

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 : Case No. 23-301-EL-SSO
Authority to Establish a :
Standard Service Offer :
Pursuant to R.C. 4928.143 :
In the Form of an Electric:
Security Plan. :

- - -

PROCEEDINGS

before Mr. Gregory Price, Ms. Megan Addison, and
Ms. Jacky Werman St. John, Attorney Examiners, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-A, Columbus, Ohio, called at 9:15
a.m. on Monday, November 20, 2023.

- - -

VOLUME VI

- - -

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

- - -

APPEARANCES:

Benesch, Friedlander, Coplan & Aronoff, LLP
By Mr. N. Trevor Alexander
and Mr. Mark T. Keaney
41 South High Street, 26th Floor
Columbus, Ohio 43215

FirstEnergy Service Company
By Mr. Brian Knipe
and Ms. Christine E. Watchorn
76 South Main Street
Akron, Ohio 44308

On behalf of the Applicants.

Boehm, Kurtz & Lowry
By Mr. Michael Kurtz
and Ms. Jody Kyler Cohn
36 East 7th Street, Suite 1510
Cincinnati, Ohio 45202

On behalf of the Ohio Energy Group.

Carpenter Lipps, LLP
By Ms. Kimberly W. Bojko
and Ms. Emma Easley
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of the Ohio Manufacturers'
Association Energy Group.

Hubay Dougherty LLC
By Mr. Trent Dougherty
1391 Grandview Avenue
Columbus, Ohio 43212

On behalf of the Citizens Utility Board
Of Ohio.

Kegler, Brown, Hill & Ritter
By Mr. Robert Dove
and Mr. Nicholas S. Bobb
65 East State Street, Suite 1800
Columbus, Ohio 43215

On behalf of the Ohio Partners for
Affordable Energy.

1 APPEARANCES: (Continued)

2 Bricker Graydon LLP
 3 By Mr. Devin D. Parram
 4 and Ms. Rachael Mains
 5 100 South Third Street
 6 Columbus, Ohio 43215

7 On behalf of the Ohio Hospital
 8 Association.

9 Spilman, Thomas & Battle, PLLC
 10 By Ms. Carrie Grundmann
 11 and Mr. Joseph C. Unger
 12 110 Oakwood Drive, Suite 500
 13 Winston-Salem, North Carolina 27103

14 On behalf of Walmart, Inc.

15 Interstate Gas Supply, LLC
 16 By Mr. Evan Betterton,
 17 Ms. Stacie Cathcart,
 18 Mr. Michael Nugent,
 19 and Mr. Joseph Olikier
 20 6100 Emerald Parkway
 21 Dublin, Ohio 43016

22 On behalf of the Interstate Gas Supply,
 23 Inc.

24 Environmental Law & Policy Center
 25 By Ms. Erica McConnell
 21 West Broad Street
 Columbus, Ohio 43215

On behalf of the Environmental Law &
 Policy Center.

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

On behalf of The Kroger Company.

- - -

1 APPEARANCES: (Continued)

2 One Energy Enterprises, Inc.
 3 By Mr. James D. Dunn
 12385 Township Road 215
 Findlay, Ohio 45840

4 On behalf of the One Energy Enterprises,
 5 Inc.
 McNees, Wallace & Nurick
 6 By Mr. Matthew R. Pritchard,
 Ms. Avery L. Walke,
 7 and Mr. Todd A. Long
 250 West Street
 8 Columbus, Ohio 43215

9 On behalf of the Retail Energy Supply
 10 Association.

11 Baker & Hostetler LLP
 By Mr. David Proano
 12 and Mr. Paul M.M. Willison
 127 Public Square
 13 Cleveland, Ohio 44114

14 On behalf of the Ohio Energy Leadership
 Council.

15 Maureen Willis, Ohio Consumers' Counsel
 16 By Mr. John Finnigan,
 Mr. William Michael,
 17 and Mr. Robert Eubanks,
 Assistant Consumers' Counsel
 18 65 East State Street, 7th Floor
 Columbus, Ohio 43215

19 On behalf of the Residential Utility
 20 Consumers of Ohio Edison Company, The
 Cleveland Electric Illuminating Company,
 21 and The Toledo Edison Company.

22 Mr. Thomas R. Hays
 8355 Island Lane
 23 Maineville, Ohio 45039

24 On behalf of the Northwest Ohio
 Aggregation Coalition.

1 APPEARANCES: (Continued)

2 Vorys, Sater, Seymour and Pease, LLP
 3 By Mr. Michael Settineri,
 4 Ms. Gretchen Petrucci,
 5 and Ms. Anna Sanyal
 6 52 East Gay Street
 7 Columbus, Ohio 43215

8 On behalf of the Constellation Energy
 9 Generation, LLC, and Constellation
 10 NewEnergy, Inc.

11 Bricker Graydon LLP
 12 By Mr. Dane Stinson
 13 100 South Third Street
 14 Columbus, Ohio 43215
 15 Northeast Ohio Public Energy Council
 16 By Mr. Glenn S. Krassen,
 17 General Counsel
 18 31360 Solon Road, Suite 33
 19 Solon, Ohio 44139

20 On behalf of the Northeast Ohio Public
 21 Energy Council.

22 Stone Mattheis Xenopoulos & Brew, PC
 23 By Mr. Michael K. Lavanga
 24 and Mr. Joseph Briscar 1025
 25 Thomas Jefferson St., NW
 8th Floor West Tower
 Washington, D.C. 20007

On behalf of the Nucor Steel Marion, Inc.

NRG Retail Companies
 By Mr. Bryce A. McKenney
 3060 Kent Road
 Silver Lake, Ohio 44224

Calfee, Halter & Griswold LLP
 By Mr. James F. Lang
 and Mr. Matthew B. Barbara
 1405 East Sixth Street
 Cleveland, Ohio 44114

On behalf of the NRG Retail Companies.

APPEARANCES: (Continued)

Whitt Sturtevant LLP
By Mr. Mark A. Whitt
88 East Broad Street, Suite 1590
Columbus, Ohio 43215

On behalf of the Calpine Retail Holdings,
LLC.

Law Offices of Attorney Joseph
Patrick Meissner
By Mr. Joseph Patrick Meissner
2234 West Boulevard
Cleveland, Ohio 44102

On behalf of the Utilities for All and
Citizens Coalition.

Mr. Brian Gibbs
250 West Street, Suite 150
Columbus, Ohio 43215

On behalf of the Nationwide Energy
Partners and Armada Power, LLC.

Vorys, Sater, Seymour and Pease, LLP
By Mr. Elia Woyt
50 South Main Street, Suite 1200
Akron, Ohio 44308

On behalf of the Utica East Ohio
Midstream, LLC.

Dave Yost, Ohio Attorney General
By Mr. Thomas Lindgren,
Ms. Rhiannon Howard,
and Ms. Amy Botschner O'Brien,
Assistant Attorneys General
30 East Broad Street, 26th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

- - -

1	INDEX		
2	- - -		
3	WITNESSES		PAGE
	Juliette Lawless		
4	Cross-Examination by Mr. Proano (cont'd)		1149
	Cross-Examination by Mr. Kurtz		1217
5	Cross-Examination by Mr. Pritchard		1229
	Cross-Examination by Mr. Finnigan		1245
6	Cross-Examination by Ms. Bojko		1255
	Cross-Examination by Mr. Dunn		1282
7	Cross-Examination by Ms. Botschner O'Brien		1285
8	Shawn T. Standish		
	Direct Examination by Mr. Keaney		1302
9	Cross-Examination by Mr. Finnigan		1306
	Cross-Examination by Ms. Bojko		1330
10	Cross-Examination by Mr. Hays		1345
	Examination by Examiner Addison		1354
11	Redirect Examination by Mr. Keaney		1357
12	- - -		
13	COMPANY EXHIBITS	IDENTIFIED	ADMITTED
	7 - Direct Testimony of Juliette Lawless	1082	1298
14	8 - Direct Testimony of Shawn T. Standish	1301	1359
15	- - -		
16	OMAEG EXHIBITS	IDENTIFIED	ADMITTED
17	14 - Supplemental Stipulation and Recommendation	1259	--
18	Case No. 14-1297-EL-SSO		
	****ADMINISTRATIVE NOTICE		
19	15 - OMAEG Set 2-INT-028	1269	1300
	16 - RESA Set 03-INT-039	1331	1360
20	- - -		
21	OELC EXHIBITS	IDENTIFIED	ADMITTED
22	21 - Estimated Bill Impacts (FLASH DRIVE)	1184	1299
23	22 - PUCO DR 10	1098	1299
	23 - OHA Set 01	1098	1299
24	24 - PUCO DR 020	1098	1299
25			

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX (Continued)

- - -

OELC EXHIBITS	IDENTIFIED	ADMITTED
25 - PUCO DR 16	1098	1299
26 - OELC Set 01-INT-001	1098	1299
27 - Exeter Report	1210	--
**** ADMINISTRATIVE NOTICE		
28 - PUCO DR 10	1186	1299
Attachment 2 Supplemental		
****TO BE DOCKETED BY OELC****		

- - -

OEG EXHIBITS	IDENTIFIED	ADMITTED
4 - Responses to the	1221	1300
Public Utilities Commission		
Of Ohio's Data Requests		

- - -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Monday Morning Session,
November 20, 2023.

- - -

EXAMINER PRICE: Let's go on the record.
Good morning. The Public Utilities Commission has
set for hearing at this time and place Case No.
23-301-EL-SSO, being In the Matter of the Application
of Ohio Edison Company, Cleveland Electric
Illuminating Company, and the Toledo Edison Company
for Authority to Provide For a Standard Service Offer
Pursuant to Revised Code 4928.143 in the Form of an
Electric Security Plan.

My name is Gregory Price. With me is
Megan Addison and Jackie St. John. We are the
Attorney Examiners assigned to preside over today's
hearing.

This is our sixth day of hearing in this
matter. We are going to resume the cross-examination
of FirstEnergy witness Lawless. Ms. Lawless, I'll
remind you you are still under oath.

THE WITNESS: Yes, sir.

EXAMINER PRICE: Mr. Proano, please
proceed.

MR. PROANO: Thank you, your Honor.

- - -

1 JULIETTE LAWLESS,
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:

4 CROSS-EXAMINATION (Continued)

5 By Mr. Proano:

6 Q. Ms. Lawless, just to reset the framework
7 here after the weekend, if you could look at
8 Exhibit OELC 22, please, the very last page.

9 And to remind everyone, this was a
10 supplemental response prepared by FirstEnergy to PUCO
11 DRC 10 where FirstEnergy delineated the
12 nonresidential customers that would be grouped into
13 the NMB1 rate class and the NMB23 rate classes, do
14 you see that?

15 A. Yes.

16 Q. And again, the delineation there is a
17 nonresidential customer that has an interval or Smart
18 meter is an NMB2?

19 A. Yes.

20 Q. And one that does not is an NMB1,
21 correct?

22 A. Yes, that is correct.

23 Q. And if you look at the Ohio Edison
24 section, the GS rate class, this is the general
25 secondary, did a little bit of rough math and 81,000

1 times 30,000 is about 111,000, so a little less than
2 30 percent of the secondary voltage customers in Ohio
3 Edison territory would be on that new NMB2 rate,
4 correct?

5 A. Yes, but 81,000 plus 30,000, not
6 multiplied.

7 Q. Pardon me?

8 A. You just misspoke. You said 81,000
9 times 30,000, it's plus.

10 Q. So correct --

11 A. Yes, that is correct.

12 Q. Now, FirstEnergy's plan is to, the next
13 billing cycle after a customer gets an interval or
14 Smart meter, to move them into NMB2, correct, as you
15 testified Friday?

16 A. Yes, that is correct.

17 Q. Does the Company have a pending
18 application before the Commission to roll out the
19 second phase of Grid Mod II?

20 A. I believe so.

21 Q. Are you --

22 A. I have not worked on Grid Mod II at all.

23 Q. Are you -- do you know that FirstEnergy
24 is requesting approval of a second phase to roll out
25 additional Smart meters to customers in the service

1 territories, in FirstEnergy territory?

2 A. Again, I believe so, but I do not work
3 in Grid Mod II, so I can't speak to that.

4 Q. Then you couldn't speak to when those
5 customers in the NMB2 column would be expected to
6 switch from NMB2 to NMB1, correct?

7 A. You mean NMB1 to NMB2.

8 Q. I'll ask it again. So you couldn't
9 testify as to when you would expect the customers in
10 the NMB1 column to be switched to NMB2, correct?

11 A. That is correct.

12 Q. Okay. If you'd turn to OELC 23, which
13 is FirstEnergy's response to Ohio Hospital
14 Association, or OHA Set 1, INT-001.

15 A. I'm there.

16 Q. Can you see your name at the top
17 right-hand corner, Ms. Lawless?

18 A. Yes.

19 Q. And if you flip through the remaining
20 compilation except for the last production of
21 documents, is that your name as the person that
22 prepared the responses reflected in OELC 23?

23 A. Yes, that is correct.

24 Q. Okay. Looking back at Ohio Hospital
25 Association's Set 1, INT-1, on the first page you see

1 there's a chart below, and I believe what Ohio
2 Hospital Association had requested FirstEnergy to
3 confirm is the number of hospitals that would be in
4 the NMB1 rate versus the NMB2 rate, correct?

5 A. Well, this question is only asking who
6 would be -- who has an interval advanced meter.

7 Q. Okay. And by extension, those hospitals
8 with an interval or advanced meter under the proposal
9 made by FirstEnergy would be immediately on the NMB2
10 rate, correct?

11 A. Yes, that is correct.

12 Q. And so based on the NAICS Code 622
13 FirstEnergy had estimated that there were 513
14 hospitals in Ohio Edison territory, correct?

15 A. Yes, that is correct.

16 Q. 220 in CEI territory, correct?

17 A. Yes, that is correct.

18 Q. And 147 in Toledo Edison, correct?

19 A. Yes, that is correct.

20 Q. And then if you look at the second
21 column, you had estimated the number of hospitals
22 with interval or advanced meters as 163 for Ohio
23 Edison, correct?

24 A. Yes, that is correct.

25 Q. 102 for CEI, correct?

1 A. Yes, that is correct.

2 Q. And 56, correct?

3 A. Yes.

4 Q. So what would happen on day one of ESP V
5 if this NMB2 proposal is adopted to those hospitals
6 in the second column?

7 MR. ALEXANDER: Objection.

8 EXAMINER PRICE: Grounds?

9 MR. ALEXANDER: Vague as to day one of
10 the ESP V as to either the June 1st, 2024 or the
11 start of the roll out of the NMB2 program.

12 EXAMINER PRICE: Please clarify.

13 MR. PROANO: Thank you.

14 By Mr. Proano:

15 Q. So the NMB2 rollout would be April 1st,
16 2025, correct, Ms. Lawless?

17 A. Yes.

18 Q. And so April 1st, 2025, all those
19 hospitals in the second column would roll into a rate
20 category that would charge them Rider NMB rates based
21 on those hospitals' NSPL values, correct?

22 A. Yes, that is correct.

23 Q. The remaining hospitals subject to
24 installation of a Smart meter would remain on the
25 NMB1 that would bill them on monthly demand, correct?

1 A. Yes, that is correct.

2 Q. Are you familiar with the bill impacts
3 and rate impacts of Rider NMB on customers?

4 A. I am familiar to the extent that I
5 calculated my typical bill assumptions.

6 Q. But you've worked on Rider NMB for a
7 number of years, correct?

8 A. Yes.

9 Q. And you have a general understanding of
10 how that rider impacts FirstEnergy customers,
11 correct?

12 A. Specifically my rider, just NMB.

13 Q. And you understand that Rider NMB is one
14 of the largest charges for certain commercial
15 customers on their distribution bill, correct?

16 A. I've never looked into that.

17 Q. You have no idea about that one way or
18 the other?

19 A. I don't feel comfortable since I haven't
20 looked into it.

21 Q. Okay. Do you have any appreciation of
22 how, in terms of magnitude, Rider NMB fits into all
23 the different riders for FirstEnergy nonresidential
24 customers?

25 MR. ALEXANDER: Objection.

1 EXAMINER PRICE: Grounds?

2 MR. ALEXANDER: Asked and answered
3 twice.

4 MR. PROANO: It's a different question.

5 EXAMINER PRICE: He's asking for a
6 broader question. Overruled.

7 THE WITNESS: Can you repeat the
8 question?

9 MR. PROANO: Sure. Reporter, could you
10 please repeat?

11 (Record read back.)

12 THE WITNESS: I'm sorry, could you read
13 that again?

14 (Record read back.)

15 THE WITNESS: I guess I don't really
16 understand the question, how it fits into other
17 riders.

18 By Mr. Proano:

19 Q. Let me see if I can help you. I'm just
20 trying to understand magnitude, right?

21 So a nonresidential customer's bill is
22 made up of a number of different charges and riders,
23 correct?

24 A. Yes.

25 Q. And some are relatively de minimis,

1 correct?

2 A. From the riders I worked on, yes.

3 Q. And some are a greater proportion of a
4 customer's bill, correct?

5 A. Yes.

6 Q. And I'm just trying to make sure
7 everyone is clear, the Rider NMB charges tend to be
8 in the latter category, they tend to be one of the
9 more significant riders for customers, correct?

10 A. When compared to the other riders that
11 I've completed and worked on, yes.

12 Q. Now, you've actually -- you prepared a
13 hypothetical rate calculation for ESP V if
14 FirstEnergy -- or if the Commission adopted
15 FirstEnergy's Rider NMB proposal, correct?

16 A. Are you referring to Attachment JL-4?

17 Q. I am.

18 A. Yes.

19 Q. On the screen you can see JL-4, but it's
20 also in your testimony if you need to refer to it in
21 hard copy.

22 A. Okay.

23 Q. Could you describe what JL-4 is and what
24 it represents?

25 A. So JL-4 gives an example of how the

1 proposed NMB1 and NMB2 would be calculated.

2 Q. If in fact the Commission adopted
3 FirstEnergy's proposal to move nonresidential
4 customers with interval or Smart meters to NSPL
5 billing, correct?

6 A. If the proposal were adopted, yes.

7 Q. Okay. And this is -- these aren't the
8 real rates, this is just an example of how the rate
9 would be calculated, correct?

10 A. Yes, it's just an estimate.

11 Q. It's just an estimate. Let's talk about
12 that estimate in more detail. If you look at the
13 second and third columns from the farthest right --
14 I'm going to zoom in a little here in case you need
15 to look at it.

16 A. Can you say the column header, F, G, H?

17 Q. It is -- I'm referring to the NMB1 rates
18 column, this one here.

19 A. Okay, G.

20 Q. The NMB2 billing units, Column H, and
21 the NMB2 rates column, Column I, do you see that?

22 A. Yes.

23 Q. What is the NMB1 rates column?

24 A. Those are the estimated rates for
25 customers who would be on that NMB1 rate.

1 Q. Now, for purposes of this hypothetical
2 rate analysis you assume, correct, that all
3 FirstEnergy nonresidential customers that fit within
4 these budgets would be in Rider NMB1 for purposes of
5 calculating this number, correct?

6 A. The -- we used a hundred percent revenue
7 requirement for both NMB1 and NMB2.

8 Q. So let's make sure that's well
9 understood. I want to explore that in detail.

10 A. Okay.

11 Q. Okay. So when you calculated the NMB1
12 rate here in this column which says G equals E
13 divided by F, you calculated that to ensure that
14 there would be a hundred percent recovery of the
15 revenue requirement from the PJM line items recovered
16 through Rider NMB, correct?

17 A. Yes.

18 Q. So you're not distinguishing for the
19 purposes of that calculation whether or not a
20 customer is in the NMB1 rate or not based on that
21 proposal, correct?

22 A. Yes, that is correct.

23 Q. Okay. So when you look at the column
24 that's to the left of that Column F, labeled NMB1
25 Billing Units -- do you see that column?

1 A. Yes.

2 Q. Those billing units include customers
3 that currently have an interval or Smart meter,
4 correct?

5 A. Yes, those billing units for all
6 customers.

7 Q. Okay. Now let's look at the way you did
8 the NMB2 calculations. The NMB2 billing units are
9 the NSPL billing units, that also includes all
10 customers, correct?

11 A. Yes, that is correct.

12 Q. It doesn't include only customers with
13 interval or Smart meters, correct?

14 A. Yes, that is correct.

15 Q. So why did you do it that way? If in
16 fact the rate calculation is going to segregate those
17 customers, why did you lump all customers into the
18 NMB1 rate impact and the NMB2 rate impact?

19 A. Well, theoretically, no matter how you
20 would split the customers between the two, the total
21 revenue received would equal the total revenue
22 requirement.

23 But in addition to that, we do not know
24 at the time of implementation who will be on Rider
25 NMB1 and who will be on Rider NMB2, and throughout

1 the year, as you suggested with Grid Mod II, that
2 more customers will be having interval or advanced
3 meters installed.

4 And in addition to that, customers can
5 request to have an interval or advanced meter
6 installed, so customers will be switching from Rider
7 NMB1 to NMB2, and possibly they might want to -- want
8 that meter removed and switch from NMB2 to NMB1.

9 So therefore, to keep the rate correct,
10 if we were to split the customers at the time of
11 implementation, to keep the rate correct it should be
12 updated each time a customer is moved. So doing it
13 with a hundred percent revenue requirement protects
14 from that difference there.

15 So just -- if many customers leave NMB1
16 and go to NMB2, that means that NMB2 rates would be
17 understated, they should be higher, so those
18 customers would be paying less than they should.

19 And NMB1 rate would be overstated at
20 that point since customers left, and so those
21 customers would be paying more than they should at
22 that time, if we were to split the revenue
23 requirement between the two rates.

24 Q. Are you finished?

25 A. Yes.

1 Q. Okay. Let's explore what you said a
2 little bit. The NMB2 Billing Units, it says NSPL, do
3 you see that?

4 A. Yes.

5 Q. Now, that's kilowatts, correct? That's
6 a kilowatt designation, NSPL?

7 A. kW.

8 Q. It's kW, correct?

9 A. Yes.

10 Q. Just so we're clear. So if a customer
11 has an NSPL of a thousand kilowatts, that's the
12 billing determinant that you would see here, \$6.10
13 and change times a thousand kilowatts, correct?

14 A. Yes.

15 Q. Okay. Now, that could be a very
16 different rate than if they were on a NMB1. For
17 example, under this hypothetical, let's say for
18 hypothetical purposes their monthly billing demand
19 equals their NSP value.

20 They would go from a rate of \$4.17 per
21 kilowatt, the very next month after their Smart meter
22 is installed they would jump by 50 percent to \$6 per
23 kilowatt, correct, assuming these are the rates?
24 We're running through a hypothetical.

25 A. I don't really feel comfortable talking

1 about like kilowatts and NSPL in comparison to each
2 other. I don't -- I haven't really thoroughly
3 researched that.

4 Q. This is your rate impact analysis?

5 A. I understand what you're saying, yeah,
6 but I also -- you're using such a hypothetical
7 situation where it would be equal to each other,
8 where each month could vary, so you're not looking at
9 the year as a whole.

10 So if one month they equal -- okay,
11 maybe they would pay more for NSPL -- I'm not doing
12 the math they are, but you're not looking at the year
13 result as a whole, and you're also not looking at the
14 reasoning for doing that, which is to align the cost
15 with the cost causers.

16 Q. Let's lock this down because this is
17 very important, because this is going to have a huge
18 impact on commercial accounts. This is your rate
19 analysis impact, correct?

20 A. This is.

21 Q. Okay. And you understand what you wrote
22 and proposed to the Commission, correct?

23 A. Yes.

24 Q. You understand what NSPL is, correct?

25 A. Yes. I see where you're trying to go.

1 Q. And you understand NSPL is expressed as
2 kilowatt, correct, an NSPL value that's provided to a
3 customer is done in kilowatts, kW, correct?

4 A. Yes. But you're again looking at one
5 month in particular.

6 Q. I'm not asking you to go back to my
7 hypothetical.

8 EXAMINER PRICE: Finish your answer.

9 MR. PROANO: Thank you.

10 THE WITNESS: You can go ahead.

11 By Mr. Proano:

12 Q. I just want to -- for purposes of your
13 own rate analysis I want to establish that NSPL is a
14 kilowatt value. We agree on that, correct?

15 MR. ALEXANDER: Objection.

16 EXAMINER PRICE: Grounds?

17 MR. ALEXANDER: Asked and answered a
18 couple times.

19 EXAMINER PRICE: He's trying to lay a
20 foundation, we'll give a little bit of leeway.

21 THE WITNESS: Yes.

22 By Mr. Proano:

23 Q. Okay. Just answer my question.

24 MR. ALEXANDER: Objection. These
25 instructions to the witness are not helpful.

1 EXAMINER PRICE: I agree.

2 By Mr. Proano:

3 Q. Assume a customer is on NMB1 just
4 looking at your own rate analysis, do you see that?
5 Let's assume this customer is in the GS rate class.
6 See the GS rate class? We're going to follow
7 through.

8 A. Yes.

9 Q. We're assuming now your own hypothetical
10 rate assessment. So in one month -- let's say the
11 customer still has an old meter so they are on the
12 NMB1 rate at \$4.17 and change, do you see that, per
13 kilowatt?

14 A. Yes.

15 Q. And that's a demand charge, correct?

16 A. Yes.

17 Q. And that's based on monthly billing
18 demand, correct, what we talked about?

19 A. Yes.

20 Q. Okay. Assume that customer gets a meter
21 installed, a Smart meter installed, okay?

22 A. Okay.

23 Q. The very next month, under FirstEnergy's
24 proposal, that customer would switch from NMB1 to
25 NMB2, correct?

1 A. Yes.

2 Q. Assume the same rates apply under this
3 very hypothetical, that customer could see almost a
4 50 percent jump in Rider NMB charges assuming the
5 monthly billing demand equals NSPL, which is what you
6 guys assumed for purposes of your rate calculation?

7 A. We didn't assume that for the purposes
8 of my rate calculation.

9 Q. Okay. We'll get to that in a second.

10 Assume the customer's monthly billing
11 demand is a thousand kilowatts when they are still on
12 NMB1, do you follow me?

13 A. Yes.

14 Q. So their rate that month is going to be
15 1,000 times 4.17, or about \$4,100, okay?

16 A. Yes.

17 Q. The next month they are going to go to
18 NMB2. Now they are going to be -- assume it's also a
19 thousand. Let's just assume they had an NSPL of a
20 thousand kilowatts. You follow me?

21 A. Yes.

22 Q. The very next month their NMB charges
23 are going to jump from \$4,100 up to \$6,100 under this
24 rate analysis, correct?

25 A. Under a one-month rate analysis,

1 estimating the demand is equal to the NSPL, one
2 month?

3 Q. Correct.

4 A. Yes.

5 Q. Now, you said a couple things earlier.
6 You said but monthly billing demand varies and NSPLs
7 vary?

8 A. They do not vary.

9 Q. They vary once a year, right?

10 A. Once a year.

11 Q. Monthly billing demand does vary,
12 correct?

13 A. Yes.

14 Q. And you've been around this Rider NMB
15 long enough to see it can go really high in the
16 summer months, in the shorter months it can go much
17 lower, correct? You've seen it fluctuate, right?

18 A. I've seen them fluctuate. It varies per
19 customer when it fluctuates.

20 Q. You can't necessarily assume monthly
21 billing demand is going to equal NSPL, correct?

22 A. I cannot.

23 Q. Now, you also said something else. You
24 said well, you've also got to take into account that
25 customers that switch from NMB2 back to NMB1 get the

1 meter removed.

2 How would customers go about asking that
3 their Smart meter or interval meter get removed so
4 they can go back to NMB1?

5 A. I don't know. I would ask somebody else
6 in the Company who is familiar with meters.

7 Q. But is that something that FirstEnergy
8 would permit as part of this NMB2 rate proposal?

9 A. Again, I don't know. I don't know.

10 Q. Has there been any discussion, to your
11 knowledge, about this issue beyond what you just said
12 on the stand?

13 A. I don't work with meters, no.

14 Q. Now, we're going to look in a little bit
15 more detail about the revenue requirements and how
16 they are met, but isn't the switching from customers,
17 which at this point we don't know how many customers
18 are going to go in or out, but isn't the switching
19 from customers from NMB1 to NMB2 going to throw off
20 kilter the revenue requirement because they are going
21 to be jumping from, for example, \$4 per kilowatt up
22 to \$6 per kilowatt in this example, and it can go the
23 other way as well.

24 So how is FirstEnergy going to grapple
25 with that kind of fluctuation in the face of

1 customers in NMB1 versus NMB2?

2 A. I don't think I understand what
3 you're -- you said it would change the revenue
4 requirement, which it would not change the overall
5 revenue requirement.

6 Q. I asked a -- let me ask it again. You
7 have an overall revenue requirement that you need to
8 meet, correct?

9 A. Yes.

10 Q. It's based on estimated PJM line item
11 billing charges, correct?

12 A. Yes, and the over, under.

13 Q. So you're going to estimate how much you
14 need to charge customers to make up those revenue
15 requirements, correct?

16 A. Yes.

17 Q. Now, if you have a large number of
18 customers -- let's say Grid Mod II gets approved and
19 you have a large number of customers getting Smart
20 meters and migrating to NMB2. That's going to change
21 how much revenue is generated from the different
22 buckets NMB1 versus NMB2, correct?

23 A. Which is why we did a hundred percent
24 revenue requirement for both, as I explained.

25 Q. But you're not going to have all

1 customers in one bucket or the other, they are going
2 to be in NMB1 or NMB2, correct?

3 A. I would assume so.

4 Q. Okay. Now --

5 A. I can't speak to the future, but --

6 Q. But you're going to have two buckets of
7 customers, one in NMB2 and one in NMB1, correct?

8 A. I can't say that all customers won't get
9 a Smart meter before April 1st, 2025.

10 Q. Do you have any knowledge on that issue?

11 A. I cannot predict the future.

12 Q. Okay. But right now, sitting here
13 today, we know that most customers don't have Smart
14 meters, correct?

15 A. As of the numbers that we're preparing
16 in August and September, yes.

17 Q. Okay. Now, you propose here --
18 FirstEnergy proposes something I'd like to talk
19 about, which is you propose to have a uniform NMB2
20 rate across all utility companies, correct?

21 A. Yes.

22 Q. Do you have any other rider at the
23 FirstEnergy Operating Companies that has a uniform
24 rate across all three utilities?

25 A. I can't speak to that. I haven't worked

1 on all riders.

2 Q. To your knowledge, is there any rider at
3 any FirstEnergy Company in Ohio that has a uniform
4 rate across all three operating companies?

5 A. Again, I've only worked on a hand full
6 of riders. Mine, none have that, but I cannot speak
7 to other riders.

8 Q. Okay. I'm not asking you to speak to
9 other riders, just the ones you know about, and you
10 said none that you work on have that uniform rate,
11 correct?

12 A. Yes, that is correct.

13 Q. Now, why did FirstEnergy propose to have
14 the same exact rate for this NMB2 across all three
15 different utility companies?

16 A. I believe Company witness Ed Stein could
17 explain it better, but it was to reflect the way that
18 PJM bills.

19 Q. Is that your only understanding on that
20 issue?

21 A. Well, it's aligning costs with cost
22 causers, which is what we are attempting to do with
23 this rate. But again, Company witness Ed Stein could
24 explain it thoroughly.

25 Q. I just want your knowledge, okay? So

1 your knowledge of the issue of why there's one
2 uniform rate across all three operating companies is
3 that it aligns with how PJM bills FirstEnergy, is
4 that your testimony?

5 A. My knowledge is to better align with the
6 cost causers. Again, I do not see the PJM bills, I
7 do not see how PJM bills.

8 This design was agreed upon by multiple
9 people, not just myself. It's multiple people who
10 have more knowledge than I do, so if you would like a
11 further explanation you would need to speak with
12 Company witness Stein.

13 Q. When you say cost causers, what are you
14 referring to in your answer?

15 A. PJM's billing.

16 Q. Other than what you just testified, do
17 you have any other knowledge regarding why
18 FirstEnergy's proposing a uniform rate for NMB2
19 across all three operating companies?

20 A. I'm sorry, I'm just trying to remember
21 everything that was discussed and -- I know through
22 discussions what I was told, but again, that's not
23 something that I personally have worked on to see, so
24 I would not like to testify to that because it would
25 be somebody else's words as opposed to my own.

1 So just to align with how PJM bills the
2 ATSI territory, which does not separate for all line
3 items out by operating company, so we are better
4 aligning with the cost causers by doing one uniform
5 rate as PJM does for certain billing line items.

6 Q. Is that the extent of your personal
7 knowledge on the topic?

8 A. I believe so. But from what I can
9 recall, yes.

10 Q. Okay. Before we leave this page I want
11 to point out one thing here. Now, certain
12 nonresidential customers are billed not on kilowatts
13 but kVA, correct?

14 A. Yes.

15 Q. What is kVA?

16 A. I cannot explain that. Somebody else in
17 the Company would have to explain that.

18 Q. You understand kVA and kW don't equal
19 each other unless the system is a hundred percent
20 efficient?

21 A. Again, I could not speak to that, I do
22 not know.

23 Q. Do you know whether or not kVA and kW
24 are always the same?

25 A. Again, I do not know.

1 Q. Have you ever heard the word apparent
2 power?

3 A. No.

4 Q. Okay. Turn to the next page, if you
5 have that in front of you, Ms. Lawless. This is page
6 2 of 5 of Exhibit Attachment JL-4. This is the
7 demand allocators, correct?

8 A. Yes.

9 Q. And this -- basically FirstEnergy uses
10 this formula to determine what rate class is bearing
11 what percentage of the revenue requirement, right?

12 A. Yes.

13 Q. And using the 4 CPs for the past year to
14 determine the demand allocation, correct?

15 A. The prior year, yes.

16 Q. And this gets updated once a year, is
17 that how you guys do the NMB2 rates -- or NMB rates
18 currently?

19 A. Yes, but I do not calculate this, it's
20 provided to me once a year. Yes, it's the 4 CPs, so
21 there's only four in a year.

22 Q. And you had corrected your testimony on
23 this page earlier when you started your direct
24 testimony, correct?

25 A. Yes.

1 Q. And you said you actually didn't exclude
2 pilot participants, these are included?

3 A. Yes, this is everybody. This is not
4 excluding pilot participants.

5 Q. Okay. Now, if you look at the next
6 page, this is page 3 of 35 of JL-4, it's labeled
7 "Estimated Rider NMB Expenses Excluding Expected
8 Pilot Participants April 2025 through March 2026."

9 A. That is another error. My apologies for
10 the oversight.

11 Q. Okay. What needs to be corrected?

12 A. It should not say excluding expected
13 pilot participants.

14 Q. All right. Because at that time you're
15 not proposing to have a pilot, right?

16 A. Correct. It was just the header that I
17 overlooked.

18 Q. Now, are these -- these are the
19 estimated expenses from PJM that FirstEnergy's
20 proposing to recover through the rider NMB1 and Rider
21 NMB2 rate mechanisms, correct?

22 A. These are -- I'm sorry, can you repeat
23 that?

24 Q. Yeah. These are the expected PJM
25 expenses that FirstEnergy's proposing to recover from

1 customers through the Rider NMB1 and Rider NMB2 rate
2 mechanism, correct?

3 A. And the estimated over/under.

4 Q. And the estimated over/under?

5 A. Yes.

6 Q. And this is a projection of expenses,
7 correct, for that April 2025 through March 2026 year,
8 correct?

9 A. Yes, to the best of our ability to
10 forecast these costs. Again, just an estimate.

11 Q. I'm just going to talk a little bit
12 about magnitude of expenses. You seen line item 1
13 here, and I've blown it up on the screen just in case
14 it's hard to read in paper copy, but you see the PJM
15 network service line item line 1?

16 A. Yes.

17 Q. And you see that that's also called a
18 NITS charge, correct?

19 A. Yes, the NITS.

20 Q. And if you look at the overall impact of
21 that, there's a total company impact in April 2025 of
22 58.4 million, versus a total NMB expense of 66.1
23 million in line 59, correct?

24 A. Yes.

25 Q. And so we can safely say the bulk of the

1 charges that FirstEnergy seeks to recover from its
2 customers through the Rider NMB are the NITS charges,
3 correct?

4 A. Yes.

5 Q. And do you see that the NITS charges are
6 actually broken out by service company?

7 A. The actual NITS rate is the same for the
8 three companies.

9 Q. That's not my question. They might be
10 the same NITS rate, but there's three different line
11 items for each of the three operating companies,
12 correct?

13 A. Because it's charged per NSPL, which
14 varies for operating company, so yes.

15 Q. Okay. Each operating company is charged
16 its own NITS charge, correct, by PJM, according to
17 this sheet?

18 A. Not --

19 MR. ALEXANDER: Objection. Vague as to
20 NITS charge. Didn't differentiate between the rate
21 and the total amount of the bill, unclear of what the
22 question is asking.

23 EXAMINER PRICE: Can you rephrase?

24 By Mr. Proano:

25 Q. We just talked about the NITS rate being

1 the same, but the actual NITS charge is different,
2 correct? We talked about that.

3 A. Yes, the NITS rate is the same amongst
4 the three.

5 Q. Right. But there's a different -- I'm
6 sorry.

7 A. The estimated charge for the month is
8 different because the NSPLs are different.

9 Q. So even your own calculation shows a
10 different charge for each different operating company
11 for NITS, correct?

12 EXAMINER PRICE: Can I have that
13 question back again?

14 (Record read back.)

15 MR. ALEXANDER: Your Honor, I'm going to
16 object again. The word charge is vague and he
17 clearly hasn't identified what's going on with this
18 exhibit.

19 EXAMINER PRICE: I think he's using it
20 consistently, so I think we'll overrule the
21 objection.

22 THE WITNESS: Again, the NITS rate is
23 the same, the charge is different.

24 By Mr. Proano:

25 Q. And you're showing a charge for each

1 different operating company in your spreadsheet,
2 correct?

3 A. Yes, with the same NITS rate.

4 Q. And you do the same -- you show a
5 different charge for each operating company for the
6 PJM ancillary charge, correct, line 6?

7 A. Yes, which is also based on a rate that
8 is the same amongst the three.

9 Q. And same thing with the other line item
10 charges here, there is a different line item charge
11 for each different operating company, correct, in
12 your own analysis?

13 A. For Schedule 1A, Legacy RTEP and
14 nonLegacy RTEP, they all have a rate that is the
15 same, but different charges, yes.

16 Q. And your spreadsheet actually shows
17 charges per each operating company, correct?

18 A. Yes.

19 Q. I'm going to ask you to turn a couple of
20 pages, Ms. Lawless, to the Compute Deferred
21 Non-Market Based Service Rider deferring -- deferral
22 balance, it's Attachment JL-4, and I'm going to go to
23 Ohio Edison Company first, okay?

24 This is the one that is almost
25 impossible to read in hard copy so I'm going to have

1 it on the screen. Do you see it?

2 A. Yes.

3 Q. Okay.

4 MR. ALEXANDER: For the record, you're
5 referring to Exhibit B of JL-4, B as in boy?

6 MR. PROANO: Correct. Thank you.
7 Exhibit B of JL-4.

8 By Mr. Proano:

9 Q. Could you explain for the Bench what
10 this document shows?

11 A. I would first like to clarify that I do
12 not calculate this, but yes, this shows --

13 EXAMINER PRICE: Let's go off the record
14 for a second.

15 (Discussion off the record.)

16 EXAMINER PRICE: Go back on the record.

17 By Mr. Proano:

18 Q. Just so the record is clear, what is
19 Exhibit B of JL-4?

20 A. This is the deferral sheet for the three
21 Companies, and you're looking at Ohio Edison.

22 Q. Describe what it is showing, what it is
23 calculating.

24 A. Rider NMB costs that are being deferred.

25 Q. Okay. So you're showing the revenues

1 from Rider NMB, right? This is lines 1 through 8,
2 correct?

3 A. The beginning balance of the deferral,
4 yes, and then the revenues.

5 Q. And then you're showing against those
6 revenues the NITS and other PJM charges that are
7 recovered through Rider NMB, correct, lines 9 through
8 25?

9 A. In 1 through 8 you also have like the
10 adjustment for CAT tax and the amortization of legacy
11 RTEP expense, which is zero at the end of the year,
12 but yes. And then 9 through 25 shows the estimated
13 expenses -- I'm sorry, the expenses for the line
14 items.

15 Q. These are actuals?

16 A. Yes, I'm sorry, not estimated.

17 Q. Because this is for the time period
18 ended December 31st, 2022, correct?

19 A. Yes.

20 Q. And then there's some other adjustments,
21 but I'm just going to get to the bottom line here.

22 What you're calculating is whether or
23 not you're going to have any balance on which the
24 Company is owed interest because it's carrying it, or
25 whether or not it's actually something that's a debt

1 against the Company, correct?

2 A. So it's the deferral balance, which we
3 could have interest -- either way, whether or not we
4 owed the customer or the customer owes us, yes.

5 Q. So the deferral balance -- and this
6 is -- just to make clear, this is January 2022, the
7 very top, line 1, you begin with a deferral balance
8 of negative 33.1 million, do you see that?

9 A. Yes.

10 Q. And that means that actually the Company
11 owes the customers essentially that balance, correct,
12 over recovered on Rider NMB essentially, right?

13 A. Can you repeat the question, I was just
14 reviewing?

15 (Record read back.)

16 THE WITNESS: Can you repeat the
17 question prior to that.

18 By Mr. Proano:

19 Q. Let me see if I can just make sure we're
20 on the same page. You're on Exhibit B of JL-4,
21 correct?

22 A. Yes.

23 Q. And this is the deferral calculation for
24 Rider NMB for Ohio Edison, correct?

25 A. Yes.

1 Q. And line item 1 shows a regulatory
2 asset, or if it's in parentheses it's a liability,
3 correct?

4 A. Yes.

5 Q. Okay. And right now we're showing 33.1
6 million in parentheses, correct, for January 2022?

7 A. Yes.

8 Q. Okay. And that means that up until that
9 point there's been an over recovery from customers on
10 Rider NMB, correct?

11 A. Yes.

12 Q. If it was a regulatory asset it would
13 have a positive balance, right?

14 A. Yes.

15 Q. And if it had a positive balance the
16 Company would have carrying charges on it, correct?

17 A. There are carrying credits on liability
18 as well.

19 Q. But that wasn't my question. If it was
20 a positive, it would be an asset on which FirstEnergy
21 would recover carrying charges?

22 A. Yes.

23 Q. And then if it's a regulatory liability,
24 you said there's also interest on that?

25 A. It's -- the interest incurred is --

1 again, I don't calculate this, but I am rather
2 familiar with it, I just haven't looked at it in a
3 little bit.

4 But I believe the interest incurred is
5 only on that month difference, it's not compounding
6 on the total, but mine is so tiny.

7 Q. You can look up here if you need, if you
8 look at the bottom of that chart, right? So you have
9 a balance subject to interest is a negative 37.7
10 after the January 2022 charges were applied, do you
11 see that?

12 A. Yes.

13 Q. Okay. And then you're adding monthly
14 interest, line 64 and 65.

15 A. I guess I would have to look at that
16 calculation to be certain.

17 Q. Okay. But I'm just trying to get your
18 general understanding.

19 A. There is interest that is being
20 incurred, yes, either a charge or a credit.

21 Q. And that interest, if it's a negative
22 balance like this where it's a liability at the
23 Company, it's actually accruing interest in favor of
24 the customers, correct?

25 A. Yes, it is owed to the customers.

1 Q. And to just see the history of this
2 deferred liability, it actually goes from 42.4
3 million, and as the PJM charges continue, your
4 recovery, it goes down to about 10.7 million by the
5 end of that year roughly, correct?

6 A. Yes.

7 Q. Okay. And does FirstEnergy have any
8 specific goals about the balance of that liability or
9 asset, whether it wants to keep it at zero, above or
10 below? Is there anything discussed about that?

11 A. We estimate the charges to the best of
12 our ability so that that balance would be zero.

13 Q. Okay. You can put that aside.

14 MR. PRAONO: I'm going to show you now
15 on the screen, and I'm going to mark it for
16 identification as OELC Exhibit 21.

17 And I sent this around last week to the
18 Bench and for all the parties. You also have it on
19 the screen here.

20 EXAMINER PRICE: It will be so marked.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 MR. ALEXANDER: I don't think we have
23 described for the record --

24 EXAMINER PRICE: He's going to now.

25 By Mr. Proano:

1 Q. If you look at OELC 22 that's in front
2 of you, Ms. Lawless, this is the response to PUCO DR
3 10, and Staff had asked, "Has a bill impact
4 assessment been done to see the impact of customers
5 switching to NMB2 rates?" Do you see that question?

6 A. Yes.

7 Q. And Mr. Price had -- Attorney Examiner
8 Price had asked you if you were responsible for this
9 response and you said you had, you remember that?

10 A. Yes, for this calculation, yes.

11 Q. And if you look at the second page, the
12 actual response that you helped prepare, you identify
13 a document called PUCO DR 10, Attachment 2. Do you
14 see that?

15 A. Yes, but this was supplemented.

16 Q. I'm going to show you the supplemental.

17 A. Okay.

18 Q. You identified a PUCO DR 10 Attachment
19 2, correct?

20 A. Yes.

21 Q. And it's an Excel file that you helped
22 prepare to analyze the potential bill impacts to
23 customers for proposed NMB2 rates, correct?

24 A. Yes.

25 Q. And does the document that's been marked

1 OELC Exhibit 21 up here appear to be that Excel file?
2 I'm happy to toggle through it if you want.

3 A. Yes.

4 Q. Later on in OELC Exhibit 22, as you
5 mentioned, you supplemented this Excel file, correct?

6 A. Yes.

7 Q. If you look at the very last page of
8 this document, answer 2 under Revised and
9 Supplemental Response sent 10-20-23, you identified
10 PUCO DR 10 Attachment 2-Supplemental, do you see
11 that?

12 A. Yes.

13 Q. Okay. And when you supplemented what we
14 had marked as Exhibit 21 you added customer counts,
15 correct?

16 A. Yes.

17 Q. And this -- I'm going to mark for
18 identification OELC 28, PUCO DR 10 Attachment 2
19 supplemental.

20 EXAMINER PRICE: It will be so marked.

21 MR. ALEXANDER: What was 27?

22 MR. PROANO: We skipped a number.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 By Mr. Proano:

25 Q. And what you see now on the screen is

1 Excel file PUCO OELC Exhibit 28. Does that appear to
2 be a true and accurate copy of PUCO DR 10 Attachment
3 2 Supplement?

4 A. Can you scroll up so I can see the
5 headers? Yes.

6 Q. We're going to stay on OELC 28, but
7 could you describe for the Bench what OELC 21 and 28
8 are?

9 A. Those are the estimated potential bill
10 impacts to the customers from the proposed NMB2 rates
11 compared to the current NMB rates.

12 Q. And what was your role in the
13 preparation of OELC 21 and 28?

14 A. Well, I started with a file that Company
15 witness Patel uses for her bill calculation, and then
16 I updated it to include NSPLs and updated some of her
17 formulas to update NMB to be charged based on NSPL,
18 and I made it so it was specific to NMB and not to
19 all riders. So there were just some calculation
20 changes.

21 The base was from -- from witness
22 Patel's workpapers that she uses -- she used in the
23 past, and then I did make that little summary on that
24 front page.

25 I would like to say that the

1 highlighting in this table and really the focus on
2 this table was not really updated in the supplemental
3 version, so those highlighted numbers, I can't say
4 for certain they are correct. My apologies, I can't
5 say that for certain.

6 Q. Okay. Just going back to what you did
7 to prepare these, you had ultimate responsibility for
8 these bill analysis, correct?

9 A. Yes.

10 Q. And going back to the -- this is Tab
11 Inputs and Summary on that Excel file. You're
12 purporting to show the Rider NMB rate as of April
13 1st, 2023, Column C, correct?

14 A. That's what I'm saying there, yes.

15 Q. Why do you equivocate?

16 A. This was prepared a long time ago, so I
17 know when I first put this together I used the
18 proposed rate as of January 2023, which those rates
19 were updated when NMB went into effect.

20 I believe I did update these to the
21 actual rates, but without looking at the tariff
22 sheets I can't say that for certain. I believe I
23 did.

24 Q. I'm not sure I follow you. Are you
25 saying there's something inaccurate about Column C?

1 A. No. So those were the proposed rates.
2 When I first did the spreadsheet we had rates that
3 were proposed in January of 2023, there were some
4 changes to those rates, slight differences.

5 When I first put this spreadsheet
6 together I had used those proposed rates from
7 January of 2023.

8 I do believe I updated it to the current
9 rates which would match our tariff sheets today, but
10 without looking at the tariff sheets that we have
11 today, I'm going to -- I'm going to assume those are
12 correct, those are the current rates, because that's
13 what I say here, and this does go through review.
14 But without looking at the tariff sheets, I can't --

15 Q. Can we assume for purposes of our --

16 A. Yes, we can, I just don't want to, under
17 oath, say absolutely.

18 Q. The rates listed in Column C listed as
19 of April 1st, 2023, correct?

20 A. Yes.

21 Q. Can we safely assume for purposes of the
22 record that those listed in Column C are the rates
23 for Rider NMB as of April 1st, 2023?

24 A. Yes.

25 Q. And in Column D, the proposed rate,

1 that's an NSPL rate expressed in kilowatts, correct?

2 A. NSPL as in kilowatts, yes.

3 Q. And that number we saw you came up with
4 in JL-4 of your testimony, correct?

5 A. Yes.

6 Q. Okay. Now we have the sources of Column
7 C and D. So on a just straight basis, again, if a
8 customer under this typical bill impact analysis, if
9 a customer is moving from NMB1 to NMB2, assuming
10 monthly billing demand of that prior month equals
11 their NSPL from the prior year, they are going to see
12 their rates in Ohio Edison territory, this is row 8,
13 jump from \$4.15 to \$6.10, correct, under this
14 analysis?

15 A. Those are not NMB1 rates, those are the
16 current rates.

17 Q. Those are the current rates?

18 A. Yes.

19 Q. This is just a benchmark?

20 A. Yes.

21 Q. Okay. Now, let's look at how you came
22 up with rate impact analysis. When you did the rate
23 impact analysis you made a couple assumptions,
24 correct?

25 A. Yes.

1 Q. One assumption you made is that all
2 nonresidential customers are going to be Rider NMB2
3 rate, correct?

4 A. Yes.

5 Q. Now, that's not actually going to
6 happen, right? I mean, we all know that we saw the
7 statistics in Ohio Edison territory, it's less than
8 30 percent of nonresidential had advanced meters, we
9 know that day one that's not going to occur, correct?

10 A. Again, I can't predict the future. If
11 it were the customers as they are in August and
12 September, yes, not all customers would be NMB2.

13 Q. So you know which customers have an
14 interval or advanced meter, correct?

15 A. I had a list of them as of August and
16 September. Somebody in the Company knows.

17 Q. Why didn't you prepare an NMB2 rate
18 impact analysis only for those customers in a
19 separate NMB1 rate impact analysis for those
20 customers without an interval and Smart meter?

21 A. Again, as I said, I don't know who is
22 going to be on the rate at the implementation of the
23 rate, it's approved as is.

24 So I -- instead of assuming who would be
25 on it in April of 2025, we just used everybody just

1 to see the overall impact. And again, we don't --
 2 when we're normally doing typical bills we use
 3 everybody, so we just followed suit.

4 Q. But when you do a typical bill analysis
 5 you're not separating customers into different rate
 6 classes based on their meter to have a completely
 7 different methodology, right?

8 A. Again, I don't know who is going to be
 9 on which rate in April of 2025.

10 Q. Right. But we know today who would be,
 11 correct?

12 A. I can't speak to why or why not we did
 13 something other than what I've already said. This
 14 just -- this is what we did, this is what we
 15 prepared.

16 Q. I'm just trying to explore that, because
 17 you know who -- you know who would be in Rider NMB2,
 18 was there a conscious decision not to do a rate
 19 analysis of those customers that would be in Rider
 20 NMB2?

21 A. No. Actually at that point we didn't
 22 even have those customer lists who would be in each
 23 rate. We didn't explore that at all.

24 No, it wasn't that we were trying to do
 25 it in this one way or another, no, we just did a

1 hundred percent of the customers.

2 Q. When did you know which customers would
3 be in this rate?

4 A. We actually pulled that from one of the
5 discovery responses, I believe it was a Staff
6 request. We pulled those customer counts, but we --
7 at that point -- I didn't personally ask the meter
8 department all premises numbers by meter type.

9 Q. You're the witness for the Company on
10 the Rider NMB proposal, correct?

11 A. Yes.

12 MR. ALEXANDER: Objection.

13 EXAMINER PRICE: Grounds?

14 MR. ALEXANDER: Argumentative.

15 EXAMINER PRICE: Can I have the question
16 back again?

17 (Record read back.)

18 EXAMINER PRICE: You're not the only
19 witness --

20 THE WITNESS: Right, I wasn't done
21 answering.

22 EXAMINER PRICE: Finish your answer.
23 Overruled.

24 THE WITNESS: Yes, among others.

25 By Mr. Proano:

1 Q. Okay. And is it fair to say then, based
2 on what you just testified under oath, that at the
3 time you prepared your testimony on the Rider NMB2
4 proposal, you did not know which resident -- which
5 commercial customers had interval or Smart meters in
6 the different territory, counts or percentages,
7 correct?

8 MR. ALEXANDER: Objection.

9 EXAMINER PRICE: Grounds?

10 MR. ALEXANDER: First of all, the
11 reminders of under oath are unnecessary and
12 argumentative.

13 Second, the witness has already covered
14 this ground, several times. She specifically
15 described when those calculations were done and why,
16 and so it's been asked and answered.

17 EXAMINER PRICE: Sustained on both
18 grounds.

19 By Mr. Proano:

20 Q. Let me ask, when you prepared your
21 testimony for the Rider NMB proposal did you have
22 anything in front of you that indicated how many
23 commercial customers or industrial customers would be
24 included in Rider NMB2 at the time you made your
25 testimony?

1 A. The Companies did, yes.

2 Q. Did you? Did you know those numbers?

3 A. I did not know the exact numbers.

4 Q. Now, going back to your analysis, which
5 is OELC 28, one assumption we just covered you made
6 was assuming all customers are Rider NMB2, correct?

7 A. Yes.

8 Q. A second assumption you made that I want
9 to talk about is you assumed NSPL value matched
10 exactly that customer's average monthly billing
11 demand, correct?

12 A. Yes.

13 Q. Now, when I talk about average monthly
14 billing, that's their average monthly demands over a
15 prior 12-month period, correct?

16 A. In this analysis I did not say exactly
17 which 12-month period, but it would be a prior
18 12-month period, yes.

19 Q. Now, we know that in practice, NSPL is
20 not going to necessarily match monthly billing
21 demand, correct?

22 A. I can't say how often it would or would
23 not happen, but yes, it varies.

24 Q. And in fact, Column I shows some of the
25 variation on an aggregate basis, correct?

1 A. Yes.

2 Q. Okay. So explain for the Bench what
3 Column I shows.

4 A. So Column I is just the NSPL of the
5 total of NSPL -- as a percent of the NSPL in demand.

6 Q. It's G8 divided by F8?

7 A. So NSPL compared to demand, what
8 percentage of NSPL is of the total demand.

9 Q. So let's break this down so we all
10 understand what we're talking about.

11 A. Okay.

12 Q. So there's a -- in that service
13 territory we're talking about Ohio Edison for Rate
14 GS?

15 A. Okay.

16 Q. That's the secondary voltage
17 noncommercial customers. Looking back at the prior
18 NSPLs, you can aggregate all those customers' NSPLs,
19 correct?

20 A. Yes.

21 Q. And that 15.3 million is an aggregate
22 total of those customers' NSPL values in kilowatts,
23 correct?

24 A. Yes.

25 Q. And then Column F shows those same

1 customers' average monthly billing demand on an
2 aggregate basis as well, correct?

3 A. Yes.

4 Q. So for purposes of row 8, the NSPL
5 values are actually over 32 percent or so lower than
6 the monthly billing demand on an aggregate basis,
7 correct?

8 A. 31 percent -- yeah.

9 Q. Now, for some you actually have a
10 different swing, right? Let's look at Toledo Edison,
11 rate GP which is the primary voltage customers, you
12 have an average aggregate monthly billing demand
13 about 2.8 million kilowatts, correct?

14 A. Yes.

15 Q. But if you took those customers'
16 aggregate NSPLs on a kilowatt basis it's nearly 3.8
17 million, correct?

18 A. Yes.

19 Q. So the NSPL is actually 135 percent
20 higher than the aggregate monthly billing demand on
21 an average basis, correct?

22 A. Yes.

23 Q. Now, this doesn't show a specific
24 customer's potential rate impact, correct?

25 A. No.

1 Q. It just shows on an aggregate basis how
2 NSPLs are different for monthly billing demand,
3 right?

4 A. This specific calculation here, or this
5 spreadsheet.

6 Q. The spreadsheet. It shows -- this
7 little table you prepared -- this table you prepared
8 just shows, in general, the NSPLs don't match monthly
9 billing demand one for one, there's a variation,
10 correct, overall?

11 A. Yes.

12 Q. And on a specific customer basis you're
13 going to see variation as well, correct?

14 A. Yes.

15 Q. Some customers could make out very well
16 under NMB2 because their NSPL values happen to be
17 very low because they happen to be lower demand on
18 those 5 CP days, correct?

19 A. I haven't analyzed this by customer.

20 Q. No, I'm just running through what
21 perhaps it would mean for an individual customer.

22 An individual customer could see
23 variation between their monthly billing demand and
24 their NSPL values, correct?

25 A. A customer has an opportunity to save

1 money by being on an NMB2.

2 Q. That's not my question. My question is
3 you can see variation between NSPL and monthly
4 billing demand, correct?

5 A. Yes.

6 Q. All right. So then let's move over to
7 your next chart on this tab, inputting summary called
8 "Summary of Typical Bill Impacts." What are you
9 purporting to show in this chart?

10 A. The typical bill impact by switching
11 from the current NMB to an NMB2 for different usage
12 levels.

13 Q. Meaning the typical expected bill impact
14 in year 1 of the NMB2 rate, correct?

15 A. Yes, it's just based on all estimates.

16 Q. I'm sorry?

17 A. Yes, which is based on all estimates.

18 Q. Now, you have this broken down both by
19 service territory and the four different commercial
20 or industrial rate classes, correct?

21 A. Yes.

22 Q. What does HU stand for?

23 A. Hours use.

24 Q. And is that expressed in kilowatt-hours?

25 A. Can you go to like one of the -- sorry,

1 I don't actually calculate typical bills, so I depend
2 on Dhara's calculation of -- Company witness Patel's
3 calculations.

4 Q. Does this refresh your recollection what
5 HU means in your own analysis?

6 A. I know it means hours used.

7 Q. Is it a kilowatt number, is it
8 kilowatt-hour number?

9 A. Can you click on cell K8? Can you click
10 on 89? Can you control back bracket so I can see
11 exactly where that came from?

12 EXAMINER PRICE: Did you prepare this
13 sheet?

14 THE WITNESS: I did.

15 EXAMINER PRICE: Okay.

16 THE WITNESS: This table I did have
17 assistance with.

18 By Mr. Proano:

19 Q. Want me to go anywhere specific,
20 Ms. Lawless?

21 A. Can you just hit control and back
22 bracket? It should take you to that OEGS.

23 Q. That's all it says.

24 A. Can you just go to OEGS.

25 Q. OEGS -- looks like L15? Was it 12.1

1 percent, right? It comes from here?

2 A. Okay. So the -- I'm guessing that is kW
3 as opposed to kWh, because that's 550 there, but --

4 Q. So I'm just trying to understand this so
5 the record is clear. Do you know what HU is?

6 A. I would have thought hours used. I
7 guess I don't remember this table very well.

8 Q. Okay.

9 A. I would rather just look at each tab
10 because I did calculate each one of those tabs on my
11 own.

12 Q. Looking at this chart, we don't know
13 what HU means, but it looks like rate impacts here
14 vary anywhere from nearly 40 percent in cell S16,
15 down to some negative impacts about negative point-9
16 appears to be the lowest. Do you see that variation?

17 A. I don't really think this is indicative
18 of anything in particular since you're looking at
19 rate GT, that 39.8 percent being the highest, but
20 there could be no customers in that.

21 I can't say that for certain, so looking
22 at the individual tabs would give you a better
23 insight on that.

24 Q. We'll go to the tabs in a second.

25 A. Okay.

1 Q. But since this was produced --

2 A. But yes, over all, yes.

3 Q. Overall we see a rate impact of about
4 negative 1 percent up to almost 40 percent, correct?

5 A. Yes.

6 Q. Now, explain what this lower part of
7 this chart is, this max/min with the highlighting.
8 What is this trying to show.

9 EXAMINER PRICE: I have a question
10 first. Did you do the highlighting.

11 THE WITNESS: I did it in the
12 non-supplemental version which used a different
13 customer count than the supplemental version. And
14 then I just don't recall if I updated the
15 highlighting.

16 EXAMINER PRICE: Thank you.

17 By Mr. Proano:

18 Q. So if we go back, let's go to OELC 21,
19 you can see the highlighting. You said you did do
20 this highlighting in the original version, correct?

21 A. In the original version, yes.

22 Q. Okay. And you said your highlighted
23 amounts reflected hours use for the most customers on
24 this rate schedule as of March 2023?

25 A. Yeah, as of March 2023. Okay. So it

1 looks like we did not update the highlighting.

2 Q. Now, just so the record is clear, we're
3 back at OELC 28, tab inputs and summary, looking at
4 the highlighting in the right-hand box.

5 A. My apologies, I thought you were looking
6 at the supplemental.

7 Q. Now we are.

8 A. Now we are, okay.

9 Q. So the highlighting shows those rate
10 classes for the most customers, correct?

11 A. That's what it says.

12 Q. Let's go to Ohio Edison GS, that second
13 tab in this Excel file. And could you explain what
14 this sheet shows?

15 A. It shows for each level of demand NSPL,
16 which is a hundred percent of the demand, and level
17 usage, what their current total bill is, versus their
18 proposed bill, and then the dollar change from
19 updating from the current NMB to MNB2, and the
20 percentage change in that customer's bill, and then
21 the supplemental includes how many customers are in
22 that level usage.

23 Q. So in Ohio Edison territory, you have
24 32,000 and change secondary voltage customers that
25 under the proposed NMB2 rate would see a 14.26 rate

1 increase, correct?

2 A. Yes.

3 Q. And an additional, in the next rate
4 category, 18,000 customers at the next usage level
5 that would see a 12.1 percent rate increase under
6 Rider NMB2?

7 A. If all customers were going to NMB2,
8 which we clarified earlier, especially in Rate GS
9 it's only about 30 percent of the customers, and that
10 the NSPL is a conservative amount.

11 Q. Okay.

12 A. But yes, the table, you are reading it
13 properly.

14 Q. So as of today -- this is important, you
15 brought this up.

16 As of today in Ohio Edison territory
17 only about 30 percent of Ohio Edison customers would
18 actually see this rate increase, correct?

19 A. As of August and September.

20 Q. So you have a rate mechanism that's
21 going to kick in and it's going to mean a rate
22 increase for 30 percent of secondary customers in
23 Ohio Edison territory, but not for the remaining 70
24 percent, correct?

25 MR. ALEXANDER: Objection.

1 EXAMINER PRICE: Grounds?

2 MR. ALEXANDER: The question assumes
3 facts there being a rate increase as to the entirety
4 of the customers shifted to NMB2.

5 EXAMINER PRICE: Overruled. I think he
6 laid a foundation just fine.

7 THE WITNESS: Can you repeat the
8 question?

9 (Record read back.)

10 THE WITNESS: Well, I believe we would
11 have to look at the typical bill impacts of NMB to
12 NMB1 to see if that second part of your statement is
13 true. I can't say whether or not they have increases
14 off the top of my head, we didn't prepare that.

15 Also this is just as of today. I cannot
16 predict what customers will do with their opportunity
17 to curtail their loads, whether or not their NSPLs
18 will be different, and this is just a conservative
19 analysis and this, of course, is just an estimate.

20 So I can't say exactly what will happen.
21 This is just what was prepared at the time of the
22 proposal.

23 By Mr. Proano:

24 Q. What you're showing the Staff in your
25 testimony is a rate impact that we're showing here in

1 Column I that would only impact a portion of
2 customers, correct?

3 A. With the counts that we have as of
4 August and September, yes.

5 EXAMINER PRICE: Could I ask, is this a
6 total bill or just transmission?

7 THE WITNESS: This is total bill.

8 EXAMINER PRICE: Thank you.

9 THE WITNESS: You're welcome.

10 By Mr. Proano:

11 Q. And so the record is complete, we're
12 just going to flip through the rest of the tabs and
13 then we're going to move on, okay?

14 A. Okay.

15 Q. So for Ohio Edison primary voltage
16 customers you're showing a total bill impact between
17 2.4 percent and 8.1 percent, do you see that?

18 A. Yes.

19 Q. For Ohio Edison subtransmission you're
20 showing a bill impact that ranges from about 4.8
21 percent up to about 21.1 percent, correct?

22 A. Yes.

23 Q. Ohio Edison transmission voltage
24 customers, you're calculating estimated total bill
25 impact for this proposal of between 2.4 percent and

1 10.6 percent, right?

2 A. That's what is shown.

3 Q. Then going to CEI, we're going to do the
4 same for CEI for secondary. The proposed rate impact
5 on the total bill is about 1.2 percent up to about
6 3.7 percent, correct?

7 A. Yes.

8 Q. For CEI primary voltage customers you're
9 actually going to see, under your estimate, some
10 total bill decreases, very minor total bill
11 rate decreases?

12 A. Yes.

13 Q. For CEI subtransmission you are also
14 going to see very, very minor rate decreases
15 potentially under this estimate of less than one
16 percent?

17 A. Yes.

18 Q. And the customer counts are fairly small
19 here for CEI, but for transmission voltage customers
20 you're seeing anywhere from a total bill increase of
21 7.22 percent to 28.2 percent total bill increase,
22 correct?

23 A. In this, yes.

24 Q. And for the Toledo Edison, final
25 territory, for secondary voltage customers you're

1 seeing a potential rate increase in the total bill
2 bases from 3.8 percent to 15 percent, correct?

3 A. Yes.

4 Q. And then for Toledo Edison primary
5 voltage customers you're estimating a total bill rate
6 increase between 2.4 percent and 9.3 percent?

7 A. Yes.

8 Q. Toledo Edison subtransmission voltage
9 customers appear to be very increased, but that goes
10 from 5.9 percent to 11.7 percent, correct?

11 A. Yes.

12 Q. And finally, Toledo Edison transmission
13 voltage customers, you're saying a range that goes
14 from about 2.9 percent to 13.7 percent on the total
15 bill?

16 A. Yeah. This also does not incorporate
17 any of the other proposals from ESP V. This is
18 strictly NMB's proposal for NMB, but yes, you're
19 correct.

20 Q. Have you reviewed the report filed by
21 Exeter & Associates?

22 EXAMINER PRICE: Let's go off the
23 record. You seem to be making a change in topic, so
24 at this time we'll go ahead and take a ten-minute
25 break.

1 (Recess taken.)

2 EXAMINER PRICE: Back on the record.

3 Please proceed, Mr. Proano.

4 MR. PROANO: Thank you, your Honor.

5 By Mr. Proano:

6 Q. Ms. Lawless, are you familiar with a
7 PUCO case in which the Commission opened a matter to
8 review Rider NMB?

9 A. Yes.

10 Q. Did you have any role in responding to
11 data requests from the Staff or the Exeter experts
12 hired for that review?

13 A. I'm sorry, what was the second part of
14 that question?

15 Q. Or the Exeter experts hired for that
16 review.

17 A. Yes.

18 Q. Did you read the Rider NMB audit report
19 that was submitted on the docket in PUCO 22-391 on
20 July 17th, 2023?

21 A. Mostly, yes.

22 MR. PROANO: May I approach, your Honor?

23 EXAMINER PRICE: You may.

24 MR. PROANO: I know you've taken
25 administrative notice of this audit. Do you want me

1 to mark it as OELC 27?

2 EXAMINER PRICE: Yes.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. PROANO: And for the record, I've
5 marked as OELC Exhibit 27 the publicly available
6 Exeter audit filed in case 22-391-EL-RDR on July
7 17th, 2023.

8 By Mr. Proano:

9 Q. Now, OELC 27 was the audit report you
10 said you mostly read, correct?

11 A. Yes.

12 Q. And turn to page 17, if you could.

13 A. I'm there.

14 Q. Let's take a minute to reorient yourself
15 in this Section B, and let me know -- it's a couple
16 pages. Let me know if you've read this before.

17 MS. BOJKO: I'm sorry, which page?

18 MR. PROANO: 17.

19 THE WITNESS: I can't say I read it very
20 thoroughly or analyzed it, but yes, I have seen this
21 section.

22 By Mr. Proano:

23 Q. If you look at the first paragraph under
24 Section B, the last sentence says, "If the Pilot had
25 not existed (i.e., counterfactual), the Rider NMB

1 revenue requirement for all customers from March 2017
2 to February 2023 would have been \$4,788,450,723, or
3 \$231,092,997 higher." Do you see that sentence?

4 A. Yes, I do.

5 Q. And do you know that is referring to the
6 revenue requirement that's recovered by FirstEnergy
7 through Rider NMB?

8 A. Yes.

9 Q. And if that revenue requirement had been
10 \$231 million higher, that would have had to have been
11 recovered from FirstEnergy's customers, correct?

12 A. Yes.

13 Q. I'm going to ask you real briefly about
14 a couple of charts that appear a few pages from here.
15 There's a Figure 3 on page 19.

16 A. I'm there.

17 Q. And Table 2 on page 20. I'm going to
18 ask you a question about the statement in the heading
19 of the table and see whether or not you know what
20 Exeter is referring to.

21 In Figure 3 they call it, "Estimated
22 costs by Year, and Utility, and Rate Class Assuming
23 No Pilot and No Load Reduction by Pilot
24 Participants." Do you see that?

25 A. I do see that.

1 Q. And you understand the first part,
2 assuming no pilot, means assuming no Rider NMB pilot?

3 A. Yes.

4 Q. Do you know what Exeter means when they
5 say no load reduction by pilot participants?

6 A. Yes.

7 Q. What do you think they are referring to?

8 A. So the pilot participants -- the general
9 idea behind the pilot is that customers have the --
10 certain customers have the ability to curtail their
11 loads in order to reduce their transmission costs,
12 and so this is saying assuming that they did not do
13 that and their loads remain the same.

14 Q. And same thing for Table 2 on page 20,
15 assuming no pilot and no load reduction by pilot
16 participants, do you have the same understanding
17 regarding that statement as in Figure 3?

18 A. Yes, that statement, yes.

19 Q. Now, are you familiar at all with load
20 curtailment by the Rider NMB pilot participants?

21 A. What they actually were?

22 Q. Yeah, whether or not load was curtailed
23 or is curtailed by pilot participants in the Rider
24 NMB pilot?

25 A. I have not analyzed that myself.

1 Q. And did you read the section of the
2 Exeter report that discussed that Section C on page
3 21 and on?

4 A. I did.

5 Q. And do you appear on -- on page 25 if
6 you could there's a sentence below Table 5 that says,
7 "As is evident from the presented data in Table 3 and
8 Table 4, Pilot participants also appear to respond to
9 PJM capacity peaks." Do you see that?

10 A. I see that.

11 Q. Do you know what Exeter is referring to
12 there?

13 A. I haven't looked at Table 3 and Table 4.
14 I can tell you what I believe the sentence means.

15 Q. Sure. Why don't you do that?

16 A. It means that pilot participants have
17 changed their behavior during PJM capacity peaks.

18 Q. And the Rider NMB pilot is a voluntary
19 program, correct?

20 A. Yes.

21 Q. But under the Rider NMB2 proposal,
22 that's not voluntary, correct? If you have an
23 advanced on interval meter you have to be NSPL
24 billed, correct?

25 A. I believe that if you did not want to be

1 on NMB2 and you have an advanced or interval meter,
2 you could, in my assumption, have that meter removed
3 or file for a reasonable arrangement to be billed
4 differently.

5 So whereas, yes, we are applying it to
6 those customers, I believe there are ways for
7 customers to not have to be on NMB2.

8 Q. So if the PUCO adopts NMB2, is
9 FirstEnergy willing to make the commitment that any
10 commercial or industrial customer that doesn't want
11 to be on NMB2 can have their Smart or interval meter
12 removed?

13 A. I can't say that for certain. Again, I
14 don't know about meter removal or anything like that,
15 which is why I said it was my assumption. I can't
16 commit to that.

17 Q. Okay. That's your personal assumption,
18 you're not basing that on an actual proposal by the
19 Company?

20 A. No, I'm not.

21 Q. You can set aside OELC 27.

22 Now, in your testimony you don't say
23 that it's optional for NMB2, you say customers with
24 an advanced interval meter must be on NMB2, correct?

25 A. I don't believe I used the word must.

1 Q. But there's no optionality, if you have
2 an interval or advanced meter, you have to be on
3 NMB2, correct?

4 A. I don't believe I say have to be, but
5 yes, if you have an interval or advanced you are
6 updated to a rate NMB2.

7 Q. And there's nothing in your testimony
8 that says it's optional, meaning a customer can elect
9 to change a meter and be back on NMB1, correct?
10 There's nothing in your testimony that says that,
11 correct?

12 A. Correct.

13 Q. So let's take a step back and look at
14 this proposal holistically.

15 A. Okay.

16 Q. Rider NMB is revenue neutral to the
17 Company except, potentially, for carrying costs,
18 right?

19 A. Correct.

20 Q. So FirstEnergy is not making any money
21 off of Rider NMB2 -- or Rider NMB, correct?

22 A. Correct.

23 Q. And now we've seen through discovery in
24 this case that as the meters stand today, Rider NMB2
25 would only apply to a minority of commercial and

1 industrial customers, as it stands today, correct?

2 A. As of August and September.

3 Q. And we have also seen today in your
4 testimony, based on your analysis produced to Staff,
5 that there is going to be a wide variety of total
6 bill impacts to commercial and industrial customers
7 that could potentially be moved to Rider NMB2,
8 correct?

9 A. Yes, using a conservative NSPL.

10 Q. It's an estimate, correct?

11 A. Yes, just an estimate.

12 Q. And in practice for each specific
13 customer, it's going to depend on their specific NSPL
14 and specific monthly demand, correct?

15 A. Yes.

16 Q. And it's also going to depend on their
17 specific rates that are set in the future for NMB1
18 versus NMB2, correct?

19 A. Yes.

20 Q. Now, the Companies proposed NMB2 as a
21 way to move toward aligning the rates with cost
22 causation, correct?

23 A. Yes.

24 Q. Is there any harm to FirstEnergy to wait
25 until all the advanced meters are rolled out before

1 transitioning customers to an NSPL billing for Rider
2 NMB?

3 A. To the Company?

4 Q. Correct.

5 A. No.

6 MR. PROANO: Thank you, your Honor. No
7 further questions.

8 EXAMINER PRICE: Thank you. Mr. Kurtz.

9 - - -

10 CROSS-EXAMINATION

11 By Mr. Kurtz:

12 Q. Good morning, Ms. Lawless. Could you
13 turn to your Exhibit JL-4, Attachment JL-4,
14 Exhibit A, page 1 of 5?

15 A. I'm there.

16 Q. Okay. Let's just go through each
17 column. I know Mr. Proano talked about some of
18 these, but I want to ask different questions.

19 Demand Allocators, this is the 4 CP
20 summer allocator from the page 2 of this exhibit?

21 A. Yes, that is correct.

22 Q. Okay. And so you took the revenue
23 requirement by utility and multiplied by the demand
24 allocator to get a revenue requirement?

25 A. For each class, yes.

1 Q. And then so, for example -- let's skip
2 residential, let's go to GS Ohio Edison, the revenue
3 requirement for CAT taxes is 93.864 million?

4 A. Yes.

5 Q. Okay. Then you divided by the NMB1
6 billing units, those are the 12 -- the 12-monthly
7 billing demands, the 30-minute integrated by rate
8 schedule?

9 A. Yeah, by average billing demand.

10 Q. By the way, there is a demand drafted in
11 your rates, it's 60 percent of contracts or the 12 --
12 or the monthly billing demand, but that's detail.

13 So the 22,495 -- 22-million-495 billing
14 units for Ohio Edison GS rate schedule is divided by
15 the 93.864 million revenue requirements to get a cost
16 per kW of \$4.17?

17 A. And the 93 is divided by 22, yeah.

18 Q. And then to get the NMB2 proposed -- by
19 the way, these billing units, these are monthly
20 actually, you have to multiply by 12 to get the
21 annual?

22 A. Yes.

23 Q. Okay. So when you multiply by 12 for
24 all three operating companies for the GS primary
25 subtransmission and transmission to get total billing

1 units, you would then divide by the total revenue
2 requirements to get the uniform \$6.10 in the kW month
3 per NSPL that is shown in the last column?

4 A. I'm sorry, can you repeat that?

5 Q. Yeah. You're proposing the same NMB2
6 rate for all three operating companies, so you would
7 essentially take the revenue requirement for all
8 three, divide it by the NSPL for all three, to get
9 the \$6.10 --

10 A. Yes.

11 Q. -- is that correct?

12 A. Yes, and it does explain the formula for
13 the NMB2 rates in Note 3.

14 Q. Okay. So let's just very quickly -- the
15 monthly billing demand for Ohio Edison GS, you have
16 1276105 times 12. Would you agree that's 15,313,260?

17 A. I don't have a calculator, but I'll --

18 Q. It's in your next exhibit.

19 A. Okay.

20 Q. So essentially what this is showing is
21 that to get the same amount of money, FirstEnergy is
22 going to have to charge more in this example, \$6.10 a
23 kW month, versus 4 .17, if you have less billing
24 units to get the same revenue requirement, you have
25 to charge more?

1 A. Yes.

2 Q. Okay. And certain customers will have
3 more NSP demand versus their monthly billing demand,
4 or less, but it will average out to the Company to be
5 revenue neutral and the same?

6 A. Yes.

7 Q. Now, you understand that the Staff and
8 the Commission may be concerned with individual
9 customer bill impacts?

10 A. Yes.

11 Q. And so that's -- there was a lot of
12 discussion about that. And this is -- and in order
13 to address Staff's concern you drafted a response 10,
14 this is the PUCO DR 10, which is your Attachment 2,
15 the bill impact analysis? Mr. Proano was asking
16 you -- I don't know, OELC Exhibit -- I have a --

17 MR. ALEXANDER: Mr. Kurtz, are you
18 referring to OELC Exhibit 22?

19 MS. CURTIS: I think so. I have paper
20 copies. Could I hand these out, your Honor?

21 EXAMINER PRICE: You may.

22 MR. KURTZ: Make it a little bit easier.

23 MS. BOJKO: Your Honor, could we ask
24 Mr. Kurtz to use the microphone?

25 EXAMINER PRICE: Yes.

1 MR. KURTZ: Could we have this marked as
2 OEG Exhibit 4?

3 EXAMINER PRICE: It will be so marked.
4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 By Mr. Kurtz:

6 Q. Okay. So will you turn to the first
7 yellow tab which is the summary of Attachment 2?

8 A. Yes.

9 Q. Okay. So looking at GS -- Ohio Edison
10 GS, this is the -- this is the current NMB rate as of
11 April 1, 2023?

12 A. Yes, sir.

13 Q. Okay. And you propose \$6.10 -- I should
14 have mentioned that -- that's for the period April
15 '25 through March of '26?

16 A. I'm sorry, what was that?

17 Q. The \$6.10 from your exhibit -- in your
18 Exhibit A to JL-4, this is a projection for the
19 period April '25 to March '26?

20 A. Yes, that is correct.

21 Q. So right off we have got a little bit of
22 apples to oranges, you're comparing April of '23 to
23 projected cost in '25 and '26?

24 A. Correct.

25 Q. Okay. So -- and then we see the demand

1 also for GS, we see the 22-million-495, which is the
2 same number on your Exhibit JL-4 Exhibit A, correct?

3 A. Yes.

4 Q. And then the 15-million-313 is the same
5 as also on your exhibit when you take the monthly
6 amount and multiply by 12?

7 A. Yes.

8 Q. Okay. So I know you said it's
9 conservative, but the bill impact analysis on the
10 next page assumes that a business customer -- their
11 NSPL demand is exactly equal to their monthly billing
12 demand?

13 A. Yes, that's the assumption.

14 Q. So if you're going to charge more, \$6.10
15 versus \$4.17 -- if you're going to charge more for
16 the same volume of kilowatts used, you're going to --
17 it's going to look like it's going to be a rate
18 increase on those customers?

19 A. Yes, that is correct.

20 Q. It's conservative, but is it accurate,
21 because you're going to be charging more but on less
22 volume?

23 A. Yes, in this example it is not accurate,
24 it's just an estimate, and a conservative estimate at
25 that.

1 Q. So if the Commission is going to base a
2 decision on this exhibit, and you admit it's not
3 accurate, is that a good policy?

4 A. I can't really speak to their policies,
5 but I do see what you're saying, that maybe not using
6 a hundred percent for this example, or for all of it,
7 would be right.

8 Q. You understand that OEG witness
9 Mr. Baron agrees with you conceptionally that this is
10 the right cost based approach when billing for
11 transmission?

12 A. Yes.

13 Q. Do you understand that Staff has
14 concerns through the testimony of witness Bass about
15 bill impacts on individual customers?

16 A. I know that she has concerns, I don't
17 remember specific, but yes.

18 Q. Okay. So we're comparing in this
19 exhibit April '23 costs to '25/'26 projected costs,
20 so that's a disconnect?

21 A. Yes.

22 Q. It's not -- and then you're assuming
23 that 12-month billing demand and NSPL are the same,
24 but we know that's not true, also?

25 A. Correct.

1 Q. Okay. Turn to the next page of this OEG
2 Exhibit 4.

3 A. The next yellow tab --

4 Q. I'm sorry, no, the bill impact analysis
5 for Ohio Edison GS category.

6 A. Okay.

7 Q. So this is on a total bill basis,
8 correct?

9 A. Yes.

10 Q. If you just look at transmission, the
11 Dollar Change column that -- the last column --
12 second-to-last column from the right, that's the
13 transmission impact, but everything else is held
14 constant, correct?

15 A. Yes.

16 Q. Okay. Let's just use a thousand kW
17 customer, for example. Under this example, instead
18 of the current bill you have being billed at \$4.19 a
19 kW month is 4,191 a month times -- just multiply a
20 thousand times the current GS rate -- I think you're
21 on the wrong page?

22 MR. ALEXANDER: Would you identify the
23 page you're on?

24 By Mr. Kurtz:

25 Q. I'm sorry, it's after the first yellow

1 tab, it's the bill -- "Typical Bills - Comparison
2 January 2023 versus NMB2" for Ohio Edison. This is
3 the GS rate schedule. It's the page directly
4 following your summary.

5 A. Which line item were you looking at?

6 Q. Let's just go to a thousand kW customer.

7 A. Okay.

8 Q. They are going to pay \$1,918 more per
9 month because you've assumed that this customer --
10 that same 1,000 kW customer will pay \$6.10 versus
11 \$4.19, so this is -- that difference is what you show
12 here, correct?

13 A. Yes.

14 Q. So if you just look at the transmission
15 component it's a much larger percentage increase than
16 if you look at the total bill, correct, because the
17 total bill will have any number of riders on it,
18 including distribution base rates actually, as well?

19 A. Yeah. I mean, I can't say for certain,
20 but yes, I would believe so.

21 Q. So if we just look at the transmission
22 component it's going to be a bigger percentage
23 increase than you show here on total bill, just
24 mathematically?

25 A. Yeah.

1 Q. And if you just look at GS, it's more in
2 the neighborhood of a 46 percent increase, but again,
3 that assumes that this customer would use -- the NSPL
4 equals billing demand?

5 A. Yes, that is correct.

6 Q. And that's an assumption that is not
7 going to play out in reality?

8 A. Most likely not, yes.

9 Q. So if the Commission is going to rely on
10 this bill impact analysis, we have got a current
11 transmission cost versus projected in '25/'26, we
12 have got this simplifying assumption that billing
13 demand equals NSPL, which is not true, and we have
14 got percentage increases that are different if you
15 just look at the transmission in this.

16 So I will ask the same kind of question.
17 Is there a transition mechanism that you have come up
18 with rather than flash-cut to full cost of service,
19 something more -- a gradualism approach?

20 A. Can you explain --

21 Q. I'll rephrase. Have you thought about
22 expanding the transmission pilot in lieu of going
23 flash-cut to NMB2?

24 MR. ALEXANDER: Objection. I'd ask for
25 an instruction to the witness not to disclose either

1 privileged or confidential settlement communications.

2 By Mr. Kurtz:

3 Q. With that caveat, have you personally
4 thought about expanding the pilot instead of going
5 flash-cut to full cost of service?

6 A. Personally I have thought about why I
7 would not want to expand the pilot, as opposed to the
8 proposal NMB2.

9 Q. And your rationale would be what?

10 A. The pilot as is today is very manual.
11 There is a lot of administrative burden to it. And
12 that -- as of actually like August, that was only for
13 99 customers.

14 If we expanded it and it went even to a
15 thousand customers or 500, that administrative burden
16 would increase substantially especially if we
17 continue the manual billing option, and it also
18 leaves a lot of room for human error, which we would
19 want to avoid.

20 But since it is so manual we would have
21 to figure out a better way to manage it, and I don't
22 know if that better way exists, which is why we made
23 this proposal, because we thought it would be the
24 most effective -- leave the least amount of room for
25 human error, so the most accurate for the customers.

1 Q. Those administrative costs would be
2 recoverable in rates, would they not?

3 A. I'm not actually certain if they would
4 be or --

5 Q. Maybe not in the NMB Rider, but in a
6 distribution rate case certainly the cost of people
7 who work on this program would be recovered in rates,
8 would it not?

9 A. Well, I suppose if those -- if the test
10 year had those people. But if we -- if we had to
11 hire people to manage it later, I can't say for
12 certain it would be prudent.

13 Q. Would it be true that the smaller the
14 expansion of a pilot the less incremental cost the
15 Company would incur?

16 A. The smaller --

17 Q. So if it went up by a hundred megawatts
18 a year, for example, instead of 500, would there be
19 less incremental administrative costs?

20 A. I guess I don't understand the 100 to
21 500.

22 Q. Just hypothetical, if you expanded the
23 program by -- the pilot program by a hundred
24 megawatts per year, would that -- that would entail
25 less incremental administrative costs than expanding

1 it by a greater amount?

2 A. Yes.

3 MR. KURTZ: Thank you, Ms. Lawless.

4 THE WITNESS: You're welcome.

5 EXAMINER PRICE: Mr. Pritchard?

6 MR. PRITCHARD: Thank you, your Honor.

7 - - -

8 CROSS-EXAMINATION

9 By Mr. Pritchard:

10 Q. Good morning, Ms. Lawless.

11 A. Good morning.

12 Q. I want to stick with these bill impacts,
13 but run through a different hypothetical.

14 So as we were discussing here, these
15 bill impacts took the current rate compared with a
16 projected rate in April '25, correct?

17 A. Yes, that is correct.

18 Q. And they looked at customers that had
19 the same NSPL demand as monthly billing demand,
20 correct?

21 A. It assumed, yes.

22 Q. And so that's how you calculated, as
23 Mr. Kurtz just walked through, this dollar impact
24 here?

25 A. Yes.

1 Q. Let's walk through a hypothetical, and
2 let's just stick with the same year. If you looked
3 at a customer -- let's back up a second.

4 PJM has a NITS rate stated for all load
5 in the ATSI transmission zone, correct?

6 A. Yes, that is correct.

7 Q. And if we look at the auditor report
8 that Mr. Proano was just walking through -- will you
9 turn to page 13 of that?

10 EXAMINER PRICE: You are referring to
11 OELC 27?

12 MR. PRITCHARD: Yes, your Honor.

13 THE WITNESS: I'm there.

14 By Mr. Pritchard:

15 Q. And this chart, Figure 2, is labeled
16 "ATSI NSPL Compared to ATSI NITS Rates," correct?

17 A. Yes.

18 Q. And the blue line will be ATSI NITS
19 rate. It's a figure stated in dollars per megawatt
20 year, correct?

21 A. Yes. I'm assuming the line is blue,
22 this is black and white for me.

23 Q. Yes. And you could see it starts around
24 \$55,000 per megawatt year back in 2018, and in 2023
25 it was a little north of what appears on this chart

1 of \$65,000 per megawatt year, correct?

2 A. Yes.

3 Q. So let's just assume round numbers here,
4 customer uses one megawatt, NSPL demand of one
5 megawatt, and that the rate was \$65,000 per megawatt
6 per year, okay?

7 A. Okay.

8 Q. Let's leave aside the line losses, but
9 that customer NITS charge for the year will be
10 \$65,000, correct, if they had NSPL demand of one
11 megawatt?

12 A. Yes.

13 Q. Okay. So if we look at Rider NMB
14 there's a bunch of different allocations, as you
15 talked with Mr. Proano this morning and last Friday,
16 about how you allocate that total pot of dollars down
17 to the rate schedules and rates, correct?

18 A. Can you repeat that?

19 Q. Yes. Rider NMB has a revenue
20 requirement that's -- these various cost components
21 that are allocated to the three different utilities,
22 allocated to customer classes, and then converted
23 into the monthly billing demand rates, correct?

24 A. Yes. Correct.

25 Q. So if we looked at and assumed in a

1 hypothetical there's two customers, and one was
2 billed per Rider NMB, if there was only one charge,
3 it was NITS, if they had a 1 megawatt demand and they
4 paid less than \$65,000 per year, that would mean the
5 second customer -- there's only two -- would have to
6 mathematically pay more than \$65,000, correct?

7 A. If a customer who had the 1 megawatt, as
8 we said, should be 65,000, if they paid less than
9 65,000, then the excess would be subsidized by other
10 customers.

11 Q. That's what I'm getting at, that subsidy
12 component. So your -- as we have been discussing
13 today and Friday, NMB rates are not charging NMB
14 customers NITS based on these stated dollars per
15 megawatt year rates, correct?

16 A. Correct, we're charging based on demand,
17 except the pilot customers.

18 Q. And so these bill impacts, they are not
19 just -- would it be fair to say you could look at
20 them not just as cost increases, but undoing cost
21 subsidization between customers?

22 A. If all customers went from the current
23 NMB to NMB2, so that are aligning with the cost
24 causers which would avoid subsidizing costs to other
25 customers, is that what you're asking?

1 Q. Yes.

2 A. Yes.

3 Q. And there's been circumstances where the
4 Commission has looked at bill impacts of Rider NMB
5 and directed the Companies to implement a phase-in
6 approach to minimize impacts, correct?

7 A. I'm sorry, can you repeat that?

8 Q. I'll be more specific. Did you work on
9 the NMB rate updates over the last few years that
10 updated the rates that flowed through the Legacy RTEP
11 charges?

12 A. That flow through the Legacy RTEP
13 charges?

14 Q. Yes.

15 A. I'm sorry, I don't understand what you
16 mean by that.

17 Q. Do you recall that the Companies were
18 authorized to defer Legacy RTEP when they moved from
19 MISO to PJM?

20 A. Yes.

21 Q. And is it your recollection that at some
22 point in time the Companies made an application to
23 the Commission to collect that deferral and the
24 Commission authorized it?

25 A. When you say collect that deferral, so

1 that the Companies were able to prove that they had
2 met what was -- what was directed of them in regards
3 to the Legacy RTEP costs, and then when you say to
4 recover the deferral, I guess I'm not exactly
5 understanding that.

6 Q. And if we look at your testimony on
7 Attachment JL-4, Exhibit A, there are costs in the
8 cost category of Legacy RTEP expenses, correct?

9 A. Yes.

10 Q. So -- and this period of time you had
11 projected recovery of Legacy RTEP, correct?

12 A. Yes. So the Companies are able to now
13 recover RTEP costs, yes.

14 Q. And do you recall, when you were
15 implementing that cost recovery mechanism -- or cost
16 recovery component of Legacy RTEP, if the Commission
17 Staff identified bill impacts of concern?

18 A. When we switched to the recovery of
19 Legacy RTEP costs, I believe that was in 2018, I do
20 not recall if there were typical bill issues.

21 Q. Sorry. Let me ask it a different way.

22 If the Commission indicated that
23 switching to your Rider NMB2 rate caused individual
24 bill impacts that were of concern, are there
25 mechanisms through a Company rider where you could

1 mitigate the impacts an individual customer might see
2 from migrating to Rider NMB2?

3 A. Actually in 2021, I believe, we looked
4 at the typical bill impacts from the proposed rates
5 and we were able to adjust the rates for rate classes
6 that were seeing typical bill impacts of more than 10
7 percent, and then we did an interim filing that year
8 to try to recover those excess costs without having
9 too much of an impact on the customer's typical bill.

10 Q. And that example you gave was through
11 Rider NMB, correct?

12 A. Yes, that was Rider NMB.

13 Q. It would be possible for the Companies
14 to charge customers the NITS rate if they have --
15 regardless of whether they have a Smart meter or not,
16 correct?

17 A. That's what we're doing in the rider,
18 yes, currently.

19 Q. Well, let me state it a different way.

20 In the rider you're reallocating cost
21 recovery, and the example you walked through with
22 Mr. Proano and Mr. Kurtz, we see the total NMB rate
23 of \$4 when billed on monthly billing demand and \$6
24 when billed on NSPL demand, correct?

25 A. Yes.

1 Q. There's nothing technologically
2 prohibitive for you to every year just charge
3 customers the stated NITS rate as part of the
4 components of Rider NMB, correct?

5 A. I'm sorry, I don't believe I'm
6 following.

7 We use the NITS rate in the calculation
8 of the expense that goes into the revenue
9 requirement, yes, and then we are allocating -- we're
10 not allocating, the billing units are different than
11 PJM's billing units.

12 So yes, there's a difference there, and
13 we could charge everybody the same rate by charging
14 everybody based on NSPL.

15 Q. Let me ask it slightly a different way.

16 In lieu of allocating that cost to each
17 customer class and then customer, you could charge
18 customers the NITS rate. I understand there's going
19 to be adjustments for line losses and other things,
20 but that would produce the exact same revenue that
21 PJM bills you on an aggregate basis for NITS from all
22 of your customers, correct?

23 A. Yes.

24 Q. And as we see in the audit report and in
25 your workpapers, NITS is the vast majority of cost?

1 A. Yes.

2 Q. And in JL-4 you had projected for --
3 just take the first month, April '25, 58.39 million
4 of the total 66.138 was NITS, correct?

5 A. Yes.

6 Q. And the second largest charge is going
7 to be the RTEP cost, correct?

8 A. Yes.

9 Q. And similarly, transmission enhancement
10 charges at PJM, just like the NITS charges, they are
11 a stated dollar per megawatt year, and you can go to
12 the PJM website and find the transmission enhancement
13 charge rates, correct?

14 A. That is what we used to find the charge,
15 yes.

16 Q. And so when you're developing customer's
17 rates, you know, something like 95 percent of the NMB
18 charges are based on these two stated rates that are
19 NSPL based and available on PJM's website, correct?

20 A. Yes.

21 Q. And just following up on a point
22 Mr. Kurtz had made, under the current rider
23 methodology, when you're looking at monthly billing
24 demand, we have talked this morning and last Friday
25 that monthly billing demand was based on a snapshot

1 of time of customer's highest integrated demand in a
2 month, right?

3 A. Yes.

4 Q. And I believe you had testified that it
5 was 30 minutes, except there might be one class that
6 was 15 minutes?

7 A. Yes, but that would be a different
8 department to answer that.

9 Q. And then part of your tariff provides a
10 demand ratchet for monthly billing demand, correct?

11 A. You mean like minimums or contract
12 demands?

13 Q. Yes.

14 A. Yes.

15 Q. What is your understanding of what the
16 demand ratchet is for monthly billing demand?

17 A. It varies for rates. I'm sorry, what
18 are you -- when you say "demand ratchet," can you
19 explain that to me?

20 Q. Yes. I believe your answer was there's
21 a floor and you could look at historics or contract
22 capacity. Was that your answer to my prior question?

23 A. Yes, there's a minimum demand for rate
24 classes, and then there's also contract demands.

25 Q. And so when the Commission is analyzing

1 the monthly bill impacts, a customer that has a
2 monthly billing demand of whatever the number is,
3 that might not be the monthly billing demand that is
4 actually used when the Company bills the customer,
5 correct?

6 A. Correct. If it's less than the minimum
7 or the contract, yes.

8 Q. And sitting here today, do you know what
9 that demand ratchet formula is for monthly billing
10 demand?

11 A. I'm not certain I know the formula. I
12 know like for Rate GS the minimum demand is 5, but I
13 don't know formulas or anything. I don't work on the
14 contract demand side or --

15 Q. Did you do any analysis about the
16 Company expanding access to NSPL billing demand for
17 nonresidential customers effective with the start of
18 the ESP term?

19 A. I can't say we did any analysis, but we
20 had reasonings for the date that we proposed in our
21 proposal. So I guess in that aspect you could say we
22 thought about it and when it should be, whether it
23 was the start of ESP or not.

24 Q. And did you choose April 1st of 2025
25 because that aligns to the annual effective date of

1 Rider NMB?

2 A. Partially. We also chose that date so
3 customers would be aware that they would be updated
4 to NMB2 and would have those months to attempt to
5 curtail their loads. They would be given an
6 opportunity to curtail their loads.

7 Q. If there's a customer that already
8 engages in load management and has curtailed their
9 load during the NSPL hours, is there anything that
10 would, from a technical perspective, prevent them
11 from being moved over to NSPL billing effective with
12 the start of the ESP term?

13 A. A customer would have to have an advance
14 or interval meter to be switched to NMB2, so if they
15 did not have one of those.

16 Q. Okay. Let's assume there's a customer
17 with an advanced interval meter that's not currently
18 in the pilot.

19 If they have engaged in load management
20 historically is there anything from a technological
21 limitation that would prevent the Company from moving
22 them over to NSPL billing with the start of the ESP
23 term?

24 A. No.

25 MR. ALEXANDER: Objection.

1 EXAMINER PRICE: Grounds?

2 MR. ALEXANDER: Vague as to
3 technological limitation. The witness previously
4 testified as the administrative burden associated
5 with manual billing, so it's unclear whether the
6 question is asking about that, or something
7 different.

8 MR. PRITCHARD: Happy to clarify my
9 hypothetical.

10 EXAMINER PRICE: Okay.

11 By Mr. Pritchard:

12 Q. Even if there is additional
13 administrative costs, is there anything from a
14 billing system technological limitation that would
15 prevent that customer from being moved to NSPL
16 billing at the start of the ESP term?

17 A. If it wasn't adapted -- if our proposal
18 is adapted as proposed, a customer who has an
19 advanced or interval meter will be updated to Rider
20 MMB2 regardless of their curtailment of loads in the
21 prior year or years prior to that.

22 Q. Let's assume the Commission directs the
23 Company to let anyone in prior to April 1st, into
24 NSPL -- prior to April 1st, 2025, subject to the
25 additional administrative burdens, is there any

1 technological limitation if the Commission orders you
2 to do it effective with the start of the ESP term
3 rather than April 1st, 2025?

4 A. Well, our IT department will have to
5 update our billing system to be able to charge
6 customers based on NSPL.

7 We do not charge any rates based on NSPL
8 as of today, so that is something that our IT
9 department has to implement, and have not done so,
10 which is just anticipating the result of this
11 proceeding. So they would need to have time to
12 implement that.

13 So unless they started doing it today I
14 don't know if they would be able to technically do
15 it, but I'm sure that's something we would have to
16 look into. We haven't analyzed that.

17 Q. So the Companies anticipate that an
18 order is going to be issued between -- we're in
19 November, the ESP starts in June, so if you get an
20 ESP decision out of the Commission during that time
21 frame you'll be able to implement it by next April of
22 2025, correct, that's your proposal?

23 A. Yes, by April of 2025.

24 Q. But you don't know from an IT
25 perspective if you could implement it in weeks,

1 months, or something closer to a year?

2 A. I do not know that, and which would mean
3 we would have to manually bill, which it would be a
4 burden.

5 Q. If the Commission decided between the
6 start period of the ESP and April 1st, 2025 to let
7 additional customers into the transmission pilot --
8 additional nonresidential customers into the
9 transmission pilot, outside of the administrative
10 burden that you do for existing customers, is there
11 any other technological limitation that would prevent
12 the Company from enrolling additional customers
13 during this initial interim period?

14 A. I don't -- I don't believe so. We have
15 many other customers who are eligible for the pilot
16 who are not on the pilot, and that they could all
17 join.

18 So I don't believe so with the pilot as
19 it is today, other than the administrative burdens,
20 especially with a manual billing option.

21 Q. Just want to make sure I understand your
22 last part correct.

23 Did you state that there are a lot of
24 additional customers currently eligible for the
25 pilot, but are not currently enrolled in the pilot?

1 A. I can't say how many, but there are
2 other customers who are flagged as eligible through
3 the ESP IV, they are eligible for the pilot but are
4 not participating.

5 Q. And are those the customers that,
6 pursuant to the ESP IV decision, made the initial
7 enrollment, but not activation in the pilot?

8 A. So I wasn't here for ESP IV, but I
9 believe just at ESP IV they said who would be
10 eligible. I don't know if the customer actually had
11 to do anything. We were just -- just marked as
12 eligible the customers who were eligible through ESP
13 IV.

14 Q. So the Company has an eligibility list;
15 not everyone on the eligibility list is enrolled?

16 A. Correct.

17 Q. And there was a lot of discussion this
18 morning about customers with an advanced or interval
19 meter versus those without. Do you recall those
20 discussions?

21 A. I believe so, yes.

22 Q. Are you aware of whether FirstEnergy has
23 any provisions in its tariff that allow a customer to
24 purchase an interval meter if they don't have one?

25 A. I don't know of any provisions in any

1 tariffs, but through discussions and discovery
2 responses I know that a customer has an opportunity
3 to purchase an interval meter, I believe, but I don't
4 know that for certain, I don't work with meters.

5 Q. Okay. So if a customer was not
6 scheduled -- or doesn't currently have an advanced or
7 interval meter and perhaps is not going to be one of
8 the people who get the advanced meter in Grid Mod II,
9 it's your understanding that they can still acquire
10 an interval meter?

11 A. They can -- I know for certain they can
12 request an advanced meter. I'm not certain about
13 interval meters, but I know for certain they can
14 request an advanced meter from the Companies.

15 MR. PRITCHARD: Those are all the
16 questions I have, your Honor. Thank you.

17 EXAMINER PRICE: Thank you. Let's go
18 off the record.

19 (Discussion off the record.)

20 EXAMINER PRICE: Mr. Finnigan, please
21 proceed.

22 CROSS-EXAMINATION

23 By Mr. Finnigan:

24 Q. Good morning, Ms. Lawless.

25 A. Good morning.

1 Q. Ms. Lawless, my name is John Finnigan.
2 I represent the Office of the Ohio Consumers'
3 Counsel. I have a few questions for you, but I'd
4 like to change the topic and ask about the Storm Cost
5 Recovery Rider.

6 A. Okay.

7 Q. And before we get into this, what was
8 your role in preparing that proposed tariff?

9 MS. BOJKO: Could we ask Mr. Finnigan to
10 turn on the mic?

11 THE WITNESS: I worked with a team to
12 prepare the calculations for that rider.
13 By Mr. Finnigan:

14 Q. And who developed the language for the
15 tariff?

16 A. I was part of the group of people. It
17 went through many levels of review, but I did have a
18 part of that, yes.

19 Q. Who worked with you on developing the
20 tariff language?

21 A. I don't remember exactly who reviewed
22 it. I know that Company witness Fanelli was part of
23 the review team, Company witness McMillen, and I also
24 worked on the initial language.

25 Q. Could you please turn to Attachment JL-2

1 of your testimony?

2 A. I'm there.

3 Q. Can you describe what that is?

4 A. Yes, this is the proposed tariff for the
5 storm rider.

6 Q. So this defines how the tariff would
7 operate?

8 A. This defines how the rate would operate.

9 Q. And what type of storms or events would
10 this tariff apply to?

11 A. So it explains in my testimony what our
12 definition of a storm is. On page 3 of my testimony,
13 line 8, it explains, "A major storm is defined as an
14 event that is anticipated to last longer than 12
15 hours (using local only crews), including the time
16 required to pre-stage personnel for that event."

17 Q. Now, if someone were to just read the
18 tariff, how would they know what type of storm or
19 event this rider would apply to?

20 A. I suppose they wouldn't know that by
21 reading the tariff.

22 Q. Don't you think it's good utility
23 practice to define how a tariff would operate within
24 the terms of the tariff itself?

25 A. Well, I don't believe the Companies

1 would be opposed to updating the language in the
2 tariff.

3 Q. Okay. Now, let me direct your attention
4 to the screen. Do you see the definition on the
5 screen of major event?

6 A. I do.

7 Q. Do you know whether Ohio has adopted
8 this definition of major event for utility
9 reliability reporting?

10 MR. ALEXANDER: Objection.

11 EXAMINER PRICE: Grounds?

12 MR. ALEXANDER: I don't believe it's
13 appropriate to just show the witness a random Word
14 document that may not accurately reflect the language
15 of the Administrative Code.

16 MR. FINNIGAN: Your Honor, I have the
17 complete document. I'll be happy to share that.

18 EXAMINER PRICE: Thank you,
19 Mr. Finnigan.

20 MR. FINNIGAN: Your Honor, I'm not going
21 to mark this as an exhibit because it's part of the
22 Administrative Code and the Commissions rules.
23 By Mr. Finnigan:

24 Q. Ms. Lawless, let me ask if you could
25 turn -- strike that.

1 Let me just state for the record that
2 I've handed you a document, this is a document from
3 Case No. 06-653-EL-ORD, and it's a finding and order
4 adopted in that case on November 5th, of 2008. Is
5 that what you have before you?

6 A. Yes.

7 Q. And could you please turn to the page
8 that's marked with the red tab?

9 A. I'm there.

10 Q. And you see that definition of major
11 event on that page?

12 A. I do.

13 Q. And that is -- if you turn to the prior
14 page you can see that that's part of the definitions
15 4901:1-10-01(Q)?

16 A. I don't see the Q -- I'm sorry, yes.

17 Q. It's hard to see the Q as opposed to a
18 P. But do you know whether Ohio has adopted this
19 rule for major events?

20 A. In regards --

21 MR. ALEXANDER: Objection.

22 MR. FINNIGAN: In regards -- I'm sorry.

23 MR. ALEXANDER: I believe the question
24 is vague as to this rule in that the rule at issue
25 here, there's going to be questions about it, was

1 updated subsequent to the decision. So this is not
2 the most recent version of the Administrative Code
3 being referenced.

4 EXAMINER PRICE: Mr. Finnigan.

5 MR. FINNIGAN: Your Honor, I'm just
6 simply trying to get to the point of how long ago
7 this rule was adopted in Ohio, and that's why I'm
8 bringing up the first iteration which was adopted
9 in 2008.

10 EXAMINER PRICE: Objection is overruled.

11 By Mr. Finnigan:

12 Q. And, Ms. Lawless, are you aware that
13 Ohio has adopted this rule for major events for
14 purposes of utility reliability reporting?

15 A. I'm not really familiar with this
16 section of the code. The first time I saw it was in
17 somebody's testimony in this case.

18 Q. So when you were discussing with
19 Mr. Fanelli and others how to draft the tariff
20 language, was there any discussion about drafting it
21 using this definition of major events?

22 A. No. This definition -- as I stated, I
23 was not even aware of this until just recently, so at
24 the time of the proposal of the tariff, I believe for
25 this specific tariff, we were just mirroring how we

1 usually compose tariffs, including a definition that
2 I didn't even know of.

3 I can't speak for Mr. Fanelli, if he
4 knew of it or not, but it didn't have anything to do
5 with my calculations of the storm rider.

6 Q. Now I want to go to the part of your
7 testimony that we referenced a moment ago on the
8 Companies' definition of storms.

9 A. Yes.

10 Q. So if you could turn to page 3, lines 6
11 through 9, and let me know when you've reached that
12 point.

13 A. I'm there.

14 Q. And is this what you were referencing a
15 moment ago when you talked about the definition of
16 major storm to which this rider will apply?

17 A. Yes.

18 Q. And this is a part of your testimony I
19 have up on the screen here, is that right?

20 A. Yes, that is correct.

21 Q. Okay. And this is the same language
22 that the Company currently uses for its deferral of
23 storm costs; isn't that right?

24 A. Yes, that is correct.

25 Q. Now, could you walk through this

1 definition with me, and I want to just make sure I
2 understand how this applies?

3 It says that, "A major storm is defined
4 as an event that is anticipated to last longer than
5 12 hours," have I read that part right?

6 A. Yes.

7 Q. And anticipated by whom?

8 A. I did not work on this definition at
9 all. That was agreed to, I believe, in 2010, so I
10 can't speak to what each part is saying.

11 Q. Okay. And then in the next part it
12 talks about including the time required to pre-stage
13 personnel for the event. Have I read that part
14 correctly?

15 A. Yes.

16 Q. What does pre-stage mean?

17 A. I do not know.

18 Q. Now, sometimes I see these utility storm
19 crews in the Wal-Mart and Kroger parking lots on the
20 way home when a big storm is coming.

21 Is that what pre-staging means, when you
22 deploy people out into the field so that they are
23 ready to respond before the event actually hits?

24 A. I don't know.

25 Q. Okay. Do you know how the Company

1 documents when a storm is anticipated to last more
2 than 12 hours?

3 A. Our accounting department does that.

4 Q. Do you know how they do it?

5 A. I have seen the deferral sheets and I
6 have seen their breakdown of storms, but I'm not
7 aware of the details behind everything.

8 Q. Okay. So somebody -- so somebody in the
9 accounting department verifies that there was a storm
10 that was anticipated to last longer than 12 hours?

11 A. I'm not sure if they are the ones who
12 verify it, or if it's done by a different department
13 and then given to the accounting department. I don't
14 know that process.

15 Q. Okay. Now, did you read the testimony
16 of Staff witness Mr. Borer?

17 A. I did read it, I didn't analyze it.

18 Q. Now, he did an analysis of the different
19 number of events that would be covered by the
20 Companies' definition of major storms versus the
21 Commission rule definition of major events.

22 Did you read his analysis about the
23 different number of situations that would be covered?

24 A. I don't remember the exact numbers, but
25 yes, I do recall that section.

1 Q. Do you have any reason to dispute his
2 calculation of how many storms would be covered if
3 the major storm definition were used versus the major
4 event definition?

5 A. I do not have reason to dispute the
6 number of storms.

7 EXAMINER PRICE: Let's go off the
8 record.

9 (Discussion off the record.)

10 EXAMINER PRICE: Go back on.

11 By Mr. Finnigan:

12 Q. Is this rider limited to distribution
13 costs, or does it include situations where a
14 transmission outage would occur?

15 A. I don't know if I can answer that
16 properly, that would be a question for our accounting
17 department. I know O&M costs that are in the
18 deferral, but that's --

19 Q. Now, you're aware that when the
20 Companies' employees go out and respond to a storm
21 and restore service, they -- their base pay is
22 included in base rates; isn't that right?

23 A. I've never worked on a base rate case so
24 I can't speak to whether that's included or not.

25 Q. Do you know whether the rider covers all

1 employee costs for responding to a storm, or only
2 overtime costs beyond the first 40 hours?

3 A. That would be a question for our
4 accounting department.

5 MR. FINNIGAN: That's all the questions
6 I have. Thank you, Ms. Lawless.

7 EXAMINER PRICE: Thank you,
8 Mr. Finnigan. At this time we'll break for lunch.
9 Let's go off the record.

10 (Lunch recess from 12:05 to 12:50.)

11 EXAMINER PRICE: Let's go back on the
12 record. Ms. Bojko.

13 MS. BOJKO: Thank you, your Honor.

14 CROSS-EXAMINATION

15 By Ms. Bojko:

16 Q. Good afternoon, Ms. Lawless.

17 A. Good afternoon.

18 Q. Let's turn to page 7 of your testimony,
19 please.

20 A. I'm there.

21 Q. The Rider NMB pilot allows certain
22 customers to obtain transmission and ancillary
23 services through PJM's Open Access Transmission
24 Tariff through a CRES, a retail electric supplier
25 rather than FirstEnergy; is that correct?

1 A. I'm sorry, are you reading from my
2 testimony?

3 Q. No, I'm not. I wasn't.

4 A. My apologies.

5 Q. That's what you describe on page 7 of
6 your testimony, right?

7 A. I think it's page 8. But can you repeat
8 what you said?

9 Q. Sure. I was just asking if the Rider
10 NMB pilot allows certain customers to obtain
11 transmission ancillary services through PJM's Open
12 Access Transmission Tariff through a CRES provider
13 rather than FirstEnergy; is that correct?

14 A. Beginning in this year we now also have
15 a manual billing option where the customers could pay
16 through the Company, but yes.

17 Q. Okay. And earlier you discussed that
18 certain customers were eligible customers, do you
19 recall that discussion?

20 A. Yes.

21 Q. Do you have in front of you OELC
22 Exhibit 26 still?

23 A. Yes.

24 Q. As you discussed with prior counsel,
25 this is the number of customers that are

1 participating by year in the pilot program, correct?

2 A. To the OELC Set 1, INT-1, yes.

3 Q. And the chart in response to part a)
4 states that currently there are 71 participants; is
5 that right?

6 A. Customers, yes.

7 Q. Or excuse me, customers?

8 A. Yes.

9 Q. And 97 accounts; is that correct?

10 A. Yes.

11 Q. So a customer can have multiple accounts
12 enrolled in the pilot program, correct?

13 A. Yes.

14 Q. And do you see that the -- since 2016
15 and '17 were the same, but after that, the customer
16 numbers have increased?

17 A. Yes.

18 Q. Except for 2023, I guess there was a
19 slight decrease?

20 A. Yes.

21 Q. Are there any limits to the number of
22 accounts a customer can have in the pilot program?

23 A. I would have to rereview ESP IV, but I
24 don't believe so. And it does include any new -- new
25 accounts of eligible customers.

1 Q. And why did the eligible customer
2 numbers change throughout the years?

3 A. When did I say that eligible customers
4 changed?

5 Q. I'm sorry, I misspoke. Is the eligible
6 customer number set?

7 A. The eligible customers, yes.

8 Q. Okay. And why did the number of
9 customers participating change throughout the years?

10 A. Just additional customers who wanted to
11 participate in the pilot. Not all eligible customers
12 have to be on the pilot, they are just eligible to be
13 on the pilot.

14 So customers in 2016 who were eligible
15 might not have wanted to partake in the pilot at that
16 time, but joined at a later year.

17 Q. But doesn't the customer have to be
18 continuously participating in the program to remain
19 eligible in the program?

20 A. So each specific premise number, if they
21 decide to leave the program, they are ineligible to
22 return aside from the exception we made with the
23 manual billing process.

24 MS. BOJKO: Your Honor, at this time I'd
25 like to mark for identification purposes OMAEG

1 Exhibit 14 --

2 EXAMINER PRICE: So marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MS. BOJKO: -- the Supplemental
5 Stipulation and Recommendation filed in case
6 14-1297-EL-SSO. May I approach?

7 EXAMINER PRICE: You may.

8 By Ms. Bojko:

9 Q. Do you have in front of you what's been
10 marked as OMAEG Exhibit 14?

11 A. Yes.

12 Q. Is this the Supplemental Stipulation
13 that you referred to earlier about what -- how
14 customers were deemed to be eligible with regard to
15 the pilot program?

16 A. Yes.

17 Q. And if you turn to page 3 of the
18 Supplemental Stipulation -- you're familiar with this
19 Supplemental Stipulation; is that correct?

20 A. Yes.

21 Q. If you turn to page 3 of the
22 Supplemental Stipulation, the customers identified
23 here as eligible per the ESP IV are members of IEU,
24 which is now OELC, is that your understanding?

25 A. Yes.

1 Q. And OEG, Nucor, Material Science Corp;
2 is that correct?

3 A. Yes.

4 Q. And do you know how many customers were
5 eligible at the time the stipulation -- Supplemental
6 Stipulation was signed?

7 A. I do not know the exact number, no.

8 Q. But it would have had to have been 77,
9 is that accurate?

10 A. At least, yes, unless -- my apologies.
11 There are some customers who are on the pilot via
12 reasonable arrangements.

13 Q. Okay. That was my next question for
14 you.

15 So it had to have been somewhere at
16 least around -- do you know how many customers are on
17 the pilot via reasonable arrangements?

18 A. I believe it's in one of the discovery
19 responses, but I don't know off the top of my head,
20 no.

21 Q. Okay. So look at page 4 of the
22 Supplemental Stipulation where it talks about the
23 eligibility requirements. Do you see that, kind of
24 in the middle of that page? Take a minute to read
25 the page, please.

1 A. I'm not seeing where it's talking about
2 eligibility. I think I'm seeing it. You mean for
3 when pilot customers leave the pilot?

4 Q. Yeah. And it states that the pilot
5 program -- the pilot participants have to be in the
6 program consecutively to remain as a pilot
7 participant; is that correct?

8 A. It says that, "Any account or successor
9 account voluntarily returning to Rider NMB or any
10 Rider NMB successor, after 60 days advance notice,
11 shall not, thereafter, make such OATT election and
12 eligibility," so they cannot rejoin after they leave
13 the pilot.

14 Q. So in 2015 there would have had to have
15 been, to your point earlier -- subtract out
16 reasonable arrangements, there would have had to have
17 been approximately 77 customers, 75 customers, in the
18 pilot program as of 2015?

19 A. Not in the pilot -- in the pilot
20 program. They would have to be, as described on page
21 3, members of IEU, OELC, OEG, Nucor, Material
22 Sciences Corporation. So they -- they didn't have to
23 be in the pilot, they were just eligible to join the
24 pilot if they wanted.

25 Q. Right. And I'm sorry, I'm using the

1 terminology in the Stipulation. It called those
2 entities pilot participants on page 3.

3 So when I asked you they had to be
4 eligible, so they had -- they were pilot
5 participants, at least 75 of them, approximately?

6 A. I see where you're seeing that. I
7 don't -- I don't think that they are saying pilot
8 participants as meaning actually enrolled in the
9 pilot, just the list of the pilot eligible customers.

10 Q. Okay. Fair enough. You're using the
11 word eligible, we'll just -- I wanted to make sure
12 our terminology was the same.

13 So you're saying at least 75 customers,
14 approximately, were eligible to participate in 2015?

15 A. 2016, but yes.

16 Q. Well, this says it had to be done by
17 December 31st, 2015.

18 A. My apologies. Yes.

19 Q. So as I read this Supplemental
20 Stipulation they want -- if you don't participate
21 continuously you can no longer be an eligible
22 customer. Is that not your understanding?

23 A. Yes. But again, I think there's some
24 discretion between calling them a pilot participant
25 and somebody who is eligible.

1 So not all of these eligible customers
2 joined the pilot immediately, they remained eligible
3 so they were still participating in the pilot program
4 meaning that they could be part of it, so they were
5 participating in that manner where they were eligible
6 for it, but they were not actually on the pilot.

7 Q. So an eligible customer could have not
8 participated from 20 -- for six or seven years and
9 then all of a sudden start participating?

10 A. Yes.

11 Q. Okay. And that's why you think the
12 number of customers increased, setting aside the
13 reasonable arrangement in customers?

14 A. Yes.

15 Q. And it's your understanding that only
16 members of the two associations -- two groups and
17 then two additional customers were eligible; is that
18 correct?

19 A. Per the stipulation, yes.

20 Q. Okay. Can you -- do you have OELC
21 Exhibit 27 in front of you? It is the audit report.

22 A. Yes. I'm sorry, that was the wrong one.
23 Yes.

24 Q. I have a few additional questions on the
25 audit report. If you could turn to page 50. Are you

1 there?

2 A. I am there.

3 Q. And if you look at the bottom of page 50
4 it has Recommendation 1, do you see that?

5 A. I do see that.

6 Q. Okay. And Recommendation 1 is to
7 "Eliminate Rider NMB for all customers"; is that
8 correct?

9 A. Yes. And it continues to say to assign
10 PJM transmission charges through retail suppliers,
11 yes.

12 Q. So if Rider NMB is eliminated then those
13 customers -- all customers, I guess, would pay for
14 their own transmission charges; is that right?

15 A. Through their CRES provider, yes.

16 Q. Then let's go to 51, which is the second
17 recommendation. Do you see that?

18 A. I do.

19 Q. And this recommendation is an
20 alternative recommendation, is that your
21 understanding?

22 A. Yes.

23 Q. If the Commission does not eliminate the
24 Rider NMB for all customers, then the auditor is
25 providing a second recommendation; is that your

1 understanding?

2 A. Yes.

3 Q. And this alternative recommendation
4 would eliminate Rider NMB for medium commercial,
5 large commercial, and industrial customers; is that
6 right?

7 A. Yes, and continues to say that they will
8 pay it through their retail suppliers, yeah.

9 Q. And the auditor is also recommending
10 that the Commission revisit the application approach
11 used for Rider NMB if the Commission retains
12 FirstEnergy's involvement in transmission cost
13 allocation; is that your understanding?

14 A. Where is that stated?

15 Q. I think it's on page 53. If you look
16 down on page 53, second-to-last full paragraph.

17 A. I see that.

18 Q. Okay. Now, if we go back to your
19 testimony on page 10, your recommendation -- or
20 FirstEnergy's recommendation, or proposal, I guess,
21 in this case is to eliminate the pilot program; is
22 that right?

23 A. If the Rider NMB2 is adopted, yes.

24 Q. And the pilot will essentially be
25 replaced by the NMB2 rate; is that right?

1 A. Essentially.

2 Q. And I believe you explained, maybe
3 Friday, that under the Rider NMB2 rate all C&I
4 customers with interval or advanced meters will be
5 changed based on their NSPL, correct?

6 A. Correct.

7 Q. And customers will not have the option
8 to choose between NMB1 or NMB2, correct?

9 A. Right, it's not an optional proposal.

10 Q. And you -- I believe you explained
11 earlier today that you're familiar with Staff's
12 testimony Botts on this issue; is that correct?

13 A. I have read it, yes.

14 Q. And you're aware that Staff is
15 recommending that the GS classes have the option to
16 opt into rider -- or NMB2?

17 A. I don't remember that exactly. I don't
18 remember that exactly, but I know she made some
19 recommendations.

20 Q. Okay. And it's your testimony that
21 replacing the pilot will remove the need for
22 customers to procure their nonmarket-based service
23 costs through their CRES providers, correct?

24 A. I'm sorry, can you repeat that?

25 Q. Sure. I believe it's on page 10 of your

1 testimony. You testify that replacing the pilot will
2 remove the need for customers to procure their
3 non-market-based service costs through their CRES
4 providers?

5 A. Yes, that is correct.

6 Q. And customers participating through
7 reasonable arrangements will automatically be placed
8 on NMB2; is that correct?

9 A. If they have an interval or advanced
10 meter.

11 Q. And would you agree with me that
12 changing how customers procure their non-market-based
13 transmission services could have an effect on their
14 CRES supply agreement?

15 A. I'm not really familiar with CRES supply
16 agreements.

17 Q. Well, currently pilot participants
18 contract with the CRES to pay their transmission,
19 right?

20 A. Aside from those who are manually
21 billed.

22 Q. So for those that are not manually
23 billed, this changing how the Rider NMB will be
24 billed could have the effect or impact those CRES
25 contracts, could it not?

1 A. From how you're stating it, yes.

2 Q. I take it from your response that you
3 have not done any analysis on what potential effects
4 that could have on CRES contracts?

5 A. The only real analysis we have done --
6 we have had discussions where I was informed of these
7 CRES -- I forget how you stated it -- like contracts
8 that they have with their customers regarding the
9 transmission charges, and that was another reason why
10 we wanted to push back the start, the implementation
11 of our proposal, to 2025, so customers and their CRES
12 providers would have time to work that out.

13 Q. Well, if they have a longer term
14 contract than April 1st, 2025, that might not be
15 possible, correct?

16 A. Again, I'm not familiar with CRES
17 providers or contracts or what would be possible or
18 not.

19 Q. And who did you state you obtained that
20 information from? You actually spoke with CRES
21 providers or with customers?

22 A. No, that was a Company conversation.

23 EXAMINER PRICE: But you would agree
24 that it could have an impact on CRES providers if
25 their contract extends out beyond the date that she

1 said?

2 THE WITNESS: I would assume so, yes.

3 MS. BOJKO: Your Honor, at this time I'd
4 like to mark as OMAEG Exhibit 15 -- it is OMAEG -- a
5 discovery response, OMAEG-02-INT-028.

6 EXAMINER PRICE: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MS. BOJKO: May I approach?

9 EXAMINER PRICE: You may.

10 By Ms. Bojko:

11 Q. Do you have in front of you what's been
12 marked an OMAEG Exhibit 15?

13 A. I do.

14 Q. And this data response was prepared by
15 you; is that correct?

16 A. Yes.

17 Q. And this interrogatory asks why the NMB2
18 charges is calculated using the total allocated
19 revenue requirement for all C&I customers rather than
20 only those being charged NMB2; is that correct?

21 A. Yes.

22 Q. And you responded that this method
23 better aligns with how non-market-based service costs
24 are assigned by PJM; is that correct?

25 A. Yes. Along with another explanation,

1 but yes.

2 Q. Are you aware that Staff is recommending
3 that FirstEnergy allocate transmission charges to
4 each EDU and to each class to follow PJM's allocation
5 methodology?

6 A. I am aware of Staff's recommendation to
7 allocate different than how we proposed. I'm not
8 sure of the specifics. Again, I haven't fully
9 analyzed it.

10 Q. Well, you would agree with me, from your
11 discussion earlier today, that the EDU costs are
12 different to each individual company; is that
13 correct? Strike that. Poorly worded, sorry.

14 You would agree with me that each EDU is
15 billed separately from PJM; is that correct?

16 A. I would defer to Ed Stein on that. I'm
17 not sure of how PJM bills exactly.

18 Q. Okay. From the attachments that you
19 have to your testimony, you would agree that the
20 EDUs -- strike that. I'll ask Mr. Stein.

21 A. Okay.

22 Q. You would agree that most customers'
23 NSPL is lower than monthly demand, would you --
24 wouldn't you?

25 EXAMINER PRICE: Could I have the

1 question back again, please?

2 (Record read back.)

3 THE WITNESS: Based on the exhibit that
4 David had up earlier, we had the total NSPL from the
5 total average demand, and in totality, yes, an NSPL
6 was lower than demand.

7 I can't say that for certain for all
8 customers, but in totality that is what we're seeing
9 for commercial/industrial customers.

10 By Ms. Bojko:

11 Q. Did FirstEnergy conduct any analysis to
12 assess the benefits or impacts of eliminating Rider
13 NMB for all C&I customers?

14 A. No, we did not.

15 Q. Are you aware that the Commission
16 recently approved AES Ohio's ESP settlement where AES
17 Ohio agreed to bill all nonresidential customers
18 taking service at primary voltage and above, and any
19 nonresidential customer taking services secondary
20 voltage, to opt in for their demand charges on the
21 basis of their NSPL?

22 A. I'm not very familiar with the case. I
23 know they were proposing changes to the transmission
24 rider, I don't know the specifics of it, though, or
25 whether or not it was approved.

1 Q. I have a -- switch to Rider SCR that you
2 testified to. I have a few follow-up questions to
3 Mr. Finnigan.

4 He talked to you about the definition.
5 Are you aware that the definition that he showed you
6 has now been replaced by a new definition?

7 A. I'm not aware.

8 Q. Okay. Are you aware that Staff is
9 recommending that FirstEnergy's definition be
10 modified so that Rider SCR only recovers expenses
11 related to storms considered to be major events
12 consistent with the Administrative Code?

13 A. I am aware of that.

14 Q. And are you aware that limiting recovery
15 to only major events would be consistent with how the
16 other EDUs have storm riders -- strike that.

17 Are you aware that limiting recovery to
18 only major events would be consistent with the other
19 EDU's storm riders?

20 MR. ALEXANDER: Objection.

21 EXAMINER PRICE: Grounds?

22 MR. ALEXANDER: Assumes facts regarding
23 the other EDU storm riders which are not in evidence.

24 EXAMINER PRICE: Sustained.

25 By Ms. Bojko:

1 Q. Are you aware that other EDU's storm
2 riders utilize the Administrative Code definition of
3 major events for their storm riders?

4 A. The other Ohio EDUs?

5 Q. Yes.

6 A. From Staff's testimony, I saw that, but
7 I haven't looked at any of the other EDUs in Ohio.

8 Q. In addition to storm-related costs,
9 FirstEnergy is proposing to carrying charges or
10 credits on unamortized storm deferral balance; is
11 that correct?

12 A. That is correct.

13 Q. And FirstEnergy's proposing that that
14 carrying cost be based upon the current approved cost
15 of long-term debt; is that correct?

16 A. Yes, that is correct.

17 Q. And then you also are proposing that it
18 be grossed up for the CAT tax?

19 A. Yes, that is correct.

20 Q. And your proposal is to collect up to 35
21 million per year through Rider SCR, correct?

22 A. That's incremental costs. So the
23 proposal has the five-year amortization of the
24 deferral as of May 31st, 2024, and then the
25 incremental costs would be -- it would be the cost

1 incurred either over or under the baseline for the
2 year after the end of that deferral through 5-31-24,
3 and that is what would be capped at 35 million total.

4 Q. Thanks for that clarification.

5 And the baseline that you're referring
6 to in your response is the amount that's already
7 collected for base distribution rates; is that
8 correct?

9 A. Yes, that is correct.

10 Q. And in your testimony you testify that
11 any storm costs not recovered in a given year due to
12 the caps will carry forward or roll over to the next
13 year; is that correct?

14 A. Subject to the caps.

15 Q. And on page 5 of your testimony you
16 state that these costs will be deferred and
17 recoverable; is that correct?

18 A. What line are you looking at on page 5?

19 Q. It's lines 12 through 13, I believe --
20 13.

21 A. Yes, again, subject to the annual cap.

22 Q. Okay. So are you seeking deferral
23 authority in this case?

24 A. On page 3 of my testimony. Starting on
25 line 10 -- line 12 is where I'll be reading. "The

1 Companies propose to continue the current storm
2 deferral during ESB5 under the same terms and
3 conditions of ESP IV."

4 Q. Okay. And then if you go back to page
5 5, line 13, you say these caps will be deferred and
6 any amounts not recovered in a given year due to
7 these caps will be deferred and recoverable in the
8 following years?

9 A. Subject to the annual cap.

10 Q. And so you're requesting both deferral
11 and recovery authority in this case; is that correct?

12 A. Can you clarify that a little bit?

13 Q. Are you aware that the Commission
14 typically does not approve preapproval of recovery of
15 deferral?

16 A. I'm not really familiar with how the
17 Commission approves deferrals.

18 Q. Okay. So in this case are you
19 seeking -- you said you're seeking deferral
20 authority, and I think you also, on line 13, are
21 seeking to recover those deferrals in the next year;
22 is that correct?

23 A. So I think you're talking about two
24 different things here.

25 On line 13 you're talking about any

1 amounts in excess of the cap, so the deferral that
2 we're asking to continue is the deferral that's been
3 in place since the last rate base case which defers
4 costs in excess or under the baseline. And we are
5 seeking to recover the costs in the deferral from
6 2009 until May 31st of 2024, over five years.

7 And then we are seeking to continue that
8 deferral, so any incremental costs starting June 1st
9 of 2024 through May 31st of 2025, any incremental
10 costs above or below the baseline would be either
11 recovered from the customer, or credited to the
12 customer.

13 When you're looking at line 13 here on
14 page 5, this is meaning any costs that are in excess
15 of those caps that we put in place, which is the 35
16 million in total which we discussed.

17 So those amounts would continue to be
18 deferred and recoverable at a later year subject,
19 again, to those annual caps.

20 Q. So I'm talking about the latter that you
21 just talked about, that you're seeking Commission
22 authority to defer and then to recover the deferral
23 in the subsequent year under the caps?

24 A. Defer excess to the cap, yes.

25 Q. And then recover that excess?

1 A. Yes.

2 Q. Okay. Are you aware that Staff is
3 recommending that the Companies' existing deferral
4 authority terminate when ESP V becomes effective?

5 A. I'm not aware of that language
6 particularly.

7 Q. Okay. Let's go back and now talk about
8 the first instance of deferral that you explained to
9 me. That's on page 2 of your testimony, right? So
10 let's talk about the existing deferral that already
11 exists.

12 It's your understanding that the
13 Companies are authorized to defer actual major storm
14 damage expenses above or below the baseline amounts
15 included in the distribution rates, correct?

16 A. Yes.

17 Q. And FirstEnergy's authorization to defer
18 those costs initially came from the last distribution
19 rate case; is that correct?

20 A. Yes.

21 Q. And those costs have been deferred for
22 approximately 14 years; is that right?

23 A. Since 2009, yes.

24 Q. And it's the Companies' proposal to
25 collect the 14 years' worth of storm-related costs

1 over the baseline over a five-year period through
2 Rider SCR?

3 A. Over or under the baseline, but yes.

4 Q. And the existing deferred amounts that
5 FirstEnergy plans to collect do not count towards the
6 proposed SCR Rider caps, correct?

7 A. Correct.

8 Q. And it's true that deferring a cost does
9 not necessarily mean that FirstEnergy's authorized to
10 recover that cost, correct?

11 MR. ALEXANDER: Objection.

12 EXAMINER PRICE: Grounds?

13 MR. ALEXANDER: Calls for legal
14 conclusion.

15 EXAMINER PRICE: She's testifying as a
16 regulatory expert. She can answer if she knows.
17 Would you like the question back?

18 THE WITNESS: No. I'm not certain. I
19 know how deferrals that I've worked with are set up,
20 but I don't know how all deferrals are, so I can't
21 say whether or not they are recoverable or not.

22 By Ms. Bojko:

23 Q. Regarding the current deferral balance,
24 are you aware that Staff is recommending that that
25 deferral balance be audited before FirstEnergy begins

1 recovery of that existing deferral?

2 A. Yes.

3 Q. And the costs that you're proposing be
4 included in Rider SCR, those would be recoverable
5 even if Rider SCR was not in existence, correct?

6 A. That is the Companies' understanding.

7 Q. And that's through base rates?

8 A. Yes.

9 Q. You're proposing Rider SCR revenue caps
10 of 16 million for Ohio Edison, 17 million for CEI,
11 and 2 million for Toledo Edison; is that correct?

12 A. Yes, that is correct.

13 Q. And are you aware that Staff is
14 proposing lower caps to coincide with the revised
15 definition of the storm event?

16 A. From my recollection, Staff is
17 recommending removal of the caps if other portions of
18 the recommendation are adopted.

19 Q. Okay. Is it your understanding that
20 FirstEnergy's proposal, the revenue requirement for
21 Rider SCR will be allocated based on base
22 distribution revenue from the last rate case?

23 A. I'm sorry, can you repeat that?

24 Q. Sure. FirstEnergy's proposed Rider SCR
25 revenue requirement will be allocated based on base

1 distribution revenue from the last case, is that your
2 understanding?

3 EXAMINER PRICE: Let's go off the record
4 for a minute.

5 (Discussion off the record.)

6 EXAMINER ADDISON: Go back on the
7 record.

8 Would you like the question read back?

9 THE WITNESS: Yes, please.

10 (Record read back.)

11 THE WITNESS: Yes.

12 By Ms. Bojko:

13 Q. And when FirstEnergy has its next
14 distribution rate case and there's an order in that
15 case, will the distribution allocation be revised for
16 Rider SCR?

17 A. Yes, and I do say that in my testimony.

18 Q. And the bill impacts that you've
19 included in your testimony are based on the current
20 base distribution allocation; is that correct?

21 A. Yes, that is correct.

22 Q. So the bill impacts would change if
23 there are new base rates put in place, correct?

24 A. They could, yes.

25 Q. Did you conduct any analysis of the bill

1 impacts based on increased allocations due to the
2 increase in base distribution rates that will be
3 proposed?

4 A. Can you repeat that?

5 Q. Sure. Did you conduct any analysis of
6 bill impacts based on increased allocation due to
7 increased base distribution rates?

8 A. No.

9 Q. And on page 6 of your testimony you
10 testify that Rider SCR will be subject to an audit;
11 is that correct?

12 A. Yes.

13 Q. And will the cost of the audit be passed
14 on to customers through Rider SCR?

15 A. We don't speak about the cost of the
16 audit.

17 Q. So you don't know?

18 A. I don't know if there are costs to the
19 audit. Yes, I do not know.

20 MS. BOJKO: If I could have one minute,
21 your Honor.

22 EXAMINER ADDISON: Absolutely. Let's go
23 off the record.

24 (Discussion off the record.)

25 EXAMINER PRICE: Go back on the record.

1 By Ms. Bojko:

2 Q. Would Mr. Stein be the appropriate
3 person, I think you said just to clarify, to answer
4 questions about how transmission costs are assigned
5 by PJM?

6 A. Yes.

7 Q. Okay. I will hold that one for him.

8 MS. BOJKO: With that I have no further
9 questions, your Honor.

10 EXAMINER PRICE: Thank you. One Energy?

11 - - -

12 CROSS-EXAMINATION

13 By Mr. Dunn:

14 Q. My name is James Dunn and I represent
15 One Energy Enterprises. I just have a few follow-up
16 questions. Hopefully be pretty quick and I won't
17 ruin everybody's ears.

18 Can you turn to page 10, lines 6 through
19 8 of your testimony, please? Let me know when you're
20 there.

21 A. I'm there.

22 Q. You mention here that the Companies are
23 proposing to modify Rider NMB and eliminate the Rider
24 NMB pilot to better align with non-market-based
25 service costs with cost causers, correct?

1 A. Yes.

2 Q. Okay. But going back to a discussion
3 you had with Mr. Kurtz earlier today, at one point he
4 asked you whether you considered expanding the Rider
5 NMB pilot, instead of eliminating it, as an option to
6 promote a more gradual transition to the NMB2
7 approach. Do you recall that discussion?

8 A. Yes.

9 Q. In that discussion you mentioned that
10 you did not consider the expansion of the Rider NMB
11 pilot as an option, correct?

12 A. I believe that -- I don't remember
13 exactly what I said, but I do know that speaking at
14 least from my recollection, I thought of reasons why
15 we shouldn't expand the pilot.

16 Q. And some of the reasons you did not
17 consider the expansion of the Rider NMB pilot were
18 related to your concerns with administrative costs
19 and manual processes, correct?

20 A. Yeah, and room for human error.

21 Q. Did you consider or have discussions
22 related to modifying the Rider NMB to make it
23 bypassable for customers to better align
24 non-market-based service costs with cost causers as
25 an option to eliminating the Rider NMB pilot?

1 A. I'm sorry, can you repeat that?

2 Q. Sure. Did you consider or have
3 discussions related to modifying the Rider NMB to
4 make it bypassable for customers to better align with
5 non-market-based services costs with cost causers as
6 an option to eliminate the Rider NMB pilot?

7 A. In what manner? Because that's what the
8 pilot is doing now. So in what manner are you
9 discussing?

10 Q. In general, did you have discussions or
11 consider modifying Rider NMB to make it bypassable
12 for any customer class to better align
13 non-market-based services costs with cost causers as
14 an option to eliminate the Rider NMB pilot?

15 MR. ALEXANDER: I'm going to object.

16 EXAMINER PRICE: Grounds?

17 MR. ALEXANDER: Vague. Making Rider NMB
18 bypassable, I don't know what that means.

19 EXAMINER PRICE: It means it could be
20 avoided by any customer that chooses to shop for the
21 transmission services.

22 MR. ALEXANDER: And so just to make sure
23 I understand, so then those customers would be
24 manually billed by the Company, is that what the
25 proposal is?

1 EXAMINER PRICE: I don't think so.

2 By Mr. Dunn:

3 Q. For clarification, or for example, if
4 customers were able to bypass Rider NMB and obtain
5 transmission billing from FERC?

6 A. From FERC? No, that was not discussed.

7 MR. DUNN: That's all I had, your Honor.

8 EXAMINER PRICE: Kroger.

9 MS. CADIEUX: No questions, your Honor.

10 EXAMINER PRICE: Mr. Dove?

11 MR. DOVE: No questions, your Honor.

12 EXAMINER PRICE: Ms. Grundmann?

13 MS. GRUNDMANN: No questions, your

14 Honor.

15 EXAMINER PRICE: NOAC?

16 MR. HAYS: Thank you, no.

17 MR. BARBARA: No questions, your Honor.

18 EXAMINER PRICE: Staff.

19 MS. BOTSCHNER O'BRIEN: Here is Staff.

20 - - -

21 CROSS-EXAMINATION

22 By Ms. Botschner O'Brien:

23 Q. Good afternoon, Ms. Lawless. I'm Amy
24 Botschner O'Brien on behalf of Staff. I want to
25 follow up on some questions that Mr. Finnigan gave

1 you a little bit earlier, and we're going to talk
2 about major storm.

3 Can you turn to page 3, lines 8 to 9 of
4 your testimony? Tell me when you're there.

5 A. I'm there.

6 Q. Okay. There you define major storm for
7 purposes of storm deferral as, "A major storm is
8 defined as an event that is anticipated to last
9 longer than 12 hours (using local only crews),
10 including the time required to pre-stage personnel
11 for the event." Is that correct?

12 A. Yes.

13 Q. Okay. Why the 12 hours? Why did you
14 pick 12 hours?

15 A. Again, I was not part of the discussions
16 of this definition, that was done in 2010, I believe,
17 between Staff and the Companies, and I didn't even
18 work for the Companies at that time.

19 Q. Okay. I guess I was just curious,
20 because you are the witness supporting this rider.

21 A. I am -- Yes, I am. And to my knowledge,
22 that was what was approved prior and has been what
23 has been approved since 2010.

24 And as I did state, I didn't even know
25 of this definition of a major event, so in my mind we

1 were just continuing what we have been doing, and I
2 was not aware that other EDUs do it differently. I
3 did not know those other things, so this is what we
4 have approved in the past.

5 Q. So just transitioning, how does
6 FirstEnergy determine that an event will last longer
7 than 12 hours?

8 A. Again, I don't know. That would be
9 another department that would have to answer.

10 Q. Would that be any witness that is
11 currently scheduled to testify?

12 A. The people that I would go to first are
13 not witnesses, no.

14 Q. Okay. How much time -- you may not know
15 this, I guess. How much time is typically required
16 to pre-stage personnel for the event as stated in
17 your definition?

18 A. Yeah, I do not know that.

19 Q. Okay. And would that be done for all
20 storms anticipated to last longer than 12 hours?

21 A. I do not know that.

22 Q. How does FirstEnergy determine an event
23 to be over?

24 A. I do not know that.

25 Q. Is the end of event recorded?

1 A. I do not know.

2 Q. Do you know whether restoration needs to
3 be a hundred percent complete in order for the event
4 to be determined to be over?

5 A. I know that the Company has guidelines
6 for that, but I do not know personally.

7 Q. If all customers but one are restored
8 and only that one customer took over 12 hours to
9 restore, is that storm booked under the deferral?

10 A. I do not know.

11 Q. Once an event is over does FirstEnergy
12 continue to book expenses to that storm?

13 A. Our accounting department would have to
14 answer that.

15 Q. Is there a witness currently scheduled
16 to testify that could speak to this?

17 A. I don't believe so.

18 Q. Generally speaking, is it possible for
19 an expense to be adjusted after it is booked?

20 A. From what was provided to me in
21 discovery, they did say that there were adjustments,
22 so yes, I would believe so.

23 Q. If FirstEnergy has determined that a
24 storm is anticipated to last longer than 12 hours,
25 but does not, would the costs for that storm be

1 booked to the storm deferral?

2 A. Again, I do not know. Another
3 department would have to answer that. We do have
4 guidelines. I believe some were provided in
5 discovery, but they were not provided by me.

6 Q. Okay. And you don't know what witness
7 currently scheduled could speak to this, correct?

8 A. I do not know what the upcoming
9 witnesses are speaking to. The people who assisted
10 me in these preparations, the accounting people, are
11 not witnesses in this case.

12 Q. Okay. And then same question but just
13 slightly different, so I may get the same answer.

14 If FirstEnergy has determined that a
15 storm is not anticipated to last longer than 12
16 hours, but it does, would the costs for that storm be
17 booked to the storm deferral?

18 A. I do not know.

19 Q. Let's move on. Turning to page 5 of
20 your testimony, beginning at line 17, you describe
21 updates that will be made to Rider SCR by a base
22 distribution case, do you see that?

23 A. Yes.

24 Q. Then on lines 20 through 22 you give an
25 example?

1 A. Yes.

2 Q. You say if Ohio Edison's baseline amount
3 increased by \$3 million in the next base rate case,
4 the Rider SCR revenue cap will decrease by \$3
5 million; is that correct?

6 A. Yes, that is correct.

7 Q. If the Commission decreases the baseline
8 amount by \$3 million, will the caps for Rider SCR
9 increase?

10 A. Yes.

11 Q. In that rate case can the Commission
12 reset the rider caps irrespective of the baseline
13 reset?

14 A. I'm not certain what can be approved of
15 in that kind of rate case, I've never worked on one.

16 Q. You agree that storm expenses will be
17 reviewed in the next rate case, correct?

18 A. Yes.

19 Q. So then couldn't that rate case result
20 in resetting the total amount to be recovered for
21 major storms?

22 MR. ALEXANDER: Objection.

23 EXAMINER PRICE: I'm sorry, could I have
24 the question read first? Let's hear the question.

25 (Record read back.)

1 MR. ALEXANDER: I'll withdraw the
2 objection.

3 EXAMINER PRICE: Thank you. You can
4 answer if you know.

5 THE WITNESS: Can you read it back
6 again?

7 EXAMINER PRICE: Please.

8 (Record read back.)

9 THE WITNESS: So the baseline will be
10 reset in the base rate case.

11 By Ms. Botschner O'Brien:

12 Q. But total storms includes the baseline
13 and the SCR, correct?

14 A. Yes, the SCR -- I'm sorry, is that me?
15 SCR recovers costs in excess or under the baseline,
16 so I don't know if in a base rate case changes can be
17 made to the actual rider.

18 Q. Okay. Let's move on to something else.
19 On page 4 of your testimony at line 8. I'll wait
20 until you get there.

21 A. I see.

22 Q. Thank you. You state, "If approved, the
23 initial Rider SCR rates will go into effect June 1,
24 2024." Do you see that?

25 A. I do.

1 Q. The initial Rider SCR rates will include
2 amortization of the estimated storm deferral balance
3 as of May 31, 2024, correct?

4 A. Yes.

5 Q. Will the initial Rider SCR rates that go
6 into effect on June 1st, 2024 include any projected
7 costs for storms that occur on or after June 1, 2024?

8 A. The rates that go into effect on June 1,
9 2024, will those include costs that are incurred
10 after June 1, 2024, is that what you're asking?

11 EXAMINER PRICE: Projected costs.

12 By Ms. Botschner O'Brien:

13 Q. Projected costs.

14 A. No, I don't believe so. I did say,
15 though, that there were adjustments to the deferral,
16 and so I could be incorrect.

17 The accounting department could explain
18 that maybe there are adjustments to that deferral,
19 but that deferral itself will be audited completely
20 and it will be updated with any changes, since the
21 deferral we're including in that five-year
22 amortization is through May 31st of 2024, and we will
23 not have actual numbers at that time.

24 So two months will be forecasted. So we
25 will adjust that five-year amortization to actual

1 costs.

2 MS. BOTSCHNER O'BRIEN: Your Honor, can
3 the Court Reporter read that answer back for us?

4 EXAMINER PRICE: Yes, please.

5 (Record read back.)

6 By Ms. Botschner O'Brien:

7 Q. The reason I wanted that answer read
8 back is because the first part of your answer was you
9 said I don't believe so, it's going to include
10 projected costs.

11 A. Can I explain that why I don't believe
12 so?

13 EXAMINER PRICE: There's no question
14 pending. If you want to explain, Mr. Alexander will
15 ask you to on redirect.

16 THE WITNESS: My apologies.

17 By Ms. Botschner O'Brien:

18 Q. All right. Let's move on to your
19 Attachment JL-3.

20 A. I'm there.

21 Q. Your Attachment JL-3 shows how you
22 arrive at the Companies' proposed Rider SCR caps,
23 correct?

24 A. Yes.

25 Q. Now, these caps are in addition to the

1 amounts that were deferred through May 31st, 2024,
2 correct?

3 A. I'm sorry, can you repeat that?

4 Q. Sure. These Rider SCR caps that are
5 shown on Attachment JL-3, these caps are in addition
6 to the amounts that were deferred through May 31st,
7 2024; is that correct?

8 A. They are applicable to the incremental
9 costs, not the deferral through May of 2024.

10 Q. Okay. So can we look at -- can we look
11 at page 5, line 9 of your testimony?

12 A. I'm there.

13 Q. Okay. So that's where you talk about
14 the caps are excluding amortization of the May 31,
15 2024 balance, correct?

16 A. Correct.

17 Q. Okay. So essentially for JL-3,
18 Attachment JL-3 what you did is you're looking at the
19 difference between storm expenses and storm baseline
20 for each of 2016 through 2022, and you set the cap at
21 the highest number during that period rounded to the
22 nearest million; is that correct?

23 A. The difference, yes, the highest -- the
24 difference.

25 Q. Okay. So under your proposal, for

1 example, CEI -- sorry. Under your proposal, for
 2 example, Cleveland Electric customers would pay up to
 3 17 million each year in storm costs, correct?

4 A. In incremental storm costs, yes.

5 Q. So over the eight-year term the maximum
 6 they could pay would be 17 million times eight, or
 7 136 million, correct?

8 A. In the incremental costs, yes.

9 Q. Is it your expectation that Ohio Edison
 10 customers will actually pay 136 million over the
 11 Companies' proposed ESP term?

12 A. Sorry, you were discussing Cleveland
 13 Illuminating and now we're discussing Ohio Edison?

14 Q. I'm so sorry. Wait a minute. It is
 15 Cleveland, CEI, yeah.

16 A. Looking at historical differences, I do
 17 not expect them to hit the cap every year, but I
 18 can't predict the future.

19 Q. Okay.

20 A. But historically, no.

21 Q. So you would not expect customers to pay
 22 that full amount, correct?

23 A. The cap each year I would not, based on
 24 historical data.

25 Q. Okay. So you expect customers to pay

1 something less than the maximum amount over the ESP
2 term, correct?

3 A. Yes.

4 Q. And have you done any analysis to
5 estimate what you expect customers to pay under the
6 rider?

7 A. I have not, and actually I did inquire
8 about if we forecast costs, and the department who
9 was assisting me with that said that their forecast
10 is just a baseline, so they don't forecast costs
11 above or below, so no. Your question was if I expect
12 them to -- I'm sorry, go ahead.

13 Q. No, you already testified that you do
14 not expect the customers to pay something less than
15 the maximum amount over the ESP term.

16 MR. ALEXANDER: Can I have that question
17 reread, please.

18 EXAMINER PRICE: Let's have the question
19 back, please.

20 (Record read back.)

21 EXAMINER PRICE: Would you like to
22 rephrase your question?

23 MS. BOTSCHNER O'BRIEN: Let me rephrase
24 it, I stuck in an extra not in there and I didn't
25 mean to.

1 By Ms. Botschner O'Brien:

2 Q. You testified that you expect customers
3 to pay something less than the maximum amount over
4 the ESP term, correct?

5 A. I testified that based on my opinion and
6 historical data, yes.

7 Q. And then my next question was just about
8 analysis.

9 A. I'm sorry?

10 Q. That was the followup to that.

11 A. There was no specific analysis done, no.

12 Q. That's all I wanted.

13 MS. BOTSCHNER O'BRIEN: Okay. Can I
14 just have one minute?

15 EXAMINER PRICE: You may.

16 MS. BOTSCHNER O'BRIEN: We have nothing
17 further. Thank you.

18 EXAMINER PRICE: Thank you. Redirect?

19 MR. ALEXANDER: No redirect, your Honor.

20 EXAMINER PRICE: Thank you, Ms. Lawless.
21 You're excused.

22 (Witness excused.)

23 MR. KEANEY: Your Honor, may I approach?

24 EXAMINER PRICE: You may.

25 MR. ALEXANDER: Your Honor, would now be

1 a time to discuss the admission of exhibits?

2 EXAMINER PRICE: It would.

3 MR. ALEXANDER: The Companies would
4 renew their motion for Companies Exhibit 7, which is
5 the direct testimony of witness Lawless.

6 EXAMINER PRICE: Any objection to the
7 admission of Company Exhibit 7? Seeing none, it will
8 be admitted.

9 (EXHIBIT ADMITTED INTO EVIDENCE.)

10 EXAMINER PRICE: OELC.

11 MR. PROANO: Thank you, your Honor. I
12 have moved to admit OELC Exhibits 21, 22, 23, 24, 25,
13 26, 27, 28.

14 In addition I have three thumb drives
15 here that have Excel file -- five Excel files,
16 Exhibits 13, 15, and 16 from the Lee cross that
17 previously were admitted, and the Bench requested
18 them on a thumb drive.

19 I've added to those same thumb drives
20 OELC Exhibits 21 and 28 that we reviewed with
21 Ms. Lawless today.

22 EXAMINER PRICE: Why don't you give the
23 thumb drives to the Court Reporter at this time?

24 MR. PROANO: Thank you, your Honor. And
25 then one clean up from the Lee exam.

1 We had marked and had introduced,
2 admitted, OELC Exhibit 14, which was a screen shot of
3 the FirstEnergy CVP auction website. There was no
4 hard copy handed out at the time, so I have a hard
5 copy.

6 EXAMINER PRICE: You can do that on the
7 next break.

8 MR. PROANO: May I approach?

9 EXAMINER PRICE: You may.

10 MR. PROANO: Your Honor, that's a secure
11 drive, the password is written on there.

12 EXAMINER PRICE: Do we have any
13 objection to OELC Exhibits 21, 22, 23, 24, 25, 26,
14 and 28? I'll note for the record that we have
15 previously taken administrative notice of OELC 27.

16 MR. ALEXANDER: No, your Honor.

17 EXAMINER PRICE: At this time all those
18 exhibits will be admitted.

19 (EXHIBITS ADMITTED INTO EVIDENCE.)

20 EXAMINER PRICE: Mr. Kurtz.

21 MR. KURTZ: Thank you, your Honor. Move
22 for the admission of OEG Exhibit 4.

23 EXAMINER PRICE: Any objection to
24 admission of OEG Exhibit 4, which I note for the
25 record I think is identical to OELC 22 except it's

1 all in hard copy?

2 MR. KURTZ: But I like mine better.

3 EXAMINER PRICE: Generational thing.

4 MR. ALEXANDER: No objection, just the
5 logistical issue. We're flexible however the Bench
6 would like to proceed.

7 EXAMINER PRICE: Let's admit that as
8 Exhibit OEG 4.

9 (EXHIBIT ADMITTED INTO EVIDENCE.)

10 EXAMINER PRICE: Ms. Bojko.

11 MS. BOJKO: Thank you, your Honor.

12 OMAEG moves admission of OMAEG Exhibits 14 and 15.

13 EXAMINER PRICE: We will go ahead and
14 take administrative notice of the -- administrative
15 notice of OMAEG Exhibit 14. Any objection to the
16 admission of OMAEG 15?

17 MR. ALEXANDER: No, your Honor.

18 EXAMINER PRICE: It will be admitted.

19 (EXHIBIT ADMITTED INTO EVIDENCE.)

20 MR. PROANO: Your Honor, before we start
21 the next witness, just one quick administrative with
22 your permission.

23 Mr. Willison is going to be here
24 covering the next two witnesses. With your
25 permission, I'll exit.

1 If I could make a request for Stein, I
2 have a family matter to attend to tomorrow morning,
3 if I could request to go after the other intervening
4 parties but for Staff with Stein, I would really
5 appreciate it.

6 EXAMINER PRICE: We can certainly
7 accommodate that.

8 EXAMINER ADDISON: Companies may call
9 their next witness.

10 MR. KEANEY: Your Honors, the Companies
11 calls Shawn Standish.

12 EXAMINER ADDISON: Welcome,
13 Mr. Standish. Would you please raise your right
14 hand? Do you swear the testimony you're about to
15 provide in this proceeding is the truth?

16 THE WITNESS: Yes.

17 EXAMINER ADDISON: Thank you.

18 MR. KEANEY: And, your Honors, I would
19 ask that the testimony of witness Standish be marked
20 as Companies' Exhibit 8.

21 EXAMINER ADDISON: It will be so marked.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 - - -

24 SHAWN T. STANDISH

25 being first duly sworn, as prescribed by law, was

1 examined and testified as follows:

2 DIRECT EXAMINATION

3 By Mr. Keaney:

4 Q. Good afternoon, Mr. Standish. Could you
5 please state your name and your business address for
6 the record?

7 A. Yes, Shawn Thomas Standish, 1501 Parkway
8 Boulevard, York, Pennsylvania.

9 Q. And do you see a document that's in
10 front of you that's been marked Companies' Exhibit 8?

11 A. Yes.

12 Q. Do you recognize this document?

13 A. Yes.

14 Q. What is it?

15 A. It's my testimony.

16 Q. It's your testimony in this proceeding,
17 correct?

18 A. Correct.

19 Q. Was your testimony in this case prepared
20 by you or under your direction?

21 A. Both prepared by me with my staff, and
22 ultimately reviewed and finalized with.

23 EXAMINER ADDISON: Mr. Standish, if you
24 could speak a little closer to the microphone, it
25 might help. Thank you.

1 By Mr. Keaney:

2 Q. And do you have any corrections to your
3 testimony?

4 A. I do.

5 Q. What is your correct?

6 A. On page 8, lines 6 and 7, corrections to
7 the percentages, instead of 220 percent at Toledo
8 Edison, it's 78, and 29 percent for CEI, and 114
9 percent at OE.

10 I became aware of these in preparation
11 for testimony here today, and wanted to make sure
12 that was correct for the proceeding.

13 EXAMINER PRICE: Is the average
14 accurate?

15 THE WITNESS: The aggregate is correct.

16 By Mr. Keaney:

17 Q. Are there any other changes to your
18 testimony, Mr. Standish?

19 A. Yes.

20 Q. And what are they?

21 A. Page 11, it should read, "While the
22 Companies, with limited exception, are currently
23 satisfying all applicable regulatory requirements
24 with respect to their existing plan."

25 The reason I'm making that correction is

1 at this point, based on the progression for our year
2 we will not complete some of our maintenance miles by
3 the end of the year and they will roll into 2024.

4 At this point we anticipate that to be
5 about 12 percent of our miles. However, we're going
6 to continue to do what we can to mitigate the amount
7 of miles that carry over into next year, and barring
8 any crazy weather events or anything like that, we'll
9 have those miles completed within the first 60 days
10 of 2024.

11 EXAMINER ADDISON: Would you mind
12 providing that revision one more time?

13 THE WITNESS: Sure. Starting at line 6,
14 "While the Companies," and here is the addition,
15 "with limited exceptions, are currently satisfying."

16 EXAMINER ADDISON: Thank you.
17 By Mr. Keaney:

18 Q. Are there any other corrections to your
19 testimony?

20 A. Yes. On -- it's Attachment STS-1, and
21 it should read, starting at the third line after,
22 "requirements."

23 So I'll start on the second line, "the
24 Companies have continued to meet their regulatory
25 vegetation maintenance requirements," that's the

1 addition, with an exception in 2018 period.

2 So again, in preparation for this
3 proceeding we missed a filing that we had in -- a
4 report in 2018 that we had some miles carry over in
5 our Cleveland Electric Illuminating service territory
6 due to some permitting issues with Cleveland.

7 By Mr. Keaney:

8 Q. Any other corrections to your testimony,
9 Mr. Standish?

10 A. Yeah, one more. On the last page, line
11 (38), this is from the ICE tool and it's just -- at
12 the very back where it says NPV (WACC, Line," it
13 should say 27, and then line 36.

14 Q. And this is on Attachment STS-3?

15 A. That is correct.

16 MS. BOJKO: Could we have that back?

17 THE WITNESS: So on Attachment SDS-3 at
18 the very bottom it currently says "Line (26)" and
19 Line (26) and (35), it should say Line (27) and (36)
20 where it's talking about that present value.

21 By Ms. Bojko:

22 Q. Mr. Standish, if I asked you the
23 questions that appear in your testimony subject to
24 the changes you just made today, would your answers
25 today be the same as those that are set forth in your

1 testimony?

2 A. Yes.

3 MR. KEANEY: Your Honors, the Companies
4 move for the admission of Companies' Exhibit 8
5 subject to cross-examination.

6 EXAMINER ADDISON: Thank you,
7 Mr. Keaney.

8 Mr. Willison, any cross?

9 MR. WILLISON: None from OELC, thank
10 you.

11 EXAMINER ADDISON: Mr. Kurtz.

12 MR. KURTZ: No cross.

13 EXAMINER ADDISON: Mr. Long?

14 MR. LONG: No cross.

15 EXAMINER ADDISON: Mr. Finnigan?

16 MR. FINNIGAN: Yes, your Honor.

17 EXAMINER ADDISON: Please proceed.

18 MR. FINNIGAN: Thank you, your Honor.

19 - - -

20 SHAWN T. STANDISH

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

23 CROSS-EXAMINATION

24 By Mr. Finnigan:

25 Q. My name is John Finnigan. I'm an

1 attorney representing the Office of the Ohio
2 Consumers' Counsel. I have a few questions about
3 your testimony. Could you please turn to page 9,
4 lines 11 through 13, and read that sentence over?

5 A. Page 9?

6 Q. Page 9, lines 11 through 13.

7 A. Okay. Starting with --

8 Q. "The program would encompass."

9 A. Yeah, "The program would encompass two
10 four-year cycles to enhance vegetation maintenance
11 beyond minimum regulatory commitments and would
12 include the following?"

13 Q. Okay. And are you generally aware of
14 what the regulatory commitments are in Ohio for
15 reliability based on your job as Director of
16 Vegetation Management Services?

17 A. Based on reliability, overall company
18 standards?

19 Q. Yes.

20 A. Generally.

21 Q. And what is it that you understand the
22 standards to be in Ohio?

23 A. Well, what I'm referring to in my
24 testimony here with minimum regulatory commitments is
25 maintaining four years of clearance to the conductors

1 at the time of maintenance.

2 Q. Okay. And where, to your understanding,
3 is that minimum commitment established?

4 A. It's in our filed plan.

5 Q. Okay. Now, is the Company able to meet
6 its current reliability requirements without the
7 Enhanced Vegetation Management Plan?

8 A. As far as the -- I'm sorry, can you
9 repeat the question?

10 Q. Yes. Is the Company currently able to
11 meet its reliability requirements without this
12 Enhanced Vegetation Management Plan?

13 A. I can't speak for the overall Company.
14 I'm generally aware of them, you know, where we're at
15 with the -- achieving the overall filed commitment
16 with the Commission. I'm not sure as I sit here.

17 EXAMINER PRICE: Could I have the
18 question and answer back, please?

19 (Record read back.)

20 By Mr. Finnigan:

21 Q. So is the answer you don't know?

22 A. As far as where the Company overall --
23 our overall reliability is with achieving overall
24 reliability? I'm not sure.

25 Q. I'm just asking you on a going-forward

1 basis, is the Company able to meet its reliability
2 requirements without this Enhanced Vegetation
3 Management Plan?

4 A. Going forward -- I can't predict the
5 future on that exactly. I can speak to our program
6 and what -- the work that we're able to complete
7 today and the work that's in front of us and that
8 we're proposing here and the benefits that that will
9 provide to customers.

10 But as far as predicting how that plays
11 in with all the other factors that impact the overall
12 Company reliability, I can't predict that or speak to
13 that.

14 Q. And at least up to this point, the
15 Company has been able to meet its reliability
16 requirements without this Enhanced Vegetation
17 Management Plan other than the minor exceptions that
18 you noted in your testimony?

19 A. Are you referring to anything else
20 specific in my testimony, or --

21 Q. No, just the corrections that you just
22 made on the stand.

23 A. I feel like you're talking about -- the
24 way I understand your question, you're talking about
25 our Company achieving our overall reliability goals,

1 and I'm just asking if that's referenced in my
2 testimony.

3 Q. Well, I thought you just referenced it
4 when you were asked if you had any updates to your
5 testimony about whether the Company has been able to
6 meet its reliability requirements.

7 A. Sure. And the corrections I made to my
8 testimony were from the standpoint of the miles that
9 will carry over into 2024. Is that what you're
10 referring to?

11 Q. Yes.

12 A. Okay. So what we won't achieve there as
13 far as the standard is completing our miles and
14 achieving the necessary clearance for the time of
15 maintenance, so we have -- so that's not directly
16 tied to reliability.

17 Q. Okay. Well, let me tie it to
18 reliability.

19 Do you know what the requirements are
20 for Ohio utilities in terms of the requirement to
21 provide reliable service for its distribution system?

22 A. I understand that we need to provide
23 safe and reliable service, yes. The standards, I
24 can't speak to that.

25 Q. And have you generally done that over

1 the last several years?

2 A. As far as the overall Company
3 reliability goals? Yeah, again, I can't speak to
4 that right now.

5 EXAMINER PRICE: Is there another
6 Company witness that can speak to it?

7 THE WITNESS: I'm not sure.

8 EXAMINER PRICE: But you are familiar
9 with the tree caused outages and their impact on the
10 Companies' CAIDI and SAIFI standard -- not standards,
11 but --

12 THE WITNESS: I'm sorry?

13 EXAMINER PRICE: You are familiar with
14 the impact of tree caused outages on the Companies'
15 CAIDI and SAIDI?

16 THE WITNESS: Yeah, I talk about that in
17 my testimony.

18 By Mr. Finnigan:

19 Q. Now, could you please turn to page 15,
20 lines 5 through 6 of your testimony?

21 A. Okay.

22 Q. Now, here you estimate that the costs
23 and benefits of the program over a ten-year period;
24 is that right?

25 A. Yes, sir.

1 Q. And what is your ultimate conclusion
2 about the net present value of the program?

3 MR. KEANEY: Your Honor, just objection
4 here. That's totally overly broad, vague, and
5 ambiguous. I don't even know how the witness would
6 begin to answer that without any specificity.

7 EXAMINER ADDISON: Could I have the
8 question back, please?

9 (Record read back.)

10 EXAMINER ADDISON: I think Mr. Finnigan
11 pointed to a very specific point of his testimony.
12 You can answer.

13 THE WITNESS: Okay. So net present
14 value is a benefit of the program. It would be \$574
15 million.

16 So if we were able to complete this
17 program and that would be the benefit that customers
18 would see at the end of that program if we finished
19 it in one year, that would be the value.

20 And I would add that, you know, the
21 program -- the investment to complete this program
22 was \$300 million -- \$299 million, so that seems like
23 a good value to the customer.

24 By Mr. Finnigan:

25 Q. Would it be possible for the Company to

1 implement this program and collect the costs through
2 distribution rate cases?

3 A. I can't -- I believe FirstEnergy witness
4 McMillen would be a better representative to answer
5 that.

6 Q. Can you think -- can you think of any
7 reason why it wouldn't be possible to collect the
8 costs for this program through a base distribution
9 rate case?

10 MR. KEANEY: Objection, your Honor.

11 EXAMINER ADDISON: Grounds?

12 MR. KEANEY: He just answered he wasn't
13 able to answer that, now he keeps --

14 EXAMINER ADDISON: I think his answer
15 was directing that McMillen would have been a
16 preferable witness, but he can answer if he can.

17 THE WITNESS: Can you repeat the
18 question, sir?

19 By Mr. Finnigan:

20 Q. Yes. My question is can you think of
21 any reason why it wouldn't be possible to collect the
22 costs for this program through a distribution rate
23 case?

24 A. When I think of, you know, what we're
25 proposing for the rider, I think of the volume of

1 work and the amount of work that we have out there
 2 that could add value to the safety, improve
 3 reliability, help control our long-term costs, and
 4 there's also benefits to the environment by us
 5 completing this program, so I think that what I
 6 understand of this ESP and the rider proposal that we
 7 have here is this allows us to get that work done
 8 sooner, and I see it as a benefit -- my opinion is I
 9 see it as a benefit to the customer that the work
 10 that we're completing is more -- is directly tied to
 11 what they are paying for.

12 And from my personal experience leading
 13 a vegetation management program across FirstEnergy
 14 since -- through reclamation of our transmission
 15 system, we also have experience with this reclamation
 16 type work in West Virginia, that we have been through
 17 this work and exercised that here, I think that this
 18 is the best way to get the work started sooner and
 19 the most efficient to make sure that the customers
 20 are paying for the service that we're completing.

21 Q. Why couldn't you start the work sooner
 22 if you didn't have a rider?

23 A. Well, I think at this point, you know,
 24 what we're -- the minimum regulatory work that we're
 25 completing out there right now, we're already in

1 excess of what we're recovering.

2 So decisions to invest beyond that
3 are -- you know, that's -- I don't understand all
4 that -- I can't speak to all that, but I do know that
5 we're spending above what we're recovering right now.

6 Q. Isn't that why you come in and file a
7 rate case?

8 A. Again, all the strategies for how that
9 comes into play, maybe I don't understand all of
10 that.

11 Q. Now, you testified that this program has
12 a benefit on a net present value basis of \$574
13 million over ten years?

14 A. Uh-huh.

15 Q. If the rider is not approved, would you
16 implement the program anyway because of this amount
17 of benefit?

18 A. At this time I don't believe that we
19 would -- would implement this program.

20 Q. Now, let me ask if you would turn to
21 page 14 of your testimony, please. And I'd like to
22 direct your attention to the question on line 4, and
23 then your following answer down to that table. If
24 you could just take a moment to review that.

25 A. Okay.

1 Q. Now, could you explain how the
2 vegetation management costs are expected to decrease?
3 And my question is, you say here that they are
4 expected to decrease by 21 percent, or \$22 million in
5 year five; is that right?

6 A. 21 or 22 in year five, correct.

7 Q. Now, is that a straight line progression
8 through year five, or you don't get any savings until
9 year five, or how does that work?

10 A. So the work that -- if I could paint a
11 picture for the work that we're doing right now, it's
12 basically we have the conductors, and as efficiently
13 as we can we're getting clearance to the conductors,
14 and that's what I'm referring to as regulatory
15 minimum in my testimony.

16 So the work that we're proposing here
17 includes the removal and control of vegetation from
18 within the right-of-way, so that could be trees to
19 smaller brush.

20 It's removing and controlling that, it's
21 removing vegetation that's over top of the
22 conductors, call that overhang, and it's also looking
23 at trees off of the right-of-way that we term them
24 priority trees.

25 So those trees are trees that we have

1 identified, we look at, and they have to have a
2 target, which is the facilities, and if we deem
3 them -- or if they are predisposed to failure, they
4 are dead, dying, diseased, leaning, significantly
5 encroaching, those are the trees that we're proposing
6 to remove in this program.

7 So the reason you see this stepdown of
8 reduced in spent, and this is a two-year program, is
9 as we progress through that one cycle of this work,
10 we reduce the volume of work that's there the next
11 time through.

12 So that's ultimate -- that's why you see
13 that stepdown. It's not a, you know, you do one year
14 and then you get the benefit -- the full benefit.

15 It's at the end of the cycle when you
16 start the second cycle it's a 21 to 22 -- or about a
17 21 percent reduction when you start that second cycle
18 from what you did the first cycle.

19 Q. So the second time around it's easier
20 because you've reviewed -- you've removed so much the
21 first time around?

22 A. Yeah, I think to -- it's a fair
23 statement, and to put my words on it, the first time
24 through we're really -- you know, while implementing
25 this -- I hate -- I call it an enhanced program, but

1 really it's a program that should be implemented.

2 We shouldn't have vegetation over top of
3 our conductors, we should be removing priority trees
4 and we should be removing and controlling vegetation
5 on the right-of-way.

6 So yes, the second time through there
7 will be less vegetation. We will have reduced them,
8 we have will removed overhang, we will have removed
9 some priority trees.

10 But again, through my experience of
11 leading reclamation projects across our transmission
12 system, our experience in West Virginia with a very
13 similar program to this, it's not a -- you don't wave
14 a wand in one cycle, you've accomplished all this
15 work, there's a progression to it.

16 So as you indicated, as you open up the
17 corridors the first time through, we're meeting our
18 minimum regulatory requirement, we're investing in
19 completing these other activities.

20 The second time through you're able to
21 inspect -- we look at priority trees -- you know,
22 first time through you're maybe seeing the edge -- at
23 the edge of the right-of-way obvious trees, you know,
24 because of the -- really the degradation of the
25 system is from a priority tree standpoint where we're

1 removing priority trees.

2 Next time through, we are able to look a
3 little and we're focused a little further off of the
4 right-of-way, but again, still only focused on trees
5 that are tall enough to hit the conductors.

6 So generally, I gave you a longwinded
7 answer to your point there, but yeah, that's one of
8 the impacts.

9 Q. Now, you're currently on a four-year
10 vegetation management cycle, aren't you?

11 A. Yes, sir.

12 Q. Now, how would this enhanced program
13 work? Would it also be on a four-year cycle?

14 A. That's correct.

15 Q. And would you do the same segment of
16 your service territory for the enhanced plan at the
17 same time you're doing your standard vegetation
18 management plan for that part of your service
19 territory?

20 A. I think starting out there would be that
21 component of where on our scheduled maintenance, we
22 would stick with our scheduled maintenance, if we
23 would start that, and we would maximize as much of
24 this work as we could on that initial cycle.

25 But there's also some strategies where

1 we would utilize in rural areas some equipment and
2 things like that to open up the right-of-ways, to
3 reclaim the right-of-ways maybe off cycle.

4 So again, so that we -- so, for example,
5 if we're -- if we get this approved and we're
6 starting next year, let's just say January 1, we're
7 starting out with our regulatory maintenance work,
8 we're increasing the amount of priority trees we're
9 removing, we're trying to reclaim the right-of-way,
10 we're trying to do the overhang, but also there's a
11 strategy we would try to do is we would try to look
12 ahead to the next scheduled year or the next year
13 ahead of that to reclaim those right-of-ways to open
14 them up before we get there, so that when we get
15 there on scheduled maintenance we would be -- it
16 would be easier to inspect, easier to identify,
17 easier to plan, easier to coordinate the work, easier
18 for our tree crews to get in, so it would be a
19 combination is the short answer.

20 Q. So let's go back to what we were looking
21 at on page 14, lines 5 through 9 where you talk about
22 these savings, and you say a decrease of 21 percent.

23 The reason you put in year five is
24 because, just as you explained, you remove so much
25 during that first four-year cycle, it's -- you reap

1 the benefits, the second time you come back and do
2 that same area because you've removed so much on the
3 first four-year cycle, is that it?

4 A. I would say there's less work to do, so
5 it would cost less to finish -- to complete that
6 work.

7 Q. That's what is driving these savings?

8 A. Yes.

9 Q. And so the savings are savings off of
10 this Enhanced Vegetation Management Plan?

11 A. That's right. Those are only attributed
12 to the additional -- or the incremental 300 million
13 above what we're spending to complete our regulatory
14 requirements currently.

15 Q. And when you estimate the cost of the
16 plan in your testimony, did you incorporate these
17 savings in your estimate of the total cost of the
18 program?

19 A. Are you -- where are you referring to in
20 my --

21 Q. Well, I'm just -- right now I'm still
22 looking at page 14.

23 A. Yeah. Yeah, the other -- the attachment
24 in my testimony where we have the workpapers on
25 the -- correct, attachment -- Attachment 2, yeah.

1 Q. You want to turn there for a minute?

2 A. Sure.

3 Q. Okay. And can you just show us how you
4 reflected this savings that starts in year five on
5 Attachment 2?

6 A. So if you look, we showed the three
7 operating companies, and we show the total on the top
8 left. On the left side you see our minimum
9 regulatory requirements, and that's our -- our spend
10 is to achieve that. The additional reliability
11 improvements are the dollars associated with this
12 project.

13 So as you -- we input a breakdown of the
14 where you see that value or that savings is created
15 down below there where you transition from year four
16 to year five, and there you see the additional
17 reliability improvements drop from 50 to 26 million,
18 and that's where the 21 percent is shown.

19 Q. Okay. So which -- are you looking at
20 the total on that --

21 A. No, I'm looking at -- I'm not talking
22 about the minimum regulatory requirements column, I'm
23 talking about the additional reliability
24 improvements, the additional investment to do the
25 work that I lay out in our plan here.

1 So if you notice in year four, that
2 additional money is 50 million, in year five that
3 drops to 26 million. That's the 21 percent decrease.

4 Q. That looks like more than a 21 percent
5 decrease.

6 A. Well, we took the 21 percent off the
7 total -- the total commitment for the year to achieve
8 regulatory commitment and the enhanced program.

9 Q. Okay. So do the math for me on that
10 calculation to get to the 21 percent. What are the
11 totals that you're looking at for the, you know,
12 prior level costs, and what is the year five cost to
13 show a 21 percent reduction?

14 A. So minimum regulatory requirements spend
15 is 56.5 million. The additional reliability
16 improvements, the investment for this enhancement is
17 50, so that's a total of 106.5 million.

18 And year five, our regulatory minimum
19 spend ticks up three percent for inflation, but the
20 investment for the program drops from 50 to 26, so 84
21 divided by 106.

22 Q. Okay. Now, let me ask you to direct
23 your attention to page 13 of your testimony, lines 14
24 through 16.

25 A. Okay.

1 Q. And I want to ask you here about your
2 estimated improvements in your SAIFI and CAIDI
3 scores. So take a moment to just read over those
4 lines in your testimony.

5 A. Okay.

6 Q. And how did you determine that you would
7 have an expected six to seven percent improvement in
8 your SAIFI and CAIDI scores as a result of this
9 program?

10 A. Okay. So for -- again, we have about 2
11 million customers, so we looked at -- for our SAIFI
12 we look at -- look at our average SAIFI contribution
13 for the year, how much of an impact that happens --
14 yeah, our SAIFI number for the year.

15 And based on removing -- as a part of
16 this program we're removing trees off the
17 right-of-way, we are removing vegetation -- limbs off
18 the right-of-way, or we are removing vegetation on
19 the right-of-way, so we estimated the amount that
20 that additional work would reduce or offset those
21 SAIFI numbers, you know, and that calculation or
22 where we ended up with that is how we arrived at the
23 percent for SAIFI.

24 CAIDI, we looked at the SAIDI number for
25 minutes, used that same -- the same percentage as if

1 improvement based on the work we're completing, and
2 again, work down through the math to arrive at the
3 amount of improvement that we'll see from a CAIDI
4 standpoint.

5 Q. Now, if you're asking consumers to pay
6 these higher amounts for vegetation management, is
7 the Company willing to commit that it will deliver
8 these higher levels of reliability?

9 A. Yeah, I'm very confident that we'll --
10 if we're able to implement this plan as it is here,
11 very confident that we will be able to achieve these
12 levels of reliability.

13 Q. Is the Company willing to commit that if
14 it doesn't achieve these levels of reliability, it
15 won't collect these amounts through the rider?

16 A. I can't commit to that sitting here
17 today, but I understand your question, I respect it,
18 but I would go back to, you know, again my confidence
19 comes from my experience in the utility management
20 field.

21 I've got 20 years of experience
22 implementing programs like this on FirstEnergy's
23 system, on the transmission side, working with our
24 distribution partners in other states implementing
25 this work.

1 We have an experienced staff out there,
2 we have good data that went into this. We have very
3 detailed time sheets that we built our estimates off
4 of that were built off real numbers.

5 Our folks are in the field. We
6 validated this. I've been in the field, I've seen
7 this work that unfortunately we're not able to do
8 right now, and so I've seen this work produce results
9 in the past, and I have no reason to expect that we
10 wouldn't produce results here.

11 Q. Now, are you aware -- strike that.

12 Do you know whether the Company has any
13 other initiatives in progress which might improve
14 reliability like the Delivery Capital Recovery
15 program or the AMI program?

16 A. I'm very vaguely aware there's a lot
17 going on, but again, I'm focused on the condition of
18 the system currently, what opportunity is there, and
19 the work that we need to complete that's not outside
20 of any industry standards, it's within the
21 standard -- I mean the expectations of fundamentals
22 of maintaining vegetation around wires.

23 We shouldn't have vegetation growing up
24 and into conductors, we shouldn't have vegetation
25 over top of conductors, and we should be maintaining

1 priority trees that are off the right-of-way that we
2 think are going to impact the system before the next
3 scheduled maintenance.

4 I think that's a basic foundation of the
5 Utility's goal of safe and reliable power and
6 reasonable price to the customers.

7 Q. Now, Mr. Standish, looking back at this
8 same line in your testimony, page 13, lines 14
9 through 16, let's say that the Commission approves a
10 program, eight years later you do have this level of
11 improvement in your SAIFI and CAIDI scores that you
12 indicate in your testimony.

13 How would you know that that resulted
14 from this Enhanced Vegetation Management Plan as
15 opposed to some other initiative like AMI or DCR?

16 A. I think that's a fair point. I don't
17 know -- well, can you repeat the question one more
18 time?

19 Q. Yeah. I'm just looking at your
20 testimony here, and you say -- on page 13, lines 14
21 through 16, you say that you're estimating that if
22 the Commission approves this program, after the
23 eight-year term of the program you would expect to
24 see a six to seven percent improvement in your SAIFI
25 and CAIDI scores.

1 And so I'm asking you this question that
2 if you assume the Commission does approve the
3 program, and eight years later you do have this level
4 of improvement, how would you know it's from the
5 enhanced vegetation plan as opposed to AMI or DCR or
6 some other cost?

7 A. That's a fair question. I think we
8 would look at it both ways. I mean, back to some of
9 your questions at the beginning, we would look at the
10 overall Company reliability and, you know, each of
11 our business units and disciplines, we have a
12 commitment -- or a contribution to how we impact
13 reliability.

14 But you see in my testimony we're
15 talking about trees, specific numbers, so we would
16 evaluate ourselves -- I feel like we would evaluate
17 ourselves off of our tree specific data and were we
18 able to deliver on the -- on the expectations of this
19 program.

20 So we would track that as leading
21 indicators as we're completing the program and
22 measure that, you know, similar to how I present our
23 testimony here with our tree specific data.

24 Q. I know you would measure your
25 reliability scores, and I understand you're required

1 to do that by the Commission's rules, but I'm just
2 saying on a look back basis, if you hit this level of
3 six to seven percent improvement, how could you say
4 that yeah, that was due to our enhanced vegetation
5 program, or it might have been due to some other
6 program?

7 A. I think we would work with our Corporate
8 Reliability Group and fetter that out as best as we
9 can, same as we do today, trying to manage a system
10 as best we can and understand, you know, we're
11 continually trying to drive our data to the point of
12 targeting what needs improved, what should we be
13 improving, and so based on what we're completing in
14 our program now in the data that we see from our
15 tree-specific data here this --

16 EXAMINER PRICE: But you're tracking
17 tree caused outages, and so you -- would you be able
18 to, at the end of the eight years, analyze the impact
19 of reducing tree caused outages on the overall
20 Company safety?

21 THE WITNESS: I can't answer that
22 question because it's not my area of expertise as far
23 as being specific like that.

24 I would think that's something we could
25 look into and do everything we could to do that.

1 MR. FINNIGAN: That's all the questions
2 I have. Thank you, Mr. Standish.

3 EXAMINER ADDISON: Thank you. OMAEG?

4 MS. BOJKO: Yes, thank you, your Honor.

5 CROSS-EXAMINATION

6 By Ms. Bojko:

7 Q. Good afternoon, Mr. Standish. My name
8 is Kim Bojko. I represent Ohio Manufacturer's
9 Association Energy Group. So you're the Director of
10 vegetation management; is that correct?

11 A. That is correct.

12 Q. And you're testifying today about the
13 current vegetation management plan and the Enhanced
14 Vegetation Management Program that you are proposing
15 as part of ESP V; is that correct?

16 A. Yes, ma'am.

17 Q. And the Company is proposing a new rider
18 in this case to collect those vegetation management
19 costs, correct?

20 A. Correct.

21 Q. And let's turn to page 3 of your
22 testimony that's been marked as Company Exhibit 8.

23 A. Okay.

24 Q. On page 3, lines 12 through 13 you state
25 that the Company is currently spending about 45

1 million per year on the current vegetation management
2 plan; is that correct?

3 A. That's right.

4 Q. And is this O&M, capital, or both, in
5 this 45 million number?

6 A. It's O&M.

7 Q. Is -- it's your understanding that
8 FirstEnergy currently recovers about 30 million in
9 vegetation management costs through base rates; is
10 that correct?

11 A. That is correct.

12 MS. BOJKO: Your Honor, at this time I'd
13 like to have marked as OMAEG Exhibit 16 a data
14 request response from the Company. It's RESA set
15 03-INT-039.

16 EXAMINER ADDISON: It will be so marked.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 MS. BOJKO: May I approach?

19 EXAMINER ADDISON: You may.

20 By Ms. Bojko:

21 Q. Do you have in front of you what's been
22 marked OMAEG Exhibit 16?

23 A. I do.

24 Q. And are you the responsible person for
25 this data response?

1 A. Yes, as part of my testimony.

2 Q. This interrogatory asks FirstEnergy for
3 its total annual vegetation management expenses
4 since 2009; is that correct?

5 A. That is correct.

6 Q. And after some objections by your
7 counsel it says, "See Attachment 1." Could you turn
8 to Attachment 1, please?

9 A. Is that the table?

10 Q. Yes.

11 A. Yeah.

12 Q. And if you turn to Attachment 1, the
13 total vegetation management cost is comprised of both
14 cap and O&M, do you see that?

15 A. I do.

16 Q. And is cap capital expenses?

17 A. It is.

18 Q. Is FirstEnergy proposing to recover
19 these kind of capital expenses through Rider VMC?

20 A. All of our vegetation management -- all
21 of our vegetation management activities as a part of
22 our regulatory required work and our proposed work in
23 the enhanced plan is O&M.

24 Q. And if we look at the second page of
25 Attachment 1, go to 2020. Here the FirstEnergy --

1 I'm looking at the total numbers, total aggregate,
2 FirstEnergy spent about 48 million in 2020; is that
3 correct?

4 A. Correct.

5 Q. And of that, 28.8 million was O&M?

6 A. That's right.

7 Q. And then in 2021, FirstEnergy spent
8 about 48 million, and of that 39.8 million was O&M;
9 is that correct?

10 A. That is correct.

11 Q. And then in the last year on the table
12 FirstEnergy spent about 55.4 million, and was that
13 all O&M?

14 A. Correct.

15 Q. Now let's turn back to your testimony at
16 page 12. Here FirstEnergy's estimating that O&M
17 expenses for the new vegetation management program
18 will be 759.8 million over the eight-year ESP term;
19 is that correct?

20 A. Yeah, Table 3, the totals for Table 3.

21 Q. And 759.8 is what the proposed cap for
22 Rider VMC is; is that right?

23 A. I'm sorry, can you say that again?

24 Q. Is 749.8 million the proposed cap on how
25 much FirstEnergy can recover through Rider VMC?

1 A. You said earlier cap as in capital.

2 Q. Excuse me. I'm talking about a rider
3 cap now. Is it your understanding that 759.8 million
4 is what FirstEnergy is proposing to cap on recovery
5 of cost is?

6 A. I'll be honest, witness McMillen
7 probably has a better answer to that. I understand
8 that that is the amount of -- that we think -- that I
9 think it will take to do this program for the two
10 cycles. So I don't -- if it's a cap, how that
11 regulatory is, I'm not exactly sure.

12 Q. Okay. So it's your -- if we take the
13 759.8, it's about 95 million a year, that's what
14 FirstEnergy is proposing to recover?

15 A. Seems reasonable.

16 Q. And compared to the past three years
17 that we just looked at, you intend to increase your
18 annual spend by about 47 to 50 million; is that
19 right?

20 A. I'm sorry, can you say that again?

21 Q. Sure. Based on what we were looking at
22 for 2020, 2021, 2022, on the table OMAEG Exhibit 16,
23 what you're requesting is about approximately a 50
24 million increase annually; is that right?

25 A. For the first four years of the program

1 your number is a little high. I see 46.8, 47.8,
2 49.9, 50 million is what we're seeking in addition to
3 what we would spend to complete our regulatory
4 minimum requirements.

5 Q. And this additional -- I had originally
6 said 47 to 50 million. So this additional 47 to 50
7 million, that's the amount you're going to recover
8 through Rider VMC; is that right?

9 A. Again, I think that's an easy question
10 for Mr. -- witness McMillen.

11 Q. Okay. Do you know whether Rider VMC is
12 going to collect money in addition to what's
13 collected through base distribution rates?

14 A. Can you say that again?

15 Q. Sure.

16 MS. BOJKO: Can I have that reread?

17 (Record read back.)

18 THE WITNESS: I'm sorry, again?

19 (Record read back.)

20 THE WITNESS: We're currently -- I mean
21 currently, right now, we're recovering 30 million, so
22 we're asking for -- we're asking for this to complete
23 the additional work that we need to to help improve
24 safety, reliability, control our long-term -- control
25 the long-term spend for our vegetation program, and

1 add the benefits to the environment.

2 By Ms. Bojko:

3 Q. So I take it the answer to my question
4 is yes, whatever is collected through Rider VMC will
5 be in addition to the amount of money you're already
6 collecting from customers?

7 A. I think that's an easy question for
8 witness McMillen again.

9 Q. Are you aware that FirstEnergy's
10 required to file a new base rate case in May 2024?

11 A. I'm aware that we -- I'm not sure it's
12 required. Again, I'm not sure if it's required. I
13 know there is discussion about having a base rate
14 case next year.

15 Q. Do you know whether FirstEnergy will
16 request to increase its vegetation management
17 baseline through that base rate case?

18 A. An easy assumption that I can make is --
19 again, I would go back to what I said earlier.

20 I believe the more -- the sooner we can
21 get to this work and complete these -- this obvious
22 priority trees that are out there that are impacting
23 our facilities, causing disruptions to service,
24 remove the vegetation that's over top of the
25 conductors, remove and control the vegetation that is

1 on the floor, the sooner we can get to doing that
2 work, the sooner our customers can see the benefit.

3 MS. BOJKO: Your Honor, I move to strike
4 his response and ask that my question be reread and
5 he answer the question that was posed.

6 EXAMINER ADDISON: Thank you. I'm going
7 to allow this witness his one bite of the apple, but
8 I will instruct the witness to listen to counsel's
9 question, to her question carefully and please answer
10 her question directly.

11 If there's additional information that
12 you'd like to bring out for the Commission to
13 consider Mr. Keaney will have the opportunity to do
14 that during redirect.

15 THE WITNESS: Thank you.

16 MS. BOJKO: Could I have my question
17 reread, your Honor?

18 (Record read back.)

19 THE WITNESS: As I sit here today, I'm
20 not sure. I know that as a Director for this program
21 I'm advocating to complete this work.

22 So I would certainly work with what --
23 the experts in the Company that are in charge of that
24 and would be advocating to -- in whatever means
25 necessary, to get the resources to complete that

1 work.

2 So if that was -- if that's not through
3 this, I would be advocating for this work through the
4 rate case or whatever else -- other means there may
5 be out there.

6 EXAMINER ADDISON: In your role would
7 you be expected to be consulted whether or not to
8 request an increase in the baseline in the
9 distribution rate case to be filed in May of 2024?

10 THE WITNESS: In my role would I be
11 consulted? Yeah, I think I would be part of that.
12 By Ms. Bojko:

13 Q. And it sounds like you would be
14 proposing, or you would be recommending that the
15 Company do file to increase the baseline?

16 MR. KEANEY: Your Honor, objection.
17 That mischaracterizes his testimony. That's not what
18 he said.

19 EXAMINER ADDISON: Please rephrase.
20 By Ms. Bojko:

21 Q. It sounds to me that you would -- I'll
22 just ask you, would you recommend to the Company that
23 you increase the baseline in the next rate case?

24 A. What I said was I would advocate for
25 this work. I understand the work that is out there,

1 the volume of it, and what this program could
2 deliver, and I would advocate for that.

3 Q. Are you aware that Staff in this
4 proceeding is proposing to lower the Rider VMC caps,
5 the amount that can be recovered from customers?

6 A. I'm not.

7 Q. Let's turn to page -- and so you're not
8 sponsoring a cap, the amount total that can be
9 collected from customers, are you?

10 A. I'm not sure what you're referencing.

11 Q. Okay.

12 EXAMINER ADDISON: You're not suggesting
13 any limit on the amount the Company could -- the
14 amount the Company could incur in costs related to
15 the Enhanced Vegetation Management Plan over the
16 eight-year proposed term?

17 THE WITNESS: What I put forward in my
18 testimony is a testament of what we think it will
19 take to do this work.

20 EXAMINER ADDISON: An estimate, but
21 you're not suggesting, say if it -- the cost
22 ultimately exceeds the \$759.8 million, you're not
23 suggesting that the Company would not be able to
24 recover those costs then, correct -- or you're not
25 proposing that?

1 THE WITNESS: I'm sorry, can you say
2 that again?

3 EXAMINER ADDISON: Sure. If the -- we
4 recognize that you're estimating the \$759.8 million
5 over the eight-year term of the Enhanced Vegetation
6 Management Plan, correct?

7 THE WITNESS: Correct.

8 EXAMINER ADDISON: If the cost exceeds
9 the \$759.8 million estimate, you're not suggesting
10 that the Companies would not be able to recover the
11 cost in excess of that amount for work completed
12 under the Enhanced Vegetation Management Plan,
13 correct.

14 THE WITNESS: I don't think I'm making
15 that determination one way or the other.

16 EXAMINER ADDISON: So you don't offer
17 any proposal either way about the recoverability of
18 costs for that amount, correct?

19 THE WITNESS: Can you say that one more
20 time, the last part? I'm sorry.

21 EXAMINER ADDISON: No, you're fine. So
22 you're not suggesting -- as part of your testimony
23 here today you're not suggesting any sort of --
24 you're not proposing anything to the Commission to
25 consider for costs -- if they do exceed the \$759.8

1 million, you're not suggesting either way whether or
2 not the Companies would be able to recover those
3 costs, correct?

4 THE WITNESS: I think that's what I
5 said, yeah.

6 By Ms. Bojko:

7 Q. Turn to page 8 of your testimony. On
8 page 8, line 3, you testify that the Companies have
9 experienced an increase in SAIFI attributed to trees,
10 excluding major storms, is that correct?

11 A. Which line on page 8? I'm sorry.

12 Q. 3.

13 A. That is correct.

14 Q. Isn't it true that FirstEnergy has been
15 consistently outperforming having a SAIFI lower than
16 the minimum standard since at least 2016?

17 A. I'm not sure.

18 Q. Isn't it also true that FirstEnergy's
19 customer service -- surveys have found that
20 customers' expectations are aligned with
21 FirstEnergy's reliability performance?

22 A. I don't know that. Yeah, I don't know
23 that answer. I don't know that.

24 Q. Are you testifying here today that
25 without the proposed Vegetation Management

1 Enhancement Program FirstEnergy won't be able to meet
2 reliability standards going forward?

3 A. I'm testifying that I understand where
4 our program is at today and the work that we're able
5 to complete with the budgets that we put forward
6 here.

7 We are not reducing the volume of work
8 that's out there that will need done the next time,
9 and we're not -- we are not doing as much work
10 activities in the categories of priority trees,
11 overhang, and removing and controlling vegetation on
12 the right-of-way that is going to add value to
13 improving those aspects.

14 So we are going to -- the system, in my
15 words, as I describe it when I'm advocating for our
16 program, the system will continue to degrdate and
17 the vegetation management contribution to the
18 reliability, the amount of money it takes for us to
19 fund our program will only increase because we're
20 not -- we're not doing those other activities to any
21 great extent, so the cost will go up, reliability
22 will continue to be a challenge, safety and exposure
23 to our workers based on the number of restoration
24 events that we have out there, our contracted work
25 force that's out there in the middle of the night

1 trying to restore power also to the customers in and
2 around these facilities, will not decrease.

3 Consider that 80 percent -- we're the
4 largest contribution to reliability from a negative
5 standpoint to the Company, vegetation is, so it's
6 easy for me to draw the conclusion that if we don't
7 do this work we're not going to make an impact or a
8 dent to the overall Company reliability metrics.

9 Q. Let me try it a different way.

10 If the Commission does not approve the
11 Vegetation Management Enhancement Program and Rider,
12 will FirstEnergy meet its reliability standards going
13 forward?

14 A. I can't speak to the overall reliability
15 standards, but again, I'm not going to reiterate
16 everything I just said there, but the amount of --
17 we're the leading cause of outages to the Company,
18 we're the biggest impact to reliability.

19 The work that we're doing with our
20 minimum spend is only achieving our regulatory
21 requirements.

22 We're not able -- I promise you, I've
23 been out in the field, I've seen some of this work
24 that we're not able to complete out there with the
25 funding -- the resources that we have at this point,

1 and I know that we can make an impact on that, I know
2 that we can get help to drive the Companies'
3 reliability.

4 MS. BOJKO: Your Honor, I move to strike
5 everything after he can't speak to the overall
6 reliability of the system. I think he's had more
7 than his one bite at the apple.

8 MR. KEANEY: If I could --

9 EXAMINER ADDISON: Let's have the first
10 portion -- I'll tell you when to stop, Val, if you
11 could read it back at the beginning.

12 (Record read back.)

13 EXAMINER ADDISON: Stop. Mr. Keaney.

14 MR. KEANEY: Thank you, your Honor. I
15 just wanted to say, respectfully he's trying to
16 answer the question.

17 The question is about what's going to
18 happen in the future, and I think the witness is
19 struggling with that. He's giving his answer to the
20 best of his knowledge without trying to speculate
21 about what is going to happen in the future, which he
22 obviously doesn't know.

23 EXAMINER ADDISON: Thank you. I believe
24 Ms. Bojko gave him a little bit of leeway in that
25 first question so I'm going to grant the motion to

1 strike starting with "but again."

2 We'll take a quick break.

3 (Recess taken.)

4 EXAMINER ADDISON: Let's go back on the
5 record. Ms. Bojko.

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

8 EXAMINER ADDISON: Thank you. Let's go
9 off the record, take about a ten-minute break.

10 (Recess taken.)

11 EXAMINER ADDISON: Let's go ahead and go
12 back on the record. Any questions from Kroger?

13 MS. CADIEUX: No.

14 EXAMINER ADDISON: NOAC?

15 MR. HAYS: Yes, your Honor, just a few.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Hays:

19 Q. I'm Tom Hays from NOAC, and that's
20 the -- we're an aggregation. Are you familiar with
21 aggregations in Ohio?

22 A. I'm not.

23 Q. Communities get together and they bid
24 out for power participants.

25 A. Okay.

1 Q. And so we cover Lucas County and
2 northern Wood County, a few other places. Nice to
3 meet you. When I look -- let me ask a different
4 question.

5 At one point did you say that part of
6 this plan was to replace some of the vegetation
7 that's growing underneath the lines with vegetation
8 that would not grow as tall?

9 A. Well, what you're alluding to is in my
10 testimony we talk about integrative vegetation
11 management, and so previously here today I talked
12 about removing and controlling trees and vegetation
13 from on the right-of-way.

14 So right now, because we have been doing
15 this program here, we have been able to do a program
16 where we're basically getting clearance to the
17 conductors.

18 The right-of-way is full of tree
19 species, tall-growing tree species, so by -- it's not
20 that we'll be planting anything, we're not going to
21 be planting anything.

22 We may have a -- to get through this
23 work we may have some small programs with communities
24 or something to replace some trees or something, but
25 generally, what you're referring to in my testimony

1 is when we remove and control those tall growing,
2 fast growing species, trees and things like that,
3 what comes back naturally is a right-of-way that's
4 full of early successional plant communities, so
5 that's grasses, flowers, things like that.

6 That's the cool part about my job,
7 that's why I like my job. Safe and reliable power,
8 reasonable price to our customers, and then there's
9 an environmental aspect, too, that when we do that
10 work, when we get that fast growing stuff out of
11 there, what occurs is a plant community that
12 doesn't -- that -- we're not planting, but is
13 beneficial to the community, plants, insects, all
14 that kind of stuff and, you know, that is real, that
15 is science.

16 So the cool thing with FirstEnergy is
17 we're a part of State Game Lands 33. That's a
18 research project, it's the longest ongoing and active
19 current study in our whole industry.

20 A lot of the industry best management
21 practices of why it's -- why removing and controlling
22 the tree species is the right thing to do, comes from
23 that study.

24 It's over 70 years old, and there's over
25 200 scientific journals that justify or -- basically

1 I've learned from that. I've been involved with that
2 project since 2009.

3 We continue to be a cooperator with Penn
4 State University, another utility, Pico, and you
5 know, continue to demonstrate that those plant
6 communities that come back after we remove the tall
7 growing are beneficial.

8 And that the better part about that,
9 that also impacts -- there's four benefits I talked
10 about in my testimony, safety, reliability, and
11 controlling long-term costs.

12 So by us completing that work there's
13 less work for us to do the next time through, because
14 the plant community that is there is grasses and
15 flora and things like that.

16 Q. So let us take out some of the flowering
17 language and kind of long answers. What kind of
18 piece of equipment do you run in there to cut this
19 brush down?

20 A. All kinds. Whatever is safest, most
21 efficient --

22 Q. I didn't mean to interrupt. Go ahead,
23 please.

24 EXAMINER ADDISON: You may finish your
25 answer.

1 THE WITNESS: Okay. Whatever is safest,
2 most efficient. We use everything from a guy running
3 a chain saw to a tractor with a brush hog piece of
4 equipment, to a larger -- I guess if you're familiar
5 with logging operations, a skidder type piece of
6 equipment with a big feed kind of head on the front
7 which is basically like an eight-foot stump grinder
8 or fourth-foot stump grinder, we utilize helicopters
9 with saws, aerial saws.

10 By Mr. Hays:

11 Q. Okay. So once you've cut all this stuff
12 down, and as you've explained in come these plants
13 that are smaller, successional plants, why would you
14 need 21 million the next -- after four years, \$21
15 million the next year? Wouldn't it, in fact, reduce
16 your costs if you do what you just said?

17 A. Yeah. Yeah. So -- and that's why there
18 is a reduction in the enhancement the next time
19 through, and especially on distribution.

20 Well, I'll speak to my experience on
21 transmission. Again, developed, implemented, and led
22 our transmission program where we reclaimed our
23 transmission system.

24 So we did not -- it's not a one swipe of
25 the paint brush that you've achieved this. You have

1 to continue to stay after it and do the maintenance
2 to achieve that end goal. So that's why you'll see a
3 reduction, because we reduced the volume of work.

4 Now, on transmission, we have better
5 easements, so we were able to actually, you know,
6 enforce easements and things like this.

7 With distribution there -- you know, the
8 easements are maybe not as great, so it's going to be
9 a lot more engaging community, engaging property
10 owners, making sure that people, you know, understand
11 the work that we're doing, gaining acknowledgement of
12 it, things like that.

13 So what that means is a success rate
14 first time through may not be as good as what -- we
15 won't bat a hundred percent and get the whole thing
16 reclaimed first time through for sure just because of
17 that.

18 MR. HAYS: Your Honor, I'm having kind
19 of a problem because I'm getting like these long
20 answers that are really far beyond anything I've
21 asked.

22 EXAMINER ADDISON: You can move to
23 strike any portion of his answer he gave. Let's move
24 on with our question.

25 MR. HAYS: I could do that, your Honor,

1 but I would rather get the question answered so I can
2 ask the follow-up questions without --

3 EXAMINER ADDISON: Well, if you ask a
4 very specific question, then I'm sure the witness
5 will be able to provide you a very specific direct
6 answer.

7 By Mr. Hays:

8 Q. The first time through on this new
9 enhanced program you're going to cut down all of
10 the -- all of the trees that you were describing
11 earlier that are growing up there now; is that
12 correct?

13 A. As you ask the question, no, we will not
14 be able to cut down all the trees that are growing
15 up.

16 Q. You said before that you were going to
17 go underneath the lines and you were going to cut a
18 swath and that would remove the small trees that are
19 growing there. Was that the not your testimony?

20 A. You're kind of -- I feel like you're
21 mischaracterizing it a little bit, but the reality --
22 again, I'll touch very briefly.

23 Distribution is the rates provided for
24 us to do the maintenance. In order for -- for
25 example, if we just cut down everything and just mow

1 it, there will be more vegetation back the next time
2 because it will simply resprout and be thicker and
3 more stems per acre than if we're not able to use
4 herbicides, and we just hand cut or mow, you will get
5 more vegetation back the next time.

6 Q. Okay. In this program, how many swaths
7 are you going to have to do before we're finally done
8 with that and go back to just the regulatory
9 maintenance?

10 A. Yeah, I talk about that in my testimony.
11 It's two cycles we plan to be through this, and then
12 there's a graph in there where we show stepdown, and,
13 you know, that's where we plan to be -- the work that
14 we're completing would be part of our normal
15 maintenance, you know, maintaining the overhang that
16 we removed, continuing on with priority tree
17 removals, continuing on with the brush control,
18 removing trees on the right-of-way. It's at the end
19 of those two cycles is when -- to answer your
20 question, is when we'll be there.

21 Q. Will that reduce the regulatory amount
22 of work that you need to do when you're done with
23 these two cycles?

24 A. I don't believe that -- I don't believe
25 that it will, because think about overhang,

1 vegetation over top of the conductors. You remove it
2 once, trees grow, poles don't.

3 So we removed the overhang, the trees
4 are going to continue to grow. So it may be every
5 cycle that we have to prune that tree to prevent it
6 from getting over top of the wires, so that's going
7 to continue to be an O&M expense.

8 We get the benefit from not having the
9 vegetation over top of the wires, but if we don't
10 maintain it, it will continue to grow over the top of
11 the wires, so the expense with priority trees is
12 always going to be there.

13 Think about -- think about storms that
14 we have in any given day. Trees are a dynamic thing.
15 So a storm can change the characteristic of a tree,
16 it can damage trees, insect infestations, Emerald Ash
17 Bore, Dutch Elm disease, we've got the new spotted
18 lantern fly coming through.

19 There's any number of things that are
20 continually impacting the vegetation that would
21 necessitate us doing maintenance, which would -- it's
22 not going to -- all those factors contribute to us
23 not being able to reduce our required minimum spend.
24 That's what we're predicting now.

25 MR. HAYS: There were a lot of good

1 questions earlier, many of these are close to those.
 2 I mean, I'm finished. Thank you very much.
 3 Appreciate your time.

4 EXAMINER ADDISON: Thank you very much.
 5 IGS?

6 MR. BARBARA: No questions.

7 EXAMINER ADDISON: OPAA?

8 MR. DOVE: No questions, your Honor.

9 EXAMINER ADDISON: Wal-Mart?

10 MS. GRUNDMANN: No questions, your
 11 Honor.

12 EXAMINER ADDISON: Mr. Lavanga,
 13 questions?

14 MR. LAVANGA: No questions.

15 EXAMINER ADDISON: Staff?

16 MS. BOTSCHNER O'BRIEN: Nothing.

17 - - -

18 EXAMINATION

19 By Examiner Addison:

20 Q. Very quickly, Mr. Standish, I have a
 21 quick question.

22 So in identifying the corridors that --
 23 or circuits that you'll be focussing on with this
 24 Enhanced Vegetation Management Plan if approved by
 25 the Commission, do you have a list of those already

1 compiled where you would turn your attention to
2 first, or would it require a bit of time to conduct
3 surveys to establish what areas would need the most
4 help?

5 A. I would say, you know, again, we
6 would -- if approved, we would look to maximize the
7 amount of work on our upcoming scheduled maintenance
8 year.

9 So we would take our 2024 scheduled
10 maintenance year and look to complete as much of this
11 work as we can right out of the gate.

12 Beyond that, earlier I talked about
13 looking for, you know, some of the mechanical work to
14 open up the right-of-ways to get ahead of it.

15 In addition, another thing that we would
16 do is -- we continue to be innovative with our
17 program.

18 We have several other initiatives going
19 on. One of them is looking at technology and risk
20 modeling and things like that, so if we had -- if
21 we're able to ramp up fast enough we would look to
22 targets and maybe worse performing areas, or areas of
23 the system that would provide greater reliability
24 sooner, beyond what we would be doing on our
25 scheduled maintenance. I think those are reasonable

1 things that we would look to.

2 But we would -- first out of the gate we
3 would focus on our scheduled maintenance work and
4 accomplish as much of this as we can within that, and
5 then look beyond on some of that mechanical work to
6 get ahead and looking at some -- looking at areas of
7 the system we can make a bigger impact to reliability
8 sooner.

9 Q. But you don't, sitting here today, have
10 a list of targeted areas that you would focus on
11 primarily?

12 A. As a part of our normal business for our
13 upcoming -- for any given calendar year, we look at
14 our worse performing circuits and we prioritize work
15 based on the time of year so that we're as efficient
16 as we can, and then also making the biggest impact to
17 reliability.

18 So I feel like we have some of that work
19 done already, but whenever we get the green light, if
20 we get the green light, we'll look at any way we can
21 to maximize the work that we can get to.

22 EXAMINER ADDISON: Thank you, that's
23 helpful.

24 Mr. Keaney, any redirect?

25 MR. KEANEY: Can we just have a moment,

1 your Honor?

2 EXAMINER ADDISON: Absolutely. Go off
3 the record.

4 (Discussion off the record.)

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

7 Mr. Keaney, any redirect?

8 MR. KEANEY: Yes, your Honor.

9 EXAMINER ADDISON: Please proceed.

10 - - -

11 REDIRECT EXAMINATION

12 By Mr. Keaney:

13 Q. Mr. Standish, you remember you were
14 asked a question about -- it was page 13, lines 14 to
15 16? Again, that's page 13, lines 14 to 16.

16 A. Yes.

17 Q. Do you have any testimony you'd like to
18 elaborate on today about that statement made on page
19 14 -- sorry, page 13?

20 A. Yeah, so I just want to be clear that in
21 putting together our reliability benefits for this
22 program, we looked at the impact of our trees off
23 right-of-way, limbs off right-of-way, vegetation from
24 within the right-of-way, and its contribution to the
25 overall customer -- or overall Company reliability

1 for SAIFI and minutes, so this six to seven percent
2 is a reduction to the overall Company SAIFI and CAIDI
3 based on our improvement from the vegetation
4 standpoint.

5 Q. So that percentage isn't -- is specific
6 to tree-caused outages of vegetation management, it
7 does not also include DCR, AMI, or any other programs
8 like that?

9 A. That is correct. This is just our
10 impact based on those three categories of work that I
11 described.

12 MR. KEANEY: No further questions, your
13 Honor.

14 EXAMINER ADDISON: Thank you. OELC, any
15 questions?

16 MR. WILLISON: No questions, your Honor.

17 EXAMINER ADDISON: RESA?

18 MR. KURTZ: No, your Honor.

19 EXAMINER ADDISON: OCC?

20 MR. FINNIGAN: No questions, your Honor.

21 EXAMINER ADDISON: OMAEG?

22 MS. BOJKO: No, thank you.

23 EXAMINER ADDISON: Kroger?

24 MS. CADIEUX: No questions, your Honor.

25 EXAMINER ADDISON: IGS?

1 MR. DUNN: No questions, your Honor.

2 EXAMINER ADDISON: OP&E?

3 MR. DOVE: No questions, your Honor.

4 EXAMINER ADDISON: Wal-Mart?

5 MS. GRUNDMANN: No questions, your

6 Honor.

7 EXAMINER ADDISON: NO&C?

8 MR. HAYS: Thank you, none.

9 EXAMINER ADDISON: Nucor?

10 MR. LAVANGA: No questions, your Honor.

11 Thank you.

12 EXAMINER ADDISON: Thank you. I have no
13 additional questions.

14 You're excused, Mr. Standish, thank you
15 very much.

16 (Witness excused.)

17 EXAMINER ADDISON: Mr. Keaney, you had
18 previously moved for the admission of Company Exhibit
19 8; is that correct?

20 MR. KEANEY: That is correct, your
21 Honor.

22 EXAMINER ADDISON: Are there any
23 objections to the admission of Company Exhibit 8 at
24 this time? Hearing none, it will be admitted.

25 (EXHIBIT ADMITTED INTO EVIDENCE.)

1 EXAMINER ADDISON: Ms. Bojko.

2 MS. BOJKO: Thank you. I'd like to move
3 OMAEG Exhibit 16.

4 EXAMINER ADDISON: Any objection to
5 OMAEG 16 into the record?

6 MR. KEANEY: None from the Company, your
7 Honor.

8 EXAMINER ADDISON: Thank you. It will
9 be admitted.

10 (EXHIBIT ADMITTED INTO EVIDENCE.)

11 EXAMINER ADDISON: And I believe that
12 concludes our witnesses that will be providing
13 testimony today, is that correct? Mr. Keaney or
14 Mr. Alexander, whoever would like to address that.

15 MR. KEANEY: Yes, your Honor.

16 EXAMINER ADDISON: Thank you. We'll be
17 taking up the testimony of Company witness Richardson
18 and Stein tomorrow, and we will begin at 9:15 a.m.

19 Anything else before we go off the
20 record today? Thank you. We are adjourned.

21 (Thereupon, the hearing was
22 adjourned at 3:40 p.m.)

23 - - -

24

25

CERTIFICATE

I do hereby certify that the foregoing
is a true and correct transcript of the proceedings
taken by me in this matter on Monday, November 20,
2023, and carefully compared with my original
stenographic notes.

Valerie J. Grubaugh,
Court Reporter and Notary
Public in and for the State
of Ohio.

My commission expires August 11, 2026.

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

12/5/2023 8:55:22 AM

in

Case No(s). 23-0301-EL-SSO

Summary: Transcript of Ohio Edison Company, CEI and The Toledo Edison Company hearing held on 11/20/23 - Volume VI electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Grubaugh, Valerie.