program.<sup>24</sup> According to  
11 Witness McMillen, the test year of FirstEnergy's most recent base distribution rate  
12 case—which was filed in 2007—accounted for approximately \$30 million per year in  
13 vegetation management operational and maintenance expenses.<sup>25</sup>

14 Rider VMC would collect an additional \$460 million over the course of ESP V  
15 to recover vegetation management expenses in excess of base distribution rates, and an  
16 additional \$299.8 million for FirstEnergy's enhanced vegetation management  
17 program.<sup>26</sup> In total, the estimated expense would be \$759.8 million over the 8-year  
18 term of ESP V.<sup>27</sup> This equates to about \$95 million per year during the ESP for  
19 vegetation management outside of base distribution rates.

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<sup>24</sup> McMillen Testimony at 19.

<sup>25</sup> *Id.* at 20.

<sup>26</sup> *Id.* at 21.

<sup>27</sup> *Id.*



1 **Q27. Are the investments that FirstEnergy proposed to recover through Rider VMC a**  
2 **base distribution cost?**

3 A27. Yes. Rider VMC would collect additional, incremental costs associated with the  
4 vegetation management program, above those already being recovered in base  
5 distribution rates.

6 **Q28. Does Rider VMC recover any other, unrelated costs?**

7 A28. Yes. Rider VMC will include the net regulatory asset or liability for twelve riders that  
8 First Energy proposes to discontinue, which totals in a net liability of \$14,599,213.<sup>28</sup>

9 **Q29. Can you describe FirstEnergy's enhanced vegetation management plan?**

10 A29. According to FirstEnergy Witness Standish, the enhanced vegetation management plan  
11 will focus on removing on- and off-corridor trees, removing overhand, and controlling  
12 brush in the distribution clearing zone in a more proactive manner beyond regulatory  
13 commitments.<sup>29</sup> This would include expanding the scope of priority tree identification  
14 and removal, removal of on-corridor incompatible trees and brush to instead select low  
15 growing plant growth to limit the growth of additional incompatible tree species over

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<sup>28</sup> McMillen Testimony at 15.

<sup>29</sup> Direct Testimony of Shawn T. Standish at 9 (April 5, 2023) (hereinafter, Standish Testimony).

1 time, and the removal of vegetation overhanging the corridor in all zones<sup>30</sup> rather than  
2 just Zone 1.

3 **Q30. Is FirstEnergy's proposed enhanced vegetation management plan necessary to**  
4 **satisfy regulatory requirements?**

5 A30. No. Per FirstEnergy Witness Standish, FirstEnergy is already currently satisfying all  
6 applicable regulatory requirements with respect to their existing vegetation  
7 management plan.<sup>31</sup>

8 **Q31. Could FirstEnergy recover Rider VMC amounts through base distribution rates?**

9 A31. Yes. There is nothing preventing FirstEnergy from requesting to recover these costs  
10 through a base distribution rate case. The PUCO should reject Rider VMC and require  
11 FirstEnergy to seek recovery of all vegetation management expenses through a base  
12 distribution rate case filing where the PUCO reviews both FirstEnergy's costs and its  
13 revenues to determine whether FirstEnergy needs to collect additional funds from  
14 customers to provide its services. As explained above, allowing cost recovery for  
15 distribution costs in an ESP through Rider VMC is an example of single-issue  
16 ratemaking, which does not consider FirstEnergy's revenues or any reductions in other  
17 expenses that should be offset.

18 **Q32. Should the PUCO reject FirstEnergy's proposed Rider VMC?**

19 A32. Yes. As explained previously, as a matter of policy and proper ratemaking, the PUCO  
20 should reject FirstEnergy's proposed Rider VMC and require FirstEnergy to file a base  
21 distribution rate case when and if it requests to collect additional funds from customers

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<sup>30</sup> Zone 1 is defined as the section of line leaving a substation to the first protective device. Zone 2 is defined as the section of line from the first protective device to the end of the 3-phase construction. Zone 3 is defined as the remaining sections of line, 2-phase and single-phase, through the end of the primary conductor. Standish Testimony at 9, fn. 4.

<sup>31</sup> *Id.* at 11.

1 for incremental vegetation management expenses. Continuing to allow significant cost  
2 riders like Rider VMC in an ESP case encourages FirstEnergy and other EDUs to avoid  
3 the accountability of a distribution rate case and instead seek to recover distribution  
4 investments without a proper review of all financial factors.

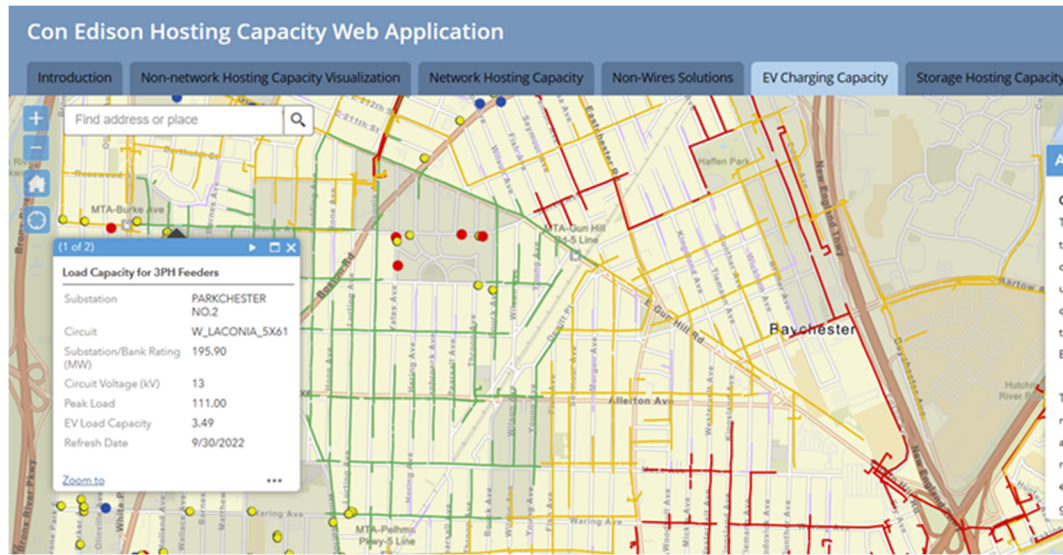
5 **Q33. Will rejecting Rider VMC negatively impact reliability?**

6 A33. No. Rejecting Rider VMC would not eliminate FirstEnergy's vegetation management  
7 program or its reliability standards. Rather, it would force FirstEnergy to file a base  
8 rate case to recover any prudently incurred costs associated with vegetation  
9 management that are not already accounted for in base rates. Further, the PUCO should  
10 reinforce an important policy, one that requires FirstEnergy and other utilities to file a  
11 base distribution rate case when they want to collect more money from customers.

12 **VI. HOSTING CAPACITY MAPS**

13 **Q34. What is a hosting capacity map?**

14 A34. A hosting capacity map provides information on the capacity availability and  
15 constraints on the existing electric distribution system. Typical information found on  
16 a hosting capacity map would include the amount of existing electric load on an electric  
17 facility, how much additional load can be added to the feeder before it reaches capacity  
18 or requires changes to its controls, and the locations of adjacent infrastructure. An  
19 example of a hosting capacity map in New York City is shown in the figure below:



**Figure 1. Con Edison EV Charging Hosting Capacity Map<sup>32</sup>**

**Q35. How does a hosting capacity map facilitate Electrical Vehicle charging deployment?**

**A35.** Hosting capacity maps provide transparency on where existing grid infrastructure has additional capacity for new electric load, such as electric vehicle (EV) charging. These locations are often advantaged project sites since they require few infrastructure upgrades, and hosting capacity maps allow project developers to find these sites. Additionally, hosting capacity maps provide transparency on any needed upgrades to the system necessary to support the new load.

Publicly available hosting capacity maps would provide an objective, transparent tool for defining and locating efficient sites for EV charger deployment and other needs. Hosting capacity maps are also useful tools to determine when additional load could be added to the grid or where distributed energy resources can be located to reduce grid congestion.

<sup>32</sup> Con Edison Hosting Capacity Web Application, available at <https://coned.maps.arcgis.com/apps/MapSeries/index.html?appid=edce09020bba4f999c06c462e5458ac7>.

1   **Q36. Does FirstEnergy currently provide hosting capacity maps to its customers?**

2   A36. No, not in Ohio.

3   **Q37. Do other utilities have these maps?**

4   A37. Yes. These maps are made publicly available on their websites. For example, utilities  
5       who provide maps include FirstEnergy’s subsidiary electric distribution utility Jersey  
6       Central Power and Light in New Jersey, and other utilities like PEPCO in Maryland,  
7       Ameren in Illinois, Excel in Michigan, PSEG and ConEd in New York.

8   **Q38. Is there a security concern with providing public access to these maps?**

9   A38. No. This information is publicly available from a number of sources. If capacity  
10       hosting maps are publicly available for New York City, it follows that maps of the  
11       FirstEnergy service area can and should also be made available. Additionally, the  
12       United States Department of Homeland Security publishes similar geospatial data for  
13       several critical infrastructure sectors, which includes energy infrastructure. The  
14       Homeland Infrastructure Foundation-Level Data (HIFLD) is meant to “support  
15       planning and assessment activities, and help communities improve their preparedness  
16       and resilience.”<sup>33</sup> Data designated as “open” is publicly available, requires no login  
17       information, and includes forty-two energy infrastructure related data layers, including  
18       information and spatial data for electric transmission lines, power plants, natural gas

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<sup>33</sup> Mapping Your Infrastructure: Datasets for Infrastructure Identification, UNITED STATES DEPARTMENT OF HOMELAND SECURITY (October 2022), available at [https://www.cisa.gov/sites/default/files/publications/Datasets\\_for\\_Infrastructure\\_Identification\\_07SEPT2022.pdf](https://www.cisa.gov/sites/default/files/publications/Datasets_for_Infrastructure_Identification_07SEPT2022.pdf).

1 pipelines, and oil refineries to name a few. The “Transmission Line” file is intended  
2 to be used for energy modelling and simulation by the public.<sup>34</sup>

3 Further, a PJM account holder provides,<sup>35</sup> and PJM’s “Dataminer 2” has access  
4 to, incredibly comprehensive PJM operational data, including ancillary services, bid  
5 and offer data, system constraints, generation, and imports.<sup>36</sup>

6 All of this data is publicly available, or accessible via credentialed login, and is  
7 critical for market participants to make economic decisions and inform policy and  
8 regulatory decision-making. It follows that many operational aspects of the distribution  
9 grid could be shared publicly without compromising national security.

10 **VII. CONCLUSION**

11 **Q39. Please summarize your recommendations.**

12 A39. I offer the following conclusions and recommendations regarding FirstEnergy’s ESP  
13 V:

- 14 • The PUCO should modify the ELR Program because the current and proposed  
15 ELR Programs are discriminatory. The ELR Program should be available to  
16 any commercial or industrial customer that can interrupt its load, and the PUCO  
17 should order that interruptible load calls be tied to transmission facility  
18 overloading and not PJM demand response calls.

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<sup>34</sup> Homeland Infrastructure Foundation-Level Data (HIFLD), Transmission Lines, UNITED STATES DEPARTMENT OF HOMELAND SECURITY, available at <https://hifld-geoplatform.opendata.arcgis.com/datasets/geoplatform::transmission-lines/explore?location=39.985583%2C-83.010124%2C10.92>.

<sup>35</sup> Maps, PJM, available at <https://www.pjm.com/library/maps.aspx>.

<sup>36</sup> Data Miner 2, PJM, available at <https://dataminer2.pjm.com/list>.

- 1           • The PUCO should discontinue FirstEnergy's Rider DCR. Any distribution-  
2           related costs should be recovered through base distribution rates.
- 3           • If the PUCO allows Rider DCR to continue, the revenue requirement caps  
4           should be hard caps, with – no deferrals or carry-overs.
- 5           • The PUCO should reject and eliminate FirstEnergy's proposed Rider VMC and  
6           require FirstEnergy to collect all vegetation management costs through its base  
7           distribution rates.
- 8           • The PUCO should require FirstEnergy to publish transparent, publicly available  
9           EV charging hosting capacity maps.

10   **Q40. Does this conclude your testimony?**

11   A40. Yes, but I reserve the right to supplement or revise my testimony with any new  
12   information that becomes available through discovery or otherwise.

## **CERTIFICATE OF SERVICE**

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