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 Approval of Phase Two of Their Distribution Grid Modernization Plan. : Case No. 22-0704-EL-UNC

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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 Review of Rider AMI (2019). : Case No. 18-1647-EL-RDR

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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 Review of Rider AMI (2020). : Case No. 19-1903-EL-RDR

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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 Review of Rider AMI (2021). : Case No. 20-1672-EL-RDR

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PROCEEDINGS-VOLUME II

before Ms. Jacky Werman St. John and Ms. Megan Addison, Administrative Law Judges, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-A, Columbus, Ohio, called at 10:00 a.m. on Tuesday, July 2, 2024.

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Tuesday Morning Session,
July 2, 2024.

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ALJ ADDISON: All right. Let's go ahead and go on the record.

Good morning, everyone. The Public Utilities Commission of Ohio has scheduled for hearing at this time and place consolidated Case Nos. 22-704-EL-UNC, being in the Matter of the Application by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of Phase II of their Distribution Grid Modernization Plan; as well as Case Nos. 18-1647-EL-RDR, 19-1903-EL-RDR, 20-1672-EL-RDR, which are captioned in the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company for Review of Rider AMI.

My name is Megan Addison. With me is Jacky St. John. We are the Administrative Law Judges assigned to preside over this hearing. We are continuing our hearing initially commenced on June 5, 2024. I believe we have one witness to take today.

Mr. Michael.

MR. MICHAEL: Yes, thank you, your Honor.

OCC calls Paul Alvarez.

ALJ ADDISON: Oh, Mr. Alvarez, if you want to sit on this side. I'm so sorry. That's a little deceiving.

MR. ALVAREZ: That's okay.

ALJ ADDISON: Thank you very much. Would you please raise your right hand.

(Witness sworn.)

ALJ ADDISON: Thank you. If you could turn on your microphone for me. You may have to hold onto it. Maybe one more. There you go. Got it.

THE WITNESS: Check.

ALJ ADDISION: Thank you very much.

Mr. Michael.

MR. MICHAEL: Your Honor, if we could have marked as OCC Exhibit 5, the direct testimony of Paul J. Alvarez dated October 20, '23, and marked as Exhibit 6, the direct testimony of Paul J. Alvarez dated June 11, 2024.

ALJ ADDISON: They will be so marked.

(EXHIBITS MARKED FOR IDENTIFICATION.)

MR. MICHAEL: May I approach, your Honor?

ALJ ADDISON: You may.

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PAUL J. ALVAREZ

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

DIRECT EXAMINATION

By Mr. Michael:

Q. Would you state your name, please?
A. Paul J. Alvarez.
Q. And where are you employed, Mr. Alvarez?
A. I lead the Wired Group.
Q. Mr. Alvarez, do you have before you what was previously marked as OCC Exhibit 5?
A. I do.
Q. Can you identify that document, please?
A. That's my original testimony, direct testimony, in this case.
Q. Dated October 20, 2023?
A. That's correct.
Q. And, Mr. Alvarez, do you have before you what was previously marked as OCC Exhibit 6?
A. I do.
Q. And can you identify that document?
A. That's my testimony in the Stipulation.
Q. Dated June 11, 2024?
A. That's correct.
Q. And, Mr. Alvarez, do you have any

corrections or edits to either OCC Exhibit 5 or OCC Exhibit 6?

A. I do not.

Q. And were those documents prepared, Mr. Alvarez, by you or at your direction?

A. They were.

Q. And if I were to ask you the same questions that are reflected in OCC Exhibit 5 and OCC Exhibit 6, would your answers be the same?

A. They would.

MR. MICHAEL: Your Honors, I move for the admission of OCC Exhibits 5 and 6, subject to cross-examination.

ALJ ADDISON: Thank you. We will defer ruling on the admission of these exhibits until after cross-examination this morning.

Did we have any volunteers as to who would like to go first this morning?

MR. ALEXANDER: Yes, your Honor.

ALJ ADDISON: Please proceed, Mr. Alexander.

MR. ALEXANDER: I'm just not -- your Honor, may we go off the record for one moment?

ALJ ADDISON: Let's go off the record.

(Discussion off the record.)

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

Mr. Michael, if you would like to make a clarification as to the purpose for moving for admission of OCC Exhibit No. 5, you may proceed.

MR. MICHAEL: Thank you, your Honor. Yes. OCC Exhibit 5 is the direct testimony of Paul Alvarez dated October 20, '23. Mr. Alvarez filed that testimony in response to the application. In OCC Exhibit 5, Mr. Alvarez has his credentials and has his CV, and I am submitting OCC Exhibit 5 to reflect his credentials and CV.

I would also add, your Honor, that in his direct testimony dated June 11, he does represent his October 20 direct testimony for a certain purpose as it relates to that settlement. And OCC has no intention to cite the October 20 testimony except for as it relates to the Settlement and his credentials to the extent those should be at issue.

ALJ ADDISON: Thank you very much.

MR. MICHAEL: Thank you.

ALJ ADDISON: With that, Mr. Alexander, please proceed.

MR. ALEXANDER: Thank you.

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CROSS-EXAMINATION

By Mr. Alexander:

Q. Good morning, Mr. Alvarez.

A. Good morning.

Q. My name is Trevor Alexander. I'm one of the lawyers representing the Companies in this proceeding. And I would like to start out today with some background information that I suspect you and I are going to agree on, and then we will move on to some things we may not agree.

A. Okay.

Q. So AMI meters record both the amount and timing of customer energy use, correct?

A. Correct.

Q. And utilities set timing parameters called intervals which are used to track energy use over time.

A. That's correct.

Q. And most utilities set intervals in ranges from 5 to 15 minutes?

A. I would say that's correct.

Q. And knowledge of usage with this level of granularity relative to time can help educate customers as it helps them equate the use of certain loads such as air conditioners, clothes dryers, et cetera, to time-based energy records.

A. I would agree with that.

Q. Interval data can be used to build time-of-use rates designed to reduce coincident peak demand.

A. I would agree with that but I would -- I want -- what would you call it -- to have a little bit of a caveat to that. I don't think traditional time-of-use rates really have a demand reduction component, you know, relative to those hot several peak days of the summer, you know, where -- I think you mentioned demand response as part of your -- actually, let me ask you, can you repeat the question?

Q. Certainly. Interval data can also be used to bill time-of-use rates designed to reduce coincident system peak demand.

A. Yeah. I would say, yes, they are used to develop time-of-use rates, but they are not that effective at reducing coincident peak demand.

MR. ALEXANDER: Your Honor, move to strike everything after "but."

ALJ ADDISON: Mr. Michael.

MR. MICHAEL: I have nothing to add, your Honor.

ALJ ADDISON: Nothing to argue?

MR. MICHAEL: I do not.

ALJ ADDISON: All right. Motion to strike granted.

Q. (By Mr. Alexander) Once usage is associated with time intervals, electricity can be priced differently for different times.

A. Correct.

Q. Interval data has been put to other good uses in retail choice markets as well.

A. That's correct.

Q. One example of the good use of interval data is require energy and capacity markets to settle by hour based on market prices and the aggregated actual usage of all individual customers of each load-serving entity.

A. That is one use, yes.

Q. And several states have required settlement by hour such as Texas and Ohio, correct?

A. I am aware of that, yes.

Q. Do you believe that holding each retailer economically responsible for its customers' use of energy has spurred lots of innovations?

A. I would agree with that.

Q. By 2013, there was also evidence from retail choice markets that AMI market data was being used successfully by retail energy suppliers to increase their market share.

A. I have no reason to doubt that.

Q. For example, retail energy suppliers in Texas offer rate discounts for installing controllable thermostats, real-time pricing, and other innovations.

A. Yes.

Q. In Texas, retail energy suppliers have used free Tuesdays and free Saturdays offers to grow market share.

A. That's my understanding.

Q. And those competitive products in Texas cannot be offered without the interval usage data available from AMI meters.

A. That's correct.

Q. And you also believe that research indicates that the time-varying rates AMI meters make possible can reduce both system peak demand and energy use.

A. I would argue that a certain type of time-use rate with the critical peak-pricing feature is designed to reduce coincident peak demand. However, I would agree that time-use rates have been shown to reduce energy use.

Q. Now I would like to turn to your testimony in this case. Your testimony includes a lengthy discussion of the FirstEnergy Grid Mod I proceeding, Case No. 16-481, correct?

A. Correct.

Q. I direct you to page 8 if you are looking for a cite.

ALJ ADDISON: Just to be clear, Mr. Alexander, you are looking at OCC Exhibit 6?

MR. ALEXANDER: That's correct, your Honor.

A. I'm at page 8.

Q. Mr. Alvarez, my questions today are going to be targeted to OCC Exhibit 6 so if you could keep that in front of you. So at page 8, line 4, you claim the Commission should not have approved Grid Mod I while FirstEnergy was still receiving DMR revenue; is that correct?

A. I'm sorry. Your question again?

Q. Sure. At page 8, line 4.

A. Yes.

Q. You claim the Commission should not have approved Grid Mod I while FirstEnergy was still receiving DMR revenue, correct?

A. I don't know that you can infer that from that statement. It's more of an observation. I think your question was more the Commission should not have, and I think this is more of just an observation.

Q. Okay. OCC was a signatory/nonopposing party to the Grid Mod I Stipulation, correct?

A. That's correct.

Q. And at page 8, line 9 continuing through line 13, your testimony provides what you claim to be a quote from the Grid Mod I Supplemental Stipulation and Recommendation?

A. Correct.

Q. I would like to specifically draw your attention to the italicized language at page 8, line 10 --

A. Yes.

Q. -- where you claim the operational benefits assessment was required to be completed in advance of the Companies' anticipated Grid Mod II plan application. Do you see that language?

A. I do.

MR. ALEXANDER: Your Honor, may we approach?

ALJ ADDISON: You may.

MR. ALEXANDER: Your Honor, may I have marked for identification as Company Exhibit 4, the Grid Mod I Supplemental Stipulation?

ALJ ADDISON: Mr. Alexander, I believe you are on Company Exhibit No. 5.

MR. ALEXANDER: Oh. Thank you, your Honor.

ALJ ADDISON: Yes, and it will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MS. WHITFIELD: Which number did you mark that?

MR. ALEXANDER: 5.

Q. (By Mr. Alexander) Mr. Alvarez, the Grid Mod I proceeding had an original and then Supplemental Stipulation, correct?

A. That's correct.

Q. And is this a true and accurate copy of the Supplemental Stipulation that you discuss in your testimony?

A. It is.

Q. Isn't it true that the purported quote in your testimony, specifically the italicized language we just discussed at page 8, line 11, does not appear in the Supplemental Stipulation?

A. There does appear to be a slight transcription error there, interpretational error, but I would argue the sentiment is the same. But, yes, I would agree with you.

Q. Let's delve into that sentiment. Staying in Company Exhibit 5, the Supplemental Stipulation, please direct your attention to the bottom of page 5. In there the Supplemental Stipulation provides that implementation will not begin until after the operational benefits assessment is complete, correct?

A. Correct.

Q. And turn to the top of page 6 of the Supplemental Stipulation. It states "If, through no fault of the Companies, the audit process is not resolved in a fashion that supports a timely transition between Grid Mod I and Grid Mod II, the Companies may seek Commission authorization to move forward with Grid Mod II, subject to the results of the Commission audit."

A. It does.

Q. And there is nothing in the Supplemental Stipulation which prohibited the Companies from filing their application in this proceeding before the operational benefits assessment was complete, correct?

A. I believe that's correct.

Q. Turning back to your testimony, OCC Exhibit 6, please focus your attention on page 39, row 17.

A. I've got it.

Q. In here you claim the Supplemental Stipulation clearly requires delivery "on planned specifications" before Grid Mod II could move forward, correct?

A. Yes.

Q. As you use the phrase "planned specifications" in your testimony, what do you understand that to mean?

A. To me it means the Company delivered on the benefits it projected in its Grid Mod I application.

Q. Turning your attention back to the Supplemental Stipulation, Company Exhibit 5, can you please show me where the Supplemental Stipulation requires delivery of each Grid Mod I planned specification before Grid Mod II can move forward?

A. I would argue the bottom of page 5, the quotation mentioned earlier, beginning with "There shall be no approval to begin," I believe that that cited page 39, line 17, reference refers back to this component of the Supplemental Stipulation.

Q. Okay. And so the remainder of that sentence at the bottom of page 5, it says "There shall be no approval to begin the implementation of Grid Mod II and no approval of costs or charges to customers for Grid Mod II, until after an independent Commission audit according to ratemaking standards and other standards is filed and the Commission resolves issues in a decision."

A. Correct. That's the one. Thank you.

Q. The only use of the phrase "planned specifications" in the Supplemental Stip -- strike that.

Turning your attention to page 10, line 5, of the testimony.

A. I've got it.

Q. Here you say "the operational benefits assessment did not indicate that the capabilities and benefits FirstEnergy projected from Grid Mod I had been realized, thus violating the Supplemental Stipulation." Do you see that?

A. I do.

Q. Can you please show me where in the Supplemental Stipulation it says that certain capabilities and benefits must be achieved or it will be a violation of the Supplemental Stipulation?

A. To me, that's the reference back to that planned specifications wording, language.

Q. Okay. So it's the same sentence we just read?

A. Yes.

Q. Are you aware the Commission has issued its decision in the Grid Mod I proceeding on November 16, 2023?

A. I am aware of a decision, yes.

Q. And the Commission in the November 16, 2023, decision did not find that FirstEnergy violated the Supplemental Stipulation, correct?

A. I have not reviewed that order in detail.

Q. Turning your attention to page 11, line 14, of your testimony, here you state "the settlement authorizes other programs to continue largely as originally proposed, including customers energy management reports, data access improvements (for CRES and aggregators), and DER hosting capacity maps." Do you see that?

A. I do.

Q. First, focusing on the "DER hosting capacity maps," the Companies' Grid Mod II application did not include any provision for the creation of those maps, correct?

A. I do not recall.

Q. And similarly for the data access improvements for CRESs and NOAC, that was also created as part of the Stipulation in this case, correct?

A. That may be correct, yes.

Q. Turning to page 11, line 8, please, here you state that the obligation to offer a time-of-use rate expires once three CRESs offer such rate options or three types of time-varying rate options are provided. Do you see that?

A. I do.

Q. Are you aware that the Companies' commitment regarding time-of-use rates arises from the Grid Mod I proceeding?

A. I would not be surprised of that.

MR. ALEXANDER: Your Honor, may we approach?

ALJ ADDISON: You may.

MR. ALEXANDER: Your Honor, may I have marked for identification as Company Exhibit 6, the Grid Mod I Stipulation?

ALJ ADDISON: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. (By Mr. Alexander) Mr. Alvarez, earlier we discussed there was an original and Supplemental Stipulation in Grid Mod I. Is what's been marked as Company Exhibit 6 a true and accurate copy of the original Stipulation from that proceeding?
A. It is.
Q. Please turn your attention to the original Grid Mod I Stipulation, Company Exhibit 6, the bottom -- excuse me, the top of page 18.
A. I have it.
Q. And is this the ability to withdraw provision that you reference in your testimony?
A. Yes.
Q. And this -- this provision from Grid Mod I does not allow the Companies to unilaterally terminate their time-of-use program, correct?
A. That's right. Conditions must be met it appears.
Q. And one of those conditions is Commission approval, correct?
A. Yes.
Q. And so you would agree that the provision in the Grid Mod II settlement maintains the same obligation?
A. Yes.

Q. And so if there are three qualifying offers which are made by CRES providers, the Companies must seek Commission approval before modifying their time-of-use offering?

A. That's how I read this, yes.

Q. And so you would agree that the Commission can make whatever determination regarding the Companies' time-of-use offering they would like to at that future date?

A. I would agree.

Q. Turning back to your testimony, page 11, line 10, here you claim the Grid Mod II Stipulation prohibits the use of energy usage data to target time-of-use rate provisions to customers most likely to benefit from those rates. Do you see that?

A. I do.

Q. Please turn your attention back to the Grid Mod II Stipulation previously marked as Company Exhibit 1.

MR. ALEXANDER: And, your Honor, may I approach?

ALJ ADDISON: You may.

MR. ALEXANDER: I believe the exhibits are over here.

Q. (By Mr. Alexander) Mr. Alvarez, I have just handed you what's been previously marked and admitted in this proceeding as Company Exhibit 1. Is that a true and accurate copy of the Grid Mod II Stipulation you reviewed in this case?

A. It is.

Q. Okay. So focusing your attention on page 9, paragraph H6, please.

A. Yes.

Q. Isn't it true that after the Companies' time-of-use offering is terminated, the Companies may utilize customer AMI data including through CEM reports to notify customers they may benefit from a time-of-use offering and direct those customers to the Commission's Apples to Apples website?

A. Yes, upon approval of the withdrawal, that is permissible.

Q. Thank you. Turning back to your testimony page 45, line 10, please.

A. I have it.

Q. Okay. Here you provide your position that rider cost recovery and the associated advance investment plan review practice violates important regulatory principles and practices. Do you see that?

A. I do.

Q. The Ohio Commission has approved rider cost recovery in advance -- advance investment plans in prior cases, correct?

A. Correct.

Q. For example, you provided testimony in opposition to The Dayton Power and Light Company's Grid Mod I proceeding on exactly this issue, correct?

A. Yes.

Q. Did you review the Commission's order regarding this argument from the recent ESP V case for the Companies? It's Case No. 23-301.

A. I have not.

Q. And did you review Staff Witness Healey's testimony from the ESP V proceeding?

A. I have not.

Q. Do you believe the Commission violated important regulatory principles in each past circumstances where it approved cost recovery via a rider?

A. I wouldn't characterize it as violated. I think I would characterize it as doing so without recognition of the unintended consequences that I have described here in this testimony, in other words, not willfully but without understanding of these particular impressions and potential unintended consequences of rider cost recovery.

Q. And that answer would apply to each prior proceeding where the Commission approved grid modernization cost recovery through a rider?

A. Correct.

Q. Now I would like to drill into the details of some of your objections to rider cost recovery a bit. Do you agree that investments recovered via rider are still audited?

A. They can be, yes.

Q. And at page 43, line 10, you state that regulators are practically prohibited from ordering disallowances. Do you see that?

A. I do.

Q. So the Companies recover the costs associated with grid modernization through Rider AMI, correct?

A. That's correct.

Q. Are you aware the Ohio Commission has disallowed costs recovered via Rider AMI in the past?

A. I'm not aware, but I'll take your word for that.

Q. Are you aware the Companies file an annual proceeding where Rider AMI costs are evaluated?

A. Yes.

Q. And Rider AMI costs are still evaluated for prudence?

A. Yes.

Q. And parties have the ability to contest the results of the Rider AMI audit in those proceedings, correct?

A. That's correct.

Q. And OCC and NOAC have the ability to intervene in Rider AMI audit proceedings?

A. They do.

Q. And OCC has, in fact, intervened and participated in those proceedings, correct?

A. Correct.

Q. Now, the case we are here for today includes the Grid Mod II application as well as three Rider AMI proceedings for the years 2019, 2020, and 2021, correct?

A. Correct.

Q. And in those audits, Staff has made numerous recommendations and adjustments, correct?

A. I'm not aware, but I am not surprised.

Q. Are you aware that Staff has recommended for disallowance of certain costs in those proceedings?

A. Again, I am not aware, but I would not be surprised.

Q. And at page 43, line 11, you state the utilities argue against disallowance because the Commission has approved the investment plan, and "This eminently logical argument will almost assuredly prevail on appeal." Do you see that?

A. I do.

Q. In their comments in the Rider AMI dockets in response to Staff proposed adjustments, have the Companies, in fact, made that argument?

A. I'm not aware, but I would -- I would add that the size of the disallowances matters. I think you may have a disallowance here, disallowance there, but I think the Commission is going to have a difficult time, for example, when it comes to AMI where the capital investments are in the hundreds of millions of dollars. The Commission is going to have a hard time -- and this is the point I'm making here in this testimony. The Commission is going to have a hard time disallowing that cost recovery because what would happen in that instance is that cost to capital, the Companies' cost to capital, will go up, and customers would pay for that.

So the point I am trying to make here is that significantly sized disallowances are not really going to be permissible from a practical perspective.

MR. ALEXANDER: Your Honor, I move to strike --

MS. BOJKO: I was going to ask for the question to be reasked first.

ALJ ADDISON: Let's have the question reread for the benefit of everyone.

(Record read.)

MR. ALEXANDER: Your Honor, I move to strike everything after the words "but I would add."

MS. BOJKO: Your Honor, we would support that motion to strike.

ALJ ADDISON: Anyone else?

Mr. Michael.

MR. MICHAEL: I do have an argument on this one, your Honor.

ALJ ADDISON: Please proceed.

MR. MICHAEL: I think what Mr. Alexander was trying to do was shoehorn Mr. Alvarez's testimony into a place where it didn't belong. I think Mr. Alvarez's testimony is about riders and the implications more broadly, and Mr. Alexander asked him about one of his assertions regarding that argument being made. And Mr. Alvarez is pointing out the circumstances under which they would be made but also acknowledging the circumstances under which they would not be made. So it actually provides context for both this line of questioning from Mr. Alexander and Mr. Alvarez's testimony that he referred back to explicitly in responding to the question.

ALJ ADDISON: Thank you. I think it's more appropriate for you to bring that up on redirect, so I will grant the motion to strike after the phrase "but I would add."

Mr. Alvarez, and I will direct you please listen to counsel's question very carefully. Try to answer only that question. Mr. Michael will have the opportunity to bring out additional information on redirect.

THE WITNESS: Thank you, your Honor.

ALJ ADDISON: Thank you.

Q. (By Mr. Alexander) Mr. Alvarez, now turning to the second part of this objection regarding submitting investment plans for advanced regulatory review, I would like to focus on the practical impact of your proposal here. So is it your position that policy would be better served if utilities simply made investment without seeking advanced regulatory review?

A. I think it avoids a lot of the unintended consequences the testimony describes.

Q. When you say it there, you are referring to utilities making investments without advanced regulatory review?

A. Yes.

Q. I want to make sure we are on the same page.

A. Yeah, yeah.

Q. So if the Companies had simply made the grid modernization investments without the input of Staff and other stakeholders, then those parties would not have had the ability to weigh in on the merits of those investments before they were made, correct?

A. That's correct.

Q. You think it appropriate for utilities to simply guess as to the investments the Commission and other stakeholders would like them to make?

A. I think utilities are held responsible for making the investments required for safe and reliable service and that they should not be guessing about those investments but that they should make those investments that they deem required for safe and reliable service.

Q. So if the utilities shouldn't guess and then shouldn't seek advanced regulatory review, what is your proposal for how utilities should make these investments?

A. If the utility believes that the, for example, in this case advanced meter infrastructure delivers a benefit-cost analysis, then they should go ahead and make those investments and be prepared to defend those upon review.

Q. And if the review determines that the Commission did not agree with the Companies' analysis, what would happen then?

A. Well, I think the Commission would have multiple options at that point. Certainly cost disallowance would be one of those options.

Q. And one of the things you reference in your testimony is the cost to capital to utilities, correct?

A. Correct.

Q. And one of the elements of cost to capital is the risk faced by that utility, correct?

A. Correct.

Q. And if utilities were at risk of major disallowances, would that increase the risk profile of the utility?

A. I think it depends on the quality of the utility's defense or justification of those investments.

Q. So the Stipulation has lowered the proposed capital investment in Grid Mod II from 626 million to approximately 421 million, correct?

A. That's correct.

Q. And the Stipulation also agreed to delay making certain types of investment for things like distribution, automation, and integrated Volt/VAR control.

A. That's correct.

Q. Wouldn't you agree the process where a variety of parties can give their feedback upfront and agree to a Stipulation that they agree provides value to customers is better?

A. I think what you are hitting on here is the -- is the challenge of presenting investment plans in advance. It sounds so appealing. It sounds so intuitively appealing, but in the complicated world of utility regulation, what it does is offer these unintended consequences that my testimony describes. And so through that process utilities have the kind of -- in my opinion utilities seeking rider cost recovery have kind of this moral hazard where they want to propose more investments than they would feel comfortable making under a traditional ratemaking structure for the very risk reason that you mentioned. So I don't know if that answers the question but that was my intention.

Q. Okay. Changing topics, Mr. Alvarez, please turn to page 12, line 2, of your testimony. And here you state that operational savings are unlikely to survive the next base rate case. Do you see that?

A. I do.

Q. So, first, let's define our terms a bit. Would operational savings include things like a reduction in the number of meter readers?

A. Yeah. Actually the operational savings I am referring to here are the stipulated amounts, not the actual --

Q. Yeah. I want to start with the categories before we get to the specific numbers.

A. Okay. Can you just give me a second to read this?

Q. Oh, certainly.

A. We are on page 12 at line 4?

Q. Line 2.

A. Line 2. Oh, yes, okay. I'm sorry. Can you repeat the question?

Q. Certainly. Would operational savings include things like a reduction in the number of meter readers?

A. Yes.

Q. And a reduction in the number of meter service employees?

A. Correct.

Q. And the reduction in back office employees?

A. Correct.

Q. And revenue assurance?

A. Ideally, yes.

Q. So for those categories for operational savings we just discussed, those each reflect a reduction in the costs incurred by the utility, correct?

A. Yeah. I think the question -- the question though is will they be as great, will those reductions be as great as the utility may have projected, as the Company may have projected in its application. I think that's the challenge.

Q. Sure. We will get to the quantification later, but right now I want to stay focused on the categories and how that works with the rate case and that's what you are discussing at this part of your testimony.

A. Uh-huh.

Q. So I'm not sure if you answered the last question or not. Would you agree that each of those categories of savings we just discussed reflects a reduction in the costs incurred by the utility?

A. To the extent the utility actually follows through on those, yes.

Q. So for each of those categories when the Company comes in for its next base rate case, it would have less costs than it otherwise would, correct?

A. Right. Or in the case of the -- you mentioned revenue assurance; I think, you know, increased sales volumes but, yes, same concept.

Q. Yes. Thank you for the clarification. And you reference -- excuse me. You raised this same issue on the continuing viability of operational savings in your testimony in the AES Grid Mod I proceeding, correct?

A. Yes. This is a common smart meter issue.

Q. Now turning your attention to time of use. Please turn to page 15, line 4, please.

A. I have it.

Q. Okay. So in this section of your testimony, you take issue with the expected time-of-use adoption rate. However, 69 percent of customers shop for a CRES or via an aggregation. And so my question is isn't AMI required for CRESs to offer a time-of-use rate?
A. Yes.
Q. And in Ohio, CRESs are permitted to offer time-of-use rates, correct?
A. Yes.
Q. And in Ohio, aggregators are permitted to offer time-of-use rates?
A. Yes.
Q. And you state FirstEnergy projects 140,000 of its customers will be billed on time-of-use rates within 12 years. Do you see that?
A. Yep.
Q. Do you know who NOPEC is?
A. Yes.
Q. And isn't it true NOPEC is a consortium of over 240 communities serving more than 500,000 customers?
A. That's my understanding.
Q. And so if only NOPEC decided to pursue a time-of-use offering, that alone would exceed the

Companies' projection, correct?
A. If they made it mandatory, correct.
Q. Okay. And are you aware the Companies have other governmental aggregators operating in their service territory?
A. Yes.
Q. And so to the extent those other governmental aggregators chose to pursue a time-of-use offering, that would also increase participation in time of use.
A. Assuming they made it mandatory, yes.
Q. At page 30, in footnote 46, you acknowledge there is a possibility in the future more customers adopt electric vehicles. Do you see that?
A. I do.
Q. Holding all else constant then, it's your position that customers with an electric vehicle are more likely to choose a time-of-use rate?
A. Yes.
Q. Page 16, line 2, you reference a Brattle report. Do you see that?
A. I do.
Q. The Brattle report examines customers participating in utility programs and does not include customers participating in time-of-use

programs offered by a CRES, correct?
A. Correct.
Q. Please turn to page 17, line 7, where you discuss alleged lack of creativity in the time-of-use program.
A. Yes.
Q. Are you aware that in Case No. 20-50 OCC suggested the time-of-use marketing education plan be shared not just with Staff but with the Grid Mod collaborative for input?
A. I am not aware of that.
Q. Are you aware that the Companies have collaborated on the time-of-use marketing plan with the Grid Mod collaborative?
A. I am not aware. I am not surprised, but I am not aware.
Q. Do you believe that the time-of-use marketing education plan was created by the collaborative process?
A. I would not be surprised if that were the case.
Q. Do you know if OCC or NOAC participated in the collaborative process?
A. I believe they typically do, but I cannot validate that for sure.

Q. And so you don't know if OCC made any suggestions in the collaborative?
A. I don't.
Q. Do you know if NOAC made any suggestions?
A. I do not, no.
Q. Turning to the Grid Mod II proceeding, the Stipulation calls for the Companies to continue working with the collaborative to evaluate and consider potential enhancements to the design and marketing plan, their time-bearing rates for SSO customers, correct?
A. Yes.
Q. And even though OCC and NOAC are not signatory parties, they will still be permitted to participate in the collaborative process?
A. Correct.
Q. Please turn to page 19, line 5.
A. Yes.
Q. Here you provide your opinion that the Companies assume 100 percent of customers will review the customer energy marketing e-mails. Do you see that?
A. I think it says 50 percent here. Yeah. FirstEnergy assumes that 50 percent of the customers will review their reports.

Q. Sorry. I had the wrong reference there. It's line 10.

A. Oh, okay. And of those 50 then 100 would go on to -- oh, I see. 50 percent will have e-mails and 100 percent of those will review their reports, yes.

Q. Okay. Did you read -- starting with this assumption that 100 percent of customers for whom the Companies have an e-mail address will read it, did you read the testimony of Company Witness Miller in support of the Stipulation?

A. I believe so, yes.

MR. ALEXANDER: Your Honor, may we approach?

ALJ ADDISON: You may.

MR. ALEXANDER: Your Honor, providing the witness with a copy of Company Exhibit 3, the Miller direct testimony.

ALJ ADDISON: Thank you.

Q. (By Mr. Alexander) Mr. Alvarez, could you please -- I guess, first, is this a true and accurate copy of the direct testimony of Mr. Miller that you reviewed?

A. Yes.

Q. Please turn to page 7, row 14. And isn't it true Mr. Miller testified that the Companies have e-mail addresses for 75 percent of their customers?

A. That appears to be an update from earlier testimony that I may have missed. Yes, that's what it says.

Q. Okay. And then staying on that same page, row 5.

A. Yes. I'm sorry. Is there a question?

Q. No. I think I have the wrong row reference. Row 7, excuse me. Here Mr. Miller testifies that he estimated participation represents approximately 50 percent of the Companies' residential customers who will have advanced meters and have provided the Company with their e-mail address, correct?

A. Correct.

Q. Turning back to your testimony, page 19, line 21, here you claim the Companies assume customers will take action to reduce usage by 4 percent, correct?

A. That's correct.

Q. What was your source for that 4 percent assumption?

A. The Excel spreadsheets with the -- where the Company shows all its assumptions and multiplies them through.

Q. So let's look at that. Could you please turn to your Attachment 1, page 16 of 36, please. Focus your attention on row 17 when you are there.

A. I have it.

Q. And can you focus your attention on row 17, please?

A. Yes.

Q. And the Companies, they are projecting an average reduction of 93 kilowatt-hours annually, correct?

A. Yes.

Q. And the average annual residential kilowatt-hours assumption the Companies utilize in this case is 9,300 kilowatt-hours held constant over the 20-year study period, correct?

A. I'm sorry. I don't see that on here.

Q. If you look at page 3 of 36, row 19.

A. Yes. There is the 4 percent on line 20. Average kilowatt-hour savings 4 percent I see on line 20 there.

Q. That's the time-varying rate program though, Mr. Alvarez.

A. Ah, yes.

MR. KELTER: Could you speak up a little?

We can't hear down here.

ALJ ADDISON: If we could just speak up.

MR. ALEXANDER: Me as well?

ALJ ADDISON: Yes, everyone. Thank you.

Q. (By Mr. Alexander) So, Mr. Alvarez, sorry. I lost track a bit. The 4 percent assumption was for the time-varying rate program, correct?

A. Correct.

Q. And the customer energy management program actually has a 1 percent assumption, correct?

A. That's correct.

Q. And the Companies base that 1 percent energy reduction as 50 percent of the findings of a Nest research paper, correct?

A. I'll take your word on that. I don't know specifically but, yes.

Q. Okay. Please turn to page 21, line 6, please. Here you take issue with the average benefit associated with energy conservation.

A. Yes.

Q. So the Companies assumed 12 cents per kilowatt-hour savings as the sum of the volumetric portion of the generation, transmission, and distribution rates, correct?

A. Correct.

Q. And you agree that that 12 cents is the actual savings customers will see until the next base rate case.

A. That's correct.

Q. And that savings will only be provided to customers who take action through time of use or customer energy management to reduce their usage, correct?

A. Correct.

Q. And if rates do increase as a result of the next base rate case, the incentive for customers to conserve would increase, correct?

A. That's correct.

Q. Could that incentive cause more customer interest in time-of-use rates?

A. It could.

Q. And could that incentive cause more customer interest in opening and reacting to customer energy management e-mails?

A. It's possible.

Q. Turning to page 22, line 4, please, and here you argue the capacity price utilized by the Companies is overstated with the Companies using a price of $128.53 as compared to the most recent clearing price of $34.13, correct?

A. Correct.

Q. And you would agree that the PJM capacity market is volatile, correct?

A. Yes, I would agree with that.

Q. For the '15-'16 delivery year, the ATSI region was a constrained zone that cleared at $357 per megawatt-day, correct?

A. Subject to check. It's one year though.

Q. And the PJM RTO price for the '21-'22 delivery year was $140 per megawatt-day?

A. Subject to check, I would agree with that.

Q. And the ATSI zone was constrained in '21-'22, and the clearing price was $171.33?

A. It may have been.

Q. In light of the volatility in the PJM market, why would the Companies use a capacity price assumption based on a single year?

A. You know, I don't know where the Company -- you know, I did not review the calculations behind the estimate, the starting point, for example, of 128.53. I did not review how many years is that an average of or any of that kind of justification for that number.

Q. Would it surprise you the 10-year average ending with the '23-'24 delivery year was $131?

A. It would surprise me somewhat.

Q. FERC has recently ordered significant revisions to the PJM capacity process, correct?

A. I am not aware of those.

Q. Turn to page 22, row 16, please. Here you argue that there may not be transmission and distribution savings. Do you see that?

A. I do.

Q. Have you done any engineering studies to support your assumption that the estimated $110 million in transmission and distribution capacity cost savings is overstated?

A. I have not done any research, no, but based on my experience, I would argue that those savings were largely illusionary as I testify here.

Q. Well, I asked if you had done a study, and you said research, so I just want to clarify have you done an engineering study?

A. No.

Q. Do you know if other Ohio utilities included avoided transmission distribution benefits in their AMI or energy efficiency program proposals?

A. I would not agree with it; but, yes, I would say it's a common practice.

Q. And do you know that other states recognize avoided transmission and distribution benefits in their AMI and energy efficiency proposals?

A. Some do.

Q. For example, Pennsylvania has adopted standardized transmission and distribution benefits?

A. I'm not familiar with Pennsylvania specifically, but I would argue in states that have kind of a history of energy efficiency programs, those numbers typically are included. Other states don't -- don't recognize those kind of benefits typically. Varies by state.

Q. So turning to page 23, we discuss greenhouse gas emission benefits.

A. Uh-huh.

Q. You claim they don't provide any direct economic benefits to customers, and we are in row 20. I apologize. I don't think I gave the row number. Do you see that?

A. Yes.

Q. You agree that greenhouse gas reductions are valuable in society generally, correct?

A. Yes.

Q. And are you aware that the United States government has established a cost of carbon?

A. I am aware of that.

Q. And the United States government's calculations were supported by 14 different governmental agencies including the Department of Energy and the Environmental Protection Association?

A. Yes, but the point here is those don't impact customers is my point here.

Q. The benefits identified by the United States government include agricultural productivity, human health effects, property damage from increased flood risk, disruption of energy systems, and more, correct?

A. That's my understanding, yes.

Q. So wouldn't an impact on agricultural production impact the food prices that are charged to Ohio customers?

A. Potentially, yes.

Q. Do you know if other utilities have included greenhouse gas reduction benefits as part of their grid modernization proceedings?

A. Some do, yes.

Q. For example, AES Ohio included a greenhouse gas benefit in its grid modernization proceeding which you opposed in your testimony, correct?

A. Correct.

Q. You also take the position that indirect costs to customers should be considered in the cost-benefit analysis, correct?

A. Can you give me an example of that?

Q. Page 25.

A. Anything more specific where I say "indirect costs"?

Q. You know, Mr. Alvarez, I only had one question on it, and it's not worth finding it, so we'll move on.

Staying on page 25 of your testimony at line 4, you state that smart meters depreciate over 15 years, and so the CBA should be 15 years, correct?

A. Correct.

Q. Do you believe the CBA for advanced metering infrastructure should be conducted over the expected useful life of the meters?

A. Yes.

Q. And can you please just high level describe what useful life means in this context?

A. The way I understand it -- I am not a depreciation expert. The way I understand it it's the average useful life of the equipment, so on average how long will that piece of equipment remain in service.

Q. And the 15-year depreciation life for the meters in this case was actually created as part of the Grid Mod I Stipulation, correct?

A. Subject to check; but, yes, I imagine that's correct.

Q. You know, I don't -- I don't want to ask you to subject to check this. Could you look at Company Exhibit 6, page 11, please.

A. I have it.

Q. Focusing on romanette iii where it states that the costs associated with AMI investments, including advanced meters and supporting communications networks, will be recovered over a depreciable life of 15 years. Do you see that?

A. I do.

Q. Okay. Are you aware that the Companies have proposed to use Itron meters for the Grid Mod II meter deployment?

A. I am not aware but that's a common one.

Q. And are you aware the actual estimated useful life of an Itron meter is 20 years?

A. I was not aware of that, no. Many utilities do use 15 years.

Q. Have you conducted any studies as to the useful life of the Itron smart meter?

A. No.

Q. And now going to the second point you raised on what other utilities do, the Duke grid modernization proceeding used a 20-year CBA, correct?

A. Subject to check, I wouldn't -- 15 -- 15 or 20 is the standard most utilities use.

Q. And in the Duke grid modernization proceeding, Case No. 17-32, you testified, correct?

A. Yes.

Q. And you testified that Duke should use a 15-year estimated life instead of the 20-year CBA that you proposed, correct?

A. Correct.

Q. And in the Dayton Power and Light grid modernization proceeding, Dayton Power and Light also used a 20-year CBA, correct?

A. Subject to check, but I don't doubt you.

Q. And in the DP&L testimony, you argued that AMI should be considered with a 12- to 15-year life, correct?

A. Correct.

Q. Please turn to page 26, line 8.

A. Yes.

Q. Here you argue that the CBA should include the carrying charges that customers must pay for return on equity and income taxes thereby raising the costs from 421 million to 729 million, correct?

A. Correct.

Q. You raised this same argument in the Dayton Power and Light grid modernization, correct?

A. I did.

Q. And you raised the same argument in the Duke grid modernization proceeding, correct?

A. I believe so.

Q. Please turn to page 27, line 17, where you discuss the 144 million of legacy meter costs.

A. Yes.

Q. In your cost-benefit analysis, you have included that 144 million in costs, correct?

A. Correct.

Q. And no state has required stranded meter costs to be included in the AMI benefit-cost analysis, correct?

A. No, but again, many commissions have considered this cost as they looked at the applications.

Q. Is it your position that utilities should only install advanced meters gradually as the old

meters reach the end of their useful life?
A. I think it's a -- an approach that doesn't receive adequate consideration, let's put it that way.
Q. Because these metering systems require receivers to transmit the billing data, correct?
A. Correct.
Q. And so if the legacy meters were only replaced at the end of their useful lives, there would be a 20-year period between the initiation of the program and when the advanced meters were fully operational, correct?
A. Actually most of the meters have -- you can put multiple communications cards in them so they can work both for the existing metering system, for example, it could be walk by, it could be drive-by, but then at a later date be converted to a wireless, you know, wireless data communications, you know, infrastructure.
Q. Is the modification you are proposing the modification to the current meter the customer has?
A. No, no. You can buy smart meters that have the interval data capability but have two types of communications vehicles in them, right? One for the existing methodology, walk by, drive-by, whatever

the utility is using, and then at the appropriate time when you get a critical mass or what have you, you install the over-the-air network and start recording the data. That way thereby alleviating the -- you know, the cost of the walk by meter readers or the drive-by meter readers so you kind of get the best of both worlds. But there is the consideration you bring up, you know, it takes longer but it can be done; and, therefore, you don't have this big lump, this huge chunk of cost at the beginning.

Q. Could you please turn to page 31, line 18.

A. I have it.

Q. And here you argue 89 percent of smart meters will be installed on residential premises and, therefore, the percentage of AMI costs to be assigned to the residential class will approach 89 percent, correct?

A. Correct.

Q. Now, the Stipulation in this case states that the Companies will utilize the allocation methodology currently approved for Rider AMI until the Commission issues its Opinion and Order in the 2024 base rate case, correct?

A. You would have to point that out to me.
Q. Page 26 of the Stipulation.
A. This is the original or supplement?
Q. Grid Mod II Stipulation so there is just one of those. It's labeled Company Exhibit 1.
A. Oh.
Q. And it's page 26.
A. Yes, I see that.
Q. Okay. And so then after the Companies' 2024 base rate case is concluded, the allocation will be updated to match the allocation approved in the 2024 base rate case, correct?
A. Correct.
Q. So it's your position that if we followed cost-to-service principles, then approximately 89 percent of Rider AMI costs should be allocated to the residential class?
A. Yes.
Q. And do you --
A. If I can clear that up for a second. When I say should, I'm saying that's how it is likely to occur, not that that should be the intention, if that makes any sense.
Q. Did you know that the average current allocation to residential customers between the three

operating utilities allocates 56.7 percent of the costs to residential customers?

A. Subject to check. But that number would go up once $400 million in extra metering expenses are added to the rate base, and most of that is residential, you would expect that number to go up, right, in the next rate case according to the standard cost-of-service approaches.

Q. Well, but let's delve into that a bit because these costs would be recovered through Rider AMI rather than through base rates, correct?

A. Yes.

Q. And so residential customers will pay only 56 percent of the costs instead of the 89 percent that you calculated.

A. Until the next base rate case when they will be recalculated, right?

Q. Are you assuming the costs from Rider AMI are transitioned into base rates?

A. Yes, that would be my assumption, yeah.

Q. Does your testimony propose an alternative allocation methodology?

A. It does not.

Q. Traditional utility ratemaking costs allocation is done based on cost to service rather

than benefits received, correct?
A. That's correct.
Q. And if cost allocation based on benefits received is taken to its logical extreme, then customers most in need of reliable power, somebody on a ventilator, should have to pay higher rates than customers that don't have that need?
A. Assuming one takes it to the extreme, yes.
Q. And you raised the same cost allocation argument about the benefits received by commercial and industrial customers in your Dayton Power and Light testimony, correct?
A. I did, yes.
Q. So your testimony states that you modified the Companies' CBA based on the issues discussed in your testimony but doesn't have sort of a list of here is all the changes you made.
A. Yes.
Q. So I believe you've made seven adjustments, and I would just like to go through those and make sure I have the comprehensive list.
A. Yes.
Q. So the first is the 15-year term?
A. Yes.

Q. The second is you modified the benefit for time-varying rate from 12 cents to 5 cents?

A. Correct.

Q. The third is for customer energy management, you reduced the participation assumption by 50 percent?

A. That sounds right.

Q. The next is for customer energy management, you reduced annual savings from 93 kilowatt-hours to 47 kilowatt-hours annually?

A. Correct.

Q. For customer energy management, you reduced the benefit from 12 cents to 5 cents?

A. Yes.

Q. You eliminated the carbon benefit to customers?

A. Correct.

Q. And you included 144 million in legacy meter costs?

A. Correct.

Q. Is that the entire universe of the adjustments you made to the Companies' CBA?

A. I think the only one you might be missing is the cost to capital. The customers pay the cost to capital.

Q. And so you are referring -- please turn to page 30 of your testimony.

A. Yes.

Q. And looking at the table at row 13, are you referring to the increase of capital shown in the third line down of 420 million?

A. Yes.

Q. Okay. Thank you. Delving into some of those assumptions, for the customer this energy management participation assumption --

A. Yes.

Q. -- you reduced the Companies' assumption in half. You know what? Strike that.

Could you please turn to page 32, line 17.

A. I'm there.

Q. Here you provide your opinion that the Companies should create a peak-time rebate program for residential customers?

A. Yes.

Q. Peak-time rebate programs require advanced meter infrastructure, correct?

A. They do.

Q. Changing topics, you are aware the Commission has approved full smart meter implementation for all customers of AEP Ohio, correct?

A. I am not aware of that, but I'll take it subject to check.

Q. And are you aware the Commission has approved full smart meter installation for all customers of Duke Energy Ohio?

A. Yes.

Q. And are you aware the Commission has approved full smart meter installation for 95 percent of the customers of AES Ohio?

A. Subject to check, I would agree with that.

Q. That was the proceeding you testified in, correct?

A. Yeah, yeah. I just don't recall the order.

Q. And are you aware AES Ohio has a proceeding open right now seeking approval to install smart meters for their remaining 5 percent?

A. I was not aware of that but.

Q. And you are aware the Companies have already installed smart meters for more than 700,000 customers?

A. Correct.

Q. In light of this Ohio precedent, is it your professional opinion that the Companies' remaining $1.4 million customers should not receive smart meters?

A. I think they should not receive smart meters until the Company has demonstrated that the -- they are getting the benefits projected from the initial 700,000.

MR. ALEXANDER: No further questions, Mr. Alvarez. Thank you.

THE WITNESS: Thank you.

ALJ ADDISON: Thank you, Mr. Alexander.

Let's go ahead and take a quick 5-minute break. Come back at 11:25.

(Recess taken.)

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

Ms. Bojko.

MS. BOJKO: Thank you, your Honor.

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CROSS-EXAMINATION

By Ms. Bojko:

Q. Good morning, Mr. Alvarez.

A. Good morning.

Q. As you may remember, my name is Kim

Bojko. I represent the Ohio Manufacturers' Association Energy Group. I have a few clarifying questions following up on Mr. Alexander today. You are testifying today as a consultant on behalf of the Ohio Consumers' Counsel and NOAC; is that correct?

A. That's correct.

Q. And they are residential customer advocates; is that correct?

A. That's correct.

Q. So your testimony today is on behalf of residential consumers, correct?

A. That's correct.

Q. And you are the sole witness in this case testifying for OCC and NOAC; is that correct?

A. I believe so, yes.

Q. And isn't it true that there are two other residential advocates that have signed the Stipulation in support?

MR. MICHAEL: Objection.

ALJ ADDISON: Grounds?

MR. MICHAEL: Vague. What does she mean by "residential advocates"? We are the statutory residential advocate. I don't know who she is talking about.

ALJ ADDISON: Maybe you can elaborate a

little more, Ms. Bojko.

MS. BOJKO: Sure, your Honor.

MR. MICHAEL: Thank you, your Honor.

Q. (By Ms. Bojko) Sir, you are aware that NOAC is not a statutory residential -- or residential advocate; is that correct?

A. That's correct.

Q. And there are two other parties in this case, CUB and NOPEC, the Citizens Utility Board and NOPEC; is that correct?

A. That's my understanding, yes.

Q. And is your understanding they are representing residential -- they state in their interventions they are representing residential interests in this case?

A. Yes.

Q. And it's your understanding that they have signed the Stipulation in support; is that correct?

A. Yes.

Q. Could you go to page 2 of your testimony filed on June 11. So, sir, for most of my questioning, it's just going to be on the June 11 testimony that's opposing the stipulation. Do you have that in front of you? It's been marked as OCC

Exhibit 6.

A. I do.

Q. Okay. On page 2 of that testimony, line 1, you state that it's your understanding that the Commission applies a three-part test. Do you see that?

A. I do.

Q. And, sir, that understanding was obtained by OCC; is that a fair statement?

A. Yes.

Q. And you are not a lawyer; is that correct?

A. That's correct.

Q. And let's turn to pages 8 and 9 of your testimony, Exhibit -- OCC Exhibit 6, question and answer 12.

A. Uh-huh.

Q. Do you see that?

A. I do.

Q. Okay. Here you discuss the audit of Grid Mod II, and you discussed that a little bit with Mr. Alexander this morning. Do you recall that?

A. I do.

Q. The Stipulation in this case, the Grid Mod II case, that requires FirstEnergy to implement the recommendations from the Grid Mod I audit report; is that correct?

A. That's correct.

Q. And the Stipulation in this case requires that FirstEnergy implement those same recommendations for Grid Mod II investments; is that correct?

A. That's correct.

Q. And you agreed with Mr. Alexander that the Stipulation reduced the total estimated capital cost from 626 million to approximately 421 million, correct?

A. Correct.

Q. And of that 421 million, 418 million is for capital costs of installing 1.4 million meters to residential customers, correct?

A. Correct.

Q. Let's turn to page 12 of your testimony. On page 12 of your testimony -- and you discussed with Mr. Alexander the operational benefits. Here you state that -- oh, strike that. I apologize.

So look at page 12, lines 1 to 2. Here you discussed some operational benefits and the impact on the rate case earlier this morning and that's what you are stating in lines 1 and 2; is that correct?

A. Yes.
Q. Okay. On the top of page 12, line 1 --
ALJ ADDISION: Let's go off the record.
(Discussion off the record.)
ALJ ADDISON: Let's go back on the record.
Q. (By Ms. Bojko) I'll start over. On page 12, the top of page 12, line 1, you talk about FirstEnergy's next base rate case. Do you see that?
A. I do.
Q. Okay. The reference here, are you talking about a base distribution rate case filed by the FirstEnergy Companies?
A. Yes.
Q. Okay. Then on the next line you state that's anticipated by May 31, 2028. Do you see that?
A. I do.
Q. Where did you get that date? Are you just speculating when they might file their next rate case?
A. I don't remember honestly.
Q. Are you tying the May 31, 2028, date to their Electric Security Plan case, the ending of their current one?
A. Or is it the AMI deployment? I don't

remember.

Q. So you -- sitting here today you don't know when exactly FirstEnergy is going to file its next base rate case, do you?

A. That's true. That's certainly true.

Q. Turn to page 13 of your testimony. On line 17, you defined benefit-cost analysis as an acronym BCA. Do you see that?

A. Yes.

Q. Throughout the questioning of Mr. Alexander, he referred to something called CBA which I believe was the cost-benefit analysis?

A. Yes.

Q. Is that correct?

A. Yes, same.

Q. That was your understanding?

A. Yes.

Q. So when Mr. Alexander referred to CBA and you answered accordingly, it's the same as the BCA in your testimony?

A. Correct, that's correct.

Q. Let's turn to page 14 of your testimony, please. Here you -- you discuss the stated benefits of various components of Grid Mod II. But is it fair to say you do not discuss the benefits of the hosting capacity maps that are contained in the Stipulation in this case?

A. Yes, that's fair.

Q. And you didn't analyze the hosting capacity maps as part of your testimony, did you?

A. I did not.

Q. You would agree with me, sir, though that you think that hosting capacity maps would be beneficial to customers looking to place new or expanded load on the system?

A. I would agree with that.

Q. Let's turn to page 32 of your testimony. Here you describe a peak demand rebate program. Do you see that?

A. I do.

Q. And on page 33 on line 10, you say that a peak-time rebate program offers a bill credit to consumers who reduce their energy consumption during periods in which capacity is in short supply. Do you see that?

A. I do.

Q. And under your proposal, who pays for these bill credits?

A. I mean, the Companies reserve -- the distribution company is required to reserve capacity and energy, right, for their customers. And so the concept is that they won't be using all that that they have reserved because they've got these peak-time rebate demand response activities going on. And they can sell that. They can sell that in the market and use those proceeds -- sell it in the spot market, use those proceeds to pay these rebates.

Q. So you are suggesting that the distribution utilities would sell available leftover capacity into --

A. Or energy.

Q. -- the spot -- or energy into the spot market.

A. Yes.

Q. And then the utility would then in turn take those proceeds and use it to give customers bill credits?

A. Yes.

Q. So the distribution utility would be responsible for the bill credits regardless of the revenue they received from the proceeds of selling the energy and capacity into the spot market?

A. Yes. There is some work that needs to go on there to figure out what is the appropriate amount to pay, right? You don't want to pay too much because then -- you have got to balance that, what do you expect you might be able to get from those profits, right, and how many credits are you going to have to pay. Yes, that is a, you know -- something that has to be taken into account, you know, in the rate design process.

Q. So if the bill credits exceed the proceeds received by the utility, who pays for the differential? Are the shareholders responsible or other customers?

A. I mean, it depends so much on rate design, right, as we just discussed. Ideally what you want to do is not pay out maybe 100 percent of that so that non-participating customers can benefit too, right? The rebate payouts are somewhat less than what the Company is able to secure from selling their excess, right?

So in an ideal situation, all participants are benefiting, not just participating customers if that -- all customers benefit, not just participating customers to some degree. So if that's the case, then I guess one could make the argument that those customers should also then pay if, you know, the rebate amounts exceed what was able to be raised by selling those, right? But some might argue that, well, to the extent there is generation in the market, you know, the supply and demand impact those, and so maybe the Company should take some of that. It's all based on the rate design.

Q. So you don't have a specific proposal in this case, do you?

A. No. Correct.

Q. Okay. And so this is -- you are just discussing a typical program; you are not actually recommending a program for this particular case, are you?

A. I'm recommending that this kind of a program be implemented. Should the Commission decide that they want to approve smart meters, you know, approve the Stipulation and the 1.4 million smart meters, that this would be a program they should order in order to maximize the benefits of the smart meters. Now, what the exact design of that program is, I do not provide that recommendation.

Q. Okay. And so the Commission would have to figure that out --

A. Yes.

Q. -- and do a design of the program if they were to order this type of program be implemented by the utilities?

A. Or the utility, yes.

Q. Well, in this case the utility hasn't proposed such a program, so the Commission in its order would have to modify its current program and then also set forth the design parameters and the cost allocation and the credits and everything we -- the rate design, everything we just talked about, the Commission would have to do that in its order, correct?

A. Or ask the Company to put in a proposal to do so within so many days, months, year. Some reasonable amount of time could be provided for them to come up with the parameters of such a program.

Q. Okay.

A. That would be one option.

Q. Let's turn to -- let's go back to page 16 of your testimony. On page 16 of your testimony, you talk about the cost of recruiting people to use time-of-use rates. It's -- starts on line 12. And you talk about how the cost of recruiting people outweighs the benefits. You didn't perform an analysis to determine how much it would cost FirstEnergy to market or recoup -- recruit participants for a peak-time rebate program, did you?

A. No.

Q. And under a peak-time rebate program, the utility notifies customers when there are opportunities to earn rebates; is that correct?
A. That's correct.
Q. Did you perform an analysis to determine how much it would cost to establish, maintain, and use this notification system that you suggest?
A. No, I did not.
Q. And the peak-time rebate program that you describe on page 32, is that just for residential customers?
A. It could conceivably be, I think, for all customers, certainly small commercial at a minimum. I would argue largest customers typically have, you know, demand response -- what would you call them, capacity limiting, demand limiting programs underway. So this is certainly designed or considering smaller customers who don't have the wherewithal, you know, to do that kind of thing.
Q. Okay. But again, you haven't proposed any specifics with regard to this peak-time --
A. Rebate.
Q. -- rebate program; is that fair?
A. That's fair.
Q. Okay. And let's turn to page 46 of your

testimony. Beginning on page 46, you describe recommended modifications of the settlement. I think you went through about seven or eight of those with Mr. Alexander. Do you recall that?

A. I do.

Q. So if an item is not listed in your list of modifications, then is it fair to say you are supporting how it is defined and listed in the Settlement?

A. I think failing to oppose would probably be a better way to describe it because I have not evaluated all of them, so rather than support, I would say failed to oppose.

MS. BOJKO: Fair enough. Okay. Thank you.

No further questions, your Honor.

ALJ ADDISON: Thank you very much.

Kroger.

MS. WHITFIELD: No questions, your Honor.

ALJ ADDISON: OEG.

MS. COHN: None, your Honor.

ALJ ADDISION: RESA.

MR. PRITCHARD: Yes, your Honor.

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CROSS-EXAMINATION

By Mr. Pritchard:

Q. Good morning, Mr. Alvarez. My name is Matt Pritchard on behalf of the Retail Energy Supply Association. The line of questioning and answers you just went through with Ms. Bojko, your answer was framed from the context that the utility would have additional capacity that it could go and sell in the market to help fund your rebate program. Do you remember that line of questioning and answers?

A. I do.

Q. Are you aware that FirstEnergy's service territory includes retail competition?

A. Yes.

Q. And so if a customer is shopping, FirstEnergy would not be in the business of securing any generation for those shopping customers, correct?

A. That's correct.

Q. And are you aware that for default service customers served under the SSO, that there is a competitive auction process to secure generation service for SSO customers?

A. Yes.

Q. And so when you said that FirstEnergy had secured capacity it could sell, what capacity has it secured?

A. So in that auction process, the Company is securing capacity, correct?

Q. My question for you is do you know -- so let me strike that.

So we both agree that you are aware that there is an SSO auction to supply generation service to default SSO customers, correct?

A. Correct.

Q. Are you aware that in the auction there are competitive market entities that win the auction and if they win an auction, they are responsible for serving the portion of the load that they win in the auction?

A. Yes.

Q. And are you aware of -- that the supply obligation on the auction winners is for a tranche or a full requirement slice of the system?

A. Yes.

Q. And so it is the SSO auction winners that have the energy and capacity supply obligation, correct?

A. Correct.

Q. And are you aware that FirstEnergy, the distribution utility, does not win load in the auctions?

A. I am aware.

Q. Okay. So setting forth that framework, what is your understanding of the capacity resources that FirstEnergy has secured that it could sell?

A. Yeah. As I explained to OPAE?

MS. BOJKO: OMAEG.

A. OMA, obviously there is no specific proposal here for this particular program. It's an observation that such programs exist in other states and that it's an opportunity to improve, you know, the benefits delivered by AMI. The specifics still clearly need to be worked out, and I don't propose those specifics in this testimony.

Q. And those other states you reference, does the incumbent utility have the role of securing generation service for some or all of its customers?

A. Yes.

Q. And so in those other states, the utility had procured either on a short- or long-term basis capacity.

A. That's correct. That was my presumption.

Q. Okay.

A. That may have been an error in presumption for Ohio.

Q. And if we don't have that sort of foundation in Ohio where FirstEnergy could sell capacity to fund the credits, you walked through with counsel for OMAEG about how the other money would have to be funded, correct?

A. Correct.

Q. And so in a situation where there is no capacity to sell from FirstEnergy, it would have to charge its customers to fund these rebates, correct?

A. You know, there might be other opportunities. You know, I know there is an obligation, right? You mentioned the obligation, the overall obligation, right? The capacity has to be made available.

As just one example, once the program is underway and capacity reductions are experienced, right, the amount that has to be procured goes down and that certainly serves -- benefits everyone when that happens, right? So there are other potential sources of value to use to pay rebates.

Q. If the -- in your answer there when the capacity goes down, are you referring to the if the total demand --

A. Sorry, demand, sorry.

Q. If the total demand in the PJM market is

lower, you are talking about wholesale capacity energy markets could be lower and benefiting everyone.
A. Yes.
Q. That doesn't provide an actual cash flow to FirstEnergy, the utility, to fund your rebates, correct?
A. Right. But nonetheless the total amount purchased would go down.
Q. Again, I am trying to focus on how is FirstEnergy going to get money to give to customers.
A. Right.
Q. Lower wholesale energy market cost does not produce any positive cash flow to the distribution utility, correct?
A. Correct.
Q. And so if FirstEnergy, the distribution utility, doesn't have capacity resources to sell, even if wholesale energy markets are assumed to go down and do go down, there is still no cash flow at FirstEnergy, and so the only way for them to get the cash flow is to charge customers and collect through a rider whatever -- whatever rebate they are going to provide to customers.
A. I see your point.

Q. Is that last part about them having to charge customers to fund the rebates then correct?

A. I think it's potentially correct.

Q. How else would FirstEnergy obtain the revenue to provide the rebates to customers?

MR. MICHAEL: Your Honor, I am going to object at this point. Mr. Alvarez testified that this was an observation about how the Commission could improve the Grid Mod II Settlement. He said he wasn't making any specific proposals. It's apparent that he is not, and I think these questions are getting onerous and overly burdensome. He already said he is not making any specific proposals.

ALJ ADDISON: I disagree. Overruled. You can answer the question.

A. Can you repeat the question?

MR. PRITCHARD: Can I have the question read back?

ALJ ADDISON: You may.

(Record read.)

A. I agree there is no cash flow that FirstEnergy could use to pay those rebates. There are sources of value that could be tapped, but to answer your question, I agree with you. There is no immediate cash flow used to pay those rebates.

Q. And so is it your experience that utilities provide -- are going to provide a positive rebate to a specific customer and not have an ability to collect the rebate they just paid? Is that -- let me strike that.

A. No.

Q. Let me strike that. Is your recommendation here that FirstEnergy should provide the rebate regardless of whether it can collect the -- from customers the amount of the rebate it is providing?

A. No, that's not my recommendation.

Q. And so if FirstEnergy is limited from a cash flow basis, if it can only collect the money through a rider, is your recommendation in this proposal that it should move forward with FirstEnergy collecting whatever the total aggregate rebate value, that cost should be collected through one of FirstEnergy's riders?

A. I mean, there are ways to address this problem, right? As I mentioned, the total capacity obligation in the market will go down. That will save customers. There's a source of value there. How we or the Commission or the Company comes up with a way to establish a regulatory asset for that or, you know, how to get that process started initially until it becomes self-funding through the reduction in capacity that maybe the entire market saves, I haven't thought through all those specifics for Ohio given the understanding you have helped me with as to how that happens in Ohio.

Q. When the market has a lower price -- as you walked through with Mr. Alexander earlier, there is a PJM capacity auction, prices go up, prices have gone down, correct?

A. Correct.

Q. If the market price goes up, what value stream -- I am just trying to figure out what --

A. Supply and demand.

ALJ ADDISON: Mr. Alvarez, allow Mr. Pritchard to finish his question.

THE WITNESS: Thank you, your Honor.

Q. (By Mr. Pritchard) Let me start over. So your proposal, if there is no way to create a cash flow from the market to FirstEnergy, is your recommendation then that FirstEnergy should be able to collect the costs through a rider of the rebates?

A. That would be one way to do it.

Q. And if -- your recommendation is that this program should be available to all customers, correct?

A. Yes. That's how I observed it in other markets, yes.

Q. And in situations where the utility provides a service to both SSO and nonshopping -- or SSO and shopping customers, traditionally the recovery mechanism is a nonbypassable charge, correct?

A. Correct.

Q. And so you would envision that FirstEnergy would be providing this rebate and implementing either a new nonbypassable charge or increased costs in an existing nonbypassable charge, correct?

A. Correct.

Q. And your recommendation as we got through earlier about FirstEnergy could sell its capacity into the market, you are not recommending here today that FirstEnergy should get back into generation procurement, correct?

A. I am not.

Q. Switching to a slightly different topic --

ALJ ADDISON: Before we switch, Mr. Pritchard, could we go off the record just for a second?

MR. PRITCHARD: Sure.

(Discussion off the record.)

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

Thank you, Mr. Pritchard.

Q. (By Mr. Pritchard) In your conclusion you have several recommendations and your fifth recommendation you walked through with Mr. Alexander earlier and it addressed whether FirstEnergy should after it has -- there is several qualified offers withdraw its SSO TOU program. Do you recall that discussion?

A. I recall a discussion. I don't recall it in quite those terms but, yes.

Q. And as you walked through with Mr. Alexander, you are aware that there was a Supplemental Stipulation in Grid Mod I and an original Stipulation in Grid Mod I, correct?

A. Correct.

Q. Do you have Company Exhibit 5 still in front of you, the Supplemental Stipulation?

A. I do.

Q. And if you turn to page 2, the first paragraph here addresses the rate design for tax

credits, correct?
A. Yes.
Q. And so that -- when we are referring to the Stipulation in the Grid Mod I proceeding, it's your understanding that the Stipulation combined with the Supplemental Stipulation addressed more than just Grid Mod provisions, correct?
A. Yes.
Q. And as you walked through with Mr. Alexander, the language that's in this Stipulation about FirstEnergy following through to make a filing with the Commission to withdrawal its SSO TOU offering, if there is the qualifying offers, your understanding is that language comes from the original Grid Mod I Stipulation that was incorporated into the Supplemental Stipulation you cite, correct?
A. Yes.
Q. And so your recommendation here that the Commission remove that proposal from this Stipulation, you understand that that would be modifying FirstEnergy's commitment in the Grid Mod I case?
A. I mean, I had not fully thought through that way, but I would agree with you.
Q. And so you understand that there is a

number of provisions that might benefit certain parties, OCC included, reflected in that comprehensive Stipulation, Supplemental Stipulation, in the Grid Mod I case, correct?

A. Correct.

Q. And so is it your general understanding that when settlements get modified, that people can withdraw from them and that the provisions perhaps otherwise agreed to might disappear?

A. Yes.

Q. And so sitting here today, are you advocating that the Commission undo the Grid Mod I Settlement?

A. Only to the extent of the recommendations here.

Q. And so you -- with this recommendation, you believe you're taking the position that the Commission should, in fact, modify the Grid Mod I Settlement with respect to withdrawing the TOU offering.

A. Although, as Mr. Alexander pointed out, the Commission must still approve the withdrawal of the TOU offerings that you are referring to here, right? I agree that's what this recommendation says, yes.

Q. And so are you aware that OCC indicated it was joining that Settlement in exchange for, for example, the changes in the credit allocation of the tax rider?

A. Yes.

Q. And you are aware that OCC in the Grid Mod I case agreed to the entire package of terms and conditions, correct?

A. That's correct.

Q. Do you think it's unreasonable for OCC to now seek to undo some of the provisions it previously agreed to?

A. Perhaps with respect to this one singular recommendation.

Q. One final line of questioning, earlier -- let me just ask it directly, part of your testimony criticizes FirstEnergy for not reviewing your original testimony and following through with the recommendations you had in your original testimony, correct?

A. It does.

Q. Did you review the original testimony filed by other parties in this case?

A. Some, not all, and not in detail.

Q. Are you aware that RESA Witness Smith testified about market-provided rebate programs?

A. No.

MR. PRITCHARD: No further questions.

ALJ ADDISON: Thank you very much.

IGS.

MS. CATHCART: No, thank you.

ALJ ADDISON: Thank you.

OELC.

MR. WILLISON: None, your Honor. Thank you.

ALJ ADDISON: Thank you.

And before I ask if you have any questions, would you like to make an appearance? I am not sure -- on behalf of Walmart. I am not sure if your co-counsel included you in the last round.

MR. UNGER: Sure. Joseph Unger, it's Spilman, Thomas & Battle, for Walmart, Inc.

ALJ ADDISON: Thank you very much, Mr. Unger. Do you have any questions?

MR. UNGER: No, your Honor.

ALJ ADDISON: Thank you.

Mr. Stinson.

MR. STINSON: None, your Honor. Thank you.

ALJ ADDISON: Thank you.

Anything on behalf of Staff?

MS. BOTSCHNER O'BRIEN: No, thank you.

ALJ ADDISON: Redirect?

MR. MICHAEL: If we could have a moment.

ALJ ADDISON: Absolutely. Let's go off the record.

(Recess taken.)

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

Redirect, Mr. Michael?

MR. MICHAEL: Thank you, your Honor.

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REDIRECT EXAMINATION

By Mr. Michael:

Q. Mr. Alvarez, do you recall your discussion with counsel with FirstEnergy utilities about time-of-use rates and demand response?

A. I do.

Q. Are time-of-use rates an effective demand response tool?

A. I mean marginally. I think the question is how much can they really reduce demand, and I think there are more effective rate designs, as I mentioned those with a critical peak-pricing feature that do more for demand response than a simple time-of-use rate would. They are just not granular. The pricing just isn't granular enough to impact those very hot, you know, summer afternoon time periods, those may be 10 to 12 days a year, but not very effective for that.

Q. Thank you, Mr. Alvarez. Do you recall your discussion with counsel for FirstEnergy regarding advanced regulatory review of proposals by utilities?

A. I do.

Q. And could I ask you to turn to page 43 of your testimony, please?

A. I have it.

Q. And if I could draw your attention to Q and A 47, and particularly the last sentence in that first paragraph in answer 47, this "eminently logical argument." Do you see that?

A. I do.

Q. And do you recall talking with counsel for the FirstEnergy utilities about that?

A. I do.

Q. Could you please explain for the Commission regarding disallowance and the threat of disallowance and what goes into those subject matters?

A. Well, certainly I think -- as I recall, Mr. Alexander's question was something along the lines of did indeed the Commission disallow some of the Companies' costs and that may have been the case. My point in this whole discussion about the challenge of a reduction in cost disallowance risk when plans are reviewed in advance has to take the size of the disallowance into account. So, for example, Mr. Alexander pointed out that this -- this AMI cost may have been removed, and this AMI cost may have been removed. You know, that's not going to change customer cost to capital the customers have to pay for.

And so I am not arguing there is no cost disallowance risk. I'm arguing that it's reduced and particularly with regard to very large disallowances. So, you know, $40,000 disallowance here, $100,000 disallowance there is not going to change customer cost -- Company cost to capital. Customers won't have to pay much increase, but when it comes to a $400 million AMI cost disallowance, the Commission's hands are going to be practically tied. It's going to be very difficult for them to disallow that kind of a cost without significant cost-to-capital increases that customers are going to have to pay.

So that's the basis for my -- for my theory that advance review of regulatory plans reduces cost disallowance risk.

Q. Thank you, Mr. Alvarez. Do you recall also talking to counsel for FirstEnergy about marketing time-of-use rates and the collaborative -- collaborative's involvement in that marketing process?

A. I do.

Q. Okay. And does the fact that there is a collaborative process and that, for example, OCC might participate in that process change your analysis -- or I should say your testimony that -- about the expense of that marketing effort?

A. Yeah, or the effectiveness of it. I mean, just because collaborators are involved doesn't mean that the marketing plan is going to be excellent or creative or -- or effective. It just means that it was collaborative.

And so when it comes to time-of-use rates, admittedly a rate that is difficult to get consumers to adopt, right, I mean, that has -- if you are trying to get customers or consumers to do something that is difficult for them to buy into, that's going to be a marketing challenge and it requires the best marketing minds that are available to get that kind of participation in those kinds of circumstances so.

Q. Thank you, Mr. Alvarez. Do you recall your discussion with counsel for FirstEnergy regarding the depreciation period for smart meters and the associated purported benefits of those smart meters?

A. I do.

Q. Could you please provide the Commission with additional insight as to the relationship between the depreciation period and measuring the benefits?

A. Yeah. I think my primary -- my primary point here, the testimony, is the benefit period and the cost period should be the same. So if you use a 15-year depreciation period for meters, then you should use a 15-year benefit period. If you use a 20-year benefit -- depreciation period for meters, you should use a 20-year benefit period. You should not use a 20-year benefit period and a 15-year depreciation period. That inconsistency does not make sense to me.

MR. MICHAEL: Thank you, Mr. Alvarez.

I have no further questions, your Honor.

ALJ ADDISON: Thank you very much, Mr. Michael.

Mr. Alexander, any questions?

MR. ALEXANDER: Yes, your Honor.

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RECROSS-EXAMINATION

By Mr. Alexander:

Q. On the last point, that 15- versus 20-year depreciation period, do you know the depreciation period which would be applicable to the Itron meters at issue in this case if there were not a Stipulation to use 15-year depreciable life?

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

Q. Certainly. Do you know --

MR. ALEXANDER: Actually may the question be reread?

ALJ ADDISON: It can.

(Record read.)

A. I do not.

Q. And I believe we may have covered this earlier, but do you know the estimated useful life for these meters?

A. I think earlier you asked about the manufacturer's recommendation; is that what you are referring to? I do not know.

MR. ALEXANDER: No further questions, your Honor.

ALJ ADDISON: Thank you.

Ms. Bojko.

MS. BOJKO: No, your Honor. Thank you.

ALJ ADDISION: Kroger.

MS. WHITFIELD: No, your Honor. Thank you.

ALJ ADDISION: OEG.

MS. COHN: No, your Honor.

ALJ ADDISION: RESA.

MR. PRITCHARD: None, your Honor.

ALJ ADDISION: IGS.

MS. CATHCART: No, your Honor.

ALJ ADDISION: Mr. Willison.

MR. WILLISON: None, your Honor. Thank you.

ALJ ADDISION: Mr. Unger.

MR. UNGER: None, your Honor.

ALJ ADDISION: Mr. Stinson.

MR. STINSON: No, your Honor. Thanks.

ALJ ADDISION: Ms. Botschner O'Brien.

MS. BOTSCHNER O'BRIEN: No, your Honor. Thank you.

ALJ ADDISON: All right. The Bench has

no additional questions at this time. You are excused, Mr. Alvarez. Thank you very much.

THE WITNESS: Thank you, your Honor.

ALJ ADDISON: OCC had previously moved for the admission of Exhibits 5 and 6 pending cross-examination. Are there any objections to the admission of those exhibits at this time, recognizing Mr. Michael made the clarification as to the purpose of moving OCC Exhibit No. 5 into the record?

Any objections?

MR. PRITCHARD: No, your Honor.

ALJ ADDISON: Hearing none, those will be admitted.

(EXHIBITS ADMITTED INTO EVIDENCE.)

ALJ ADDISON: Mr. Alexander.

MR. ALEXANDER: Yes, your Honor. The Companies move for admission of Companies Exhibits 5 and 6.

ALJ ADDISON: Are there any objections to the admission of Companies Exhibits 5 and 6?

Hearing none, they will be admitted.

(EXHIBITS ADMITTED INTO EVIDENCE.)

ALJ ADDISON: Let's go ahead and go off the record.

(Discussion off the record.)

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

After a brief discussion regarding the briefing period in this case, the Bench will adopt the suggested time frame noted by the parties for July 31 as the deadline for initial briefs and August 21 for the deadline for reply briefs.

Is there anything else we need to address before we adjourn for today?

All right. Then we are adjourned. Thank you all.

(Thereupon, at 12:22 p.m., the hearing was 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, July 2, 2024, and carefully compared with my original stenographic notes.

____
Karen Sue Gibson, Registered
Merit Reporter.

(KSG-7642)

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Case No(s). 22-0704-EL-UNC, 18-1647-EL-RDR, 19-1903-EL-RDR, 20-1672-EL-RDR

Summary: Transcript July 2nd 2024 Volume 2 In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of Phase Two of Their Distribution Grid Modernization Plan. - - - In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Review of Rider AMI (2019). - - - In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Review of Rider AMI (2020). - - - In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Review of Rider AMI (2021). electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs..