BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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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 9:20 a.m. on Tuesday, November 21, 2023.

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VOLUME VII

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INDEX

- - -

WITNESS	PAGE
Amanda Richardson	
Direct Examination by Mr. Alexander	1371
Cross-Examination by Mr. Finnigan	1372
Cross-Examination by Ms. Bojko	1378
Cross-Examination by Ms. Grundmann	1383
Edward B. Stein	
Direct Examination by Mr. Keaney	1385
Cross-Examination by Mr. Kurtz	1386
Cross-Examination by Mr. Pritchard	1404
Cross-Examination by Mr. Finnigan	1461
Cross-Examination by Ms. Bojko	1501
Cross-Examination by Mr. Dunn	1510
Cross-Examination by Mr. Settineri	1514
Cross-Examination by Mr. Lavanga	1518
Cross-Examination by Mr. Proano	1527
Cross-Examination by Ms. Botschner-O'Brien	1574
Examination by Examiner Price	1576
Redirect Examination by Mr. Keaney	1579
Recross-Examination by Mr. Proano	1581

- - -

COMPANIES EXHIBITS	IDENTIFIED	ADMITTED
9 Direct Testimony of Amanda Richardson	1372	1384
10 Direct Testimony of Edward B. Stein	1385	1586

- - -

RESA EXHIBIT	IDENTIFIED	ADMITTED
14 RESA Set 03-INT-078 Response	1446	1586

- - -

OCC EXHIBIT	IDENTIFIED	ADMITTED
9 PUCO No. 11 Ohio Edison Schedule of Rates for Electric Service	1475	1587

INDEX (Continued)

- - -

OELC EXHIBITS		IDENTIFIED	ADMITTED
29	Responses to OELC Set 1-INT-4, OELC Set 1-INT-10, and OELC Set 1-INT-21	1528	1588
30	FirstEnergy Ohio Electric Distribution Companies Determination of Capacity Peak Load Contributions and Network Service Peak Loads	1528	1588
31	Ohio Edison, Cleveland Electric Illuminating, Toledo Edison Load Profile Application	1529	1588

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Tuesday Morning Session,
November 21, 2023.

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EXAMINER PRICE: Let's go on the record.

Good morning. The Public Utilities Commission of Ohio 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, The 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 are Megan Addison and Jacky St. John. We are the Attorney Examiners assigned to preside over today's hearing. This will be our seventh day of hearing in this proceeding.

Mr. Alexander, you may call your next witness.

MR. ALEXANDER: Thank you, your Honor. The Companies would call Amanda Richardson.

EXAMINER PRICE: Raise your right hand.

(Witness sworn.)

EXAMINER PRICE: Please be seated and state your name and business address for the record

after you've turned on your microphone.

THE WITNESS: My name is Amanda Richardson, and my business address is 76 South Main Street, Akron, Ohio.

EXAMINER PRICE: Please proceed, Mr. Alexander.

- - -

AMANDA RICHARDSON

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

DIRECT EXAMINATION

By Mr. Alexander:

Q. Ms. Richardson, did you cause to be filed a prefiled written direct testimony in this proceeding?

A. Yes.

Q. And do you have any changes or corrections to that testimony today?

A. I do not.

Q. And if I were to ask you the same questions as appear in your prefiled direct testimony again today, would your answers be the same?

A. They would.

MR. ALEXANDER: I should have done this first, your Honor. May I have the direct testimony

of Amanda Richardson marked as Companies Exhibit 9?

EXAMINER PRICE: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. ALEXANDER: And, your Honor, the Companies move for the admission of Companies Exhibit 9, subject to cross-examination.

EXAMINER PRICE: We will take up the admission of Companies Exhibit 9 after cross-examination.

Let's go off the record.

(Discussion off the record.)

EXAMINER PRICE: OELC?

MR. WILLISON: None, your Honor.

EXAMINER PRICE: Mr. Kurtz?

MR. KURTZ: No questions, your Honor.

EXAMINER PRICE: Mr. Long?

MR. LONG: No questions, your Honor.

EXAMINER PRICE: Mr. Finnigan?

MR. FINNIGAN: Just a few questions.

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CROSS-EXAMINATION

By Mr. Finnigan:

Q. Good morning, Ms. Richardson.

A. Good morning.

Q. My name is John Finnigan. I am an

1 attorney representing the Office of the Ohio
2 Consumers' Counsel. I would just like to ask you a
3 few questions about your testimony. Thank you for
4 being here today.
5 Ma'am, could you please turn to page 8 of
6 your testimony and take a look at lines 3 through 7.
7 A. Yes.
8 Q. Now, there you talk about certain riders
9 that are involved in this case. Do you see that?
10 A. I do.
11 Q. Now, if the Commission were to approve
12 those riders -- well, strike that.
13 Do each one of those riders -- would each
14 one of those riders have any effect on the Companies'
15 reliability scores?
16 A. Yes, they would.
17 Q. Which ones?
18 A. All of them listed would have reliability
19 benefits.
20 Q. If the Commission were to approve all
21 three riders in this case and if the rider programs
22 were in effect for a period of time, would you then
23 be able to look back at the end of that period and
24 determine which program contributed how much to the
25 Companies' improved reliability?

A. For some of them, yes. For example, the vegetation rider, we have an outage management -- management system that tracks outage causes which vegetation-related causes are one of those choices, so we would be able to capture that data, and at the end of the period of time, we would expect to see those vegetation-related outages decrease over the time period.

Q. And you could track that to the cause being the vegetation management program.

A. Correct.

Q. What about the other two programs, DCR and AMI? Can you do the same kind of tracking of improved reliability scores for either one of those two programs?

A. So for Rider AMI, I am aware that there are specific tracking mechanisms through our Grid Mod I filing but I am not the one that actually tracks and calculates those benefits, so I can't directly speak to those but I know that they are calculated.

Q. What about DCR?

A. DCR, we do expect reliability benefits through DCR. It gives us a chance to perform our routine maintenance, offset system degradation, so depending on what that spend is -- is accounted for,

we can calculate benefits. But that one is a little trickier because it is just offsetting degradation so we don't necessarily show an improvement but it would just be mitigating our reliability getting any worse through system degradation.

Q. Now, could you talk about what your responsibilities are in your current job position, please?

A. Sure. So I am the Director of Engineering Services for the three FirstEnergy Ohio Operating Companies. And I have a team of approximately 200 people and they perform all distribution engineering-related activities and I oversee -- see those functions, new customer connects, we have a reliability team, and we have a planning and protection team.

Q. So is your job more related to the design and installation of the distribution system?

A. It's -- it's both. It's all three of those categories, so it is design, but it's also, you know, reliability related, and my team oversees load forecasting studies and planning of the system.

Q. And what's the reliability-related component in your job? What are your responsibilities in that area?

A. So I have a team of approximately 30 people that are focused on reliability activities. They are the folks that go out and perform our I&M inspections. We also have power quality engineers that would be the ones that would respond to customers having power quality issues, and they also would be the ones that are planning out our reliability programs for our capital spend.

Q. Now, are you responsible for the people that would go out and do repairs on the distribution system if there has been some kind of outage?

A. So I do not oversee our physical line workers or substation workers.

Q. But are you aware of their activities because it affects your area of responsibility?

A. Yes. I am aware of their activities, yes.

Q. And how does -- how do you interface with that group?

A. We have routine meetings, weekly meetings in some cases, with our operations staff to talk through their work plans.

Q. Now, if these three programs are approved, the DCR, AMI, and VMC, what do you think would be the impact on the number of power quality

complaints that you would see from your customers?

A. That I don't know.

Q. If these three programs are approved, what impact do you think these programs would have on the Companies' O&M expense for restoring service after an outage?

A. That I don't know.

Q. If these three programs were approved, what do you think the impact would be on the Companies' O&M expense for replacing equipment that's failed?

MR. ALEXANDER: Could I have that question read, please? I apologize.

EXAMINER PRICE: Yes, please.

(Record read.)

A. I would assume that the O&M expense would be reduced if we continue to proactively replace aging equipment just because in general it's -- it's less O&M to -- to -- to keep newer equipment working versus aging equipment where it is a lot of spare parts; and, you know, they don't have all the functionality that we have for new equipment.

Q. Now, the Company is seeking to collect the costs of these programs in this case. Would it be reasonable to also flow through any O&M savings

that are attributable to these programs?

A. I don't know.

Q. Can you think of any reason why that wouldn't be fair?

A. I don't know.

MR. FINNIGAN: Those are all the questions I have. Thank you, Ms. Richardson.

EXAMINER PRICE: Thank you, Mr. Finnigan.

Ms. Bojko?

MS. BOJKO: Yes.

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CROSS-EXAMINATION

By Ms. Bojko:

Q. Good morning, Ms. Richardson.

A. Good morning.

Q. My name is Kim Bojko, and I represent the Ohio Manufacturers' Association Energy Group, if I can talk today.

I would like to look at your testimony. Beginning on page 2, you testify about FirstEnergy's past reliability performance and history of reliability; is that correct?

A. Yes.

Q. And then on page 2, around lines 14 through 15, you state that "the Companies have had a

1 strong history of meeting, and in many cases
2 exceeding, their reliability performance standards";
3 is that correct?
4 A. That's correct.
5 Q. And you continue talking about the past
6 performance until page 8, and on page 8, lines 2
7 through 3, you state that the Companies have never
8 failed to meet reliability standards for two
9 consecutive years since 2010; is that correct?
10 A. That's correct.
11 Q. Then on lines 9 through 12, you explain
12 that the Companies have made and expect to continue
13 making significant investments of over 300 million a
14 year on the distribution system. Do you see that?
15 A. Uh-huh, yes.
16 Q. Okay. You say have made, so the
17 Companies are currently spending 300 million
18 annually?
19 A. Approximately, yes.
20 Q. And FE plans under ESP V to spend
21 300 million annually for each year of the ESP V?
22 A. Approximately, yes.
23 Q. Where is the 300 million being recovered
24 today?
25 A. I assume through Rider DCR, but I am

not -- that's not my expertise as far as the recovery piece.

Q. Well, when you say that FirstEnergy plans to continue to spend 300 million, is that referring to the Rider DCR?

A. I believe so.

Q. And the 300 million number that you referenced does not include additional investments in grid modernization, vegetation management, or storm restoration, correct?

A. Correct.

Q. So just to be clear, the 300 million you reference on page 8, line 10, is in addition to the riders you reference on page 8, line 6, with regard to AMI, VMC, and SCR?

A. Correct, the AMI, VMC, and SCR.

Q. Then after -- looking at the bottom of page 8 of your testimony, after explaining for eight pages that the Companies have had a strong history of meeting and in many cases exceeding their reliability performance standards, you state that the Companies are now facing challenges to meet the reliability standards, correct?

A. Correct.

Q. And so if the Commission doesn't approve

1 the increased DCR caps or the rider -- vegetation
2 management rider or the Rider AMI or Rider SCR, are
3 you saying that the Companies won't be able to
4 provide reliable service?
5 A. It will make it challenging.
6 Q. So regardless of the outcome of this
7 case, FirstEnergy still intends to meet its
8 reliability standards, correct?
9 A. For 2023, we are projecting to miss our
10 CAIDI targets for Toledo Edison and CEI.
11 Q. And if we go -- other than that, you are
12 expected to meet your reliability standards, correct?
13 A. Correct.
14 Q. And if you go to page 13 of your
15 testimony, you discuss here Rider DCR revenue caps
16 and how they are tied to FirstEnergy's reliability
17 performance; is that right?
18 A. Are you on page 14?
19 Q. Well, it starts at the bottom of 13 kind
20 of and goes over to top of 14.
21 A. Okay. Yes.
22 Q. Okay. If all the utilities meet their
23 reliability requirements, the Rider DCR cap increases
24 by $21 million; is that your understanding?
25 A. That is.

Q. And if all of the FirstEnergy utilities fail to meet their reliability requirements, the caps still increase by 15 million; is that correct?

A. Correct.

Q. Are you aware that Staff is proposing to reduce the caps by 306 million over the six-year term?

A. No.

Q. Are you aware that Staff recommends not allowing unused DCR revenue cap amounts or unrecovered revenue requirements above the annual revenue requirement cap to roll forward?

A. No.

Q. You are not familiar with Staff's recommendations at all?

A. No.

MS. BOJKO: Thank you, your Honor. That's all I have.

EXAMINER PRICE: Thank you.

IGS?

MR. BARBARA: Thank you, your Honor, no questions.

EXAMINER PRICE: Walmart?

MS. GRUNDMANN: Very briefly.

- - -

CROSS-EXAMINATION

By Ms. Grundmann:

Q. I am not sure my microphone works. Let me know if you can't hear me. Following up on Ms. Bojko's very last question, have you paid any attention to the ESPs that have been filed in maybe late 2022 into 2023, this year, in Ohio for both AEP Ohio and AES Ohio?

A. No.

Q. So you are not aware of the terms of the riders that those utilities have that are similar to your Rider DCR?

A. No.

MS. GRUNDMANN: Okay. Thank you. Those are all the questions I have. I don't know why I am talking into the mic that's not on.

EXAMINER PRICE: Mr. Hays?

MR. HAYS: Thank you, none.

EXAMINER PRICE: Mr. Lavanga?

MR. LAVANGA: No questions, your Honor. Thank you.

EXAMINER PRICE: Redirect -- oh, Staff.

MS. HOWARD: No, nothing from Staff, your Honor.

EXAMINER PRICE: Redirect?

1 MR. ALEXANDER: No redirect.
2 EXAMINER PRICE: Any questions?
3 I have no questions. You are excused.
4 THE WITNESS: Thank you.
5 EXAMINER PRICE: At this time we will
6 take up Companies' motion to admit Companies
7 Exhibit 9. Any objections?
8 Seeing none, it will be admitted.
9 (EXHIBIT ADMITTED INTO EVIDENCE.)
10 EXAMINER ADDISON: The Companies may call
11 their next witness.
12 MR. ALEXANDER: May I approach, your
13 Honor?
14 EXAMINER ADDISON: You may.
15 MR. KEANEY: Your Honor, the Companies
16 call Ed Stein to the stand.
17 EXAMINER ADDISON: Welcome, Mr. Stein.
18 MR. STEIN: Thank you.
19 EXAMINER ADDISION: Raise your right
20 hand.
21 (Witness sworn.)
22 EXAMINER ADDISON: Thank you.
23 MR. KEANEY: Your Honors, the Companies
24 would ask the testimony of Witness Stein be marked
25 for identification as Companies Exhibit 10.

1 EXAMINER ADDISON: It will be so marked.
2 (EXHIBIT MARKED FOR IDENTIFICATION.)
3 - - -
4 EDWARD B. STEIN
5 being first duly sworn, as prescribed by law, was
6 examined and testified as follows:
7 DIRECT EXAMINATION
8 By Mr. Keaney:
9 Q. Good morning, Mr. Stein. Can you please
10 state your full name and your business address for
11 the record?
12 A. Good morning. My name is Edward B.
13 Stein, and my business address is 76 South Main,
14 Akron, Ohio 44236.
15 Q. Do you see the document that's before you
16 that's been marked for identification as Companies
17 Exhibit 10?
18 A. I do.
19 Q. Do you recognize this document?
20 A. Yes, I do.
21 Q. What is it?
22 A. It is my direct testimony in this case.
23 Q. And was your direct testimony in this
24 case prepared by you or under your direction?
25 A. Yes, it was.

Q. Do you have any corrections to make to your testimony?

A. Just a minor correction.

Q. And which is that?

A. On page 3, line 21, at the end of the last paren in that line we need to add a case number, and the sentence would read "and in a complaint case (Case No. 17-791-EL-CSS)."

Q. Any other changes?

A. No. That is it.

MR. KEANEY: Your Honors, the Companies move for the admission of Companies Exhibit 10, subject to cross-examination.

EXAMINER ADDISON: Thank you. We will defer ruling on the motion for admission until after the completion of cross-examination.

Mr. Kurtz, any questions?

MR. KURTZ: I do. Thank you, your Honor.

- - -

CROSS-EXAMINATION

By Mr. Kurtz:

Q. Good morning, Mr. Stein.

A. Good morning.

Q. Have you been in the hearing for the entire time?

A. No. The past couple of days, since Friday.

Q. Did you see the testimony of Mr. McMillen?

A. No, I did not.

Q. Okay. What is Mr. McMillen's relationship in terms of reporting and business to you? Does he work in your group or for you or different group?

A. We have no direct business relationship.

MS. BOJKO: I'm sorry, your Honor.

Mr. Kurtz, could you please use the microphone?

EXAMINER ADDISON: If you could, please. Thank you.

Thank you.

Q. (By Mr. Kurtz) Mr. Stein, have you reviewed the testimony of Staff witness Mr. Healey on the ELR issue?

A. I have not.

Q. Okay. Have you reviewed the testimony of OEG witness Mr. Murray on the ELR issue?

A. I have not.

Q. Okay. Your proposal is to reduce the ELR credit by 10 percent per year beginning in year two

1 running through years two through eight of the ESP,
2 the Companies' proposal?
3 A. I believe Witness McMillen's testimony
4 was about the actual percent reductions.
5 Q. A dollar -- a dollar a year reduction for
6 seven years?
7 A. That would -- that's Witness McMillen.
8 Q. Right. Okay. You refer to his testimony
9 in your testimony, do you not?
10 A. I do only to coordinate.
11 Q. Okay. Your proposal is that in order to
12 qualify for ELR, a customer is required -- would be
13 required to register with a curtailment service
14 provider in PJM; is that correct?
15 A. Yes.
16 Q. Okay. And the customer would establish a
17 firm baseline level with PJM that would then be
18 incorporated by FirstEnergy for the state ELR
19 program; is that correct?
20 A. The two mechanisms would operate
21 independent of each other.
22 Q. But the firm baseline would be the same;
23 you state in your testimony that the firm baseline
24 established by PJM would also be the firm baseline
25 for ELR, correct?

A. Yes, but they will be free to establish and engage with other products that may not incorporate that same baseline.

Q. But with respect to firm baseline, the PJM firm baseline would be the ELR firm baseline, correct?

A. Yes.

Q. The -- does -- and essentially FirstEnergy's role in ELR would simply be you would be able to call interruptions during distribution system emergencies, and you would pay the credit to the participating customers?

A. I'm sorry.

Q. Okay. You -- first, under your proposal, a customer -- you would not issue any notice if there is a PJM emergency; that would be PJM's responsibility, correct?

A. Correct.

Q. Okay. Under your proposal, if there was a distribution system emergency, you would give notice to the ELR customer, and they would be required to get to the firm baseline level within two hours, correct?

A. I would term it more as a local emergency but, yes.

Q. You call it distribution in your testimony, do you not? Maybe Mr. McMillen does.

A. I was going to ask if you could -- if I'm referring to it as distribution.

Q. Okay. And if the -- if the customer did not get down to its firm baseline level, they would be subject to penalties?

A. Are you speaking to PJM's or?

Q. I am talking about the FirstEnergy ELR program. You would penalize the customer if they did not get down to the firm baseline level, correct?

A. Yes.

Q. They would be required to disgorge the current month ELR credit and the preceding 12 months' ELR credit plus be subject to an energy penalty, the ECE energy penalty?

A. That would be better answered by Witness McMillen as to the specifics of the mechanics of the tariff.

Q. Okay. In terms of requiring an ELR customer to register with a curtailment service provider as a prerequisite for the state ELR program, does any other utility in Ohio have that same requirement that you are aware of?

A. I'm not aware.

Q. Are you aware that AEP IRP-E expanded allows the utility AEP Ohio to give an interruptible credit, and the IRP-E customer would also have the right to -- the option to participate in the PJM demand response but not the requirement? Are you aware of that?

A. I am not.

Q. Is FirstEnergy trying to reduce the State's jurisdiction over the ELR program by this requirement that you must register with a CSP provider?

A. No. I think we're attempting to ensure these legacy large customers that provide a significant amount of reduction in emergency times more flexibility in their energy and load management needs.

Q. Okay. So it's really for the customer's benefit then, the requirement to register with a CSP?

A. Yes. And that's based on two situations that impacted the customers that have traditionally participated, one being the PJM auction schedule and our ESP IV sunset date did not allow us at least for the first BRA of the ESP V and likely the second BRA of the ESP V for them to participate with us since we don't have an order for them to be in our portfolio,

1 and in recent times we've had customers in our
2 program seek to enter their resources in other
3 markets at PJM.
4 Q. Let me back up. If your proposal is not
5 intended to reduce the Commission's jurisdiction over
6 these programs and it is intended to give the cus --
7 participating customer more flexibility, why would --
8 would you agree then to give the customer the option
9 to participate in PJM demand response like AEP but
10 not the requirement?
11 MR. KEANEY: Your Honor, I just want to
12 object. That assumes facts not in evidence. He
13 didn't -- he previously said he had no idea about the
14 AEP situation. He is asking him again just like the
15 AEP situation. He hasn't laid a foundation for that,
16 and the witness wouldn't be able to respond.
17 Q. Same question. Strike the question like
18 AEP.
19 EXAMINER ADDISON: Thank you.
20 A. May I have the question again?
21 Q. I will repeat it. If your goal is not to
22 reduce the jurisdiction and your goal is to help to
23 give the customer more flexibility, would you agree
24 to a PJM demand response CSP option but not
25 prerequisite?

A. I think it's important for these customers to maintain both their emergency capability with us on a coordinated basis and continue to participate in PJM.

Q. Okay.

EXAMINER ADDISON: Did you ever consider the proposal as prompted by Mr. Kurtz?

THE WITNESS: No, we did not. And I worked at one of the customers that would have traditionally been in this bucket, a large steel mill out in Warren, and the intent of this kind of program is to ensure it's there for system reliability which would be the PJM program side of it, as well as that emergency local condition that we could call on like I was actually involved with in 1998 when the tornado went through the Toledo area. It took out a lot of transmission line, very local to the Toledo area.

EXAMINER ADDISON: Thank you.

THE WITNESS: Thank you.

Q. (By Mr. Kurtz) What steel company was that?

A. I worked at WCI Steel. We were traditionally -- which was on old LTV plant. We were on the Companies' interruptible -- interruptible riders and --

Q. Did that -- did that transition into becoming Warren Steel?

A. Yeah. Went through a couple owners there and unfortunately now it's a large grass field.

Q. Right. It's no longer operational.

A. Yeah. It's sad.

Q. The Commission gave them a reasonable arrangement too but that still didn't help.

A. It's a hard business.

Q. Do you -- your testimony is that the cost recovery from ratepayers would be through the DSE1 Rider as well as the Economic Development Rider?

A. I'll say yes; but again, Witness McMillen knows the -- he knows the details of the rate design.

Q. Let me ask you to assume that Staff wants the full recovery through the EDR rider. Would the Company have any problem with that? Get your money one way or the other. Would it make any difference?

A. From my -- I don't know that it makes a specific difference.

Q. Your proposal is not to expand ELR to new customers; is that correct?

A. That's correct.

EXAMINER PRICE: When you say your plan is not to expand to new customers, is there anything

in your plan which would preclude the Commission from approving your reasonable arrangement which would allow a company, a new company, to participate in Rider ELR?

THE WITNESS: Your Honor, I think that's well within the power of the Commission to approve reasonable arrangements for --

EXAMINER PRICE: There is nothing in your plan that would preclude that.

THE WITNESS: No, absolutely not.

EXAMINER PRICE: Thank you.

Q. (By Mr. Kurtz) I want to go back to this CSP State jurisdiction thing because I still don't really -- there is no minimum level of demand response that the customer would be required under your proposal just as they have to register with the CSP even for just 1 megawatt, for example.

A. I apologize. I missed the first part.

Q. There is no minimum amount of megawatts or demand response that the customer would have to register with the CSP under your proposal. They just have to register something but no minimum or maximum; is that correct?

A. That's correct. I think that's been true all along there. They offer the capability that they

are able to provide.

Q. They offer it to you, and then you bid it in --

A. Under the old program, yes.

Q. Would this -- would this dual participation proposal of yours where the customer would keep the PJM demand response revenues, is that -- is that found at least in part to mitigate the reduction in the credit the State would provide?

A. I think -- I think there is a way to look at that but just looking back on history, that credit wasn't very large against the amount of dollars flowing through the customers, so it's not the main factor.

Q. If the Commission was concerned -- under your proposal if the Commission was concerned about retaining State jurisdiction instead of ceding too much over to the Federal Government, are there any modifications that you can think of that would be appropriate for your proposal?

A. My apologies. I am not following the concept of ceding.

Q. Well, PJM and FERC are federal, and the Commission is state. If the Commission wanted to maintain as much jurisdiction over the ELR programs

it currently had, how would your -- can you think of a way to modify your recommendation?

MR. KEANEY: Your Honor -- sorry. I just would object to this. It's an incomplete hypothetical. It is not clear how or what specific state or federal changes are being discussed here. And without knowing the basis for that modification, there is no way this witness can discuss how our proposal would fit an ill-defined -- say an undefined piece of legislation.

MR. KURTZ: Well --

EXAMINER ADDISON: I think it is getting close to asking for a legal conclusion as well.

MR. KURTZ: Here is the basis for the question, under the Companies' proposal, Mr. Stein's proposal, in order to participate in the state program, the customer must participate in the federal program. And so I agree this jurisdictional issue is legal.

Q. (By Mr. Kurtz) But from a regulatory perspective, is there a way for the State to maintain as much jurisdiction as it currently has, if you know? That's the nature of the question.

MR. KEANEY: Same objection.

EXAMINER ADDISON: Thank you. I will

allow him to answer if you know.

A. I think I'm going to answer with possibly. Where I am struggling so the current program we offer the assets into the PJM market and I don't -- I guess what I don't have an appreciation for is is that State jurisdiction different than if we said -- get a different person to offer it into the market versus us offering. That's what I'm struggling with because in our program we offer it into the market as well as a condition of the tariff, current tariff.

EXAMINER PRICE: I am still struggling with the benefit to customers generally in requiring the ELR customers to have their own CSP provider. Can you explain how the entire customer base would benefit by this?

THE WITNESS: Apologies. Do you want me to talk about the ELR customers themselves or?

EXAMINER PRICE: Any customer. What's the benefit of requiring the ELR customers to obtain their own CSP?

THE WITNESS: So -- so I think we can appreciate there is a lot going on in the electric industry and choice of what customers can and can't engage in, generation, demand response, all kinds of

1 different things.
2 What we are trying to do is allow
3 customers to start -- let me rephrase, the ELR
4 customers to select or possibly select one party that
5 they can manage their energy purchases, their demand
6 response activities, their energy efficiency
7 activity, the generation activity. They can go to
8 one person to do all that kind of activity and
9 engage.
10 What's currently happening with our ELR
11 program is there were -- we are forcing them to
12 engage with us with one particular product. And so
13 what we are trying to do with the ELR customers is
14 say, hey, you are free to go to manage your business
15 how you want to. We are going to continue this
16 program. We are going to continue the incentive for
17 a local emergency, but as far as the other components
18 of it, you now can manage your destiny in totality
19 with the people that you want to do that with.
20 EXAMINER PRICE: Is it fair to say you
21 think that your proposal promotes competition?
22 THE WITNESS: Your Honor, I would offer
23 that I don't know that I would go that far. It
24 doesn't limit it, let me say it that way.
25 EXAMINER PRICE: Okay. That's fair.

1 Thank you, Mr. Kurtz.
2 MR. KURTZ: Thank you, your Honor.
3 Q. (By Mr. Kurtz) One last couple of
4 questions. I want you to put your electric engine --
5 electrical engineering hat on. Do you keep abreast
6 of reliability issues within PJM and concerns that a
7 lot of policymakers have about reliability?
8 A. I do.
9 Q. Okay. Would your expectation be over the
10 eight-year term of the ESP that there would be more
11 or less reliability events called by PJM than
12 current?
13 A. And what do you mean current? Past
14 couple?
15 Q. Well, prior eight years say.
16 A. Oh, okay. Fair enough. So -- so I am
17 going -- I am going to speak to what PJM has done in
18 this arena which I think is important to your
19 question. PJM over the last year initiated a CIFP
20 which is a critical -- I'm going to blank on the --
21 what it refers to, but it's a critical something fast
22 path. It's a mechanism PJM has to in an emergency
23 way look at something that's possibly going to impact
24 their -- their ability to meet reliability, keep
25 generation on, and in a cost effective manner.

They -- they have recently filed updates to RPM as a result of that. And in some of the things they cited in that reasons that they were initiating that process was they see a changing generation mix. They are worried about too much generation coming off the system at a time when there is not enough being added to replace it.

The resource mixes are changing. The dispatchability is changing. Where it's located is changing. It's coming from, you know, a central generation paradigm down to the distributed generation paradigm, so they are concerned. And I think if our reliability coordinator is concerned, we're all concerned, so I will answer it that way.

Q. Thank you. So PJM is concerned that thermal generation coal and gas primarily are retiring too quickly and that wind and solar is coming on too fast?

A. I'll offer that's a little more conclusionary than I probably get to but there are themes of that even in their issue charge and -- and problem statement documentation.

Q. How does PJM propose addressing that?

A. They -- I don't know -- remember all the specifics sitting here because I think folks can

appreciate it was a large filing, and I don't have the filing memorized. But they are making some changes to RPM regarding how certain resources offer in, the rules and mechanics from which they will operate under, to encourage assets be put on the system or remain on the system, just generalizing some of the things they were doing.

Q. Is it your understanding pretty much all PJM can do is send price signals to try to encourage coal and gas plants to not retire or in the case of gas to actually be built?

A. I think that's a little deeper than that but that's the mechanism they use. I mean, it's the RPM market. It's the energy market. Those are the main signals and revenue sources for generators to participate. I think they have a little more authority to -- to ensure that there is enough generation on their system other than price.

Q. Really? I don't want to get too far into the legal issue but are you -- does -- the State of Ohio has a Power Siting Board, correct?

A. Yes.

Q. Does it not? Okay. Because Ohio has jurisdiction over generating facilities; is that your understanding?

1 MR. KEANEY: Objection, your Honor. Just
2 the relevance of this line of questioning is going
3 far from the scope of his testimony.
4 MR. KURTZ: I'll withdraw --
5 MR. KEANEY: Excuse me, Mr. Kurtz. If I
6 could finish.
7 MR. KURTZ: I'll withdraw that question.
8 EXAMINER ADDISON: He is withdrawing so
9 let's move on.
10 Q. (By Mr. Kurtz) Other than sending price
11 signals, what can PJM do?
12 A. For exact -- example, take the emergency
13 action they just took to engage the stakeholder body
14 and create the rules and the requirements, et cetera,
15 for generators to participate.
16 Q. The rules for pricing.
17 A. I think the -- I think the rules lead to
18 pricing, but first you have to have the market
19 construct.
20 MR. KURTZ: Okay. Your Honor, thank you.
21 No further questions.
22 EXAMINER ADDISON: Thank you very much.
23 Any questions from RESA?
24 - - -
25

1 CROSS-EXAMINATION
2 By Mr. Pritchard:
3 Q. Good morning, Mr. Stein. Matt Pritchard
4 from RESA.
5 A. Good morning.
6 Q. In your testimony you address two
7 different concepts to -- to address billing errors,
8 the unaccounted for energy and in the supplier tariff
9 section of a provision on resettlement, correct?
10 A. Yes. Generally speaking without asking
11 for a reference where we are at, yes.
12 Q. Okay. So I would like to just sort of
13 walk through a little bit the type of billing errors
14 that would be reflected and fixable from the
15 unaccounted for energy change versus the resettlement
16 provision, okay?
17 A. Okay.
18 Q. What situations -- and drawing your
19 attention to page 9 of your testimony, lines 10 to
20 12.
21 A. I'm there.
22 Q. There -- there's a sentence in the middle
23 of line 10 that begins "Further, retail billing
24 errors...." What would the retail billing errors be
25 that you would be able to accommodate the fix through

1 the unaccounted for energy change?
2 A. I'll give you a recent example. We've
3 had a couple larger customers where we've not been
4 able to get meter reads because either communication
5 is broken or the meter itself is broken, so we are
6 using estimates. Sometimes those estimates aren't
7 great. And we will do that for a few months.
8 We get beyond the PJM 60-day time frame,
9 and folks want to revise that estimate. And using
10 either -- you know, plant data or something, we
11 collaborate to ensure can we get as close to a good
12 estimate as we can. And sometimes it takes time to
13 arrange for that to happen.
14 So we want to go back and rebill, right?
15 So the retail piece of that is easy to rebill -- I
16 won't say easy, but it's easier to do that part.
17 With the way we are currently handling the PJM
18 settlement process today, the difference in that
19 settlement went to, well, everybody participating in
20 our zone. So -- so we have now to go deal with 140
21 folks to fix the wholesale side.
22 What the proposal will do is by the
23 Companies keeping the unaccounted for energy, we run
24 it through its own PJM subaccount. It is very
25 transparent how -- the value of it. It gets its own

1 bill. We only have to deal with one party to fix it,
2 being the supplier of that customer. So it just
3 makes a lot of those kinds of instances, which is the
4 vast majority of the things we get into, it makes it
5 very simple to deal with.
6 Q. On -- in your answer you referenced the
7 wholesale side, and I think your number was 140
8 entities. And I believe you also referenced everyone
9 in your zone. Would that be the ATSI transmission
10 zone?
11 A. It would be the retail -- I will say it
12 this way, it will be the retail jurisdiction of the
13 ATSI zone for a retail billing error.
14 Q. Would that just be customers of the three
15 Ohio distribution utilities?
16 A. Yes.
17 Q. Okay. So if there is -- the example you
18 gave was a retail billing error of a customer served
19 by the FirstEnergy distribution utilities, and your
20 answer was the retail side of that has been easier.
21 This unaccounted for energy change will help address
22 the issues on the wholesale side.
23 A. And just to be clear, when I say the
24 retail in the context, that was the retail billing of
25 the customer.

Q. Okay. Just kind of want to break this down so that when I go to the next provision, it's clear what's being addressed. What would be the wholesale issues that exist under the current regime once you get past that -- I think your prior answer was 60 days? Let me strike that.

The PJM, there is both a mandatory and a voluntary resettlement process, correct?

A. I want to make sure we're talking the same. When you say "mandatory and voluntary," which -- which are you referring to?

Q. If you identify an error proximate to when a bill is issued, is there a process in PJM where the suppliers have to agree to resettlement?

A. If -- I'm going to attempt an answer to maybe help with the question a little. So when we're -- at the time of billing up until that point, what has occurred is we've been using I'll call it settlement A or primary, folks may use a different name for each one, folks that are used to different terms, but they mean the same thing in the market. So settlement A has occurred for the days up until that bill was -- was submitted because every day we have to submit the Companies' loads broke up by LSEs to PJM. That's settlement A. And that's tariff, and

I will use your term, required. There's -- nobody is approving or having the choice in that process.

Then -- then after the bill's occurred, and I will just make this easy, 30 days after that, just use round numbers, won't get into the details what actual day it is, but just use round numbers, settlement B occurs. And any changes to settlement A that were captured by the customer care system, et cetera, that gets submitted to PJM, and -- and I will use your term, that's required. There's no process to approve or intervene in that.

And I think what you are referencing is -- is that -- I forget now, forget what term you called it. What did you call it?

Q. Voluntary.

A. Voluntary, thank you. There's the voluntary, in your words, that if the Companies discover something after the 60 day, there's -- per PJM's tariff there is an idea that -- settlement C is sometimes what it's referred to, that there is a requirement to have all parties involved in that settlement approve that settlement before PJM will act on it.

Q. And so if you get to that settlement C process, and you discover an error five months after

1 the bills have been issued, to fix what supplier owes
2 what, it's vol -- under the current regime it's
3 voluntary under the PJM rules?
4 A. With the clarification under the PJM
5 rules, it is.
6 Q. And then at the retail level, is it
7 voluntary for competitive suppliers today?
8 A. The Companies have always viewed that in
9 order to keep the retail and the wholesale markets
10 aligned, that it hasn't been voluntary but parties
11 have themselves viewed it as voluntary.
12 Q. Okay. And is it voluntary for SSO
13 suppliers today in your view?
14 A. I -- everybody is operating under the
15 same set of rules.
16 Q. Okay. So make sure both I am clear and
17 the record is clear, the -- the change for
18 unaccounted for energy -- your prior answer was it
19 helps with the wholesale settlement piece. Could you
20 just explain to us the process that you will use, if
21 approved, the new unaccounted for energy change to
22 settle billing errors with PJM?
23 A. Yes. And I will start with settlement A
24 and work it all the way through. With settlement
25 A -- and this will get in the weeds a little bit but

1 hopefully it makes sense. With settlement A, we have
2 a target that all the submittals sent to PJM must tie
3 to. We can't be over or under this number for PJM
4 settlement purposes.
5 So naturally when we are aggregating all
6 the customers' loads, it's not going to equal that
7 number. So that's what the unaccounted for energy is
8 just at a very, very high level. Today what we do we
9 allocate that back to the LSEs to get -- we just
10 ratio everybody up or down, same ratio of
11 kilowatt-hours or energy so that we meet the target.
12 That's the UFE component. So today we are sending it
13 to suppliers. That goes up in settlement A.
14 The mechanics of that, that won't change
15 and there is a specific reason why, which I will talk
16 to in settlement B. In settlement B that's -- today
17 that same process is occurring. We still have a
18 target. Everything has to sum to the target. The
19 over/under is the UFE, and we just ratio everybody up
20 or down and every hour of every day to hit the
21 target.
22 Today what we do is we send that to
23 suppliers. Under the proposal we would take those
24 ups and downs differences, and we run them into a
25 company account and settle it real time is what we

1 would do.
2 So now what happens the ultimate end
3 conclusion for the supplier is they have their
4 customer loads and they serve their customer loads
5 without adjustment at PJM, and the UFE is now with
6 the Companies so that in the event there is an error
7 after settlement B, in -- since the Companies -- one
8 way to look at it the Companies have the error now
9 instead of spreading it to everybody. When we go to
10 fix the error, we can fix the retail, and we can work
11 with one party to fix the error.
12 Q. Which one party is that? Is that
13 reference to PJM?
14 A. The party serving that customer.
15 Q. Okay. So when you talk about fixing the
16 party serving the customer, you are talking about the
17 CRES provider or SSO supplier, correct?
18 A. Correct.
19 Q. Okay. So if we've got a retail billing
20 error that occurs five or six months -- it's
21 discovered five or six months later, and the
22 customer's no longer served by the SSO supplier or
23 the CRES provider, they have moved on and switched --
24 A. Uh-huh.
25 Q. -- how does this process accommodate the

1 CRES provider fixing the issue?
2 A. Well, we still go back and correct
3 rebills with the parties of record at the time. So I
4 guess I am not following your --
5 Q. Okay.
6 A. -- question.
7 Q. So we're saying here that if you discover
8 a billing error for a customer, say they are served
9 by a competitive supplier at 5 cents. You discovered
10 the error five months later. You are going to go
11 rebill that customer their applicable CRES rate, and
12 if the CRES provider was unpaid, you can pay the CRES
13 provider.
14 A. So -- yeah. The total money flow is when
15 that rebill occurs, let's use your example, the CRES
16 owes -- I believe was owes customer money?
17 Q. My example was the other way, the CRES is
18 owed money.
19 A. The CRES is owed money? So in theory
20 what that -- what that means is -- not in theory.
21 What that means is the customer was underbilled, I
22 have to bill them a little more, supplier has to
23 get -- gets a little more revenue which means their
24 wholesale expense should go up which means we would
25 work with that CRES to create that wholesale expense

and then that's the PJM piece that we would work one on one instead of having to work with -- I'm using the 140 number, but it's a round number, ebbs and flows with suppliers. We wouldn't have to go work with that with 140 folks.

Q. Okay. So under today, it -- if you just collected more money from the customer, you don't have the ability to credit it to that supplier?

A. The supply -- that's the easier part I talked about. The retail side is easier, to give the supplier the money. The harder part is getting the associated expense to come with it today. So what it does it -- it provides a very large margin to the supplier. It's a revenue with no expense.

Q. And so when you are talking about fixing the wholesale side, if the customer had more load in my example, the CRES provider would have been underpaid, so you are going to collect money from the customer and credit it to the CRES provider. And the issue is had your billing error not occurred, you would have charged the CRES provider historically more money.

A. Well, there would have been more PJM costs allocated to them through the submittal of the data to PJM. Yeah, you got it.

1 Q. And so the -- when you are talking about
2 the 140 other customers, in this example the supplier
3 would have an extra -- would owe extra money to PJM,
4 would have offsetting revenue from the customer, so
5 not hard to get the CRES to agree to retail revenue
6 in excess of the cost.
7 A. Right, because that's been the
8 expectation all along. I mean, I don't think anybody
9 expects to have the CRES agree to retail billing
10 resettlements and have a choice in the wholesale
11 billing settlement part.
12 Q. And then today if the CRES provider at
13 the wholesale side, if your meter error was to
14 overread the customer at the wholesale side, that
15 competitive supplier would have historically been
16 overreported sales and overcharged by PJM, correct?
17 A. Correct.
18 Q. And -- and we are talking about the
19 vol -- my word voluntary settlement C process, for --
20 on the wholesale side to fix the billing issue, you
21 have to go get 140 other CRES providers to agree to
22 pick up their portion of whatever this one CRES
23 provider was overcharged.
24 A. Right, because that -- just to walk the
25 whole money flow through, what we have to do is

1 essentially charge all those other suppliers, gather
2 that money, reduce the CRES's wholesale expense so
3 that they can in turn give a credit back to their
4 customer. And with that 140 piece, if we use the PJM
5 settlement process which is all or nothing, all it
6 takes is one supplier to go I don't want to
7 participate, now no money is coming to the CRES,
8 there is no money to give the customer, and the
9 customer is sitting there, but I have a billing
10 error. I would like my credit.
11 Q. Okay. So we are sort of walking through
12 these scenarios, and we've been using customers of --
13 a retail customer of the Ohio distribution utilities.
14 At the PJM level, if a municipality had a billing
15 error, the same settlement/resettlement process would
16 apply at PJM, correct? Settlement A, B, and C?
17 A. It's slightly different but, yeah, yes.
18 Q. And so let's turn to your supplier at
19 tariff -- and it's on the top right. If you look, it
20 will say Sheet 1, page 32.
21 A. Bear with me here a second.
22 Q. I'm speaking -- looking at the Cleveland
23 Electric Illuminating.
24 A. Yeah. That's the first tariff, yeah.
25 And what page was it again? I apologize.

Q. At the top right it says Sheet 1, 2nd Revised, page 32 of 58.

A. Okay. I'm there.

Q. All right. And provision C on this page is a new proposed provision, correct?

A. It's a -- it's a memorializing of what was -- what we perceive was an expectation we already had.

Q. And generally this is one of those provisions we were just talking about how -- the suppliers agreeing to this settlement, resettlement, reconciliation process, correct?

A. My apologies. Can you?

Q. Let me just strike that and get sort of on to the point I have. Let's take a hypothetical where a municipality was undercharged.

A. And when you say "municipality," are you talking a retail customer of the municipality or the aggregate itself?

Q. A transmission customer in the zone.

A. Okay.

Q. Like Cleveland Public Power or rural co-op, just someone that's not a retail customer of the distribution utilities. If they have a billing error and we're past 60 days, we are past 90 days

where it is not discovered until six months later, do they also have to go to PJM and get the other entities in PJM to agree to resettlement?

A. What I'm struggling with to answer is -- is are you assuming they are submitting their own load to PJM? I am just trying to understand the question.

Q. If that's a clarification you need to give my hypothetical, go ahead.

A. Okay.

Q. The point I am trying to get to is reciprocity here. So I am just going to walk through a hypothetical and see if the CRES providers and SSO suppliers are going to provide the same, if any, consent to resettlement that other transmission wholesale customers would have to provide.

A. Let me think how to explain. I am going to start a bit basic, and then we'll see if it gets to what your -- what your question is and then we'll -- I think we will go from there. So -- so the way the zone works -- so let's just step back to the zone for a moment. So -- so there are two fully metered EDCs in the ATSI zone. One is Penn Power. One is the three Ohio Operating Companies. Under the three Ohio Operating Companies are -- are all the

settlements that would occur including for municipalities and cooperatives. So what PJM does is they first assign 100 percent of the load of what I am calling the Ohio EDC which captures everybody. They assign that to the Ohio Operating Companies first.

And then through metering, et cetera, the Ohio Operating Companies then allocate that load based on the wholesale entity's meter points, delivery points. We subtract that off the Ohio EDC load, and the residual is the Ohio Operating Company load which will be your retail jurisdictional target that we're operating to.

Q. And so in this hypothetical, if that metering for one of those municipalities or rural co-ops was wrong and we discover it down the road, what's the process for the municipality today or rural co-op to -- if they are overcharged? How do they -- is it a mandatory resettlement? Is it a voluntary resettlement in the emergency process?

A. So they are governed by their -- just so we are clear, they are governed by their interconnection agreements, and their interconnection agreements have provisions for meter errors that must be corrected.

1 Q. So if they were undercharged, they are
2 all going to agree to fix the billing error and be --
3 and receive whatever -- whatever costs they were not
4 historically charged.
5 A. I am going to change it slightly. On the
6 rare instance that does occur, they actually demand
7 it get corrected so it's not -- in conjunction with
8 their contract. I have never seen a choice on their
9 part in these spaces which is another point that when
10 their errors do occur, that's all UFE with the Ohio
11 IOUs being the residual of the zone that our retail
12 suppliers are capturing. And that's -- and so now
13 you have got the municipality settlement, and then
14 you have got the other 140 today to deal with.
15 Q. And so if we look at provision C here and
16 it reads that every certified supplier is going to
17 agree, if we get to that sort of settlement C
18 process, they would agree to resettle, and I believe
19 your answer is there's no other entity out there that
20 would not provide a reciprocal resettlement -- let me
21 strike it this way. Would this require a CRES
22 provider to provide a settlement, resettlement,
23 reconciliation for anyone who would not provide a
24 reciprocal agreement to settle, resettle, or
25 reconcile?

A. It is not my expectation nor -- nor experience that there is a party on the other side that has a choice. What this is doing it's actually bringing a bit of parity to how the other side is operating under its interconnection agreements.

Q. Is there any temporal limitation you propose in this consent for settlement, resettlement, or reconciliation?

A. I believe what we've traditionally done as -- is whatever the -- and I don't know every rule or nuisance with -- with rebilling of retail customers. But whatever their time frames are for rebilling would be the time frames we would -- we would resettle the wholesale market for. And by having UFE with wants -- with us, that's just one -- one party so we would expect those time frames to coincide.

Q. So if -- if -- and your answer was you don't know the time frames for how long a residential and nonresidential customer can be rebilled?

A. Yeah. I don't recall the -- or remember the maximums, and honestly I think they've changed over the years. I just don't recall what they currently are.

Q. And so your view is let's say the

1 Commission does not have a limitation on how long a
2 nonresidential customer could be rebilled. If you
3 discover a billing error that's eight years old, all
4 the parties are going to agree to fix the eight-year
5 old error under this provision?
6 A. Yeah. Under the hypothetical conditions
7 there, yes.
8 EXAMINER PRICE: Mr. Pritchard, are you
9 leaving UFE?
10 MR. PRITCHARD: I believe so.
11 EXAMINER PRICE: Okay. I just have a
12 follow-up question, if you don't mind.
13 Can you turn to your testimony on page 9,
14 line 7.
15 THE WITNESS: I have lost track of what I
16 did with it. Hold on. Here we are. Sorry, your
17 Honor. Page 9.
18 EXAMINER PRICE: Line 7.
19 THE WITNESS: Line 7. Okay. I'm there.
20 EXAMINER PRICE: And you indicate under
21 your proposal suppliers will no longer be responsible
22 for UFE and, therefore, would no longer need to
23 account for UFE in the auction process for
24 competitive retail pricing. Let's say I'm a customer
25 and I have a multi-year contract that extends three

1 years beyond the ESP V and it's a fixed-price
2 contract. Aren't I already paying my retail -- my
3 CRES provider for this UFE and then I will be paying
4 again under your proposal?
5 THE WITNESS: Apologies. Are you talking
6 the hypothetical end of ESP V or like --
7 EXAMINER PRICE: ESP V will begin
8 June 1 --
9 THE WITNESS: Right.
10 EXAMINER PRICE: -- of 2024. Let's say
11 on June 1, 2023, I entered into a four-year fixed
12 price contract with a CRES provider, and in that
13 contract you would have built in the UFE --
14 accounting for UFE into my price; is that right?
15 Presumably.
16 THE WITNESS: Presumably.
17 EXAMINER PRICE: And so for the next
18 three years of ESP V, I'll be paying both my CRES
19 provider for UFE, and I will be paying whatever
20 charge that you are going to -- nonbypassable charge
21 that you are going to charge me for UFE.
22 THE WITNESS: Thank you, your Honor.
23 I'll offer this, so that's the same sort of scenario
24 we are at right now, correct? Because ESP IV is
25 ending and we would like to modify the product a

1 little bit and to your point there may have been some
2 folks who entered into retail choice contracts for
3 Energy Choice contracts that extended beyond ESP IV.
4 A question would arise is that prudent
5 not even knowing price to compare, things like that.
6 So I think it's a larger decision and a -- one that
7 would take a lot more care than just basing it like
8 on is UFE going to be part of it or not.
9 I mean, we don't even have -- we don't
10 have energy bought yet for the start of ESP V. So
11 nobody knows what the price is, so I don't know how
12 folks are even structuring retail contracts past the
13 end of ESP IV. They could be doing index plus. They
14 could be doing something else but.
15 EXAMINER PRICE: Do you think CRES
16 providers are offering multi-year contracts in your
17 service territory right now?
18 THE WITNESS: I don't know in the context
19 of they know there is a -- an ESP IV ending.
20 EXAMINER PRICE: Okay. But you don't
21 disagree that under my hypothetical the customer
22 would be paying twice. It might not be that much,
23 but the customer would be paying twice.
24 THE WITNESS: They might be. And that's
25 for their CRES and them to contractually work out any

1 changes that may occur due to a regulatory change.
2 EXAMINER PRICE: Okay. Thank you.
3 THE WITNESS: Yep.
4 EXAMINER PRICE: Thank you,
5 Mr. Pritchard.
6 Q. (By Mr. Pritchard) One of the items you
7 cover in your testimony on pages 10 and 11 is the
8 Companies' proposal to change Rider NMB, correct?
9 A. Yes.
10 Q. And I believe you were here for
11 Ms. Lawless's testimony previously, correct?
12 A. I was, yes.
13 Q. And do you recall questions I asked her
14 about the Company modifying its rider mechanism once
15 the Commission authorized the Companies to collect
16 the legacy RTEP costs?
17 A. I don't remember -- I don't remember the
18 specifics of the question. I just heard my name come
19 up from time to time. And at that point I was kind
20 of perking up. I don't remember the questions.
21 Q. Fair enough. Are you aware that in Case
22 18-1818 the FirstEnergy Companies asked the
23 Commission to authorize the collection of what had
24 previously been deferred legacy RTEP costs?
25 A. I don't know the specifics of it.

Q. You don't know the specifics of the case number, or you are not aware that the Company requested recovery of legacy RTEP?

A. Let me rephrase. I know we requested legacy R -- legacy RTEP costs. I just don't know specifics of what was engaged in those proceedings.

Q. Do you know when the recovery period for those costs will end?

A. No.

Q. All right. I have got a number of questions on the supplier tariff again.

A. Okay.

Q. If you could start with page 12 and all my questions -- strike that.

Your testimony included supplier tariffs redlined for all three of the utilities, correct?

A. Yes.

Q. And I believe your -- the written part of your testimony indicates that the changes are the same for all three of the supplier tariffs, correct?

A. Yes.

Q. Okay. So my questions will just be for the Cleveland Electric Illuminating tariff, but your answers would be the same regardless of which of the three we were looking at, correct?

A. Yes, that's correct.

Q. All right. Will you switch to what is marked in the top right corner as page 12. Let me know when you are there.

A. Sure. Okay. I'm there.

Q. There's a number of revisions to Subpart B on this page titled "Registration for Coordination Services," correct?

A. Yes.

Q. Are these changes applicable to just a prospective supplier registering, or would these also apply to current suppliers?

A. Forgive me. I am just walking through each one of them real quick. I believe where applicable it would apply to current -- I will just pick on 15 current suppliers already have a PJM shortening, prospective would need a PJM shortening.

Q. And next question is on Sheet 15.

A. Okay. I'm there.

Q. All right. Two paragraphs below this table in the middle, there's some redlines and one of the things that has been deleted is "other mutually agreeable security or arrangement." Do you see that --

A. I do.

Q. -- struck? What type of credit facilities would be no longer acceptable?

A. I don't -- I don't know. I think what this was intended to do -- I think we were getting requests for surety bonds as an example. So rather than leaving the open language in there that, you know, folks could trade tractors or whatever as credit was -- it was deemed, let's just put surety bond into the tariff since folks are requesting that as a collateral.

Q. I assume from your response you were joking about trading tractors?

THE WITNESS: I apologize, your Honor.

Q. No.

EXAMINER PRICE: Not the last joke we will hear.

Q. (By Mr. Pritchard) My question though outside surety bonds, is there something that people have used today that will no longer be permissible?

A. I don't believe so, no.

Q. Next question is on Sheet 18 -- or Sheet 1, page 18.

A. Page 18. Okay. I'm there.

Q. Up at the first paragraph, Part B, this addressed a supplier request for customer

information, correct?

A. Yes.

Q. And the redline indicates that there will be no fee charged to customers or suppliers if the data is provided via EDI customer portal, supplier portal, correct?

A. Yes.

Q. When would the fee that I'm -- what are the circumstances when the fee would apply?

A. Like if -- if -- if there is some sort of special request for data that maybe isn't provided by the systems in a manner they provide it and it requires any sort of analytics or adjustments by the company to -- to deliver that data and likely it's going to be delivered in a spreadsheet or some other manner that everybody agrees to, you know, something more manual and mechanical, that's what it's intended to apply to.

Q. Do you know if customers' AMI interval meter data for residential customers would be available via EDI?

A. I'll offer -- I'll offer this because I know there is a lot of conversation going on in this space with collaboratives, et cetera. I think we are all talking about how we are going to move the

volumes of data associated with -- with customer hourly data around. I think we all have system considerations and -- and, et cetera, to deal with that. What I will say is I don't think there is an expectation that if the data is a standard kind of data that a supplier needs for its business or anything else like that, then it would be the intent of the Companies to charge them to get that kind of data while we are all working out how -- how are we actually going to move all this data around.

Is that -- is that -- was that your question?

Q. Let me ask a slight follow-up. Your response generally used the term "Companies' business." So that -- one part of that would be if a CRES had a time-of-use rate, they would need the interval data to do the verifications that all the charges are correct, correct?

A. Yeah. Free weekends, I have seen all kinds of stuff. You got it. That's right.

Q. If a supplier wanted to use the interval data for other products and services like demand response products, is it your view that the Company would also not charge the CRES if that's the purpose they would be seeking the information for?

A. Yes. And in some cases that's what we are transitioning to. Long history we used to charge fees for amassing data for curtailment service providers. It's a practice that has been going by the wayside with AMI, et cetera. What the fee is more designed for if a supplier wanted -- I am making up an example here. If the supplier wanted the hourly data but then said, hey, utility, can you use your profile and break it up by some other means that is not conforming to what standard kind of offerings are, then that's -- that's the intent of that fee.

Q. Thanks. Next question is on page 20. Let me know when you are there. And drawing your attention to the very last sentence on the page.

A. I am there.

Q. Is it your understanding that FirstEnergy in compliance with the Commission directive has filed government aggregation minimum stay language in its tariffs?

A. Yes, I am aware we filed.

Q. And so the -- what's here on page 20 of the supplier tariff attached to your tariff says it's a placeholder, this sentence here, correct?

A. Correct, because we don't have an order for that yet.

Q. Are you aware of whether or not in response to the Commission's decisions FirstEnergy has already issued -- filed tariff language for government aggregation minimum stays?

A. I'm sorry. Am I aware of which?

Q. Let me pause here. Do you know what the Case No. 00-2317 is?

A. Not specifically.

Q. What was your intent of including this placeholder language here? What minimum stay language are you referring to?

A. It's -- it's the minimum stay language that was part of the -- the result of -- of the actions of parties in response to the Companies changing in the PTC pricing, especially government aggregation groups and movement of large -- large amounts of customers back to SSO.

Q. Is that a reference to NOPEC sending customers back or something else?

A. That's the same, yeah.

Q. Okay. So you are aware that there was a case regarding NOPEC's supplier certificate?

A. I am, but I don't know the number or anything.

Q. Are you aware of whether the Commission

has a separate docket addressing minimum stays for government aggregation?

A. Like I said, I know we were working on language and things like that. This was the hold for it.

Q. Sitting here today do you know if the Company has already filed the tariff language?

A. I don't recall specifically.

Q. Okay. Next question on page 22. And I am looking at the first paragraph in Subpart B. Do you see that?

A. I do.

Q. There's a reference to the Companies' miscellaneous charges in Sheet 75. Do you see that?

A. Yes.

Q. And the sentence indicates that a customer can request an interval meter, correct?

A. Yes.

Q. And there is a lot of discussion in this hearing about which customers have AMI meters versus which customers have interval meters for context of Rider NMB part 2. Do you recall those discussions?

A. Yes, I remember that.

Q. Does the Company's tariff authorize all nonresidential customers here in Sheet 75 to obtain

1 an interval meter if they so desire?
2 A. I don't recall specific -- I don't
3 remember exclusions. We've had some pretty small
4 nonresidential customers request interval meters over
5 the years.
6 Q. Do you happen to know if a customer
7 wanted an AMI meter if they would have to pay for it?
8 A. I don't know.
9 Q. Next question is on page 26. I am
10 looking at Part B.
11 A. Okay. I'm there.
12 Q. There's a deletion to the reference of a
13 Stipulation and Recommendation in Case 02-1944. Do
14 you see that elimination?
15 A. I do.
16 Q. And in its place there is a reference to
17 Commission regulations, correct?
18 A. Yes.
19 Q. And this provision is addressing payment
20 priority?
21 A. Yes.
22 Q. Does the deletion of the reference to
23 case -- the 2002 case and the replacement of the
24 Commission regulation language change current payment
25 priority practices?

A. No.

Q. Sheet 28 looking at Part D, similar question to earlier, there is a deletion of reference to other financial instruments and a replacement with surety bonds. Is -- have there been other financial instruments outside of surety bonds that have been used in this provision?

A. Not that I'm aware of.

Q. And so to your knowledge, deleting other financial instruments and replacing surety bonds is not -- does it eliminate any types of guarantees that have been historically used by the Company?

A. I don't believe so, no.

Q. Next question is on page 32 and looking at Part D2.

A. I'm there.

Q. Here there is some redline estimate -- or redlines discussing a truing up estimated usage to actual usage, correct?

A. Yes.

Q. Is there any limitation here on how long the Company has to do that true-up?

A. The whole section is on RTO settlements and coordination, so it would be under the expectations of -- of that as well as the entirety of

1 the supplier tariff in coordinating how we are going
2 to update data.
3 Q. Next question is on page 39.
4 A. Okay. I'm there.
5 Q. You added a new condition that qualifies
6 as an event of breach, correct?
7 A. Yes.
8 Q. What -- could you give me some examples
9 of what would be covered by a certified supplier's
10 default of any agreement or requirement of the
11 transmission provider?
12 A. So unfortunately in current times we --
13 we have seen an increase in the number of CRESs that
14 we actually get a default notice from PJM from. And
15 that notice will have things in it like begin to
16 return customers to I believe the notice uses
17 provider of last resort but in our case would be SSO.
18 But because that supplier has not paid
19 their -- their PJM bill, and if folks may or may not
20 know, PJM's really strict about being on time with
21 your bill, and they have very short turnaround times
22 for issuing letters of default and putting holds on
23 ability to participate in the market. So when we get
24 to that level of kind of notice, that's -- that means
25 folks aren't paying their -- they are not abiding by

1 PJM agreements. That's what this is. And if I
2 can't -- if you can't buy wholesale power, you can't
3 serve a customer retail. That's the intent.
4 Q. So just want to walk through in operation
5 how this would work.
6 A. Sure.
7 Q. So in -- in your tariff requirements,
8 there is a -- elsewhere there is a 5-day and 10-day
9 process for you to -- if a supplier is in default, to
10 move those customers back, correct, to the SSO?
11 A. I don't recall the specifics of it, but I
12 know there is a process.
13 Q. Okay. So this -- this new provision here
14 is saying that if PJM alerts you for any reason
15 including nonpayment that a certified supplier has
16 defaulted at PJM, you will immediately move those
17 customers back to --
18 A. We -- sorry.
19 Q. -- to the SSO?
20 A. We will begin the process of doing that.
21 We -- we still abide by meter read dates and things
22 like that. We -- we have gotten that notice to begin
23 moving people back. We've actually begun the process
24 of getting the customer care system to move them back
25 and then a couple days later you get a notice saying

that the default has been cured and we stop the process. So we're -- we're -- we are abiding by what PJM is saying, but we are also abiding by all the rules, et cetera, that we have to operate customer choice by.

EXAMINER PRICE: Just so the record is clear, when you begin that process, customers will be moved back to SSO service on their next meter read date.

THE WITNESS: Yes, your Honor, that's correct.

Q. (By Mr. Pritchard) And so we discussed the default that was the supplier not paying its bill. Would this cover other types of default that a supplier could have with PJM?

A. I'm not aware of other kinds of defaults we would become privy to. There -- when you are not paying -- it's just a general default as to what we are communicating with PJM about.

Q. So if PJM viewed a supplier in default of some nuanced requirement in PJM tariffs but it had nothing to do with them paying their bills, are you going to find them in -- that they can't serve customers any more at the retail level?

MR. KEANEY: Can I get that question

reread?

EXAMINER ADDISON: You may.

(Record read.)

A. We may not even be made aware of that -- kind of that hypothetical instance. We -- when we are getting our notices, that's about the LSE -- LSE business of that supplier.

Q. And, however, if for some reason PJM did make you aware of that and it was unrelated to customers' ability to serve -- or I guess I should say unrelated to the CRES provider paying their bills, would you still find that as an event of breach under this supplier tariff at the retail level?

A. I would say unlikely not, but it sure would elicit a conversation as to what's going on with -- with the supplier to ensure they can meet their obligations under the tariff going forward.

Q. Will you flip to page 49.

A. Okay. I'm there.

Q. And if you look at page 49, 50, 51, and 52, there's a redline in the middle of each page. Is this a formatting issue, or were you trying to strike line items as a redline change?

A. I think it's a formatting issue.

Q. Does your copy have the redlines?

A. Well, it's not red, but I'm assuming you mean the dark line.

MR. PRITCHARD: Your Honor, may I approach?

EXAMINER ADDISON: You may.

A. Thank you.

Q. That's a color copy.

A. Yeah. I think because the billing line items are okay; so, yeah, I think it's a formatting thing.

MR. KEANEY: Your Honor, would now be a good time to take a break for Mr. Stein?

EXAMINER ADDISON: Mr. Pritchard?

MR. PRITCHARD: Fine with me.

EXAMINER ADDISON: Let's go ahead and go off the record. Take a 10-minute break.

(Recess taken.)

EXAMINER ADDISON: Let's go ahead and go back on the record.

Mr. Pritchard.

MR. PRITCHARD: Thank you.

Q. (By Mr. Pritchard) Mr. Stein, we were just discussing pages 49 to 52, and I had approached with a copy that was in color. Could you just

1 confirm for the record that the redline on pages 49
2 to 52 was just a formatting issue and not a proposed
3 redline change?
4 A. So I was sitting here looking through the
5 tariff. Unfortunately my memory caught up with me,
6 so we deleted those pages and put new pages in is
7 what we did. Sorry about that.
8 Q. Okay. So the way we should view pages 49
9 to 52 is they are the old version of the PJM line
10 item responsibility, and then as we -- if we flip to
11 pages 53 to 58, we will see the new line item
12 responsibility.
13 A. Yes.
14 Q. Okay. I want --
15 EXAMINER PRICE: One second. And now
16 this will be located in Appendix A?
17 THE WITNESS: Yes.
18 EXAMINER PRICE: So you are not replacing
19 these pages word for word. You are moving them to
20 the appendix.
21 THE WITNESS: They are formatted
22 different and -- and in what we're calling Appendix
23 A.
24 EXAMINER PRICE: Okay.
25 Q. (By Mr. Pritchard) But they are still

1 going to be attached to the supplier tariff on file
2 at the PUCO.
3 A. Yes, correct.
4 Q. Now, if we were to do a comparison to --
5 of all the line item changes, earlier today we
6 discussed the Company proposes to change
7 responsibility for UFE. Are there any other line
8 item changes, 53 to 58, where you are changing
9 responsibility in the responsibility column?
10 A. Without going through them one by one, I
11 don't recall as I sit here that we're -- that any of
12 the responsibilities were changing. What I don't
13 recall, again without going through it one by one, if
14 there was a new PJM charge added that we -- we may
15 have put a responsibility to and that's just what I
16 don't recall.
17 Q. But as to current responsibility, we
18 would -- that would all be reflected in pages 49 to
19 52?
20 A. That's the tariff that's currently in
21 effect.
22 Q. So if we were to compare the existing
23 line item charges here to the new red -- or redline
24 line item charges, I am not going to make you do it
25 on the stand, if we saw one of them changing, that's

how we would compare responsibility looking at the responsibility in the existing tariff versus the new proposed redline line items?

A. Correct.

Q. But outside of unaccounted for energy that we discussed in your testimony, the prior portions of your testimony don't discuss any changes to the line items, correct?

A. Correct.

Q. And you are aware, as we discussed the current transmission pilot earlier, that if there is a pilot customer, some of the transmission costs are allocated over to the CRES, correct?

A. It's -- it's a nuance, but just all CRESs get the transmission costs and the operational responsibility for securing transmission service, et cetera. What -- what we do with the pilot customers, N -- NMB pilot customers, is we stop the billing line item transfer that brings the costs back to the Company. It's just a nuance but same spirit.

Q. So if we look here on page 53, a second row is NITS charges, correct?

A. 53, yes. I apologize. I am on 53. So you said NITS.

Q. Yes.

A. I am at NITS, yep.

Q. So that's the responsibility of the EDU, correct?

A. Yes.

Q. And so if the customer is in the transmission pilot, that is one of a handful of line items that the responsibility switches over to the CRES, correct?

A. That's why I want -- just to be specific about it, the operational responsibility meaning you have to assign NITS and declare your loads to PJM. CRESs have to do all that kind of work. That still remains with a CRES. What we are doing is we are saying we are financially responsible and we are just bringing the dollar back to the Company to pay on behalf -- one way to look at it you are paying on behalf of the CRES.

Q. Yes. And so those transmission pilot customers, some of these line item responsibilities the cost portion --

A. Stays with the supplier.

Q. -- stays with the suppliers. And there are, I don't know, a dozen or so of these transmission line items that would be -- the cost responsibility would be transferred to the CRESs if

they are serving the transmission pilot customers, correct?

MR. KEANEY: Your Honor, just to be clear, are you talking about the redline in Appendix A or the current existing Appendix A?

MR. PRITCHARD: In general the line item charges.

MR. KEANEY: It matters because there is no pilot program being proposed here in ESP V. There would be in ESP IV. So that's why I am trying to understand.

EXAMINER ADDISON: Please clarify.

Q. (By Mr. Pritchard) You understand today that a CRES serving a customer in the transmission pilot has cost responsibility for a number of these PJM line item costs, and it's not just NITS, correct?

A. Under NMB today with the pilot, if the customer was shopping, they -- the retail supplier retains cost responsibility for certain PJM billing line items.

Q. And there is roughly a dozen or so of these line items, correct?

A. Yeah. Without looking, give or take, yeah.

EXAMINER PRICE: Well, then if the

1 Commission were to adopt your proposal for NMB 2, how
2 are those reflected in these line items?
3 THE WITNESS: So let's just pick on NITS
4 for a moment.
5 EXAMINER PRICE: One I understand.
6 THE WITNESS: So under NMB 2, it remains
7 the responsibility of the Companies, so whether it's
8 NMB 1 or 2, the cost is still coming to the utilities
9 for recovery. The difference between 1 and 2 is just
10 the manner in which we're collecting from the
11 customer to cover the cost.
12 EXAMINER PRICE: Okay. Thank you.
13 THE WITNESS: And there is no pilot in
14 the Companies' offer.
15 EXAMINER PRICE: I understand. Thank
16 you.
17 THE WITNESS: Thank you.
18 Q. (By Mr. Pritchard) I believe, Mr. Stein,
19 you had indicated a moment ago that sitting here
20 today, you did not recall all of these line item cost
21 responsibilities that the CRESs have on these
22 transmission line items if they are serving a pilot
23 customer, correct?
24 A. No, not -- not without the list in front
25 of me.

MR. PRITCHARD: Your Honor, may I approach?

EXAMINER ADDISON: You may.

MR. PRITCHARD: Your Honors, I have handed out a packet of discovery responses, but at this time I would like to only mark the last page which is the Companies' response to RESA Interrogatory 78.

MS. GRUNDMANN: Are you passing copies of those around?

EXAMINER ADDISON: We will mark the last page identified by Mr. Pritchard at RESA Set 3-Interrogatory 78 as RESA Exhibit 14.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. PRITCHARD: Thank you, your Honor.

Q. (By Mr. Pritchard) Mr. Stein, do you have in front of you on the last page of this packet the Companies' response to RESA Interrogatory 78?

A. Yes.

Q. And you are identified as the witness that prepared this response, correct?

A. I am.

Q. And the request was to identify the PJM line items transferred to the CRES provider serving a customer in the NMB pilot, correct?

A. Yes.

Q. And the response here there is two tables. One is for transmission line items, and one is for the energy line items, correct?

A. Yes.

Q. And those are all the line item charges transferred over to the CRES providers serving customers in the pilot, correct?

A. Well, they remain -- yes, you have got it, yes.

Q. Moving on to a slightly different topic but back onto the transmission pilot portion of your testimony. Currently the Companies are billed by PJM for NITS, correct?

A. Well, it's splitting hairs, but we transfer the costs from the CRES back to us, yes.

Q. And what I would like to figure out is are those costs coming to the FirstEnergy Ohio utilities separately for Ohio Edison, CEI, and Toledo Edison, or is there one bucket of costs being allocated back to the Ohio utilities?

A. So if I may, this -- this requires a bit of an explanation. So -- so like I was talking before, in aggregate, there is only the Ohio EDC. We do have three separate transmission subaccounts.

First, I am going to describe why those exist in the first place, and then I will describe how -- how we -- how the costs are getting to them. So the reason those exist -- and if folks recall, the transmission rate in the Ohio EDC or the ATSI zone in general was -- was a two-tier transmission rate. And one Operating Company didn't have the voltage level which was 69 kV. They didn't have 69 kV assets, so we had to split the transmission rate, and I am going back a long time unfortunately. We had to split the transmission rate between what do transmission customers pay for 138 kV service, which all three OPCos' customers paid into, and then what customers paid the 69 kV service which just Toledo Edison and Ohio Edison had.

Years ago, again more years ago, we got rid of the two-tier transmission rate -- well, really transmission owner -- not the Ohio Operating Companies, but the transmission owner got rid of that rate, went to a single rate. We left the account structure in place and what we do is the Ohio EDCs are charged in aggregate, and then based on the customers' NSPLs, we -- we submit the data to PJM under the three Operating Company accounts. So -- so CRESs have that. Everybody has the three -- the

1 three accounts for the transmission component.
2 Q. Okay. So earlier we had talked about --
3 so there is a -- one bill, EDCs in the aggregate, and
4 at the beginning of my cross about an hour ago, we
5 talked about how then you take that aggregate --
6 aggregator, assign some of it to co-ops and
7 municipalities, and the answer you just gave when you
8 talked about that aggregate number, were you also
9 referring to that process of assigning some
10 transmission responsibility to the co-ops and the
11 munis?
12 A. No. I am only referring to how the
13 retail market works for electric choice.
14 Q. Okay. So let's -- let's say Ohio Edison
15 had an aggregate NSPL of 100 and Toledo Edison and
16 CEI 50 each. PJM has a rate for NITS that's billed
17 on NSPL. Is there a bill from PJM in my example 100
18 versus 50/50, or you would see the NITS charge be
19 twice for Ohio Edison and half of the others?
20 A. So I am going to tweak it slightly. PJM
21 knows the Ohio account has 200, and then by how we
22 submit the aggregate NSPL values to PJM, they are
23 able to split the 200 to the 50, 50, 100. The dollar
24 per megawatt-day is the same for the three.
25 Q. So the rate that -- the dollar per

1 megawatt-day, that's the transmission rate.
2 A. That's the NITS rate, yes.
3 Q. So on a monthly bill from PJM, do the
4 Ohio utilities have separated costs from PJM for Ohio
5 Edison, Toledo Edison, and Cleveland Electric
6 Illuminating Company?
7 A. Yes. We get three separate bills that
8 are split by the customer aggregate NSPLs of each.
9 Q. And the NSPLs apply -- that's the
10 allocator for the vast majority of transmission
11 costs, correct?
12 A. It's your main allocator for NITS and
13 RTEP, yes.
14 Q. But there are some transmission costs
15 billed by PJM on a different metric, correct?
16 A. Without looking at the PJM tariff -- I
17 mean, there are -- there are billing line items that
18 you could functionalize to the transmission function
19 that are not billed on -- on NSPL.
20 Q. And so there's some of the line items
21 collected through Rider NMB that were not incurred by
22 the three Ohio Operating Companies on an NSPL basis,
23 correct?
24 A. Yes. Those costs show up in -- that's
25 why I use the term OEDC. We have a main account that

all the non-NITS kinds of costs show up in, and then we have to allocate those out. So we're -- we are using PJM to allocate instead of doing all the allocation at the Company.

Q. And are you aware that in testimony in this case from the Commission Staff and in the audit report in 22-391, there are claims that the Company is allocating those let's just take NITS costs to the rate -- to the utilities, to the rate schedules, and to the customers not on the same basis as the cost being incurred?

MR. KEANEY: Can I get that question reread, please?

EXAMINER ADDISON: You may.

MR. PRITCHARD: Let me just strike it. I think it is probably confusing.

Q. (By Mr. Pritchard) The Companies are allocating costs to rate schedules on a different metric than NSPL demand, correct?

A. Are you current or proposed?

Q. Let's start with current.

A. Current uses traditional ratemaking principles for allocating revenue requirement using peaks and then choosing a billing line item most appropriate -- most appropriate for that class.

Q. But the -- that reference there in your answer of peaks in traditional ratemaking, the allocation methodology is not NSPL demand, correct?

A. Currently in -- in the retail rate construct, no.

Q. And FirstEnergy's Application in this case is proposing to change that allocation methodology?

A. Yes. We're -- we're -- for nonresidential we are moving it towards direct cost causation using NSPL.

Q. And is your answer there -- cover just billing the costs allocated to a customer class, or would it also -- in your view is the Company proposing to change how you allocate total distribution company costs to rate schedules?

A. You -- you might be back to Witness Lawless for that one.

Q. Fair enough. The NITS rate is generally fixed for a calendar year, correct?

A. Not -- I mean, it is. It's fixed.

Q. And the NITS charges, as the record reflects, are the vast majority of costs in Rider NMB, something around 90 percent, correct?

A. Yes. I know it's very high, yes, as a

1 percentage.
2 Q. And the record reflects the second
3 largest charge are the transmission enhancement
4 charges, correct?
5 A. Yes.
6 Q. And like the NITS charge, the
7 transmission enhancement charge is publicly stated,
8 and you can find that on the PJM website, correct?
9 A. Yes, it is. Also with all the
10 contractors for all the projects going into it, yeah.
11 Q. And is there any reason in your mind
12 where customers -- instead of the Company allocating
13 costs between Operating Companies, between rate
14 schedules, that you can't just charge customers that
15 NITS rate and the transmission enhancement rate
16 through Rider NMB?
17 A. I'm sorry. Can you -- can I have that
18 one back or reread?
19 Q. So I will just rephrase it. Currently
20 the record reflects Ohio Edison's receiving costs
21 that then are allocated to the rate schedule that are
22 then currently divided by monthly billing demand.
23 Instead, the Company's proposing to use NSPL demand
24 to develop a rate. PJM already has rates for NITS
25 and transmission enhancement charges. Couldn't you

1 just use the -- PJM's rates adjusted for things like
2 line losses instead of this whole methodology of
3 trying to figure out how to charge customers the rate
4 we already know?
5 A. I'm going -- I'm going to try and explain
6 it. Let me see if this will work. So, first, I am
7 going to start with ratemaking is a tricky thing.
8 You are dealing with prospective and sometimes
9 forecasted numbers, right? So you have to come up
10 with things to -- to at least do an initial
11 allocation of how a particular rate mechanism is
12 going to work.
13 But with the proposed NMB -- and just so
14 we are clear, we are focusing on NMB 2, it's going to
15 get actual costs in at the NSPL times a rate, just
16 focusing on NITS, right? And then we are going to be
17 charging customers on NSPL times a rate, right?
18 Ignoring all the minutia of how we created the
19 ultimate -- the initial rate design. It reconciles
20 to actual costs.
21 So over time it will receive costs from
22 PJM and NSPL times the transmission rate -- and I'll
23 just go hypothetical. Let's say when we initially
24 set that rate, it was high per NSPL. When you go to
25 reconcile, we'll have revenue to give back --

customer collections to give back, and we'll do that next time. The ultimate goal of it is exactly what you just said. It's -- NMB 2 is going to get expensive at the transmission rate, and it's going to collect from customers using the NSPL. That's the goal.

Q. So let's set aside -- let's do a hypothetical.

A. Sure.

Q. NMB has two costs, NITS and the transmission enhancement charges.

A. Sure.

Q. I understand there is always going to be a mismatch at the retail level between the revenue you pay PJM and the revenue you collect. But if you only had those two costs and you charged the rate that you are billed and you are billed on NSPL demand and if you charge customers on NSPL demand, you are going to be really close every year to collecting the retail revenue that you owe PJM at the wholesale level, correct?

A. Especially as time goes on, yes.

Q. So if we just have a rider with those two charges and a true-up mechanism, this whole allocation process that the auditor and Staff have

identified could be rectified, correct?

A. Not knowing what Staff recommended -- sorry, and what the auditor was recommending, I think the cleanest way is to say it will align with cost.

Q. One last line of questions. The current transmission pilot, Ms. Lawless yesterday testified about some of the issues the Company sees with maintaining or expanding the transmission pilot. Do you recall her -- those questions and her responses?

A. I remember my name coming up.

Q. Well, I will just ask you directly then.

A. Yeah.

Q. Do you view one of the limitations on the current transmission pilot as program administration and the manual billing issues?

MR. KEANEY: Can I get that question reread, please?

EXAMINER ADDISON: You may.

(Record read.)

A. Yes.

Q. And if the Commission were to authorize the transmission pilot to be continued and potentially expanded, would the Companies' concerns with the current manual verification process be reduced, the same, or heightened?

MR. KEANEY: I am just going to object here. It's an incomplete hypothetical. We don't know the full situation behind what that would call for with respect to the pilot. So if counsel could be more specific with his question, the witness might be able to answer.

EXAMINER ADDISON: I'll allow the witness to answer the question. I will provide you an opportunity for clarification, if needed.

THE WITNESS: May I have the question back?

EXAMINER ADDISON: You may.

(Record read.)

A. It -- I'm going to answer it like this, so what we're talking about, whether we are in this arena of -- of discussing PJM costs and even as a result of the pilot, when we went to a nonshopping status, we went through quite a bit of work to even create the rates that we are charged under that pilot. If folks were calling that ordering language, there wasn't -- it wasn't prescribed like, you know, charge those folks this way and this manner and this rate and something like that. There was a lot of assumption on what CRESs, et cetera, were doing in the pilot program with those costs.

When we're talking about getting to that kind of level of understanding how all this works, how we are going to develop an individual rate to an individual customer under a pilot like that which is more akin to what we are getting to, not a rate for all but more of a rate specifically tailored to an individual customer, that is -- that is -- we don't have resources at the company for that kind of an operation to expand. It would be difficult under how the current ideas of the pilot as they've evolved over time could be implemented with the resources the Company currently has.

Q. All right. Let's build upon that. So if the Commission were to expand the transmission pilot instead of adopt Rider NMB and more customers could get in, your answer generally was there would be a lot more work for the Company who might not have the resources to handle all the nuances.

A. Uh-huh.

Q. Is that correct?

A. Yeah. I mean, we would have to train a lot of people and get them to, you know -- or we have to invest in a computer system or something to do it on a -- on an automated basis. It would require investment I guess is the bottom line.

Q. And for customers in the current transmission pilot that are on the SSO, I believe part of your answer addressed the work in manually billing the default service customers in the transmission pilot; was that correct?

A. Yes.

Q. And I take it from your answer that that was fairly complicated?

A. Yes.

Q. And that's a manual process today, correct?

A. All done in spreadsheets.

Q. And so if the Commission were to expand the ability for customers to participate in the transmission pilot and they were on default service, you are going to have to generate a whole bunch more Excel spreadsheets to try to figure out how to bill all those other customers?

A. Or -- or we would have to have -- we would have to sit down and talk about how we would have to get it done, what resources it would take to get it done, the costs that come with that, yeah.

Q. And today -- let's switch to a transmission pilot but different topic. Today if a competitive supplier is serving a residential

1 customer on a contract duration that extends beyond
2 June 1 of next year, do you follow me?
3 A. The end of the ESP -- current ESP, yes,
4 got it.
5 Q. So the CRES has a residential customer
6 that extends into ESP V. Currently the CRES contract
7 for a residential customer would not include any cost
8 assumptions for NITS, correct?
9 A. Just -- for residential.
10 Q. Correct.
11 A. Correct.
12 Q. And so if -- if the Commission were to
13 adopt a proposal in this case that made transmission
14 bypassable for all customers, we would -- as we have
15 been discussing here, starting June 1 of next year,
16 if that's when the Commission so ordered, a CRES
17 would have transmission cost responsibility for NITS
18 back on their plate, correct?
19 A. Focusing on residentials, I think you --
20 you would equally have to have a massive education
21 campaign and descriptions of how bills, et cetera,
22 would look if we began to use NSPL for residential
23 customers as a billing determinant.
24 Q. And I believe in response to a question
25 from the Bench earlier, you indicated that CRESs

1 would probably need to invoke regulatory out clauses
2 to adjust existing contracts. Would that same kind
3 of concept apply if the CRESs were allocated
4 transmission costs responsibility in my hypothetical
5 for residential customers under existing contracts?
6 A. Well, sure. There would have to be some
7 sort of coordination of obligation versus collection.
8 MR. PRITCHARD: Those are all my
9 questions.
10 EXAMINER ADDISON: Thank you very much.
11 OCC?
12 MR. FINNIGAN: Thank you, your Honor.
13 - - -
14 CROSS-EXAMINATION
15 By Mr. Finnigan:
16 Q. Good morning, Mr. Stein. My name is John
17 Finnigan. I am with the Office of the Ohio
18 Consumers' Counsel. We represent residential
19 consumers.
20 A. Good morning.
21 Q. Good morning to you, sir. Almost good
22 afternoon.
23 A. I know. I had to check twice even after
24 you said it.
25 Q. Sir, I have some questions about the

Rider ELR. And just at a high level, it appears that both you and Mr. McMillen testified about certain changes to Rider ELR; is that right?

A. Generally speaking, yes.

Q. And did you get a chance to review the changes that he testified to in his prefiled testimony?

A. I have not.

Q. Now, in order to testify to the changes you sponsor in Rider ELR, did you become familiar with the existing Rider ELR?

A. I understand the current Rider ELR.

Q. And the proposed changes to the rider are with Mr. McMillen's testimony; is that right?

A. Yes, details of the tariff changes, et cetera.

Q. Did you review the changes that are proposed to the tariff that he attached to his testimony?

A. I have looked at the redlines of the tariff.

Q. Now, can you tell me just at a very high level how did this tariff get its name, economic load response?

A. I don't recall how it got its name. It's

evolved over time.

Q. Are you familiar with a concept known as economic load response?

A. Yes.

Q. Tell me what your understanding of that concept is.

A. Just at a very high level, it's -- it's managing load in response to a price signal.

Q. Okay. Now, when you say managing load in response to a price signal, that's the customer manages their own load in response to a price signal from the utility?

A. Or somebody's managing it on their behalf.

Q. Like a curtailment service provider?

A. Correct.

Q. Okay. And so in that instance, the supplier or the curtailment service provider gets a price signal, and then the CSP or the customer decides whether it's in their best interest to elect to interrupt service?

A. I think it depends on how the program they may be participating is defined. You had a concept in there they can elect to participate. They may be required to participate.

Q. Okay. But they can choose the price level at which they decide to participate, or if the price level is specified, they can decide whether to enroll in the program or not.

A. Those are both possible.

Q. Okay. And is it possible that a supplier -- strike that.

Is it possible that a customer could choose to sign up for such a tariff if they had some alternative form of generation available to them to supply their power needs when they are curtailed under the economic load response program?

A. Like do you have a program in mind you are discussing? Are you talking general?

Q. I am just talking general.

A. General. The manner in which customers reduce load and then continue to do the things they want to do, I don't think it's limited to any sort of technology or idea. If folks want to turn off their air conditioning and fire up a gasoline generator to run something at their house, they can -- they can do that.

Q. Okay. But in any event, as you said, this tariff has evolved over the years. And would it be fair to assume that at one point in time it

1 included this concept of economic load response and
2 that's how it got its current name?
3 A. Again, I don't know how it got its name,
4 but I know it had an emergency and economic component
5 to it.
6 Q. So to the extent that there might have
7 been many curtailments under a prior version of the
8 tariff, that wouldn't necessarily lead us to conclude
9 that there would be many curtailments under the
10 current proposed version, does it?
11 MR. KEANEY: Just objection. When you
12 say "current proposed," is it the current ELR or
13 proposed ELR?
14 MR. FINNIGAN: Proposed.
15 MR. KEANEY: Thank you.
16 EXAMINER ADDISON: Thank you.
17 A. I don't know how many events we called
18 under the economic portion of the current -- well,
19 some of the older versions of the tariff that had the
20 economic component. I don't recall or know how many
21 events were called in response to price.
22 Q. But without knowing how many events were
23 called, would it be fair to say that the number of
24 curtailments, whatever they might have been, would
25 have no bearing on how many curtailments might be

1 called under the proposed version of the rider?
2 A. That's correct.
3 Q. Now, you have worked many years in the
4 PJM markets; is that right?
5 A. Yeah. Yes.
6 Q. You are smiling when you say that. It's
7 been how many years?
8 A. Gosh, I'm guessing now, 14, give or take.
9 Q. Now, PJM has governing documents that
10 spell out the terms and conditions of how the PJM
11 markets operate; is that right?
12 A. Yeah. There is three main ones. It's
13 the tariff, operating agreement, and the reliability
14 assurance agreement.
15 Q. Okay. And are you generally familiar
16 with those documents?
17 A. Not memorized them but know concepts in
18 them.
19 Q. Okay. And give me those again, please.
20 A. You've got the OATT, O-A-T-T, that's the
21 transmission tariff; you've got the re -- gosh,
22 reliability assurance agreement, the RAA; and you
23 have got the operating agreement, the OA.
24 Q. Okay. Now, which FirstEnergy entities
25 are signatories to the operating agreement? And I

1 don't care about other states. I'm concerned about
2 Ohio utilities or the Service Company or the holding
3 company.
4 A. Honestly I don't know. I don't know who
5 we have signatory on there.
6 Q. And what about the reliability assurance
7 agreement? Is that a document which load-serving
8 entities sign?
9 A. No. LSEs would -- would have to perform
10 under all the governing documents. But to your
11 original question, I don't know who is the signatory
12 for the OA.
13 Q. How about for the reliability assurance
14 agreement? Are the Ohio utilities signatories to
15 that agreement?
16 A. Again, I don't specifically know who's
17 signatory to them.
18 Q. But some FirstEnergy entity is.
19 A. Yes.
20 Q. And same for the operating agreement.
21 A. We would -- we would have to be, yes.
22 Again, but not parsing who the we, I just don't know
23 who has actually signed the agreements.
24 Q. Now, in addition to those three high
25 level governing documents, are there other kinds of

1 subsidiary documents that spell out terms and
2 conditions for different types of markets within PJM
3 like PJM manuals?
4 A. So the three governing documents spell
5 out all the rules and requirements but -- oh, gosh,
6 it sounds terrible, they are in tariff speak. So the
7 manuals are designed -- and I mean no offense just so
8 we are super clear on the record. The manuals are
9 designed to be more plain English and sometimes
10 clarifying documents so that folks know what they are
11 actually supposed to do.
12 Q. Your definition of plain English is
13 different than mine.
14 A. I'm sorry.
15 Q. So with respect to those manuals, are
16 there separate manuals for the capacity market and
17 the energy market?
18 A. Without looking at the -- I mean, it's
19 literally a library. Without looking at the library,
20 I can't remember how they parse the manuals up.
21 Q. And do you generally have to refer to
22 these capacity market manuals and energy market
23 manuals from time to time in your job?
24 A. Yes, as well as other documents, training
25 documents, PowerPoint. I mean, there is a lot of

1 stuff on the website, yes.
2 Q. Now, is there a term used in the
3 governing documents of PJM known as balancing
4 authority?
5 A. Conceptually it's in the governing
6 documents.
7 Q. And what does that mean?
8 A. High level that entity is responsible to
9 ensure there are enough resources at I am just going
10 to generically say specific points of time on the
11 system to meet system load. And they are balancing
12 within and in partnership with external third-par --
13 or unaffiliated balancing authorities.
14 Q. And who serves as a balancing authority
15 within the PJM footprint?
16 A. That would be PJM.
17 Q. And does that include inside the
18 footprint of the Ohio FirstEnergy utilities?
19 A. Yes.
20 Q. Now, is there another term in the PJM
21 governing documents known as a reliability
22 coordinator?
23 A. Yes.
24 Q. What does that term mean?
25 A. So that term is where it's -- it takes

1 the responsibilities of the balancing authority, and
2 they are assuring and creating standards from which
3 the balancing authority is to operate.
4 Q. And these standards are for the
5 load-serving entities within PJM?
6 A. I don't know if I'm following your
7 question.
8 Q. Well, I'm just asking in just very high
9 level terms whether the reliability assurance
10 agreement is among the different load-serving
11 entities within PJM.
12 A. If I may, the load-serving entities are
13 operating to all of the tariff, OA, and if
14 applicable, I don't know how much of the RA is
15 applicable to an LSE, but they're -- they're
16 operating to the requirements of those governing
17 documents.
18 Q. Including that reliability assurance
19 agreement?
20 A. Again, I don't -- without looking at it.
21 Our RAA is really targeted more towards the
22 generation side of the business.
23 Q. Okay.
24 MR. FINNIGAN: Your Honor, may I approach
25 the witness?

EXAMINER ADDISON: You may.

MR. FINNIGAN: I just have the cover page of the document. I am not going to ask that this be marked as an exhibit at this time because it is very voluminous.

Q. (By Mr. Finnigan) Mr. Stein, does this cover page refresh your memory as to whether the reliability assurance agreement is among load-serving entities?

A. I was referring to the RAA.

MR. KEANEY: Mr. Finnigan, do you have another copy we could see?

MR. FINNIGAN: I will give you this one as soon as I show it to him.

A. Yeah. That's the title.

Q. Okay. Now, are the FirstEnergy Ohio utilities considered load-serving entities?

A. Yes.

Q. Is there a provision within the reliability assurance agreement stating that each party -- well, strike that.

Is there a provision within the reliability assurance agreement to the effect that each party to the agreement shall implement emergency procedures and take such other coordination actions

as may be necessary in accordance with the direction of the Office of Interconnection in times of emergencies?

A. There may be without seeing the specific reference to it.

Q. Do you know generally whether load-serving entities like the Ohio utilities are required to take direction from PJM during an electric emergency?

A. Can you -- can I have that question again, please?

MR. FINNIGAN: Sure. Could you read it back, please?

EXAMINER ADDISON: Please.

(Record read.)

A. So PJM does issue direction. I think one of the most recent cases was where PJM was requesting customers of the distribution companies' curtail load, if that's what you are alluding to with -- with direction.

Q. Okay. And do the PJM-governing documents define what an emergency is?

A. I -- again, without specifics, I don't know.

Q. Do the PJM-governing documents define

what a local emergency is?

A. I would expect not since they are not operating on a local basis; but again, I don't have the tariffs, et cetera, memorized.

Q. Okay. What basis do they operate in? They operate throughout the entire PJM footprint, don't they?

A. Well, their -- their transaction level is not at the local level.

Q. Okay. But are they responsible for reliability at the local level?

A. I don't know what you are defining as reliability at the local level.

Q. If there is an electric emergency that exists in some local area of the FirstEnergy Operating Companies, would that be considered an emergency for PJM?

MR. KEANEY: Objection. Sorry. Objection, your Honor.

EXAMINER ADDISON: Grounds?

MR. KEANEY: It calls for him to render a conclusion about what a document says. He doesn't have that document. He has repeatedly said he hasn't memorized the document, and counsel continues to ask him about those issues. I would also -- the second

1 point being it's vague as to what emergency means in
2 this context.
3 EXAMINER ADDISON: May I have the
4 question back, please, Karen? Thank you.
5 (Record read.)
6 EXAMINER ADDISON: I will allow this
7 question, but I think moving forward if you have
8 additional questions as to this particular document,
9 Mr. Finnigan, it would be beneficial for the witness
10 to have a copy.
11 You may answer.
12 THE WITNESS: Thank you, your Honor.
13 A. I'll answer unlikely but not -- not
14 impossible.
15 Q. Okay. Okay. Now I would like to turn
16 your attention to your testimony. And I want to
17 direct you to page 6, lines 1 through 12, and please
18 take a look at the question and answer on that page
19 and let me know when you have had a chance to read
20 that over.
21 A. Just to confirm, page 6, line 1 through
22 12?
23 Q. Yes.
24 A. Thank you. Okay.
25 Q. Now, at line 8 of your answer beginning

with the word "Further," you refer to something you call "the Companies' Electric Service Regulations regarding Emergency Electrical Procedures." Have I read that correctly?

A. You have.

Q. Now, where are the Companies' electric service regulations regarding emergency electrical procedures?

A. I don't remember the exact page, but the describing of -- of this concept is in the front part of the utilities' tariffs in the rules and regulations --

Q. Okay.

A. -- component.

MR. FINNIGAN: Your Honor, at this time I would like to mark as OCC Exhibit 9, a copy of the Ohio Edison tariff currently in effect effective June 1, 2009.

EXAMINER ADDISON: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. FINNIGAN: And, your Honor, may I approach the witness?

EXAMINER ADDISON: You may.

Q. (By Mr. Finnigan) Mr. Stein, do you have a document before you marked as Ohio Edison -- I'm

1 sorry, marked as OCC Exhibit 9?
2 A. Yes, I do.
3 Q. Can you identify what that document is,
4 please?
5 A. This is the Ohio Edison's schedule of
6 rates for electric service.
7 Q. Okay. Does this appear to be the one
8 that's currently in effect to the best of your
9 knowledge?
10 A. Yes.
11 Q. Now, you were referring to in your answer
12 the Companies' electric service regulations. Are
13 they contained within this document?
14 A. Yes.
15 Q. Could you find where they are for me,
16 please?
17 A. Bear with me a second. It would be under
18 page -- sorry. Sheet 4, 1st Revised, Page 17 of 21.
19 Q. Okay. Now, this section that you
20 directed me to was entitled "Emergency Electrical
21 Procedures," Chapter XVI of the Electric Service
22 Regulations?
23 A. Yes.
24 Q. And it talks about two kinds of
25 emergencies. One is a short-term capacity shortage,

and the other one is a long-term capacity shortage; is that right?

A. Yes.

Q. Okay. Now going back, I want to direct your attention to another section of the tariff that deals with the supplying and taking of service. So could you please turn to Sheet 4, page 3 of 21.

A. Okay. I'm there.

Q. Now, do you see the heading in the middle of the page that says "Chapter IV Characteristics of Service"?

A. I do.

Q. Why don't you take a moment, read the rest of that page, and let me know when you have had a chance to read that over.

EXAMINER ADDISON: Let's go off the record.

(Discussion off the record.)

EXAMINER ADDISON: Let's go back on the record.

We will take a brief lunch break. We will take the full hour. We'll reconvene at 1:15. Thank you all.

Off the record.

(Thereupon,at 12:16 p.m., a lunch recess

1 was taken.)

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Tuesday Afternoon Session,
November 21, 2023.

- - -

EXAMINER ADDISON: Let's go back on the record.

Mr. Finnigan.

MR. FINNIGAN: Thank you, your Honor.

- - -

EDWARD B. STEIN

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

CROSS-EXAMINATION

By Mr. Finnigan:

Q. Good afternoon, Mr. Stein.

A. Good afternoon.

Q. Mr. Stein, before the lunch break, we were talking about the Ohio Edison tariff, and I think we were on Sheet 4, page 3 of 21, under Characteristics of Service. Could you turn your attention there, please.

A. I am there.

Q. Have you had a chance to read that?

A. I have.

Q. Okay. Now, this section talks about the frequency at which the Company will supply

electricity to its customers; is that right?

A. I don't -- I don't know that it states a frequency.

Q. Could you take a look at Section IV A where it says "Type"?

A. Oh, I'm sorry. I was in B. I apologize. Yes, I see it there.

Q. Okay. So it says there that the Company will endeavor to supply the service at 60 Hertz.

A. Yes.

Q. And then if it goes too much over that or too far under that, that could create an electrical emergency, couldn't it?

A. It's possible.

Q. Now, take a look further down under Continuity Section B and the second paragraph under that section which begins "The standard secondary voltages are 120/240 volts." Do you see that paragraph?

A. I do.

Q. Now, there it says that "The Company designs its system so that under normal operating conditions the sustained service voltage is within a range of plus or minus 5 percent of the normal voltage level for that service." Have I read that

1 correctly?
2 A. Yes, you have.
3 Q. And so the Company has parameters for
4 both the voltage and the frequency that it endeavors
5 to supply electricity at; isn't that right?
6 A. I think this describes the supply that
7 will be delivered.
8 Q. Okay. And so going back on electric
9 emergency, if there is a problem with the frequency
10 being too low, too far below that 60 Hertz, that can
11 cause a collapse of the distribution grid if it gets
12 too far below that level, can't it?
13 A. I'm sorry. Can I have that question
14 reread? Apologies.
15 Q. Sure. Are you familiar -- are you
16 familiar with the northeast blackout that happened in
17 2003?
18 A. Yes.
19 Q. What was the problem that happened with
20 the frequency of electricity on the system that led
21 to the blackout?
22 A. Oh, I don't recall the specifics of...
23 Q. But in general if the frequency gets too
24 far below this 60 Hertz level, that can cause the
25 grid to actually shut down, can't it?

A. I'm just trying to -- can I have the question again, please?

Q. Sure. I will just reask it. So if the frequency gets too far below 60 Hertz, that could cause the grid to shut down.

A. I don't know how -- your question, it's hard for me to answer.

Q. Why is it hard to answer?

A. What I am trying to separate is instantaneous, if it dips real quick, comes right back, versus -- are you asking it like -- like a perpetual frequency dev -- like --

Q. Well, let me ask you, what are the durations of time for which the frequency would need to drop below 60 Hertz that could lead to a collapse of the grid?

A. I don't know.

Q. So are there any threats to the grid which could occur as a result of the frequency dropping below 60 Hertz for any sustained amount of time?

A. I mean, possibly.

Q. Could it lead to rolling blackouts?

A. So rolling blackouts aren't necessarily a conclusion to low frequency.

Q. Is that a mitigation step to deal with low frequency?

A. Without consulting our -- our emergency issues, I don't know.

Q. Okay. We will get to that in a minute. Now going back to the section we were talking about on Section B with the voltage and frequency within real -- reasonable limits, do you see that in Subsection B, IV B under Continuity, the second line?

A. Second line, first paragraph or?

Q. I'm looking at Section IV B Continuity, "The Company will endeavor, but does not guarantee, to furnish a continuous supply of electric energy and to maintain voltage and frequency within reasonable limits."

A. I see that.

Q. What are those reasonable limits?

A. I don't know. I don't deal in that.

Q. Now, does it define it in the next paragraph down in the second line where it says "The Company designs its system so that under normal operating conditions the sustained service voltage is within a range of plus or minus 5 percent of the normal voltage level for that service"?

A. I see that.

Q. Would those be the reasonable limits of voltage service plus or minus 5 percent?

A. I think that's part of it based on this.

Q. And if the Company supplies too much power to a customer, that can damage the customer's facilities or appliances, can't it?

A. When you say "power," what are you --

Q. Electricity at too high of a frequency.

A. I don't know.

Q. Are you familiar with the term "power surge"?

A. I mean, generically.

Q. What does that term mean to you?

A. It's likely -- or one way it could manifest itself is a high voltage condition beyond expected tolerances.

Q. And are there any problems that can lead to on the distribution grid?

A. Are you asking if the distribution grid experiences?

Q. Yes.

A. I suppose so.

Q. And can it also cause damage to customers' equipment and appliances?

A. It's possible.

Q. All right. Let's go back to these electric service regulations that we were talking about earlier and I believe you said that these start on page Sheet 4, page 17 of 21.

A. So I'm on Sheet 17.

Q. Okay. Now, why don't you take a moment to skim that chapter and I have got a question -- some questions about the different parts of that chapter. Let me know when you have had a chance to refresh your recollection about that.

A. Okay.

Q. Now I am looking at the first sentence on page 17 under the heading "General." It says "Emergency electrical procedures are deemed necessary if there is a shortage in the electrical energy supply to meet the demands of the Company's customers." Have I read that correctly?

A. Yes, you have.

Q. So does this mean that an electrical emergency only exists if there is a shortage of supply?

A. No.

Q. Okay. Where is the section that tells us that an excess of supply would also be considered an emergency?

A. I'm sorry. Can you repeat that?

Q. Sure. I was asking you if only shortages of supply are considered an electrical emergency, and I understood you to say, no, that there could also be an excess of supply that could be considered an emergency. And I just was wondering if you could direct me to where in the tariff it describes how an excess of supply is considered an electric emergency.

A. So I believe I testified to an overvoltage condition in your questioning. Are you equating that to supply?

Q. I am just asking you.

MR. KEANEY: Your Honor, if I could just object real quickly. It would be very helpful to the witness if he would be given time to review the document.

EXAMINER ADDISON: I think he was given time to review, Mr. Keaney. Do you have another objection?

MR. KEANEY: Yeah, I'm sorry. Just relevancy. I understand we want to give some leeway here, but we are quickly departing from anything related to his testimony in terms of power outages and anything related to supply being too much, excessive.

EXAMINER ADDISON: Thank you.

MR. FINNIGAN: Your Honor, if I may respond?

EXAMINER ADDISON: Very quickly, Mr. Finnigan.

MR. FINNIGAN: In his testimony he justifies the Rider ELR tariff as being within the Companies' rights to establish based on this section of the tariff and I am referring to page 8 -- or page 6 of his testimony and this is at lines 8 through 12. He says, "Further, the Companies' Electric Service Regulations regarding Emergency Electrical Procedures provide the ability to execute load management activities."

So I'm asking him about this section of the electric service regulations that he says gives rise to the Companies' right to do these load management activities.

EXAMINER ADDISON: Thank you, Mr. Finnigan. I will allow this question, but I will note that we are flirting with the line of relevance.

So with that, you may answer the question.

A. So what I'm struggling with is equating the management of over/undervoltage conditions and

1 equating that to ensuring supply meets demand which
2 are two -- two different things. So there will be
3 procedures to manage voltage conditions and then
4 there will be procedures that when there just isn't
5 enough generation on the system to meet demand.
6 Q. All right. Now going back to this
7 section, Emergency Electrical Procedures, Chapter
8 XVI, is there a definition of electric emergency in
9 this chapter?
10 A. In skimming, I didn't see one. I could
11 have missed it.
12 Q. Well, take your time and, you know, don't
13 rush through. Let me know when you have had enough
14 time to review it and satisfy yourself.
15 A. I don't see one.
16 Q. Is there a definition of local emergency
17 in this section of the tariff, Chapter XVI?
18 A. I do not see one.
19 Q. Now, in your testimony which we were just
20 referring to -- and why don't you turn to page 6. We
21 talked about this earlier. Let me know when you get
22 there.
23 A. I am on page 6.
24 Q. Okay. I am reading from line 8 on page
25 6. "Further, the Companies' Electric Service

Regulations regarding Emergency Electrical Procedures provide the ability to execute load management activities." Have I read that correctly?

A. Yes.

Q. Now, where in these -- this tariff or these emergency electric procedures does it provide this ability to execute load management activities?

A. I think it begins with Section A General, the first sentence, "Emergency electrical procedures are deemed necessary if there is a shortage in the electrical energy supply to meet the demands of the customer -- Company's customers."

Q. Okay. But where does it say load management is one of those activities?

A. Rolling blackouts are load management.

Q. Okay. Now, is there anywhere in these emergency electric procedures that refers to Rider ELR?

A. I -- not specifically in the section.

Q. Okay. Now, how -- how long would it take a customer to initiate a curtailment if they were notified by the Company of an emergency curtailment event?

A. I don't recall the requirement under the proposed tariff.

Q. Is it up to two hours?

A. Witness McMillen would have the answer for that.

Q. All right. You mentioned that you had reviewed the tariff to understand what the proposed changes were.

A. I have. I just don't remember that.

Q. Okay. Let's go back and get that. Could you pull out Mr. McMillen's testimony, please?

EXAMINER ADDISON: Do you have a copy in front of you, Mr. Stein?

THE WITNESS: Is it in here? Let me look.

EXAMINER ADDISON: Do you have a copy -- excuse me. Mr. Finnigan, do you have a copy of Mr. McMillen's testimony?

MR. FINNIGAN: I do not. I was just using my version online.

EXAMINER ADDISON: Well, unfortunately he doesn't have a computer in front of him, so he can't do the same.

MR. FINNIGAN: Isn't that already marked as a Company exhibit?

MR. KURTZ: I have a copy if he wants to see it.

EXAMINER ADDISON: If anyone has a copy to provide the witness, that would be helpful.

A. Thank you.

Q. Could you find in the Rider ELR tariff attached to Mr. McMillen's testimony what the time period is that customers would have to respond to an emergency curtailment notice from FirstEnergy?

A. Do you have -- are you referencing a page number?

Q. No. I just was wondering if you could direct us to that.

MR. KEANEY: Your Honor, if I could just object here. Mr. McMillen had testified to this. This is Mr. McMillen's testimony. If this is somehow tying back to his testimony, that would be great to ask the witness about his testimony but this is -- again is Mr. McMillen's testimony, and he has said repeatedly that that would be a question for Mr. McMillen. Thank you.

EXAMINER ADDISON: Thank you.

MR. FINNIGAN: Your Honor, they both testified to changes in the tariff. It just so happened the tariff is not attached to Mr. Stein's testimony; it's attached to Mr. McMillen's testimony. But he did say that he reviewed the current version

of the tariff and also the proposed changes that the Company is asking to make in this Application. So he's established the foundation he is familiar with both the current version and the proposed version, so I am simply asking him. It's his tariff that the Company is sponsoring, and he is sponsoring some of the changes. I'm just asking him --

EXAMINER ADDISON: Thank you.

MR. FINNIGAN: -- if he could point out how long the customers would have to respond to an emergency curtailment notice from the Company.

MR. KEANEY: Your Honor --

EXAMINER ADDISON: Hold on. I will allow him to answer this question recognizing Mr. McMillen was already up and down, but I believe Mr. Finnigan is trying to tie this back to Mr. Stein's testimony so.

MR. KEANEY: Is there any way counsel could direct him to where he is asking to speed things up rather than asking him --

EXAMINER ADDISON: I don't know if Mr. Finnigan has a specific point of reference for us; is that correct, Mr. Finnigan?

MR. FINNIGAN: I do not. I am asking the witness.

MR. KEANEY: Thank you, your Honor.

EXAMINER ADDISON: To the extent Mr. Stein cannot identify it in the tariff, then we'll move on.

THE WITNESS: May I have the question again?

EXAMINER ADDISON: You may.

THE WITNESS: Thank you.

(Record read.)

A. Thank you. It's under Section D Emergency Curtailment Event.

Q. What page is that on?

A. Oh, I apologize. It's sheet -- which page do you want? Hold on. Bear with me. So -- apologies. I don't know how his testimony is constructed. So this will be in -- so at the end of his testimony, it ends on page 22, and then you go into the tariff sheets. And once you are in the tariff sheets, it will be Sheet 1 -- this is the first tariff, I apologize. The first tariff is Cleveland Electric Illuminating Company's tariff, and the first sheet -- or the sheet the language is on is Sheet 101, 54th Revised, page 5 of 7.

Q. And which paragraph on that page?

A. It would be paragraph 2.

Q. The one which begins "If an emergency curtailment event is requested solely by the Company"?

A. Yes, sir.

Q. Okay. So this section provides that the customer must receive at least two hours' notice before they are expected to begin their curtailment or curtail their load.

A. Yes.

Q. Now let's go back to the emergency electric procedures. Now I'm looking at Sheet 4, page 18 of 21.

A. Okay.

Q. Now, do you see the Section B for Short-Term Capacity Shortages?

A. I am there.

Q. And then about three lines below that it says "Sudden or Unanticipated Short-Term Capacity Shortages." And there it says that "In the event of a sudden decline of frequency on all or a portion of the Company's system caused by a significant imbalance of load and generation, whether such imbalance occurs in the Company's system or on another system." And then it describes certain steps the Company will take; is that right?

A. Yes, it does.

Q. Now, is there anything here that would lead you to conclude that the Company could issue a curtailment notice and wait two hours for the customer to respond as part of this sequence of events listed here?

THE WITNESS: Apologies. Can I have that question again?

EXAMINER ADDISON: Please.

(Record read.)

A. There is nothing prohibiting it as a first line of defense.

Q. Okay. So if there is this sudden decline of frequency, the Company could wait two hours before taking other measures to restore the proper frequency while it's waiting for these Rider ELR curtailments to occur.

A. I think it would be part of the tools the Company would use depending on the conditions of the -- that the outage is presenting.

Q. How many times has the Company initiated an emergency curtailment under Rider ELR during ESP IV?

A. I do not believe we called an event during ESP IV.

Q. Now, if the Commission does not approve the Companies' Rider ELR proposal, will the Companies still be able to comply with these emergency electrical procedures?

A. Yes, but it will have lost one of its tools.

Q. Do you know whether all the other utilities in Ohio have an interruptible tariff similar to Rider ELR?

A. I know AEP has an interruptible tariff construct. I don't know details of what's in their program.

Q. What about Duke and AES Ohio?

A. I don't know for sure for the other two.

Q. If a customer -- well, strike that.

Now, are you familiar with the load management products that PJM offers?

A. Varying degrees, but yes.

Q. Does PJM offer a load management product for the capacity market and the energy market?

A. And the ancillary market.

Q. And a customer could potentially participate in any one or any combination of those three.

A. Yes.

Q. And when a customer participates in these markets as -- as under a load management tariff, it's doing so as a demand resource.

THE WITNESS: I'm sorry. Can I have the question again?

EXAMINER ADDISON: You may.

Q. Strike that. I will ask a new one. So these load management products can be for the supply side or the demand side.

A. Correct.

Q. And when a customer enrolls in a load management product at PJM, the customer is doing it as a demand resource.

A. It's doing so on the supply side of the equation.

Q. Okay. But it's -- the customer is vol -- volunteering or signing up to enroll their load as a resource in the load management program, right?

THE WITNESS: Apologize. Can I have that question again?

Q. Well, let me reask it. So -- well, strike that.

Are you familiar with the report that PJM puts out every year called a load management report that reports on the performance of the load

1 management programs within PJM?
2 A. I'm not familiar with that report.
3 Q. If a customer is enrolled in the PJM load
4 management program either in the capacity market or
5 the energy market, is there any requirement that the
6 customer notify PJM in advance that they are going to
7 participate in either one of those programs?
8 A. Yes.
9 Q. And what kind of commitment does the
10 customer make in the capacity market load management
11 program?
12 A. So -- so are you assuming we are
13 discussing customer and maybe CSP or a marketer in
14 the -- is synonymous?
15 Q. Either one.
16 A. There are -- every year before -- I will
17 pick on capacity. Every year before capacity
18 auctions, the base residual auctions are conducted --
19 conducted. There are a series of events that folks
20 who want to participate as demand resources have to
21 go through to register their -- their portfolio of
22 customers for the -- to take part in those -- in the
23 capacity market.
24 Q. All right. In addition to that annual
25 registration, is there any -- any notification that's

more frequent than that that the customer has to supply to PJM?

A. So should they clear the auction, that portfolio resources, if there is no event called, their next level of communication with PJM will be when they conduct a test event.

Q. Okay. Now, let's assume a customer is enrolled in the PJM capacity market load management program and also is on the FirstEnergy Rider ELR tariff. Okay?

A. Uh-huh.

Q. And then assume that FirstEnergy calls an emergency curtailment event under Rider ELR. And the customer reduces their load in response to FirstEnergy's notice, and then PJM calls an emergency curtailment under their tariff. The customer has already reduced their load in response to FirstEnergy's notification. Does the customer still get credit under PJM's capacity market program for reducing load when it did so in response to FirstEnergy's notification?

MR. KEANEY: Objection. It's vague and ambiguous whether Mr. Finnigan is talking about this program as proposed or the current program under ELR.

MR. FINNIGAN: As proposed.

1 MR. KEANEY: Thank you.
2 EXAMINER ADDISON: Do you need it read
3 back with that clarification?
4 THE WITNESS: Appreciate it. Yes, thank
5 you.
6 EXAMINER ADDISON: Thank you, Karen.
7 (Record read.)
8 A. Yes.
9 Q. Okay. Now let's shift to the PJM energy
10 market. And I want to ask you how a customer would
11 participate in the PJM load management program in the
12 day-ahead energy market at PJM. And my question is
13 would the customer have to give a day's advanced
14 notice of their willingness to participate as a
15 demand resource in the PJM day-ahead energy market?
16 A. They have to put an offer into the
17 market.
18 Q. Day-ahead.
19 A. Day-ahead.
20 Q. So let's assume that somebody puts in an
21 offer to participate as demand resource in the
22 day-ahead market, puts in that offer a day ahead of
23 time, and then 10 hours later FirstEnergy calls an
24 emergency curtailment event under Rider ELR. And
25 then the next day PJM calls on that resource under

its day-ahead energy market offer that was submitted. If the customer's already reduced their load in response to the FirstEnergy notice of emergency curtailment event, does the customer still get credit from PJM for reducing load in the day-ahead energy market?

A. That I don't know only because I haven't operated in the economic load response markets.

Q. Do you know if there would be any penalties for that kind of customer if they don't deliver additional demand reductions?

A. I don't recall.

MR. FINNIGAN: Your Honor, may I have just a moment to review my notes?

EXAMINER ADDISON: Absolutely.

MR. FINNIGAN: That's all the questions I have. Thank you, Mr. Stein.

THE WITNESS: Thank you.

EXAMINER ADDISON: Thank you.

OMAEG?

MS. BOJKO: Yes, thank you.

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CROSS-EXAMINATION

By Ms. Bojko:

Q. Good afternoon, Mr. Stein.

A. Good afternoon.

Q. Kim Bojko with OMAEG. I have just some follow-up questions. Do you still have your testimony in front of you, sir?

A. I do.

Q. Okay. I am going to start on page 4 of your testimony here. You state that the purpose of your testimony in this proceeding is to support the proposed changes to the Companies' ELR; secondly, to support the changes to a proposed modification to the UFE; support proposed changes to the Companies' Non-Market-Based Service Rider, Rider NMB; and then finally to support proposed changes to the Companies' supplier tariffs; is that right?

A. Yes.

Q. Okay. So you are actually supporting all four of those issues, correct?

A. Correct.

Q. Okay. Turning first to the ELR topic that you are supporting, the proposed changes that you are supporting. It's your understanding that -- strike that.

First of all, earlier to Mr. Kurtz, I believe you stated that FirstEnergy does not intend to open this program to any additional customers

1 during the ESP V term; is that correct?
2 A. Correct.
3 Q. And it's your understanding currently the
4 pilot program is limited to customers who were
5 previously Stipulation parties in prior ESPs or
6 reasonable arrangements; is that correct?
7 MR. KEANEY: When you say pilot program,
8 Ms. Bojko, what are you referring to? Rider ELR or
9 NMB?
10 MS. BOJKO: I'm sorry. I was referring
11 to Rider ELR. Thank you.
12 MR. KEANEY: Thank you.
13 A. May I have that question back?
14 Q. I will rephrase. My apologies. Too many
15 pilots and riders.
16 It's your understanding that currently
17 participation in Rider ELR is limited to customers
18 who were previously stipulating parties in prior ESP
19 cases or parties in reasonable arrangements; is that
20 correct?
21 A. I don't know that I said it that way.
22 It's a traditional group of customers that have
23 been -- been a part of the Companies' emergency
24 response procedures for a long time.
25 Q. Well, not all of them have been for a

long time, right? I believe you were here -- you state your name was spoken many times during Ms. Lawless's testimony. Do you recall us talking about the number of customers that had increased over the years with regard to participation in the ELR program?

A. I mean, I remember bits, but I don't remember the questions or.

Q. Well, isn't that your understanding, that their customers may have been eligible to participate but only certain customers participated each year in the ELR program?

A. That could be but that was -- Company Witness Lawless would have more knowledge of that.

Q. Okay. Well, you just stated in response to one of my questions you believe they historically have been participating in emergency -- this emergency load relief program for a very long time, and it's my understanding there were new customers added in 2023, so I was trying to understand your response. Are you aware that new customers were added in 2023?

A. Not -- not directly. I haven't managed the program.

Q. Okay.

MR. KEANEY: Ms. Bojko, just to clarify, are you again talking about ELR or NMB?

MS. BOJKO: I am talking about ELR.

MR. KEANEY: So you are saying 2023 customers -- you were asking 2023 customers joined ELR?

Q. (By Ms. Bojko) Okay. Let's back up. What is your understanding of who was participating in Rider ELR?

A. I don't manage the program.

Q. Okay. You don't know. You are not here to testify -- I think we are trying to understand what you are supporting through your testimony. I thought you were supporting Rider ELR. What exactly are you supporting with regard to Rider ELR?

A. It's more around the program changes of -- of moving the program out from the Companies being a CSP and to the competitive market CSPs and just speaking to the -- there has been a longstanding recognition of our larger customers on the system and the resources they can provide which is what ELR is part of and -- and some of the rationale for -- for how the current level of credits compare to the current RPM marketplace clearing price.

Q. Okay. So you're really only supporting

1 the change with regard to the CSP provider provision.
2 A. Well, the other two things I mentioned
3 too.
4 Q. Okay. And I did misspeak previously,
5 thank you, getting these pilots and riders confused,
6 but it's your understanding there are only 24
7 customers in Rider ELR currently, correct?
8 A. Again, I know it's a small number.
9 Q. Okay. You don't know. And are you aware
10 that Staff is recommending an expansion of the ELR
11 program?
12 A. I am not.
13 Q. And you are not familiar with what --
14 strike that.
15 You didn't review Staff's testimony with
16 regard to the ELR issue?
17 A. I have not.
18 Q. Okay. And a second change that you
19 discuss in your testimony is on page 6 which is with
20 regard to FirstEnergy's plan to reduce the Rider ELR
21 credits during the ESP term; is that correct?
22 A. That's correct.
23 Q. And it's your proposal to decrease the
24 credits by a dollar per year beginning in year two of
25 the ESP; is that right?

A. Witness McMillen had that in his testimony.

Q. You do state one of the rationales for this proposed change is because the current credits available to Rider ELR customers are higher than market capacity prices in PJM; is that correct?

A. Yes.

Q. And it's your belief that FirstEnergy's proposal would result in ELR participants receiving less per year than currently implemented?

A. Is there a specific reference?

Q. I mean, just on page 6 of your testimony. I believe you talked about one of the rationales for the proposed change is to reduce the level of credits which would, in essence, reduce how much money the ELR participants are receiving which makes it more competitive in the wholesale market.

A. So we speak to -- we. I speak to an alignment with market prices, especially in light of the '25 -- '24-'25 year cleared at just north of $28 a megawatt-day.

Q. Okay. And given that you were not familiar with Staff's recommendation regarding participation in the ELR program, is it fair to assume you are not familiar with Staff's

1 recommendation regarding a larger credit reduction?
2 A. I am not aware.
3 Q. Okay. Is it your understanding that the
4 ELR credits under your proposal are collected from
5 customers not participating in the ELR program?
6 A. Yes.
7 Q. Now let's turn to page 11 of your
8 testimony. Page 11 of your testimony here you are
9 talking about network service peak load; is that
10 correct?
11 A. Yes.
12 Q. And on page 11 you state charging
13 customers for non-market-based services based on NSPL
14 promotes cost causation principles; is that correct?
15 A. Correct.
16 Q. And you believe this because PJM assigns
17 most non-market-based services costs based on NSPLs?
18 A. Well, it's two fold. All customers are
19 assigned an NSPL, and PJM does charge the majority of
20 the costs seen in Rider NMB under -- using an NSPL.
21 Q. And that's the 80 percent discussion you
22 had with Mr. Pritchard before lunch?
23 A. Yeah. Not recalling the exact percent
24 but, yes.
25 Q. And you believe that aligning costs with

cost causes is beneficial to customers -- cost causers, excuse me, is beneficial to customers, right?

A. I think in general ratemaking direct assignment of cost is -- is most preferred.

Q. On page 10 of your testimony, you state that individual customers' NSPLs are calculated to estimate each customer's contribution to the transmission system peak, correct?

A. I'm sorry. Missed the reference.

Q. Sure. It's page 10, lines 8 to 9.

A. Yes.

Q. And you would agree that a customer's NSPL would be different from the monthly peak billing demand.

A. I think you would be lucky if they lined up to be the same.

Q. And -- and the difference would likely be that the NSPL would be lower; is that correct?

A. It -- it could be. I think Witness Lawless had an analysis that showed that, but I didn't do the analysis.

MS. BOJKO: Okay. That's all I had. Thank you.

Thank you, your Honor.

EXAMINER ADDISON: Thank you very much, Ms. Bojko.

Kroger?

MS. CADIEUX: No questions, your Honor.

EXAMINER ADDISON: IGS?

MR. BARBARA: No questions, your Honor.

EXAMINER ADDISION: One Energy?

MR. DUNN: Just a few.

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CROSS-EXAMINATION

By Mr. Dunn:

Q. Good afternoon, Mr. Stein. My name is James Dunn. I represent One Energy Enterprises. I just have a few follow-up questions related to the UFE that you explained in your testimony.

A. Good afternoon.

Q. In your testimony on pages 8 and 9, you explain the modifications to how the UFE would be allocated to customers as a result of the NMB proposal; is that correct? I will wait until you get there.

A. Do you have a specific reference?

Q. Yeah. Just in general pages 8 and 9 of your testimony. And specifically you start to talk about modifications at line 18; is that correct?

A. Yes.

Q. Okay. Help me understand currently are these costs allocated to SSO customers on a kilowatt per hour basis?

A. Yes.

Q. And in this proposal the Company is modifying that to have these costs, these UFE costs, allocated for all customers on a kilowatt basis through the Rider NMB, correct?

A. I'm sorry. Can you repeat the question?

Q. Sure.

A. Apologies.

Q. The Company now is proposing that the UFE costs be allocated on a kilowatt basis through Rider NMB, correct?

A. That question would be better posed to Witness Lawless.

Q. Mr. Stein, can you briefly explain how rolling the errors that you identified in your testimony on page 8 into the NMB rate helps customers with transparency?

A. So with today's process, UFE is allocated to suppliers, both shopping and nonshopping, CRES, and SSO. All of those parties put that into their costs that they offer to a customer, and it's unclear

how that cost is being managed through that contract process. When referencing transparency, what we are talking about is by bringing that -- that adjustment into the Companies, we would put it into a PJM separate account just like we do with our Pennsylvania utilities, and it would show up as an explicit dollar line item in the NMB recovery request.

Q. Okay. Thank you. Turn to -- or actually you are probably still there, page 8 starting at line 10. You start to list out the contributors to the UFE there, correct?

A. At line 10? I'm sorry. What page?

Q. Page 8.

A. Oh, I am on the wrong page. Yes.

Q. Would you agree that some of the contributing errors you identify in the UFE typically come from customers without interval meters?

A. Yes. And that's one of the points. With us rolling out AMI, UFE is going to be changing and is changing.

Q. So would you agree that then the costs typically come from customers without interval meters, will now be NMB 1 customers, will -- those costs will be disproportionately allocated to NMB

1 customers as a result of this UFE -- or NMB proposal?
2 MR. KEANEY: Can I have that question
3 reread?
4 EXAMINER ADDISON: You may.
5 (Record read.)
6 MR. DUNN: I can rephrase that to make
7 the record a little more clear.
8 EXAMINER ADDISON: Thank you, Mr. Dunn.
9 Q. (By Mr. Dunn) Would you agree then the
10 costs that typically come from customers without
11 interval meters, the UFE costs, those customers are
12 going to be NMB 1 customers, and those costs will
13 disproportionately be allocated to NMB 2 customers as
14 a result of this proposal?
15 A. So UFE is both a cost and a credit. The
16 theory of it is over time the megawatt-hour
17 quantities net to zero, and I don't know if it would
18 be disproportionate or not.
19 Q. But it's possible based on your answer
20 to --
21 A. Anything is possible, but it's possible.
22 MR. DUNN: Okay. Thank you. That's all
23 I had, Mr. Stein.
24 EXAMINER ADDISON: Thank you.
25 Walmart?

MS. GRUNDMANN: No cross.

EXAMINER ADDISON: Constellation?

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CROSS-EXAMINATION

By Mr. Settineri:

Q. Good afternoon, Mr. Stein. My name is Mike Settineri --

A. Good afternoon.

Q. -- from Constellation. A little easier to communicate.

A. I appreciate it because it was getting a little dicey over there seeing somebody.

Q. Hey, some quick questions. So do you agree customers within the three EDUs for FirstEnergy, they have assigned PLCs based on a planning year; is that correct?

A. Yes.

Q. Okay. And are you familiar with the volumetric risk cap proposed by the Companies?

A. Where are we at?

Q. Let me refresh. So your name has been mentioned often in this hearing.

A. Okay.

Q. And Mr. Lee said you were the person that could likely explain how the Company calculates daily

PLCs specifically for the volumetric risk cap. So backing up, are you familiar with the volumetric risk cap that was proposed in Mr. Lee's testimony?

A. I am aware of it.

Q. Okay. And are you aware of how the Companies would calculate a daily PLC for that volumetric risk cap process?

A. I don't -- I don't recall specifically how that calculation has been laid out in the contract.

EXAMINER ADDISION: Do you have a general idea?

THE WITNESS: So the intent of it is to ensure that at the beginning of the SSO auction, first auction we hold, we're going to have -- I'll make up a number here but let's say we have a thousand megawatts of capacity of nonshopping load. What the volumetric risk cap is designed to do -- again, not knowing the exact parameters of it is if for whatever reason customers begin to come back to the utilities at some percent, and let's say it was 20 percent, and now -- now we've got 100 -- you know, 1,200 megawatts of load being served under SSO, at some point the SSO supplier stops serving the load and the utilities then begin to serve the load

hopefully.

Q. What I want to drill down on is, again, if each customer, nonshopping customer -- nonshopping and shopping, have a PLC value assigned to them for the planning year.

A. Yes.

Q. Okay. And then under the volumetric risk cap, that daily PLC would change if a customer came in to -- let's say from shopping to nonshopping, the daily PLC for the nonshopping aggregate would change based on that customer's PLC being added to that; is that right?

A. Yes. It ebbs and flows, but yes.

Q. And it ebbs and flows based on the PLC values of customers coming in and going out.

A. Coming in, going out, not existing any more, new customer, et cetera, et cetera.

Q. And that PLC value for each customer remains the same for the entire planning year June 1 through May 31.

A. Yes.

Q. Okay. So if we had a planning year, assuming we had the volumetric risk cap program in place and we had a set number of customers in nonshopping, set number of customers in shopping, but

no one migrated for the entire planning year. There was no change. The daily PLC then would be steady for that entire year, is that correct, for that nonshopping group?

A. If you are only including -- in other words, the population of customers is constant, and shopping and nonshopping counts don't change, then, yes, there would be no change.

Q. And that's because, again, the daily PLC changes based on the customer's individual PLCs --

A. Exactly. If one customer -- I don't want this to sound negative, but if a business goes out of -- if they no longer are a going-forward concern, then there is a short in the PLC calc and then folks are involved in this stuff. What that means we have a daily scaling factor that kicks in because the total sum of all PLCs must match the target at PJM.

Q. So that daily PLC could change if -- if a company went out of business, for example.

A. Yeah, yes. That's -- yes.

Q. So and another way to look at it too here would be that, in essence, the volumetric risk cap is weather -- usage related to weather independent, in other words, it's independent of weather, W-E-A-T-H-E-R.

A. Thank you.

EXAMINER ADDISON: Thank you.

A. I'm -- so the individual customer PLCs are -- do use weather based at -- for non-interval meter customers, customers on AMI. Your profiled customers, those are weather-based equations. That's why I'm struggling a bit.

Q. And weather based in terms of certain load during a certain period of summer?

A. Oh, you mean the PLCs don't vary with changing weather --

Q. Correct.

A. -- in the planning period? Correct, yes. That's right.

MR. SETTINERI: No further questions. Thank you, your Honors.

EXAMINER ADDISON: Thank you very much, Mr. Settineri.

Mr. Lavanga, you indicated you had questions?

MR. LAVANGA: I have got a couple.

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CROSS-EXAMINATION

By Mr. Lavanga:

Q. Good afternoon, Mr. Stein.

A. Good afternoon.

Q. I am Mike Lavanga. I represent Nucor Steel Marion. I want to start by going way back to this morning in your discussion with Mr. Kurtz. You talked about your experience working at a steel mill. Do you recall that --

A. I do.

Q. -- discussion? And I believe you said you were involved in the interruptible program at that steel mill.

A. That was in a -- great place to work but, yes, I was involved in the interruptible.

Q. Okay. What was the name of the steel mill again?

A. When I was there, it was WCI Steel in Warren, Ohio.

Q. Okay. And you mentioned that there was -- you were on an interruptible tariff. There was a -- I believe you mentioned a tornado that came through, caused damage to the transmission and distribution system, and you were called to interrupt.

A. Correct.

Q. Okay. Do you remember how long you were down for?

A. All of our main processes that were interruptible -- because you can't interrupt a blast furnace but all of our main processes that were interruptible were down for 36, 38 hours or something like that. It was a two-day event.

Q. Okay. Did you experience lost production as a result of that?

A. Yes.

Q. Okay. And to be on the interruptible program, not only do you have to deal with lost production times but you also incur costs; isn't that right? You have to train your staff?

A. I mean, there's a lot -- I mean, you don't want to kill somebody, right, shutting things down? To your point you have to train staff. The campus I worked at was 2, almost 3 square miles. Most of it I walked from place to place, so you had install communication that hit the lines so they knew to shut down and -- and the lines had to have procedures to shut down quickly if they needed to. Like one -- one particular instance was a gals line -- I shouldn't shorthand, a galvanized line, a galvanized coating line, you have got to put stringers in to make -- you know, make sure you can restart the line when you come back. There is just a

lot of considerations.

Q. So you would agree there are certain costs to the customers who agree to be interruptible.

A. Yes.

Q. And the interruption we are talking about, do you happen to know whether by interrupting you prevented the utility from having to interrupt other customers or rolling blackouts?

A. Absolutely. That was told to us at the time. What it was then -- I mean, it's a lot different now, but it was eastern dispatch. Everything was dispatched out of what was called eastern at the time, and it was such an immediate event they were requesting that us get off the system before they had to start taking other extreme measures to keep the system up.

Q. So by interrupt --

MR. FINNIGAN: Excuse me. Objection, your Honor. Move to strike. He prefaced his comment by saying I was told.

EXAMINER PRICE: Can we have the answer back?

(Record read.)

EXAMINER ADDISON: Mr. Keaney?

MR. KEANEY: There's no objection, your

1 Honor.
2 EXAMINER ADDISON: Do you want to respond
3 to Mr. Finnigan's objection?
4 MR. KEANEY: I'm sorry.
5 EXAMINER ADDISON: No, you're fine.
6 MR. KEANEY: The witness was answering --
7 the witness was answering just what was asked in the
8 question.
9 EXAMINER ADDISON: Thank you.
10 Mr. Finnigan?
11 MR. FINNIGAN: I agree that the witness
12 was answering what was asked in the question, but
13 it's his answer to which I object. And his answer is
14 hearsay. He said that was told to us at the time,
15 and then he related what was told to us at the time.
16 So what he is doing here is he is offering this
17 statement by another person to him for purposes of
18 establishing the truth of the matter in terms of the
19 impacts of the interruption.
20 And so for that reason, that would be
21 considered hearsay and it's inadmissible. We have no
22 opportunity to cross-examine this other person who
23 told him this information so we can't challenge
24 whether it's truthful or whether other circumstances
25 might apply and so forth so we would be prejudiced

by -- by Mr. Stein being allowed to testify to hearsay statements like this one.

EXAMINER PRICE: Would you disagree it was an excited utterance?

MR. FINNIGAN: I was excited when he told us by others.

EXAMINER ADDISON: We are going to let the answer stand. The Commission can certainly give it its appropriate weight when they consider it so let's move on.

Mr. Lavanga.

MR. LAVANGA: Thank you, your Honor.

Q. (By Mr. Lavanga) So by interrupting it's possible that other customers, residential customers, commercial customers, other industrial customers, avoided the need to be curtailed or interrupted.

A. I mean, that was the purpose of the interruptible tariff then.

Q. Okay. So on page 4, lines 21 through 23, you testify your proposal is that FirstEnergy will no longer serve as the CSP for ESP customers, correct?

A. Correct.

Q. But in order to participate on ELR, the ELR customers are going to be required to participate in PJM through their own curtailment service

1 providers, right?
2 A. Correct.
3 Q. Okay. So is it fair to say that by
4 requiring Rider ELR customers to be bid into PJM,
5 FirstEnergy recognizes that there is a benefit to the
6 system of these customers being bid into PJM,
7 participating in the PJM markets?
8 A. We -- we bid them in today and that's the
9 purpose of wanting to continue to bid them in going
10 forward.
11 Q. Okay. You agree there is a reliability
12 benefit to having these large loads being able to be
13 curtailed by PJM --
14 A. Yes.
15 Q. -- through FirstEnergy. Are you familiar
16 with the testimony of Company Witness Edward Miller
17 in this case?
18 A. I mean, I know he is a witness.
19 Q. Okay. Well, Mr. Miller testifies that by
20 offering the FirstEnergy's proposed energy efficiency
21 resources into the PJM capacity markets, this may
22 help reduce the overall PJM capacity price which
23 could reduce electric supply costs for all customers.
24 Is that the same case for bidding in Rider ELR?
25 A. It's a yes and no answer. So for energy

efficiency, because of the way PJM forecasts its load, you can't get the -- the load reduction effects of the energy efficiency recognized against your supply curve in the BR -- I shouldn't use acronyms, base residual auction. So because of that, that's why you offer your energy efficiency plan into PJM to get the effect of it on the supply side until it gets recognized on the demand side of the equation --

Q. Okay.

A. -- with -- go ahead.

Q. You can finish your answer.

A. So with the demand response resources, those are -- those are permanently dispatchable resources that can be used over and over and over again.

Q. Okay. But still if you are bidding the -- the ELR load into the capacity market, and isn't it possible that you are displacing higher cost resources and lowering the overall capacity price?

A. It's -- it's possible and -- and PJM documents the benefits of demand response in -- in their analysis of the performance of the BRAs. There is a report that comes out annually for that.

Q. Okay. So on page 5, lines 19 through 22, you testify that under your proposal the Companies

will no longer be responsible for any activities related to emergency curtailment events requested by PJM, including but not limited to, customer notifications, penalties, or testing requirements. Did I read that correctly?

A. Yes, you did.

Q. Okay. But we've established on your proposal FirstEnergy would still be able to call on ELR customers for local reliability events separate and apart from PJM.

A. Correct.

Q. So FirstEnergy is still going to have to maintain a communications system with the Rider ELR customers.

A. Yes.

Q. And ELR customers, if they don't respond to a local reliability curtailment called by FirstEnergy, they are still going to be subject to penalties, correct?

A. Yes.

Q. Are you aware that there are currently PJM annual testing requirements for ELR customers?

A. Yes, I am. We just went through one.

Q. Okay. Will there be any separate testing requirements for FirstEnergy local reliability

events?

A. No.

MR. LAVANGA: I think that's all I have. Thank you, Mr. Stein.

EXAMINER ADDISON: Thank you very much.

THE WITNESS: Thank you.

EXAMINER ADDISON: At this time we are going to take a 10-minute break. Thank you.

(Recess taken.)

EXAMINER ADDISON: Let's go ahead and go back on the record at this time.

Mr. Proano.

MR. PROANO: Thank you, your Honor.

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CROSS-EXAMINATION

By Mr. Proano:

Q. Mr. Stein, I want you to look at the exhibits on the desk there. Just got a couple in front of you we've introduced before.

A. Do you want --

MR. PROANO: May I approach, your Honor?

EXAMINER ADDISON: You may.

EXAMINER PRICE: Let's go off the record.

(Discussion off the record.)

EXAMINER ADDISON: Let's go back on the

record.

Mr. Proano.

MR. PROANO: Thank you, your Honor.

Q. (By Mr. Proano) Mr. Stein, I have marked a couple of documents we are going to go through for identification purposes here. I've marked and provided you OELC Exhibit 29, which is a compilation of FirstEnergy Discovery Responses to OELC Requests that start with OELC Set 1-INT-004.

EXAMINER ADDISON: It will be so marked.

MR. PROANO: Thank you, your Honor.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. (By Mr. Proano) The next document that has been marked for identification is OELC Exhibit 30, identified as "FirstEnergy Ohio Electric Distribution Companies Determination of Capacity Peak Load Contributions and Network Service Peak Loads."

EXAMINER ADDISON: It is so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. (By Mr. Proano) And, finally, I have marked as OELC Exhibit 31, a document entitled "Ohio Edison, Cleveland Electric Illuminating Company, Toledo Edison Load Profile Application."

EXAMINER ADDISION: Let's go off the record.

(Discussion off the record.)

EXAMINER ADDISON: Let's go back on the record.

And OELC Exhibit 31 will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. PROANO: Thank you, your Honor.

Q. (By Mr. Proano) Mr. Stein, my colleague Ms. Bojko asked you a question about comparison between NSPL values and monthly billing demand, whether or not NSPL was always lower than monthly billing demand. Do you remember that question?

A. I do.

Q. Now, you can't generalize for all customers, correct, on that answer, right?

A. Correct.

Q. Whether or not an NSPL is higher or lower than monthly billing demand depends on many factors including the customer's contribution to the 5 CPs during the measurement year, correct?

A. Yes.

Q. So the NSPL value could either be higher or lower depending on the specific customer, correct?

A. Correct.

Q. Okay. If you look at OELC 22, which was FirstEnergy's response to PUCO DR-10, there was a

1 question on page 1 by Staff which asks for an
2 estimate of the dollar amount for the proposed UFE
3 billing line item that will flow through the NMB for
4 a 12-month period. Do you see that on page 1?
5 A. I do.
6 Q. Were you responsible in any way for the
7 preparation of the answer to this question?
8 A. Yes.
9 Q. If you could turn to page 3 of this
10 document. There's a paragraph there item 10.
11 A. Oh, sorry. I flipped. Yes.
12 Q. And is that the answer to that question?
13 A. Yes, it is.
14 Q. And did you help prepare that response?
15 A. I did.
16 Q. And you had estimated here, I am just
17 going to paraphrase, about a $14,000 credit if UFE
18 was a line item on NMB, correct?
19 A. Yes.
20 Q. Do you expect the UFE billing line item
21 to always be a credit if this was approved, or can it
22 fluctuate depending on year?
23 A. We have a -- as part of our auction
24 website data, we have a UFE file. It varies by hour.
25 Q. So that's going to fluctuate. Some years

it could be a credit. Some years it's a credit to customers; other years it could be a liability against customers?

A. Yeah. I can't predict the future; but, yes, it can be either way.

Q. Okay. And under what circumstances is it a credit? What makes it a credit? What about the market or that hour that makes it a credit?

A. Boy, I wish you were here earlier, sorry, because we went through all this.

Q. Just a general summary.

A. All this math. General summary -- I mean no disrespect with that. So in every given hour, there is a set amount of energy that must be allocated, okay? We call it a target.

So -- and another way to talk about it is we call it the top down part of the calculation so that sets how much power must be allocated to the LSEs. When we go to allocate the power to the LSE, we do that bottom up and so that's -- that's an aggregate sum by customer by hour by supplier. And as you can appreciate, in every hour those numbers are probably not going to align. So in some hours the sum of the customer loads are more than what the target is, so you have to subtract or reduce on load

1 ratio share, the LSE submittals down, or it's less
2 than the target which means you have to increase the
3 LSE expenses. So that's -- that's what I mean by it.
4 Q. Okay.
5 A. It varies.
6 Q. Let's stick with this UFE subject matter
7 just 2 more minutes. If you look at OELC 25 in front
8 of you, which was FirstEnergy's response to PUCO
9 DR-60.
10 A. Okay. I have 25.
11 Q. And did you have any role in preparation
12 of this response?
13 A. Yes.
14 Q. Okay. If you look at the very last page,
15 there is a line item for item 17, unaccounted for
16 energy --
17 A. Yes.
18 Q. -- right? And FirstEnergy's proposed to
19 add that to Rider NMB, correct?
20 A. Correct.
21 Q. And you say here -- or FirstEnergy does,
22 this item is not billed by PJM, right?
23 A. Correct.
24 Q. Now, then who bills it? Who does
25 FirstEnergy pay that money to?

A. So that -- that statement means that unlike most of the rest of these expenses/credits, depending on which way they are going, there's -- there's a direct one-to-one PJM billing line item associated with it for -- for UFE. It's going to be a series of line items from PJM, so it was hard to express that.

Q. So it is paid to PJM, but it's an aggregation of different big items essentially?

A. Correct. And we actually give it its own subcontract, so you will only see UFE expense or credits in that subaccount.

Q. Sticking with this exhibit real quickly, page 2 identifies line items 2 and 3 and then page 3 line items 7 and 8 as costs included in NITS expenses that are not charged through Rider NMB. Do you see that?

A. I'm sorry. Can you?

Q. Sure. Items 2 and 3 on page 2.

A. Yes.

Q. And items 7 and 8 on page 3.

A. Yes.

Q. How does FirstEnergy recover those costs if they are not part of Rider NMB?

A. I think for some time they've been zero

1 but those are not recovered through NMB. They hit
2 the bottom line of the Company.
3 Q. But how long have they been zero to your
4 knowledge, those line items?
5 A. I don't -- I don't recall. It's been
6 some time.
7 Q. Okay. And do you expect them to suddenly
8 become not zero in the future? Do you have any
9 indication of that?
10 A. I have no indication.
11 EXAMINER PRICE: Do you know why they are
12 not recovered from ratepayers?
13 Let me rephrase that. Do you know
14 whether these are items that FirstEnergy agreed in
15 the case that you referenced it would not seek
16 recovery from ratepayers?
17 THE WITNESS: Your Honor, I don't have
18 specific knowledge around that, but I know there was
19 a large --
20 EXAMINER PRICE: That's fine. I don't
21 want you to guess.
22 THE WITNESS: I am not guessing. Yeah, I
23 wasn't going to guess.
24 Q. (By Mr. Proano) If you look then at OELC
25 24. It should be in the stack in front of you. We

are switching to another exhibit now.

A. Oh, I'm sorry.

Q. And this is FirstEnergy's Response to a Data Request from Staff No. 20. And did you have a role in preparing this response?

A. Pardon me. I am just reading it.

I don't -- I don't recall preparing this one.

Q. Okay. Let me ask you a question then and see if you know the answer to it.

A. Sure.

Q. 1A asks for an explanation on why the NMB 2 and NSPL rate is a combined rate for all Companies in GS, GP, GSU, and GT classes. Do you see that question by Staff, 1A?

A. 1A, yes, I do see that.

Q. And the response by FirstEnergy is the proposed NMB 2 rate is a combined rate in order to align with how transmission costs are assigned by PJM which are allocated based on NSPL, not by Operating Company or rate schedule. Do you see that?

A. I do.

Q. Okay. Now, I understand that earlier in your testimony today you established that PJM does send separate bills to separate FirstEnergy Operating

Companies, correct?

A. Yes.

Q. Now, when this response says not by Operating Company, do you feel that needs to be clarified in any way sitting here today as the witness on the PJM billing issues?

A. So as I -- as I explained before, what the three transmission accounts are with the Companies are a holdover from a time when we had split transmission rates between 138 kV and 69 kV. The reason we had these three accounts was because one of our utilities doesn't have a 69 kV system. So we established these accounts a long time ago.

When -- when we went -- when we got rid of that, we kept that account structure but we -- we -- the way the cost is done with PJM is the utilities are actually allocated -- allocating it by virtue of how they submit to PJM, and then PJM bills us on that submittal.

What we could equally be doing is have one account and allocating on our back end here at the Company. The allocation would be the same. It's just today we are using PJM, and PJM has three accounts. It's more a legacy issue than it is -- is an efficient practice.

Q. Okay. You could do it, but you are not currently doing it, correct?

A. No. In fact, we've had CRESs express that they would like to get rid of the three account system if they could.

Q. And are you proposing to do that? Have you made that kind of application?

A. Not at this time.

Q. So as far as you can tell, for ESP V you are going to keep getting billed by PJM for each utility Company, correct?

A. For three separate accounts.

Q. Then do you think 1A needs to be clarified, that response?

A. I don't know that it needs clarified. I mean, it's talking about the rate and the rate's the same in PJM and the rate doesn't distinguish between OPCo; and so, no, I don't think it needs clarified.

Q. Now, FirstEnergy recovers its PJM costs through Rider NMB; it's not making revenue on that rider, correct?

A. So I hear two questions. What was the first one? I'm sorry.

Q. Yeah. So Rider NMB is revenue neutral for the Company. It's not making money on it. It

1 just recovers PJM expenses, correct?
2 A. Correct.
3 Q. Okay. Is there any harm to maintaining a
4 separate tariff, a separate rate for Rider NMB for
5 each of the three utility companies like it's done
6 today?
7 A. There is no harm.
8 Q. Okay. Let's go to Exhibit OELC 27. And
9 have you seen -- this is the Exeter audit report
10 filed in 22-391 which was review of the Rider NMB.
11 A. I have it.
12 Q. Have you seen this before, Mr. Stein?
13 A. I have.
14 Q. I will ask you to turn to page 17 for me.
15 A. I'm there.
16 Q. And just look at that page and the next
17 few pages. Let me know if you have read this section
18 before, this Section B.
19 A. I've read it.
20 Q. Okay. I would like you to turn to page
21 18.
22 A. Sure.
23 Q. There is the first full paragraph that
24 says "This cost shift stems from Rider NMB cost
25 allocation." Do you see that?

A. I do.

Q. And then it goes on to say "Whereas PJM expenses are assigned to the Companies and Pilot participants on the basis of NSPL, Rider NMB costs are allocated using four summer coincident retail demand peaks (i.e., demand allocators)." Do you see that?

A. I see it.

Q. Now, under the Rider NMB proposal by the Companies for ESP V, the Companies are proposing to keep those 4 CP demand allocators, correct?

A. I'm sorry. Can you repeat that again?

MR. PROANO: Court reporter, could you repeat that?

EXAMINER ADDISON: Thank you.

(Record read.)

A. Where specifically are you referring to?

EXAMINER PRICE: First full paragraph on page 18.

Q. The second sentence, this the first full paragraph. Rider NMB costs are allocated using four summer coincident retail demand peaks of the demand allocators.

A. In the cost allocation in the rate design?

Q. Correct. And my question is that's -- FirstEnergy is not proposing to change that demand allocation process, correct, for ESP V?

A. For the initial setting of the rates.

Q. Right. And then throughout ESP V, there is no proposed change to that demand allocator process, correct? Is that what you have seen in the Application?

A. Correct.

Q. Okay. Let's stick with this Rider NMB subject matter a bit longer. If you look at what was marked for identification as OELC 29. It's a new document, new exhibit I provided you for this cross-examination.

A. Okay. I'm there.

Q. If you would just do me a favor, flip through -- it's only a couple pages. Flip through and just confirm that your name appears as the person at FirstEnergy responsible for the answer to these discovery requests.

A. I confirm.

Q. Okay. The first interrogatory on page 1, it's a request about whether or not interval or demand meters can be used by commercial/industrial customers to help manage the load. Do you see that

1 question?
2 A. I see it.
3 Q. Okay. I am just going to read the last
4 sentence of your response. "Further, while these
5 customers may be able to manage their loads, such
6 behaviors will likely not be directly reflected in
7 the customer's NSPL, or PLC values because they --
8 those will still need to be calculated based on load
9 profiles without the availability of measured
10 interval data." Did I read that correctly?
11 A. You did.
12 Q. And you are talking about a customer that
13 does not have an interval or smart meter, correct?
14 A. Yes.
15 Q. And you have no knowledge about what a
16 load profile is?
17 A. I do.
18 Q. And do you have a working knowledge of
19 that in your role at FirstEnergy?
20 A. I do.
21 Q. Now if you look at OELC 30 and 31. Have
22 you seen these documents before?
23 A. I have.
24 Q. Could you identify for the record what
25 OELC 30 is first?

A. This is the Companies' manual for the Determination of Capacity Peak Load Contributions and Network Service Peak Loads.

Q. And then what is Exhibit 31?

A. 31, the Ohio Edison, Cleveland Electric Illuminating, and Toledo Edison Load Profile Application Guide.

Q. And do you refer to these documents in your role at FirstEnergy?

A. Yes.

Q. Now if you look at OELC 30, if you could turn to page 5 for me. At the bottom it says page 5.

A. I'm there.

Q. Under a special consideration section, Section A, it says "If a customer does not have data at the time all five PJM peaks occurred -- the averaging of hourly-metered will be based upon the existing readings. For monthly-metered customers the usage data will be filled in from the applicable load profile." Did I read that correctly?

A. You did.

Q. Okay. So what that's basically saying if a customer doesn't have an advanced or interval meter that can read demand during the 5 CP days, you will rely on the customer's load prefile, correct?

A. Well, this -- this special consideration is with regards to calculating the PLC so this is really about a customer who may not -- may not have existed at the time, at the 5 CPs, so they have nothing from which to base their PLC calculation on.

So what -- what we do is we work with that customer which is why it's a special consideration to find a transformer rating or something that we can build -- begin to build a monthly kilowatt-hour value from, so then we can use the load profile to fill in missing data that they may need.

Q. Is it your understanding that this OELC 30 only gives instructions about what to do with a new customer that hasn't established a data for those 5 CPs?

A. Well, the rest of the document describes what to do with -- with all the rest of the customers.

Q. Does this special consideration of A apply to the customer that does not have an interval or advanced meter that will be billed under Rider NMB based on their NSPL value?

A. Only if they didn't exist at the time of the peaks.

Q. That Section A is for new customers.

A. Yes.

Q. Okay. Just while we are here, if you turn to page 3, in the middle there is a small Subsection a, CAP_PLC. What's "CAP_PLC"?

A. These are terminologies from old -- old computer systems. That's the peak load contribution.

Q. Have you ever heard of the calculation of daily PLC values?

A. As far as customers?

Q. As far as FirstEnergy calculating daily PLC for its service territory.

A. So we have to submit the aggregate PLCs to PJM which is the sum of the customer PLCs times the daily zonal scaling factor.

Q. That's submitted on a daily basis?

A. Correct.

Q. And do you have a role in that submission?

A. Yes.

Q. Is daily PLC a megawatt, kilowatt, or is it a megawatt-hour or kilowatt-hour?

A. So it's stored as kilowatt in the Companies' systems. It's submitted to PJM as a megawatt.

Q. Because PLC is a kilowatt- or megawatt-based measurement, correct?

A. Yes.

Q. Now turn your attention to OELC 30 [SIC], please. Could you explain for the record what this document is?

A. Wait, wait. 30 -- did I miss hear you? 30?

Q. OELC 31.

A. Oh, I misheard. Sorry. Okay. I'm there.

Q. Could you explain what this document is?

A. So -- so this is -- this document is intended to describe for those who want to use the Companies' load profiles how to use the load profiles and who they are applicable to.

Q. And you are familiar with the recommendation by FirstEnergy to move all customers with advanced or interval meters to Rider NMB, correct?

A. I'm sorry.

Q. You are familiar with the proposal by FirstEnergy to move all nonresidential customers, smart or interval meters, to a rate called NMB 2, correct?

A. Yes.

Q. And NMB 2 will be based on the Company's NSPL value, correct?

A. Yes.

Q. Now, for a customer that just got a meter, a smart or interval meter, and is rolled over into NMB 2 the following month, they will not have data regarding their actual load for the prior year, correct?

A. When you say "actual," are you referring to measured?

Q. Correct.

A. Can I have that question back?

Q. Let me just ask it again. This is what I am trying to get to, Rider NMB 2 proposed here by FirstEnergy would have customers that have received a smart or interval meter transitioning to the NMB 2 rate the month after they get that Smart Grid interval meter, okay? Are you following me?

A. Yes.

Q. Now, before they have a smart or interval meter, they don't have a way to measure their actual load during the 5 CP days, correct?

A. Well, they have their profile load.

Q. Other than the load profile process.

A. Correct. They don't have a measured load before that.

Q. They don't have a measured load, and when you say "they don't have a measured load," what do you mean by that just so the record is clear?

A. They don't have a meter recording how much power they were using at that point in time.

Q. So then what FirstEnergy would do for those customers is use this manual and use the load profile process to assign that customer an NSPL value based on the load profile, correct?

A. Which is -- so for Grid Mod I what we've been doing is as the -- as the meter -- as the smart meter was put in service and passed all of its verification processes, from that point in time the interval data was used, and we stopped using the profile. So if some of the peaks for PLC and NSPL calculations ended up using the AMI data, we used the AMI data in their calc. For every other house we used the profile.

Q. Okay. You understand the measure here for purposes of the NSPL runs November 1 through October 31, correct?

A. Yeah. It always gets everybody. It's off, yes.

Q. Let's say a customer gets a new meter on January 1, interval or smart meter installed January 1. Then they will under FirstEnergy's proposal go to the NMP 2 rate on February 1. You follow me?

A. Yes.

Q. Now, the prior year, they haven't had an interval or smart meter during those 5 CP events in the prior year, so they would have an NSPL value assigned to them through the load profile process, correct?

A. So for that customer, they will use the NSPL in place from January 1 to December 31 based on the prior year, yes.

Q. Based on the prior year which is based on load profile, correct?

A. Correct.

Q. Now, that customer, let's say their interval meter now starts working or their smart meter starts working. It won't be until the following year after there has been a full measurement year, assuming a summer peak, that they will actually get an NSPL value assigned based on actual measured load, correct?

A. Yes. But beginning in January, they have

1 got to start managing that load to that new
2 calculation.
3 Q. Well, the customer can do whatever they
4 want with their load. They don't have to do
5 anything, right?
6 A. True, but if they are in the business of
7 managing peaks, they need to know in January to start
8 managing to the new calculation of their NSPL.
9 Q. Right. So the customer should be aware
10 that their load during those 5 CP events could impact
11 for the next year their Rider NMB 2 charges, correct?
12 A. Correct.
13 Q. And would you agree with me not all
14 customers are in a position to manage load during 5
15 CP events?
16 A. I believe all customers have the
17 opportunity to manage their load. I don't think
18 anybody is precluded or barred from managing their
19 load.
20 Q. I didn't say barred but let's say you
21 operate a grocery store that you have to keep cool on
22 a hot summer day. You can't turn off the
23 refrigeration for that grocery store.
24 A. But I can put a battery in.
25 Q. That's at their additional cost, correct?

A. We didn't talk about cost. You have asked if they could reduce their load, and they can.

Q. Okay. That's -- in theory they could reduce their load, correct?

A. That's all theory until it's actually done.

Q. Now, some customers are more load responsive than others meaning some customers can turn off a significant portion of their load during 5 CP events based on your experience.

A. Yes, or they can turn on a significant amount of generation.

Q. Correct.

A. I'm sorry, lost the question.

Q. Yeah. I am just trying to establish not all customers are available to, for example, shut off 50 percent of their operations during an expected peak load without making, for example, investments in battery systems or other technology that you pointed out, correct?

A. I think it's two independent questions. If you are asking customers can reduce their load, all customers have the opportunity to reduce their load. To your point it's -- it's a decision on whether they want to and what that cost/benefit

analysis is. I don't know for every customer what the cost/benefit analysis will be.

Q. Okay. You can't -- you can't generalize, right?

A. I can't generalize the cost/benefit, but I can generalize every customer has the opportunity in some fashion or another to do something.

Q. Whether or not it's just one lightbulb or an entire arc furnace, correct?

A. Correct.

Q. Okay. But irrespective, if a customer rolls over into an advanced smart meter on January 1, they are actually not going to get -- assume a summer peak in that year, one advanced or interval meter. They are not going to get an NSPL value assigned to them based on their actual measured load until January 1 of year two, correct?

A. Are you -- with your -- your year are you assuming the calendar? Are you back to your January 1? I just want to make sure.

Q. NSPL values for one calendar year, right.

A. Right.

Q. So in my hypothetical, the customer gets their advanced or smart meter January 1 of year one. They switch to Rider NMB February 1 of year one. And

at that point they have an assigned NSPL value based on their load profile from the prior year. Follow me?

A. Which they will have since January but, yes.

Q. And assume that's a summer peak so the 5 CP occurring in summer of year one, okay?

A. Okay.

Q. It will be January 1 of year two that the customer gets an NSPL value assigned to them that's based on actual measured load, correct?

A. Correct.

Q. Now look at OELC Exhibit 31.

A. Okay. I'm there.

Q. And this Exhibit 31, it's an eight-step process for taking load profile, any given customer without an advanced or interval meter, and essentially assigning them an NSPL value, correct?

A. Well, this is the load profile methodology so this is used for everything, energy, cap/tran tickets.

Q. And also NSPL, correct?

A. I should have been clear, yes, NSPL.

Q. Now, if you look at the bottom of page 1 and top of page 2, it's talking about for commercial

and industrial customers, B1 says "Identify the customer's assigned load profiles from the Sync List or the most recently -- recent quarterly update of that list." Do you see that?

A. I'm sorry. What page are you on?

Q. Bottom of page 1.

A. Okay. I'm there. Sorry. Yes.

Q. Okay. What is that? What's the assigned load profile from the sync list?

A. So -- so every -- so there is a standard set of data for every customer regardless of meter type, et cetera. Every customer has a load profile assigned to them. Every customer has a service voltage that goes into your loss factor determination. Every customer has a meter type assigned to them, et cetera. Every -- even the largest of our industrials has a load profile code on their account.

Q. Is that a unique code to a customer or is that a general code that customers are grouped into?

A. It's a new -- it's a -- let me rephrase. It is a -- it is a -- there's a finite set of codes that are generic codes that are applied to the customer based on like, for example, rate code.

Q. Do you know how many codes there are that

are applied?

A. Oh, gosh.

Q. Just an approximation.

A. Yeah. Off the top of my head, 18, give or take. They are on the website. It's public.

Q. Okay. So the customer gets put into one of these 18 buckets, right?

A. Yeah, based on -- base -- so like if you look at residential customers, there are RS, RG, or RH. That's the types of codes that can be assigned to them.

Q. Okay. Then if you look at page 2, small Roman Numeral ii at the top.

A. Yep.

Q. It says "Customers on General Service, Commercial and Industrial Rate Schedules will generally be assigned to one or more of the following load profiles" and then lists six of them. Are those 6 of the 18 you were thinking of?

A. Yes.

Q. Okay. And have you -- has FirstEnergy done a study of how closely this process of assigning an NSPL value based on the load profile approximates actual NSPL values? Have you guys done any kinds of study on that?

A. Well, if I may, just to -- just a clarification, so these load profiles, you want to think of them more as a shape profile, not an estimate of kilowatt-hour.

The other piece that the profile gets used with, you have to use it with the customer's monthly kilowatt-hour value that they used for the month. Then you -- you essentially scale the shape that's generated by the -- by the weather, the actual weather used. You essentially scale all 700 some hours in the month up or down depending on what the actual load of the customer was. That scaler we call the usage factor internally but I just don't want folks walking away with when you calculate this load profile, this is the only thing we use. That's all.

Q. I think it's pretty clear there are a number of steps after this.

A. There is, yeah.

Q. And there is weather normalization, there's the day you are looking at, et cetera, et cetera, correct?

A. Correct.

Q. It's fair to say it's a fairly complicated calculation that FirstEnergy does to do this assignment.

A. Yeah.

Q. Okay. Let's go back to that hypothetical customer that gets their meter January 1 of year one.

A. Okay.

Q. Talking smart meter or interval meter. Now let's say they learn about -- in year zero, the prior year, they learn about this ESP V Application hypothetically getting approved by the Commission in April of year zero, prior year. Do you follow me?

A. Yes.

Q. And they say, oh, I might get a smart or interval meter. I better watch out for the summer. It might determine my future rates, right? Follow through this hypothetical. Do you follow me?

A. Yes.

Q. Is there anything a customer can do in the summer of year zero assuming a summer peak to change how their NSPL value is assigned based on this load profile process which will determine the NMB 2 rate in year one?

A. Just so I'm -- if you -- if I may ask when -- when was the meter -- when was the smart meter set in the hypothetical?

Q. Smart meter is January 1 of first year.

A. One. Okay.

Q. We are talking year zero, the prior year, the customer learns about ESP V, this NMB 2 rate. You follow me?

A. Yes.

Q. Customer learns they may get this smart meter which may change the way they are billed NMB 2. You follow me?

A. Uh-huh.

Q. That customer looking at that summary in year zero, that's not going to have their NSPL value based on actual measure of the load with this load profile process. What can or can't they do to manage that potential future NSPL assigned value based on their load profile?

A. Potentially two things but I don't want to limit what customers can or can't do by the response. The first thing they can do is -- is -- is begin to plan or invest in any technology or anything else they are going to need to begin to manage that peak once they get their new meter starting in January, hence why it's important to communicate with folks and get folks on right rates at the time that are going to be leading to the behavior, et cetera, that is going to have to be espoused.

The other piece is -- is they can

still -- and I won't say it's on the same level, but even in managing the total energy they consume, they can at least impact that NSPL calculation on -- on a 1 -- this will sound de minimus but on a 1/700 basis through the month.

Q. What does that mean, 1/700 basis?

A. Going back to how the load profiles are used, remember, it's based on their energy as to what actually sets each value, so if they manage their load -- and I'm making this up with your customer. Let's say they normally used a thousand kilowatt-hours in a month, that's kind of a household, right? And let's say they -- they knew two things. One, they were going on the -- I shouldn't say household. Let's call it small commercial. Keep it at a thousand. They knew they were going to go on the new NSPL, so they need to begin to invest in however they are going to manage that. And then they could say instead of using a thousand, I want to use 900 kilowatt-hours in that given month, either use the technology they've invested in or do something else, and that will give them a 10 -- just round numbers a 10 percent reduction in their NSPL.

Q. If they use 900 that entire year.

A. 900 that month that those peaks are calculated.

Q. In the month the peaks are calculated.

A. Uh-huh, so their -- yeah.

Q. Let's run this out. Let's say you have peaks in June, July, August, and September.

A. Yes.

Q. So in order to get a 10 percent reduction on the assigned NSPL value, the customer for those four months would have to drop their kilowatt-hour consumption by 10 percent.

A. Apologies. Can you ask that again?

Q. Yeah. So let's say you have a summer season that has 5 peaks in four months, June, July, August, September.

A. Call it one in each month for now?

Q. One in each month.

A. Okay.

Q. Okay. So under your hypothetical, the customer for that four-month period would have to reduce their consumption -- total consumption by 10 percent to see a 10 percent reduction in what's eventually going to be assigned as their NSPL value from year one.

A. Correct. So -- and again, we're

1 hypothetical. So let's hypothetically say they set a
2 battery or solar panels or whatever they are doing or
3 thermostat control or whatever is going on, no
4 different than they could manage their -- directly
5 manage their hours and target those hours in going --
6 when they get the new meter, they could still operate
7 those things they are investing in to reduce just the
8 consumption of their -- their premise and that would
9 still impact their NSPL account.
10 Q. But they are going to have to reduce
11 their total consumption over that whole four-month
12 period, correct?
13 A. Yes.
14 Q. It's not like they can just reduce
15 consumption in those four-hour windows, correct?
16 A. Correct. That's right.
17 Q. Now, FirstEnergy in theory doesn't lose
18 money on Rider NMB; they recover their costs,
19 correct?
20 A. Yes.
21 Q. Is there any harm to the Company if you
22 wait until a customer has a full 12 months with their
23 interval or smart meter before you can transition
24 them to NSB 2 -- NMB 2 so you can actually have the
25 actual measured load to determine the NSPL value?

A. There is no harm to the Company but it may be confusing to the customer as to when they need to begin to behaviorally change if they are in the mode of managing their peak load or NSPL.

Q. Can't that just be communicated to the customers, we are going to transition once you have 12 months of actual load usage under your new meter? Can't FirstEnergy use an education campaign to educate the customers that way?

A. The only thing I will offer is -- is -- is if the next time it's calculated and they had a smart -- the interval or smart meter in place and we didn't have them on the rate and they didn't -- they weren't behaving towards that future rate, they may not know they should have been taking action in the current year to affect the next year.

Q. They are going to have to know either way, right? One way or the other, right?

A. Yes.

Q. Okay. Wouldn't it be better for customers to be given a longer lead time to know when they are going to have to manage and also give them the opportunity to actually use measured load for their NSPL?

A. It's hard to say if it would be better or

worse, which direction to take with that.

Q. Now, with this example I just gave, the customers would have more time to educate themselves about this NMB 2 rate, correct?

A. We are so far down a rabbit hole hypothetical, what are you referencing?

Q. Referencing the proposal that you give customers at least 12 months with their smart meter before you transition them to Rider NMB 2 rate based on -- based on NSPL. Do you follow me?

A. That's what you are proposing?

Q. I'm setting this out as a hypothetical. You follow me?

A. Yes.

Q. And what I am saying is wouldn't it be advantageous for customers to have more time to be educated about these matters before having them transition and then also advantageous for them also to use actual measured load for their NSPL value?

A. And again, this is not what the Companies proposed but it is possible that customers will get very confused with that kind of a transition also.

Q. Wouldn't they get confused about this load profile thing though? I mean --

A. They are already operating under load

profile.

Q. Yeah, but they are not getting NMB 2 rates. That's monthly billing demand, correct?

A. But we would switch them to using their NSPL, and they would know that that NSPL is calculated with the load profile.

Q. Right. You're going -- for these customers that are just rolling into an interval or smart meter, you're going -- as we went through the hypothetical, you're going to have to use an NSPL value derived from the load profile process as we established, correct?

A. Before the smart meter, yes.

Q. Yes. Isn't it more confusing to try to explain the load profile issue to a customer than just explain the actual measured load issue to a customer?

A. It's hard to speculate. The possibility of confusion exists.

Q. Yeah, because if you look at Exhibit OELC 31 and the eight steps you have to take to come up with the value, that's a lot, right? As you said before, it's a complicated calculation, right?

A. It is.

Q. With the actual measured load, it's very

simple; your load during those 5 CP or 4 CP events, correct?

A. I think the method to arrive at the cal -- the kilowatt-hours is more simple.

Q. But it's -- intuitively a customer can understand it's your load during this 5 CP or 4 CP hours, correct? It's intuitively easier to explain than the load profile calculation, correct?

MR. KEANEY: Objection. This has been asked and answered.

EXAMINER ADDISON: I think he has provided his answer, Mr. Proano. Let's move on.

Q. (By Mr. Proano) Okay. Now FirstEnergy -- just to close the loop on this, we are going to transition to Rider ELR. If it wanted to, FirstEnergy could wait until a customer has 12 months of actual interval data before transitioning to Rider NMB 2, correct?

A. That's not what the Companies have proposed.

Q. I know. In theory it's possible, correct?

A. In theory anything is possible.

Q. Is there any reason why this can't be done as we sit here today?

A. No.

Q. Okay. Go back to OELC 29, if you could.

A. Okay.

Q. I have got 15 more minutes.

A. I appreciate that.

Q. I think everyone does.

A. I'm sorry. Which? 29?

Q. This is OELC 29.

A. Okay. I'm there.

Q. If you look at the second page, OELC Set 1-INT-10. Do you see that?

A. I see it.

Q. And on behalf of OELC, I had asked FirstEnergy to "provide FirstEnergy's current estimate of the total aggregate load in megawatts for all nonresidential customers that may be interruptible or curtailable in FirstEnergy territory, whether or not that load currently participates in any PJM or FirstEnergy demand response or interruptible programs." Do you see that?

A. I do.

Q. And you had answered "according to PJM's DR Hub, the total number of megawatts in the capacity market in the Companies' territories is 1,050." Do

you see that?

A. I do.

Q. What are you referring to in that answer?

A. I'm -- so in PJM's demand response construct, the -- the EDUs have a role in -- in approving demand response registrations. We have to review every single registration that comes in from a CSP that that CSP wants to put that customer in their portfolio. And that whole process is managed in what's called PJM's Demand Response Hub. They shorten it to DR Hub to make it easier to say, but all of that activity takes place in that so we -- so in our role as an EDU, we can see every customer that's registered in a demand response program with -- with a CSP.

Q. And that 1,050 megawatts is that aggregate number of customers in the -- with a third-party CSP.

A. That comes from the approved registrations in aggregate that the CSPs have registered.

Q. Is that for current delivery year, '23-'24?

A. Let me -- so I don't remember when we prepared this because we cross --

Q. Two months, two or three months ago.

A. Yes. So that would be after June so, yes.

Q. Does the 1,050 megawatts include the participation in Rider ELR?

A. I don't -- I don't recall if it does or doesn't. I want to say yes.

Q. Okay. If you look at the next interrogatory, page 3, OELC Set 1-INT-21.

A. I'm there.

Q. Do you have any role in the process of communicating curtailment events to those participants in Rider ELR?

A. No.

Q. Are you familiar with what transpired December 23 and 24 of 2022 with respect to the Rider ELR curtailment events?

A. Only thirdhand and based on what you see here.

Q. Okay. But you are familiar enough to actually have provided the responses here listed in Interrogatory 21, correct?

A. Yes.

Q. Are you familiar with what exactly transpired with FirstEnergy's communication system

that caused it to malfunction on December 23?

A. I don't -- I don't know if I -- I don't know what actually caused it to malfunction.

Q. Did anyone ever explain to you what actually caused the malfunction of the communication system?

A. Only in -- only in preparation of this.

Q. What do you recall being the explanation for that malfunction?

MR. KEANEY: Your Honor, if you could just instruct the witness to make sure not to disclose any attorney-client privileged communications on this topic.

EXAMINER ADDISON: Thank you.

A. I know what B says.

Q. Beyond B, do you have anything to add to B?

A. No.

Q. Okay. Now, if you look at the second page of that response, by 9:30 a.m. on December 24, the notification system had been fixed, correct?

A. Yes.

Q. And FirstEnergy just ran a test for Rider ELR participants, right?

A. Yes.

Q. And the notification system worked fine?

A. I don't know.

Q. Are you aware of any issues with it?

A. I have not heard any.

Q. Now, in question F I had asked FirstEnergy whether or not any penalties were assessed against FirstEnergy as the curtailment service provider that stems from this miscommunication or malfunction in the communication system. And you responded "Due to the Companies' ELR customers overperformance in the event hours, the Companies did not receive any penalties." And you refer to another response. What do you mean by that answer?

A. So the calculation of all this by PJM was very complicated and it took them months to figure it out and they revised it. Based on our allotment of -- of what transpired there, we -- we were a net credit from PJM.

Q. Okay. Do you know if there was any -- in the calculation of the net credit whether any portion of that was a penalty --

A. I don't know.

Q. -- to FirstEnergy?

A. PJM calculated everything.

Q. Did you see the actual subitems?

A. No.

Q. But just on an overall basis, there was a credit.

A. (Witness nods head.)

EXAMINER ADDISON: I'm sorry, Mr. Stein.

THE WITNESS: I'm sorry. I realized what I did there. No.

EXAMINER ADDISON: Thank you. He was just shaking his head, Mr. Proano.

THE WITNESS: I caught myself. Thank you.

EXAMINER ADDISON: Thank you.

MR. PROANO: I didn't catch that.

Q. (By Mr. Proano) Okay. So on a net basis, there was a credit to the Companies related to December 23 and 24, correct?

A. Yes.

Q. And you are not aware of whether or not within the calculation of that net credit there was some kind of penalty provision with respect to the December 23 events, correct?

A. No. I don't know.

EXAMINER PRICE: Do you know whether your customers overperformed subtracting out the people

that were up -- the people that did not because of the participating in the malfunction? Does that make any sense?

THE WITNESS: I think so, your Honor. What I don't -- what I don't recall in the calculation is even though if they had -- were or were not performing, I am just saying that in those first couple of hours, if that was netted or potentially netted against the overperformance in the -- in the other hours. We have overperformance for the event.

EXAMINER PRICE: Okay. Thank you.

THE WITNESS: Does that?

EXAMINER PRICE: That's the question I had. Yes.

MR. PROANO: Thank you, your Honor.

Q. (By Mr. Proano) And on an aggregate level, the Rider ELR participants performed, correct?

A. Yes.

Q. On December 23 and 24, 2022, were you monitoring what was occurring in PJM in relation to Winter Storm Elliott?

A. Only -- only cursory reviews of emergency notifications.

Q. What do you mean by cursory reviews for

emergency notifications?

A. So -- so my group does -- the folks that report to me, they were responsible to get the CSPs, the metered data they need, for PJM so that the CSPs can submit their compliance needs to PJM. So my group will monitor if -- if we're seeing likelihood of an event coming, we'll -- we'll start to prepare to get all the data, call the parties.

Q. Were you mon -- were you or your group monitoring what was occurring at PJM in terms of potential generation issues for demand response issues?

A. No, not beyond what we are responsible for.

Q. Are you familiar with a report prepared by PJM of what occurred in Winter Storm Elliott that was released July 17, 2023?

A. I am aware of the report, but I haven't read it or anything.

Q. You have never seen it?

A. (Witness shakes head.)

Q. I'm going to show it to you. I'm going to show it to you just so it's clear.

MR. PROANO: Your Honor, may I approach?

EXAMINER ADDISON: You may.

Q. (By Mr. Proano) This was previously marked as OELC Exhibit 3, the winter storm report from PJM, Event Analysis and Recommendation Report dated July 17, 2023. Now that I have provided you a copy, Mr. Stein, have you seen this report before today?

A. I have only cursory heard about the report. No, I have not actually seen it.

Q. You have never looked at it.

A. (Witness shakes head.)

MR. PROANO: Give me a minute, your Honors.

EXAMINER ADDISON: Absolutely.

Q. (By Mr. Proano) Final question, Mr. Stein, you would agree with me customers that are willing to curtail load are an important resource for reliability in PJM?

A. I would make one modification, manage load, yes.

MR. PROANO: Thank you. No further questions.

EXAMINER ADDISON: Thank you very much. Any questions on behalf of Staff?

MS. BOTSCHNER-O'BRIEN: We have about 45 minutes, yes. Thank you.

1 - - -

2 CROSS-EXAMINATION

3 By Ms. Botschner-O'Brien:

4 Q. Good afternoon, Mr. Stein. My name is

5 Amy Botschner-O'Brien, and I am representing the

6 Staff.

7 A. Hello.

8 Q. Hello. Wrapping up the day. I have some

9 questions regarding the economic load response, or

10 ELR, program. At the bottom of page 6 of your

11 testimony --

12 A. Pardon me. It's buried right now.

13 Q. Sure. Take your time.

14 A. Okay. You said page --

15 Q. Bottom of page 6 of your testimony.

16 A. Okay.

17 Q. Starting at line 21, you state that the

18 PJM base residual auction price for the 2023-2024

19 delivery year was $34.13, correct?

20 A. Yes.

21 Q. Okay. Do you know whether there has been

22 a base residual auction for the 2024-2025 delivery

23 year?

24 A. Yes.

25 Q. And do you know what the clearing price

was?

A. Generally. Generally it cleared -- the base residual auction cleared north of $28 a megawatt-day.

Q. So around $29?

A. I just don't remember the pennies, that's all.

Q. Okay. At the bottom of page 6 of your testimony, starting on line 21, you also note that the available ELR credits are equivalent to approximately $164 megawatt-day, correct?

A. Yes.

Q. Okay. And ELR participants receive two such credits, correct?

A. They receive one under ELR and one under EDR.

Q. Right. Rider ELR and Rider EDR.

A. Correct, uh-huh.

Q. Okay. So the total credit for a participant would be equal to approximately 328 -- $328 megawatt-day, correct?

A. Correct.

Q. Okay. And you noted in your testimony at the top of page 7 that the most recent base residual auction cleared at $34.13, correct?

A. Yes.

Q. So current credits of $328 megawatt-day are nearly 10 times the current base residual auction clearing price, correct? Nearly 10 times. Well, actually let's go back. Let's go back. Let's go back because I think you just -- you confirmed that the 24 -- 2024-2025 delivery year cleared at 28.90 -- almost $29.

A. Between 28 and 29, yes.

Q. Okay. So in that case, the current credits of $328 megawatt-day are more than 10 times the current BRA clearing price, correct?

A. They are not quite equal but that's the basic math.

MS. BOTSCHNER-O'BRIEN: Okay. That's all I have. Thank you.

THE WITNESS: Thank you.

EXAMINER ADDISON: Thank you very much.

- - -

EXAMINATION

By Examiner Price:

Q. Either the record is confused or I am. Probably me. So I have some questions just about in a 50,000 foot level the relationship between the Companies, ATSI and PJM and the customers.

A. Okay.

MS. GRUNDMANN: Your Honor, would you mind using the microphone?

EXAMINER PRICE: Not at all. Sorry.

Q. (By Examiner Price) So I'm a retail customer hypothetically in northern Ohio. And I use transmission services as a retail customer, and I am billed by the Companies according to the Companies' PUCO-approved tariffs. The Companies are then billed by PJM, or are they billed by ATSI?

A. Do you mind if I --

Q. I don't mind at all.

A. Okay. So in the ATSI zone -- and this is -- that's just the zone name. Don't think ATSI owns the zone. It's just the name of the zone because this is going to become important. In the ATSI zone, there are multiple transmission owners in the zone that have a revenue requirement for their transmission owner assets for recovery that they file at FERC. So that will set the number of dollars. Everybody participating in that zone PJM will collect on behalf of the transmission owner and give them their -- their revenues. They will collect that from all the LSEs operating in the zone.

Q. Okay.

A. Okay?

Q. That's very helpful.

A. Then -- then because of all the work we've done through all of our ESPs and how NMB works and all that good stuff, we've said the Companies will get that -- they will pay that on behalf of the participating LSEs, so it will be billing line item transferred to us. That comes directly from PJM on a bill. Then if we didn't do that -- it's called BLI, billing item transfer. PJM would bill the LSEs direct.

Q. The CRES provider.

A. CRES, SSO, the other municipalities, cooperatives, et cetera, et cetera, et cetera. Then to your point since we have the cost now put to us, we have a rate to customers to collect it.

Q. And then PJM forwards the money to ATSI to meet their revenue requirement and all the other trans --

A. That's right. They are the middle person for collecting those -- those moneys from all the market participants and sending it to the TOs. And just to be clear, there is more than ATSI as a TO operating in the ATSI zone. That's why it's getting a bit confusing. There was a time they were

synonymous. They aren't anymore.

EXAMINER PRICE: Great. Thank you. That's very helpful.

EXAMINER ADDISON: Redirect?

MR. KEANEY: If we could have a moment, your Honor.

EXAMINER ADDISON: Absolutely.

Let's go off the record.

(Recess taken.)

EXAMINER ADDISON: Let's go back on the record.

Any redirect from the Companies?

MR. KEANEY: Yes, your Honor.

EXAMINER ADDISON: Please proceed.

- - -

REDIRECT EXAMINATION

By Mr. Keaney:

Q. Mr. Stein, do you remember a question from Mr. Proano regarding whether there was financial harm to the Companies if there was a 12-month delay after meter installation in changing the billing methodology?

A. Yes.

Q. And do you know whether the Companies' billing system can accommodate that change?

A. I don't know if the Companies' billing system could accommodate a customer-by-customer implementation of a rate. Typically rates are done at a single point in time date certain.

MR. KEANEY: No further questions, your Honor.

EXAMINER ADDISON: Thank you very much.

Just to follow the same order that we conducted cross on, Mr. Kurtz, any questions?

MR. KURTZ: No questions, your Honor.

EXAMINER ADDISON: Mr. Pritchard?

MR. PRITCHARD: No questions, your Honor.

EXAMINER ADDISION: OCC?

MR. FINNIGAN: No questions, your Honor.

EXAMINER ADDISION: OMAEG?

MS. BOJKO: No, thank you.

EXAMINER ADDISION: Kroger?

MS. CADIEUX: No questions, your Honor.

EXAMINER ADDISION: IGS?

MR. BARBARA: No questions, your Honor.

EXAMINER ADDISION: One Energy?

MR. DUNN: No questions, your Honor.

EXAMINER ADDISION: Walmart?

MS. GRUNDMANN: No questions.

EXAMINER ADDISION: Constellation?

MR. SETTINERI: No questions, your Honor.

EXAMINER ADDISION: Nucor?

MR. LAVANGA: No questions, your Honor.

EXAMINER ADDISION: OELC?

MR. PROANO: Yes, your Honor.

EXAMINER ADDISON: Please proceed.

- - -

RECROSS-EXAMINATION

By Mr. Proano:

Q. You're familiar with that -- the Company is proposing to switch a customer from NMB 2 -- from NMB 1 to NMB 2 the month after they receive a smart or interval meter, correct?

A. Correct.

Q. The Company is not proposing to make that switch from NMB 1 to NMB 2 on a single date of the year for all customers, correct?

A. I'm sorry. Can you repeat that?

Q. Yeah. If you have a collection of customers in any given year that received a smart or interval meter for the first time, the Companies are not proposing to have them all switch on a date certain in the future, correct?

A. I don't -- I don't recall if -- if that's how we are doing that or not.

Q. Okay. I just asked you do you know that the proposal is to switch a customer from NMB 1 to NMB 2 the very next month after they get a smart meter, and you said yes, correct?

A. That was my answer but I must have misunderstood your question.

Q. Do you understand my question?

A. Yes.

Q. Do you know the answer to that question?

A. No, I do not.

Q. Okay. Assuming that FirstEnergy's proposing to switch a customer from NMB 1 to NMB 2 the month after they get a smart or interval meter, are you following me?

A. I do.

Q. Under that assumption wouldn't that equate to a customer-by-customer kind of switch in FirstEnergy's billing system?

A. It may, but I don't know if -- our schedule installing the smart meters.

Q. Okay. I am not asking about the schedule for installing. But wouldn't a kind of continuous rolling process of a customer into NMB 2 as their individual meter gets installed, isn't that a customer-by-customer switch from NMB 1 to NMB 2?

A. I don't know.

Q. Well, you just were asked on redirect whether your billing system can do a customer-by-customer switch in rates. You were asked that question.

A. Correct.

Q. Okay. What do you mean by that?

MR. KEANEY: Objection. That wasn't the question. He is mischaracterizing the question and the testimony.

EXAMINER ADDISON: Can I have the question read back, please? Maybe the previous two questions, please, Karen.

(Record read.)

EXAMINER ADDISON: Mr. Proano, would you care rephrasing?

Q. (By Mr. Proano) Yeah. You were asked questions about whether or not your bill system had certain capabilities with respect to switching customers from one rate to another, correct?

MR. KEANEY: Objection. That was not the question on redirect. I simply asked him whether he knew whether the Companies' billing system could accommodate that change, and his answer was I don't know.

EXAMINER ADDISON: I think his answer was a little bit more than that.

MR. PROANO: I thought it was different too. I thought his answer was the billing system could not accommodate that change, so I am trying to clarify for the record.

EXAMINER ADDISON: I will allow the witness to answer the question in order to clarify the record.

THE WITNESS: Can I have the original question back?

Q. (By Mr. Proano) Let me ask this question.

EXAMINER ADDISON: Thank you.

Q. (By Mr. Proano) Hopefully this will clarify the record. Do you know whether FirstEnergy's billing system can permit an individual customer-by-individual customer switch from one rate class to another like, for example, from NMB 1 to NMB 2 on an individual rolling basis?

A. I do not know.

Q. So you do not know whether it can or it can't, correct?

A. Correct.

MR. PROANO: All right. No further questions.

EXAMINER ADDISON: Thank you very much.

Staff?

MS. BOTSCHNER-O'BRIEN: No further questions. Thank you.

EXAMINER ADDISON: Thank you.

I have no additional questions, Mr. Stein. You are excused. Thank you very much for your testimony.

THE WITNESS: Thank you.

MS. GRUNDMANN: Your Honor, before we go off the record, it's Walmart, I have heard from everyone in this room they do not have cross for Walmart Witness Perry, but I believe there are two parties, CUB and ELPC, who are not present today whom I have not heard from, but they have not -- they are not on the list of cross estimates previously circulated by Mr. Alexander, and I wouldn't anticipate that they have cross for her.

EXAMINER ADDISON: Let's wait to talk about witness scheduling until after we get this last round.

MS. GRUNDMANN: I apologize. I thought you were done.

EXAMINER ADDISON: You're fine.

You are excused, Mr. Stein, if you want

to go stretch your legs.

THE WITNESS: Fantastic. Thank you.

EXAMINER ADDISON: Mr. Keaney had previously moved for the admission of Company Exhibit 10. Are there any objections to the admission of that exhibit at this time?

Hearing none, it will be admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER ADDISON: Mr. Pritchard.

MR. PRITCHARD: Yes. At this time RESA would move for RESA Exhibit 14 which again was just the last discovery response in the packet. If the response is admitted to the record, I would propose that I bring the court reporter a clean copy that's just Interrogatory 3-78. But again, renew the -- move for the admission of it.

EXAMINER ADDISON: Thank you.

Are there any objections to the admission of RESA Exhibit 14 at this time?

MR. KEANEY: No objection from the Companies, your Honor.

EXAMINER ADDISON: Thank you. It will be admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER ADDISON: Thank you.

Mr. Pritchard, if you could bring a copy for -- the Bench will keep their copies as noted before. If you would just give a copy to the court reporter on -- when we reconvene, we would much appreciate it.

MR. PRITCHARD: Yes, your Honor.

EXAMINER ADDISON: Thank you.

Mr. Finnigan.

MR. FINNIGAN: Thank you, your Honor. Your Honor, OCC moves for admission of OCC Exhibit 9, the Ohio Edison tariff.

EXAMINER ADDISON: Any objections?

MR. KEANEY: No objection from the Companies, your Honor.

EXAMINER ADDISON: It will be admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER ADDISON: Mr. Proano.

MR. PROANO: Thank you, your Honor. At this time I will move for admission of OELC 29, 30, and 31.

EXAMINER ADDISON: Are there any objections to the admission of OELC Exhibits 29, 30 or 31?

MR. KEANEY: No, your Honor, not from the Companies.

MR. PROANO: Your Honor, now I am

1 going --
2 EXAMINER ADDISON: Hold on. Hold on.
3 MR. PROANO: I'm sorry. My apologies.
4 EXAMINER ADDISION: They will be
5 admitted.
6 (EXHIBITS ADMITTED INTO EVIDENCE.)
7 MR. PROANO: Thank you, your Honor. Your
8 Honor, at this time I am going to move for the Bench
9 to take administrative notice of OELC Exhibit 3.
10 OELC Exhibit 3 is a report that's publicly available
11 that's prepared and published by PJM Interconnection,
12 LLC. It's on the Winter Storm Elliott Event Analysis
13 and Recommendation Report dated July 17, 2023.
14 I submit that under the Rule 201 of Ohio
15 Rules of Evidence, which the Commission does
16 reference for these hearings, that this document was
17 one that's "capable of accurate and ready
18 determination by resort to resources -- resort to
19 sources whose accuracy cannot reasonably be
20 questioned." That's part 2 of B which is an
21 independent subpart of when a court can take judicial
22 or administrative notice of a document.
23 This document is publicly available on
24 the PJM website. It is capable of accurate and ready
25 determination by resort to PJM -- PJM's website. The

accuracy of this report as published by PJM cannot reasonably be questioned. We believe it has probative value for purposes of this hearing. It demonstrates the demand resource responses that took place during December 23 and 24, 2022.

Rider ELR is a key issue in this case as seen from the witness testimony we've heard to date and future testimony. It is one we believe that PUCO should reference in considering the FirstEnergy Application for ESP V.

Thank you, your Honor.

EXAMINER ADDISON: Thank you.

Is there any objections for the Bench to take administrative notice of what has been marked as OELC Exhibit 3?

MR. KEANEY: Yes, your Honor, the Companies object.

EXAMINER ADDISON: Please go on.

MR. KEANEY: As we discussed in prior rulings, administrative notice is reserved for things that are absolutely not in dispute, market indices, things like that. This is a report that contains not just objective facts that are undisputed. There are numerous recommendations that are offered by PJM which could definitely be subject to dispute amongst

1 different market players and PJM.
2 So to claim that this 130-page document
3 contains nothing but facts that are without any
4 dispute is just not true. It does not meet the
5 standard of administrative notice, and for that
6 reason alone this should not be admitted.
7 Thank you, your Honor.
8 EXAMINER ADDISON: Thank you.
9 MR. PROANO: Your Honor, may I respond?
10 EXAMINER ADDISON: One moment,
11 Mr. Proano.
12 I just want to make sure, does anyone
13 else want to weigh in before I provide OELC an
14 opportunity to respond?
15 MR. SETTINERI: Could we have the title
16 of that document? I don't have a copy of it.
17 EXAMINER ADDISON: It's the Winter Storm
18 Elliott Event Analysis and Recommendation Report
19 produced by PJM.
20 MR. SETTINERI: Thank you.
21 EXAMINER ADDISON: Mr. Proano, your
22 response.
23 MR. PROANO: Thank you, your Honor. The
24 Commission can weigh the evidence. The Commission is
25 very sophisticated on energy and tariff matters.

They can certainly weigh the probative value of any facts or issues in that report. And certainly the Commission is not going to be confused by the report.

Second, the main basis for objection to it is that there are "disputed facts." I am not sure what Mr. Keaney is referring to. I am not submitting it for the truth of whatever matters are stated within them. I just think it's something useful for the Commission to reference.

Furthermore, your Honor, Rule 201(B) of the judicial notice rule of the Rules of Evidence says, Subpart 2, whether it's capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned. There was no argument by FirstEnergy on that point. This is an accurate copy of that report. There is no dispute about that. There is no dispute that you can make sure that this is the accurate copy of the report, your Honor, so we believe there is no basis to exclude this from the Commission's consideration.

Thank you.

EXAMINER ADDISON: Thank you.

Anything else, Mr. Keaney?

MR. KEANEY: No, your Honor.

EXAMINER ADDISON: Thank you.

1 I will note that we will have a few
2 housekeeping items to clear up when we reconvene next
3 week, so we will defer ruling on the motion for
4 administrative notice at this time. We will provide
5 ruling later next week.
6 MR. PROANO: Great. Thank you, your
7 Honor.
8 EXAMINER ADDISON: Thank you.
9 All right. Let's go off the record for a
10 moment.
11 (Discussion off the record.)
12 EXAMINER ADDISON: Let's go back on the
13 record.
14 That concludes the testimony that we'll
15 be taking today. We will reconvene on November 27 at
16 10:00 a.m. Thank you all.
17 We are adjourned.
18 (Thereupon, at 4:36 p.m., the hearing was
19 adjourned.)
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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Tuesday, November 21, 2023, and carefully compared with my original stenographic notes.

_____
Karen Sue Gibson, Registered
Merit Reporter.

(KSG-7550)

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Summary: Transcript of Ohio Edison Company, CEI and The Toledo Edison Company hearing held on 11/21/23 - Volume VII electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs..