

Capital Reporting Company
Formal Case No. 1119 04-03-2015

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PUBLIC SERVICE COMMISSION OF THE
DISTRICT OF COLUMBIA

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IN THE MATTER OF THE JOINT :
APPLICATION OF EXELON CORPORATION, :
PEPCO HOLDINGS, INC., POTOMAC :
ELECTRIC POWER COMPANY, EXELON : Formal Case
ENERGY DELIVERY COMPANY, LLC AND : 1119
NEW SPECIAL PURPOSE ENTITY, LLC :
FOR AUTHORIZATION AND APPROVAL OF :
PROPOSED MERGER TRANSACTION. : VOLUME V
-----:

Washington, D.C.

Friday, April 3, 2015

The evidentiary hearing in the
above-captioned matter began at 10:07 a.m., at the
Public Service Commission of the District of Columbia,
1333 H Street, Northwest, Washington, D.C., 20005.

BEFORE: BETTY ANN KANE, Chairman

JOANNE DODDY FORT, Commissioner

WILLIE L. PHILLIPS, Commissioner

Reported by: Denise M. Brunet, RPR

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22 (Appearances continued on the next page.)

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| | | | | | |
|----|--|--------|--------|----------|---------|
| 1 | C O N T E N T S | | | | |
| 2 | WITNESS: | DIRECT | CROSS | REDIRECT | RECROSS |
| 3 | CALVIN BUTLER | | | | |
| 4 | BY MR. DeCUSATIS 1293 | | | | |
| 5 | BY MR. DANIELS | | 1229 | | |
| 6 | BY MS. FRANCIS | | 1229 | | |
| 7 | MARK ALDEN | | | | |
| 8 | BY MS. FRANCIS | | 1231 | | |
| 9 | BY MR. COYLE | | 1269 | | |
| 10 | BY MS. WHITE | | 1320 | | |
| 11 | WILLIAM GAUSMAN | | | | |
| 12 | BY MR. DUVER | 1374 | | | |
| 13 | BY MR. EILBOTT | | 1381 | | |
| 14 | BY MR. COYLE | | 1428 | | |
| 15 | | | | | |
| 16 | EXHIBIT NO. | | MARKED | RECEIVED | |
| 17 | Joint Applicants (H) | | | 1231 | |
| 18 | AOBA Cross 34 | | 1232 | 1363 | |
| 19 | AOBA Cross 35 | | 1233 | 1363 | |
| 20 | AOBA Cross 36 | | 1233 | 1363 | |
| 21 | AOBA Cross 37 | | 1233 | 1363 | |
| 22 | (Exhibits continued on the next page.) | | | | |

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| 1 | EXHIBIT NO. | MARKED | RECEIVED |
|----|-------------------------|--------|----------|
| 2 | AOBA Cross 38 | 1234 | 1363 |
| 3 | AOBA Cross 39 | 1234 | 1363 |
| 4 | AOBA Cross 40 | 1234 | 1363 |
| 5 | AOBA Cross 41 | 1235 | 1363 |
| 6 | AOBA Cross 42 | 1239 | 1363 |
| 7 | AOBA Cross 43 | 1267 | 1363 |
| 8 | Joint Applicants' (D), | | |
| 9 | (D1), (3D), (3D)-1 and | | |
| 10 | (4D) | | 1362 |
| 11 | DCG Cross 40, 64, | | |
| 12 | 76 and 77 | | 1366 |
| 13 | OPC Cross 18 | | 1370 |
| 14 | OPC Cross 19 through 30 | 1370 | 1370 |
| 15 | OPC Cross 31 | 1419 | |
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1 P R O C E E D I N G S

2 CHAIRMAN KANE: Good morning. Today is
3 Friday, April 3rd. We are resuming the fifth day
4 of evidentiary hearings in formal case 1119 in the
5 matter of the merger of Exelon Corporation, PEPCO
6 Holdings, Inc., Potomac Electric Power Company,
7 Exelon Energy Delivery Company, LLC and New
8 Special Purpose Energy -- excuse me, New Special
9 Purpose Entity.

10 Are there any preliminary matters before
11 we resume with our witness?

12 MS. FRANCIS: Your Honor, just --

13 CHAIRMAN KANE: Yes, Ms. Francis?

14 MS. FRANCIS: Just briefly, AOBA will
15 have another attorney here later this afternoon.
16 It will be Nicola Y. Whiteman. Her appearance has
17 been entered. She is senior vice president of
18 AOBA. She'll be here to represent us. Anything
19 that comes up that she isn't able to handle, I'll
20 handle on Monday.

21 CHAIRMAN KANE: I'm sure she will handle
22 it very well. I'm familiar with Ms. Whiteman.

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1 Also, it is my intent to not go as late
2 today as we did yesterday, both because it's
3 becoming the weekend and it is Passover, it is
4 Good Friday -- as a matter of fact, in 12 states
5 in this country Good Friday is a state holiday.
6 So we are going to try to end at a reasonable hour
7 this afternoon.

8 MR. LORENZO: Your Honor, we would like
9 to interrupt the cross-examination of Mr. Alden
10 and put on Calvin Butler. We informed the
11 Commission secretary last night after the
12 Commission -- we had broken, and all the parties,
13 of that. It was on the schedule that he's here
14 from Baltimore, and the parties have waived cross
15 on him, and we thought it would be useful to put
16 him up if the Commissioners have any cross for him
17 or any discussions they want to have with
18 Mr. Butler.

19 CHAIRMAN KANE: One moment.

20 This is -- we're just getting that
21 message now to the Commissioners. Give me one
22 minute. We're just double-checking. And then we

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1 will resume with Mr. Alden?

2 MR. LORENZO: Yes, Your Honor.

3 CHAIRMAN KANE: Is that your plan?

4 MR. LORENZO: And then, after Mr. Alden,
5 Mr. McGowan.

6 CHAIRMAN KANE: Mr. McGowan.

7 MR. LORENZO: All the parties have waived
8 cross on Julie Solomon also, and we ask the
9 Commission if they have any cross or any
10 discussions they want to have with Ms. Solomon --
11 and if you could tell us, or inform the joint
12 applicants, we'll bring her in at your
13 convenience.

14 CHAIRMAN KANE: Commissioner Phillips?

15 COMMISSIONER PHILLIPS: No.

16 CHAIRMAN KANE: Give us a moment to make
17 sure that -- whether we have any questions for
18 Mr. Butler. But you can put him on and get him
19 sworn in.

20 WHEREUPON,

21 CALVIN BUTLER,

22 called as a witness, and after having been first

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1 sworn by the secretary, was examined and testified
2 as follows:

3 CHAIRMAN KANE: We will have questions
4 for Mr. Butler.

5 COMMISSIONER PHILLIPS: Good morning,
6 Mr. Butler.

7 THE WITNESS: Good morning.

8 COMMISSIONER PHILLIPS: Just really
9 quickly, I would just like to talk to you a little
10 bit about --

11 CHAIRMAN KANE: One moment.

12 Mr. Lorenzo?

13 MR. LORENZO: Has the witness been sworn?

14 CHAIRMAN KANE: Yes, the witness has been
15 sworn.

16 MR. LORENZO: I'm sorry.

17 CHAIRMAN KANE: And have you done --
18 let's have an attorney do the introduction.

19 DIRECT EXAMINATION

20 BY MR. DeCUSATIS:

21 Q Mr. Butler, would you please state your
22 full name for the record.

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1 A Yes. Calvin Gerald Butler, Junior.

2 Q And could you tell us by whom you're
3 employed and your current position.

4 A I'm currently the chief executive officer
5 for Baltimore Gas & Electric, BGE, and Exelon
6 Company.

7 Q Thank you.

8 MR. DeCUSATIS: Mr. Butler has one piece
9 of testimony. It is his direct testimony. It has
10 been premarked as Joint Applicants' Exhibit (H),
11 fully conformed as of March 25, 2015. And we will
12 be moving for its admission upon the conclusion of
13 Mr. Butler's questioning.

14 He's available for questions.

15 CHAIRMAN KANE: And no parties have
16 questions for Mr. Butler; is that correct?

17 Okay. Commissioner Phillips.

18 COMMISSIONER PHILLIPS: We've had a lot
19 of testimony about pre and post-merger for PEPCO,
20 and there's been lots of concern in our community
21 about what will happen to our utility if there is
22 a merger that is approved. And I have a general

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1 question to you, just to begin. Can you talk a
2 little bit about your experience pre-merger and
3 post-merger? And there was testimony about
4 improvements that were made, especially regarding
5 process. And I would like to hear from you what
6 those improvements were and your experiences about
7 those improvements.

8 THE WITNESS: Yes, sir. First, thank you
9 to the Commission for giving me the opportunity.
10 I think your question goes to directly what I can
11 provide to the Commission on that.

12 Prior to the merger with Exelon and
13 Constellation -- to put it in context, I was
14 senior vice president of corporate affairs for
15 Exelon. My job was to essentially move to
16 Maryland and introduce Exelon to the community as
17 we got ready for the approval of the merger. I
18 was there four or five days a week, minimal, and
19 what I found is we -- what I did is I took the
20 time to go out and introduce and have discussions
21 with all involved and who any had concerns, to
22 your question, Commissioner, in terms of what it

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1 would be like when it was done.

2 And what I found is that we made, in that
3 merger, as we are in this one, quite a number of
4 commitments. And there was a lot of concern
5 expressed as to whether those commitments would be
6 met. And on my assurance, a lot of people stepped
7 up and they said, we will support, but with bated
8 breath. Right?

9 And I'm pleased to report that Exelon, at
10 the conclusion of the merger, not only did we meet
11 those commitments, we were steadfast in
12 communicating on a regular basis that -- what we
13 were doing and how we were doing. And I can talk
14 about, after the merger was done, I continued in
15 my role and I was responsible for ensuring that
16 those commitments -- a system was put in place to
17 ensure that they were all made. And then I'll get
18 back to the latter piece.

19 So out of the jurisdictions that we were
20 responsible and made commitments to, we
21 implemented a system -- a couple of things. One,
22 we named a responsible manager for each commitment

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1 that was made. Two, we named a responsible
2 business owner, legal counsel and executive
3 sponsor across Exelon for each of those
4 commitments made.

5 We had regular meetings across the
6 organization. We required a business plan to be
7 made for each commitment made. If someone came
8 back to us and said, this commitment does not
9 require a business plan, we had all parties sign
10 off that that was not going to be done. We
11 developed a Sharepoint site for the organization
12 to track and monitor. So at any point in time
13 anyone within the organization could get on line
14 and see exactly what was being done and where we
15 were in the process. And before a commitment was
16 closed, we had all parties sign off that it was
17 done.

18 Now, as we move through the transition --
19 that was step 1. As we moved through the
20 transition and the commitments became less, we
21 removed -- I stepped out of the process and we
22 turned the process over to our compliance officer

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1 within Exelon and the respective business units.

2 So, before, it was being managed at the
3 Exelon level. Now in the process, because it's
4 less commitments, it's being managed within the
5 businesses units with the oversight of our chief
6 compliance officer. And still to this day that
7 Sharepoint site exists, and before anything can be
8 closed, all parties have to sign off and our chief
9 compliance officer have to sign off. And the
10 meetings are less, but the structure and the
11 process is still there.

12 I then, a year later, became senior vice
13 president of BGE. And why that is relevant is
14 that -- to your point of the question as to the
15 changes that are being made and the best
16 practices. When I became senior vice president, I
17 brought something to the organization at BGE as an
18 Exelon utility, because now it's in the second
19 year post-merger, and I brought an understanding
20 of the Exelon model, the management model, in
21 helping to implement and helping to put in place.

22 And a year later I've been serving as CEO

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1 for one year and one month now. And what we've
2 seen is a steady progression, an improvement of
3 BGE's reliability, safety and customer
4 satisfaction.

5 And those were all, I believe, directly
6 connected to not only the commitments made, but
7 the focus in serving our customers. And, you
8 know, I'm very comfortable with saying, I can tell
9 you all the things that we have done within BGE,
10 but what's impressive to me is what our customers,
11 our stakeholders, say. And on record, they have
12 sat back and said they've seen a difference.

13 And the numbers don't lie. And we see a
14 difference in reliability, and I think they've
15 also seen a difference in our commitment to the
16 community, our commitment to meeting our customers
17 and putting our customers first. And BGE was a
18 good company, but we're well on the way to making
19 it a great company, and that's our goal.

20 COMMISSIONER PHILLIPS: Thank you for
21 that. To follow up, I know you were involved in
22 your prior position with government affairs,

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1 government relations.

2 THE WITNESS: Yes, sir.

3 COMMISSIONER PHILLIPS: And so you're
4 very familiar with that, right?

5 THE WITNESS: Yes.

6 COMMISSIONER PHILLIPS: Post-merger at
7 BG&E, have you experienced any, let's say,
8 heavy-handedness from the -- from Exelon in regard
9 to BG&E's interaction with local officials?

10 THE WITNESS: Not heavy-handedness, no,
11 sir. What I can say is that we have discussions,
12 but at the end of the day, as the CEO, and my
13 team, we're very clear -- my number one priority
14 is to provide reliability service and meeting
15 customer satisfaction and meeting, more
16 importantly, the expectations of my -- my customer
17 base.

18 Now, where it comes down to policies or
19 positions that we may differentiate from a utility
20 to an Exelon holding -- I do have -- they defer to
21 me as to what is the best things to operate my
22 plan.

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1 Now, I would -- I'm not going to tell you
2 that I don't have those discussions because -- and
3 they're very robust, but at the end of the day, I
4 have the ability and the authority to run my
5 business. And that is my -- because that's how
6 I'm being measured, and that's -- the measurements
7 are very clear. And if I have to take a position,
8 they understand that position and I articulate it
9 and make the case. And I have not received that
10 heavy-handedness.

11 COMMISSIONER PHILLIPS: Can you talk to
12 us a little bit about, when it comes to
13 budgeting --

14 THE WITNESS: Yes.

15 COMMISSIONER PHILLIPS: -- for your
16 company, what's the process that you go through
17 now, post-merger?

18 THE WITNESS: We were talking about this
19 yesterday internally. My finance team has a work
20 plan, and Exelon has a budgeting cycle process
21 that we put in place. The objectives are very
22 clear. It's around meeting the reliability --

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1 COMMISSIONER FORT: I'm sorry. I was
2 trying not to interrupt, but you keep using "we"
3 and sometimes your "we" is Exelon and sometimes
4 your "we" is BG&E -- BGE, and it's really hard for
5 me to follow. So can you do Exelon and BGE and
6 not "we"?

7 THE WITNESS: Yes, Commissioner Fort. No
8 problem.

9 COMMISSIONER PHILLIPS: Thank you,
10 Commissioner Fort.

11 THE WITNESS: We, BGE -- it's very
12 simple. We, BGE, have a process in place from a
13 budgeting standpoint. The number one objective
14 for BGE is to meet the reliability standards and
15 improve customer satisfaction.

16 So our budget process at BGE starts at
17 the beginning of the year, and we begin the
18 process of rolling things up to get -- to hit the
19 metrics that are expected of us. And at that
20 point, we then share them with -- we being BGE --
21 with the Exelon Utilities' organization, ComEd and
22 PECO. We share not for seeking approval from

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1 them, but input from our colleagues as to our --
2 at BGE, have we missed any critical points that
3 you're focused or we're not focused on. And then
4 we come together as CEOs and chief operating
5 officers to have that discussion.

6 So that is the roll-up and the process.
7 And then at that point, Denis O'Brien, president
8 and CEO of Exelon Utilities, gives his input as to
9 where we are from an Exelon Utilities perspective
10 on total capital spend, total O&M spend, and we
11 have that discussion. And then it's submitted.

12 COMMISSIONER PHILLIPS: I'm going to ask
13 one more question and then I'm going to allow my
14 colleagues to ask. You mentioned Mr. O'Brien.

15 THE WITNESS: Yes.

16 COMMISSIONER PHILLIPS: What is your
17 interaction with Mr. O'Brien in EU?

18 THE WITNESS: BGE, as a member of the
19 Exelon Utility family, me as the CEO, I sit on the
20 Exelon Utilities leadership team. We have regular
21 meetings as a leadership team that also consist of
22 the chief operating officers, the chief finance

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1 officers, HR leadership and supply chain
2 leadership.

3 So the interaction is Denis is my direct
4 manager. That's one.

5 Two, is -- the interaction is from a
6 standpoint of providing guidance and oversight of
7 EU overall. But that is truly the relationship
8 that we have.

9 COMMISSIONER PHILLIPS: That's all I have
10 for now.

11 CHAIRMAN KANE: Commissioner Fort, do you
12 have any follow-up questions?

13 COMMISSIONER FORT: Oh, yes.

14 CHAIRMAN KANE: Thank you.

15 COMMISSIONER FORT: Thank you. I'm
16 trying to follow your description. You know,
17 initially when you were describing what --
18 post-merger, pre and post-merger, you were
19 speaking from the position of somebody who worked
20 for Exelon; is that correct?

21 THE WITNESS: Yes, Commissioner.

22 COMMISSIONER FORT: And when you worked

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1 for Exelon, where in Exelon did you work?

2 THE WITNESS: I was senior vice president
3 of corporate affairs at Exelon in Chicago.

4 COMMISSIONER FORT: So that's for Exelon
5 Corporation as opposed to for the Exelon Business
6 Services Company?

7 THE WITNESS: I was Exelon Corporation,
8 but as a senior vice president of a corporate
9 function, I was within the business services
10 group, yes, ma'am.

11 COMMISSIONER FORT: And were you also on
12 Exelon Utilities?

13 THE WITNESS: No, I was not.

14 COMMISSIONER FORT: Do you know how the
15 cost for the business services group is allocated
16 to the utilities?

17 THE WITNESS: I do know the process.
18 I -- Commissioner, I do not know the percentages
19 of allocation right off the top, but the process
20 is Exelon Business Services does share an
21 allocation across its business units, and the
22 utilities EU is in that processes. I do not know

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1 the right percentage -- the percentage off the
2 top.

3 COMMISSIONER FORT: As the chief
4 operating officer of BGE, do you know what
5 percentage you are allocated in cost from the
6 business services company?

7 THE WITNESS: Not the total, not right
8 off the top of my head, because each organization,
9 whether it's IT, legal, or human resources, has a
10 different -- the allocation comes down, and I just
11 don't know right off the top of my head what that
12 percentage is. I can get that information for
13 you.

14 COMMISSIONER FORT: Do you have a
15 ballpark estimate of what your percentage is of
16 those costs?

17 THE WITNESS: Your Honor, I don't. Not
18 off the top.

19 COMMISSIONER FORT: Do you know during
20 the pre and post-merger whether or not the -- do
21 you know post-merger whether or not the cost of
22 implementing your management model and your best

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1 practices was a cost that was allocated down to
2 BG&E, and I assume then allocated down to
3 ratepayers after that?

4 THE WITNESS: Let me make sure -- if I
5 can, repeat and make sure I understand the
6 question.

7 COMMISSIONER FORT: Okay.

8 THE WITNESS: The process of implementing
9 the management model, was there a cost allocation
10 associated with that that came down to the utility
11 BGE specifically?

12 COMMISSIONER FORT: That's my question.

13 THE WITNESS: Okay. The cost of having
14 an EU organization is a cost that the utility
15 shares. But the process of having the management
16 model is not a cost of itself. The management
17 model is a tool in -- which we use to go about
18 assigning responsibility, accountability and
19 developing processes.

20 There may be a person within the EU
21 structure that is helping guide and direct and
22 provide collaboration across us that -- that cost

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1 would be shared across the utilities. But the
2 management model itself is not a cost that is
3 shared within it.

4 COMMISSIONER FORT: I would assume,
5 though, if you took in -- if Exelon and Exelon
6 Utilities takes in a new entity, PHI in this case,
7 particularly PHI with three utilities underneath
8 them, each one of which would be required to
9 implement the management model and the best
10 practices, that that would be a cost that would be
11 higher than the cost that is normally allocated
12 among the companies. Is that your assumption?

13 THE WITNESS: It is not, Commissioner,
14 because I believe, one, that you share the same
15 resources across a broader base, which would help
16 drive the costs down. And the sharing of best
17 practices -- for example, me, as the CEO or my
18 chief operating officer, would work very close
19 with the PHI leadership team to put those best
20 practices in place. So you're using the same
21 resources and spreading them across a broader
22 base. The costs would actually, I hope, would go

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1 down. That is our hope.

2 COMMISSIONER FORT: And the "our" in that
3 sentence is who?

4 THE WITNESS: I'm sorry. "Our" is the
5 EU, Exelon Utilities, and the business utilities
6 itself. Because we are the -- the Exelon
7 Utilities and the utilities are responsible for
8 implementing the management model and the best
9 practices within the utility group. So I am
10 speaking as a BGE chief executive officer and as
11 an EU person.

12 COMMISSIONER FORT: And you say you're an
13 EU person because the chief executive officers are
14 all EU people?

15 THE WITNESS: Because my manager is
16 president and CEO of EU, Exelon Utilities. And
17 within that -- we are the utility family that make
18 up the Exelon Utilities.

19 COMMISSIONER FORT: You mentioned in your
20 discussion with Commissioner Phillips about the
21 budgeting process --

22 THE WITNESS: Yes.

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1 COMMISSIONER FORT: -- that you were
2 developing your budgets to meet metrics that had
3 been provided. Those were metrics that were
4 provided by whom?

5 THE WITNESS: We develop our budgets to
6 meet the reliability metrics that are expected of
7 us by the Maryland Public Service Commission. So
8 when I say "we," that's the BGE management team.

9 We have standards. And first off, the
10 standards for all Exelon Utilities, stepping back,
11 is to be in the first quartile; in our reliability
12 metrics, first decile; in our safety metrics,
13 customer satisfaction, to be in the top quartile.

14 So understanding where we are as an
15 Exelon utility family, and then understanding the
16 expectations of our stakeholders, specifically in
17 my case, the Maryland Public Service Commission,
18 we develop our operational plan to achieve those
19 objectives, and that is where we determine how
20 much to invest, where to invest and also with the
21 got of increasing our customer satisfaction.

22 COMMISSIONER FORT: Was BGE meeting --

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1 I'm sorry. Does Maryland have the equivalent of
2 EQSS standards?

3 THE WITNESS: I'm not -- I'm not familiar
4 personally with the standards developed by the --
5 this Commission. Maryland itself does not have a
6 specific CAIDI or SAIFI goal for us. However, for
7 us as an internal organization, we have set as a
8 bar for us to be in the top quartile in those
9 operational metrics. And that is what we do
10 report to the Maryland commission where we are in
11 achieving our own goals, so they understand --
12 they are aware of our goals that we have put forth
13 for us, and our goal is to always show improvement
14 annually as to where we were.

15 COMMISSIONER FORT: Did I understand you
16 to say that Maryland, the Maryland PSC, has not
17 set SAIDI and SAIFI requirements?

18 THE WITNESS: They have not laid out
19 specific SAIFI and CAIDI requirements that the
20 utilities must meet, no, ma'am. Not that I'm
21 aware of.

22 COMMISSIONER FORT: Hypothetically, if a

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1 jurisdiction has SAIDI and SAIFI requirements and
2 those requirements are more stringent than what
3 would put a company in the top quartile, what
4 would happen?

5 THE WITNESS: If that is a requirement of
6 the jurisdictional body that -- we would make the
7 necessary requirements and investments and
8 improvements to meet those. Our goal is always to
9 meet the goals of our stakeholders. And what we
10 understand from a Maryland Public Service
11 Commission -- that is why we report out on an
12 annual basis where we are and how we're achieving
13 to our own internal targets.

14 COMMISSIONER FORT: Is BG&E the default
15 service provider for its customers?

16 THE WITNESS: Yes, Your Honor.

17 COMMISSIONER FORT: When you were
18 acquired by -- when you were acquired by Exelon,
19 was it necessary to put in place any different
20 regulations to build a wall to make certain that
21 there was no conflict between BG&E, as the default
22 service provider, and Exelon Generation as a

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1 supplier of energy?

2 THE WITNESS: Commissioner Fort, the
3 Maryland Public Service Commission felt there was,
4 and I think that's referring to the ring-fencing
5 that's been established.

6 We were very clear as to how we would
7 operate. The Commission felt necessary to make
8 sure we put it in statutory language. And whether
9 it was necessary or not, I defer to the Commission
10 as they felt it was, and we did.

11 COMMISSIONER FORT: I asked Mr. O'Brien
12 yesterday who was on the executive team, and your
13 name was one of the ones that he mentioned.

14 THE WITNESS: Yes, Your Honor.

15 COMMISSIONER FORT: And he said that the
16 executive team meets periodically.

17 THE WITNESS: Yes, ma'am.

18 COMMISSIONER FORT: And that all of the
19 members of the executive team meet. I believe he
20 had generation -- folks from Exelon Generation in
21 that discussion.

22 THE WITNESS: Yes, ma'am.

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1 COMMISSIONER FORT: What happens when
2 there's a discussion about the sale of energy in
3 the executive meeting?

4 THE WITNESS: Our general counsel is very
5 clear that a discussion like that does not take
6 place in the executive committee, and that is
7 because we have all of the top leadership from the
8 company sitting around the room, and that does not
9 occur.

10 COMMISSIONER FORT: And then so what
11 happens? The heads of the companies are excused?

12 THE WITNESS: No. That is probably taken
13 off in an off-line meeting with the appropriate
14 parties. But we are very clear as -- from our
15 general counsel and deputy general counsel as to
16 what conversations are allowed to take place in
17 those executive committee meetings. And those are
18 more the strategic discussions and road maps for
19 the company and getting input and so forth on
20 where we're going. But we do not get into those
21 type of discussion.

22 COMMISSIONER FORT: Do you know whether

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1 or not Exelon made a commitment to keep the BG&E
2 president or CEO who was CEO before the merger?

3 THE WITNESS: What I do know is that the
4 current -- the former CEO prior to me was
5 interested in retiring, and we asked -- Exelon
6 asked that individual to continue to see to the
7 conclusion of the merger and through the
8 transition.

9 At that point, he chose to retire on
10 March 1st of 2013 -- 2014, and that's when I
11 became CEO.

12 COMMISSIONER FORT: Had you previously
13 worked with BG&E at any time?

14 THE WITNESS: The year prior I became
15 senior vice president of regulatory and external
16 affairs for BGE for that year.

17 COMMISSIONER FORT: That was post-merger,
18 right?

19 THE WITNESS: Yes.

20 COMMISSIONER FORT: Pre-merger?

21 THE WITNESS: Pre-merger, I had not.

22 COMMISSIONER FORT: Thank you.

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1 CHAIRMAN KANE: Thank you. Couple of
2 clarifications to refresh my memory. BG&E was
3 acquired by Exelon in 2012; is that correct?

4 THE WITNESS: That's when -- yes,
5 Chairman Kane.

6 CHAIRMAN KANE: And prior to that, BGE's
7 status was what?

8 THE WITNESS: A subsidiary of
9 Constellation Energy.

10 CHAIRMAN KANE: Of Constellation Energy.
11 And it had been a subsidiary of Constellation
12 Energy for?

13 THE WITNESS: A period of time. I'm not
14 exactly clear on the exact date, but for a while.

15 CHAIRMAN KANE: And so, as a subsidiary
16 of Constellation Energy, there was certain --
17 would you know whether there was certain overhead
18 or shared costs that BGE was paying to
19 Constellation for HR, management, corporate,
20 et cetera? Do you know?

21 THE WITNESS: I do not.

22 CHAIRMAN KANE: You do not know.

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1 THE WITNESS: No, ma'am.

2 CHAIRMAN KANE: So would you be able --
3 then after BGE became part of Exelon, a larger
4 organization than Constellation -- and
5 Constellation became part of Exelon, correct?

6 THE WITNESS: Yes, Chairman.

7 CHAIRMAN KANE: Would you be able to tell
8 me whether the overhead costs that BGE, the
9 utility, the operating utility --

10 THE WITNESS: Yes.

11 CHAIRMAN KANE: -- was paying to its
12 parent up the line were higher or lower than they
13 were when they were paying overhead -- a share of
14 what are called allocated costs, shared costs,
15 service company costs, which are different
16 names -- function is given in different corporate
17 organizations -- would you give us a comparison of
18 what the overhead costs were pre and post-merger?

19 THE WITNESS: Not having -- Chairman, not
20 having a clear understanding of what BGE was
21 actually paying to Constellation, I can't. But
22 what I can tell you is that we are -- as the CEO,

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1 we are very -- I am very cognizant of the costs
2 that we pay to our business services corporation.
3 We ensure -- we work to ensure that they are
4 cost-competitive in nature from our legal, our IT,
5 our HR. Because I know for a fact, when I go
6 before the Maryland Public Service Commission,
7 those costs are looked at on a regular basis, and
8 they are competitive to the market rates that are
9 out there. And oftentimes -- and we strive to
10 have them better.

11 So I do know it's a focus on them. Now,
12 what I can't provide today is the specifics or the
13 comparison, but I do know we pay attention to what
14 we are paying for those in terms of are we getting
15 the best rates.

16 CHAIRMAN KANE: So when you were with
17 Exelon when the merger was being proposed, you
18 said you came and spent a whole year kind of
19 working in the community on it. So am I to
20 conclude -- well, should I conclude that the fact
21 that you don't know is because it was long time, a
22 couple of years ago and you don't remember? Or

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1 should I conclude that Exelon didn't look at the
2 costs that BGE was incurring as part of its due
3 diligence before making a decision or going
4 through with the merger?

5 THE WITNESS: Chairman, let me clarify.
6 BGE did not receive any costs associated with my
7 effort --

8 CHAIRMAN KANE: No, no. I'm talking
9 about the costs -- BGE's budget -- BGE, Maryland
10 operating utility --

11 THE WITNESS: Yes.

12 CHAIRMAN KANE: -- pre-merger, when it
13 was part of Constellation -- it was a subsidiary
14 of Constellation --

15 THE WITNESS: Correct.

16 CHAIRMAN KANE: One would presume that
17 they were paying for some overhead costs, shared
18 costs, service costs.

19 THE WITNESS: Not of the Exelon
20 Corporation --

21 CHAIRMAN KANE: No, no, no.

22 THE WITNESS: -- no, but to

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1 Constellation.

2 CHAIRMAN KANE: To Constellation, yes.

3 Excuse me. I'm talking about to Constellation.

4 THE WITNESS: I would assume as such,
5 yes.

6 CHAIRMAN KANE: And now they are paying a
7 share of overhead costs to Exelon. And my
8 question was to the comparison. What -- did they
9 save money, the operating company and, therefore,
10 the Maryland ratepayers? Did the costs increase?
11 That's the question I have.

12 I am assuming -- I would presume, unless
13 I am wrong, that looking at -- as you're the
14 person in charge of the BGE budget, that during
15 that year when you were doing the transition, that
16 might have been something --

17 THE WITNESS: You're saying -- and I'm
18 just trying to understand the time frame for you.
19 So when you say the year of the transition, the
20 year of 2013 -- 2012 to 2013, after the merger was
21 completed, what was happening in those times? Is
22 that what you're referring to?

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1 CHAIRMAN KANE: I'm talking about, what
2 was BGE paying for overhead costs in 2011 to 2012,
3 pre-merger, and then what happened to that
4 category of costs in 2012 to 2013 when, as I
5 presume, they had their CEO in place and you were
6 in place working on a transition, and then 2013 to
7 2014, and 2014, what has happened to those --
8 what's been the trend of those costs?

9 And if you don't have it off the top of
10 your head, if you could provide that to us.

11 THE WITNESS: I don't. So let me be just
12 very clear of the timeline. I did not join BGE
13 until 2013.

14 CHAIRMAN KANE: Right.

15 THE WITNESS: So during that transition,
16 I would defer this to Mr. Khouzami, who I think
17 can be able to have those --

18 CHAIRMAN KANE: That's fine. He will be
19 taking note of that --

20 THE WITNESS: Okay.

21 CHAIRMAN KANE: -- and come prepared.
22 That would be very good.

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1 Did BGE -- what happened to BGE board,
2 the existing -- did BGE have it is own board --

3 THE WITNESS: Yes.

4 CHAIRMAN KANE: -- pre-merger?

5 THE WITNESS: Yes.

6 CHAIRMAN KANE: And does BGE have its own
7 board post-merger?

8 THE WITNESS: BGE does have its own
9 board.

10 CHAIRMAN KANE: And did the composition
11 of that board change as a result of the merger?

12 THE WITNESS: It changed -- it became
13 larger.

14 CHAIRMAN KANE: Okay. How many were
15 there before?

16 THE WITNESS: I believe before -- I
17 believe five.

18 CHAIRMAN KANE: And how many is it now?

19 THE WITNESS: Nine.

20 CHAIRMAN KANE: How was the board
21 appointed previously, or selected? You don't
22 know.

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1 THE WITNESS: I don't know previously.

2 CHAIRMAN KANE: And how is it selected
3 now?

4 THE WITNESS: Now the president and CEO
5 of Exelon Corporation, Chris Crane, is the Chair.
6 I serve on the board, along with Mr. O'Brien who
7 serves as vice chair. And we also have local
8 leaders serving on the board.

9 And we have a commitment that the
10 majority of the BGE board is local and the
11 majority is outside, outside directors.

12 CHAIRMAN KANE: So you named three people
13 from Exelon who are on the board --

14 THE WITNESS: Yes.

15 CHAIRMAN KANE: -- yourself, Mr. Crane,
16 as chairman --

17 THE WITNESS: And Mr. O'Brien.

18 CHAIRMAN KANE: -- Mr. O'Brien and
19 yourself.

20 THE WITNESS: Yes.

21 CHAIRMAN KANE: And the other six people
22 are independent?

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1 THE WITNESS: Yes, ma'am.

2 CHAIRMAN KANE: And they're all from
3 Maryland.

4 THE WITNESS: Yes, ma'am.

5 CHAIRMAN KANE: Thank you.

6 Final question. When there's a big storm
7 in the area --

8 THE WITNESS: Yes.

9 CHAIRMAN KANE: -- does BGE ever
10 currently come to the aid of PEPCO?

11 THE WITNESS: We have, yes, we have.

12 CHAIRMAN KANE: You have. And pursuant
13 to what kind of agreement?

14 THE WITNESS: It would be a shared -- a
15 support -- storm support agreement that we have
16 with utilities across the area.

17 CHAIRMAN KANE: So do you have an
18 individual one with PEPCO?

19 THE WITNESS: No, ma'am.

20 CHAIRMAN KANE: Or is it through one of
21 those mutual aid --

22 THE WITNESS: It's mutual assistance. I

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1 apologize. Through the mutual assistance.

2 CHAIRMAN KANE: And PEPCO has on occasion
3 come to your aid?

4 THE WITNESS: I believe so. And you
5 know, what's interesting is that -- if I may
6 elaborate on that, the mutual assistance agreement
7 is shared with utilities, as you probably are
8 aware of, throughout the area.

9 What we have seen -- what I have
10 experienced as CEO of BGE is that, prior to even
11 implementing or executing on a mutual assistance
12 agreement, we, as the utilities, we help out each
13 other as the Exelon family readily. So as an
14 example of that, in January of 2014 through the
15 ice storm at PECO, BGE was on-site assisting our
16 sister utility prior to any mutual assistance
17 arriving. And we were able to go right there and
18 participate and get customers restored sooner
19 because of the Exelon utility family.

20 The standard process, the standard
21 procedures and the practices that we have in place
22 come in very helpful. And that is what we see

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1 that we can bring to assisting PHI or PEPCO here
2 as well. It's a transition that is made that much
3 more efficient and effective by having it within
4 the family.

5 CHAIRMAN KANE: And final question,
6 again, going back to costs, has BGE filed a rate
7 case in Maryland since the merger?

8 THE WITNESS: Yes, ma'am.

9 CHAIRMAN KANE: And were any of the costs
10 that the company asked to be covered in that rate
11 case, which would be recovered through that rate
12 case, related to costs from the merger?

13 THE WITNESS: Not at all.

14 CHAIRMAN KANE: None at all?

15 THE WITNESS: None at all.

16 CHAIRMAN KANE: Thank you.

17 THE WITNESS: Thank you.

18 COMMISSIONER FORT: Just a follow-up on
19 the question on mutual assistance. Has BG&E done
20 any analysis on whether or not the cost of using
21 Exelon company -- other Exelon company employees
22 is less than the cost of mutual assistance?

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1 THE WITNESS: My silence just means I'm
2 thinking it through. I cannot recall a specific
3 study, and it would be done post. I can't say
4 that I've done that, because usually within that
5 mindset, it's all about getting customers back on
6 as soon as possible and as efficient as possible.
7 But to your point, at post (sic), we have not done
8 so.

9 COMMISSIONER FORT: Does that mean that
10 there's no procedure in place among the Exelon
11 utilities to do some reconciliation of cost?

12 THE WITNESS: We do. We do. I'm just
13 not -- I'm not readily aware of what that is. But
14 we can get that to you.

15 But at the end of the day, it's so much
16 focus on getting the customers back on and the
17 sharing of the resources. So as my sister
18 utilities, we are very cognizant of the pressures
19 that we're each under and controlling our cost and
20 managing our costs. But to your point, a direct
21 side by side, I have not done that.

22 COMMISSIONER FORT: Had the BG&E merger

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1 taken place when the derecho hit?

2 THE WITNESS: Gosh. I'm sitting here
3 thinking. I believe so.

4 COMMISSIONER FORT: When did -- let's do
5 it this way: When did the BGE merger officially
6 take place?

7 THE WITNESS: 2012. So it was done --

8 COMMISSIONER FORT: January?

9 THE WITNESS: No. It was done -- 2012.
10 I should remember this day. It was March, April
11 of 2012. Because I think the initial -- the
12 initial date was probably in March, and it slipped
13 back after the settlement to April. So I believe
14 that's when it was consummated.

15 COMMISSIONER FORT: Okay. Then the
16 answer to the derecho question is yes, because --

17 THE WITNESS: Yes. Okay. Thank you.

18 COMMISSIONER FORT: -- that's the summer
19 as well.

20 THE WITNESS: All right.

21 COMMISSIONER FORT: Thank you.

22 CHAIRMAN KANE: Mr. Daniels?

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1 MR. DANIELS: Just one question for

2 Mr. Butler. Just one.

3 CHAIRMAN KANE: All right.

4 CROSS-EXAMINATION

5 BY MR. DANIELS:

6 Q Mr. Butler, have -- have you ever heard
7 of RM43, and if you have, could you please explain
8 what it is?

9 A Yes, sir. RM43 is the reliability
10 metrics -- vegetation management and -- really
11 regarding vegetation management that has been
12 outlined within the Public Service Commission,
13 yes, sir.

14 CHAIRMAN KANE: Public Service Commission
15 of Maryland?

16 THE WITNESS: Public Service Commission
17 of Maryland, yes, ma'am.

18 MS. FRANCIS: Just one question.

19 CROSS-EXAMINATION

20 BY MS. FRANCIS:

21 Q How many rate cases have you filed since
22 the consummation of the merger in April 212 (sic)?

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1 A Four.

2 MS. FRANCIS: That's all, Your Honor.

3 CHAIRMAN KANE: That's all?

4 MS. FRANCIS: That was my one question.

5 CHAIRMAN KANE: Thank you.

6 Redirect?

7 MR. DeCUSATIS: Chairman, we have no

8 redirect.

9 CHAIRMAN KANE: Thank you.

10 Exhibits.

11 MR. DeCUSATIS: Yes. We wish to move the
12 admission --

13 CHAIRMAN KANE: Remember, everybody, we
14 have background noise from the air conditioning
15 system in this building also in this room, so it
16 makes it, first of all, difficult for us to hear,
17 because it is right over us, and for the reporter.

18 MR. DeCUSATIS: We'd like to move the
19 admission of Joint Applicants' Exhibit (H),
20 Mr. Butler's direct testimony.

21 CHAIRMAN KANE: That is moved for the
22 record.

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1 (Joint Applicants Exhibit (H) was
2 received into evidence.)

3 CHAIRMAN KANE: Mr. Butler, you're
4 excused. Thank you very much for coming.

5 THE WITNESS: Thank you.

6 (Witness excused.)

7 CHAIRMAN KANE: And we will resume with
8 Mr. Alden.

9 WHEREUPON,

10 MARK ALDEN,

11 called as a witness, and after having been
12 previously sworn by the secretary, was examined
13 and testified as follows:

14 CHAIRMAN KANE: Remind you, Mr. Alden,
15 you're still under oath.

16 THE WITNESS: Yes, ma'am.

17 MS. FRANCIS: Shall I begin? Should I
18 start?

19 CHAIRMAN KANE: Yes. Please.

20 CROSS-EXAMINATION

21 BY MS. FRANCIS:

22 Q Good morning, Mr. Alden.

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1 A Good morning.

2 MS. FRANCIS: I'm going to start, Your
3 Honor, by identifying a series of data request
4 that I previously discussed with the joint
5 applicants. I will mark them. The first is
6 AOBA 54, which is the joint applicants' response
7 to AOBA data request number 1-10, and I would like
8 to state that it also includes attachments A
9 through D. There are two versions of this data
10 response. One is a public and one is
11 confidential. I'd like to move them both into the
12 record at the appropriate time. I will not be
13 crossing on the confidential versions.

14 Your Honor, I would like to have what's
15 been preliminarily identified as AOBA 54, joint
16 applicants' response to AOBA data request
17 number 1-10 with confidential attachments as
18 AOBA 34.

19 CHAIRMAN KANE: So marked.

20 (AOBA Cross Exhibit Number 34 was marked
21 for identification.)

22 MS. FRANCIS: Your Honor, I would like to

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1 have what's been preliminarily identified as
2 AOBA 50, which are the joint applicants' response
3 to AOBA data request number 4-13, as AOBA 35.

4 CHAIRMAN KANE: So marked.

5 (AOBA Cross Exhibit Number 35 was marked
6 for identification.)

7 MS. FRANCIS: I would like to have what's
8 been preliminarily marked as AOBA 53, which is the
9 joint applicants' response to staff data request
10 number 7-6 marked as 36.

11 CHAIRMAN KANE: So marked.

12 (AOBA Cross Exhibit Number 36 was marked
13 for identification.)

14 MS. FRANCIS: Next I'd like to have
15 what's been preliminarily identified as AOBA 66,
16 which is the joint applicants' response to AOBA
17 data request number 1-16 -- I'd like to have them
18 marked as AOBA 37.

19 CHAIRMAN KANE: So marked.

20 (AOBA Cross Exhibit Number 37 was marked
21 for identification.)

22 MS. FRANCIS: The next is what's been

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1 preliminarily identified as AOBA 52, which is the
2 joint applicants' response to OPC data
3 request 20-10, which I'd like to have marked for
4 the record as AOBA 38.

5 CHAIRMAN KANE: So marked.

6 (AOBA Cross Exhibit Number 38 was marked
7 for identification.)

8 MS. FRANCIS: The next one is what's been
9 preliminarily identified as AOBA 49, which is the
10 joint applicants' response to AOBA data
11 request 4-12. I'd like to have that marked as
12 AOBA 39.

13 CHAIRMAN KANE: So marked.

14 (AOBA Cross Exhibit Number 39 was marked
15 for identification.)

16 MS. FRANCIS: The next is what's been
17 preliminarily identified as AOBA 31, which are the
18 joint applicants' response to staff data request
19 number 4-5, which I'd like to have marked for the
20 record as AOBA 40.

21 CHAIRMAN KANE: So marked.

22 (AOBA Cross Exhibit Number 40 was marked

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1 for identification.)

2 MS. FRANCIS: And the last one, I
3 believe, is what's been preliminarily identified
4 as AOBA 51, which are the joint applicants'
5 response to AOBA data request number 6-5, which
6 I'd like to have marked for the record as AOBA 41.

7 CHAIRMAN KANE: That is so marked.

8 (AOBA Cross Exhibit Number 41 was marked
9 for identification.)

10 BY MS. FRANCIS:

11 Q Mr. Alden, I'd like to start by asking
12 you to please to turn to your conformed direct
13 testimony at page 5.

14 A Okay.

15 Q Starting at line 10 on page 5 of your
16 conformed direct testimony, you discuss changes in
17 reliability metrics for BGE since BGE's
18 acquisition by Exelon; is that correct?

19 A That's correct.

20 Q And am I correct that the most recent
21 year for which reliability data is presented in
22 your conformed direct testimony is 2013?

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1 A That's correct.

2 Q If I recall correctly from yesterday's
3 cross-examination with the Office of People's
4 Counsel, Exelon's acquisition of Constellation was
5 completed during calendar year 212, so 2013 is the
6 first full calendar year in which Exelon had
7 ownership of BGE; is that correct?

8 A That's correct.

9 Q At page 5, lines 14 through 16 of your
10 conformed direct testimony, you indicate that from
11 2012 to 2013, the average time to restore service
12 to BGE customers who sustained a service
13 interruption was reduced by 29.4 percent.

14 Could you please tell me, how was that
15 measured? Is that CAIDI? Is it SAIDI? What
16 measurement is that referring to?

17 A I'd have to go back and look. I believe
18 it's -- I believe it would be probably all three
19 metrics, possibly an average of the three. I'd
20 have to look at the specifics. It says sustained
21 interruptions, so I'm assuming that's SAIFI.

22 Q I'm sorry. I didn't hear you.

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1 A It says sustained interruptions, so I'm
2 assuming that's SAIFI, but I -- I'd want to check
3 that.

4 Q Does Exelon claim responsibility for the
5 entire 29.4 percent reduction in the average
6 duration of outages for BGE customers between 212
7 and 213 (sic)?

8 A I think it's a combination of the work
9 that had been done prior to the merger as well as
10 an acceleration that took place in that
11 improvement as a result of the merger itself.

12 Q Could you please tell me, how long did it
13 take to achieve full integration of BGE by Exelon?

14 A I'm hesitating because I'm not sure how
15 you would define full integration.

16 Q Complete.

17 A So there are a number of things that were
18 required to do in order to complete what you would
19 consider to be a complete full integration. All
20 processes, procedures, programs had been
21 evaluated, transitions have been made, all of
22 those kinds of things. It's an ongoing process.

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1 I'd say the majority of the work in order
2 to complete that transition was done in, I'd say,
3 maybe an 18-month period. 18 months to two years.

4 Q Could some or all of the improvements in
5 the average time to restore service between 2012
6 and 2013 be attributable to reliability measures
7 or programs initiated by BGE before Exelon took
8 full control of BGE operations?

9 A As I stated previously, that's certainly
10 possible, and I'm sure there was some momentum
11 created prior to the merger by BGE in order to
12 accomplish that improvement. The additional
13 improvement -- I don't think -- as Mr. Butler
14 described, I don't think there's any doubt that
15 there's a tremendous amount of benefit and
16 acceleration in that improvement that took place
17 as a result of the merger.

18 Q Can you tell this Commission how much of
19 the referenced BGE 213 reduction in the average
20 restoration time can be explained by a reduction
21 in severe weather events?

22 A The severe weather events are excluded

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1 from those numbers.

2 Q For a moment, Mr. Alden, I'm going to ask
3 you to take a look at in your cross-examination
4 book to a document that has been preliminarily
5 identified as AOBA 80.

6 A Do you have a page and a line number?

7 Q I'll give it to you in one moment. I
8 just want to mark it for the record.

9 MS. FRANCIS: Your Honor, what's been
10 preliminarily identified as AOBA 80, I would like
11 to mark for the record -- I think -- is that
12 AOBA 42?

13 CHAIRMAN KANE: So marked.

14 (AOBA Cross Exhibit Number 42 was marked
15 for identification.)

16 MS. FRANCIS: And those are selected
17 pages from transcript volume 6, case number 9361,
18 pages 1464 through 1690.

19 BY MS. FRANCIS:

20 Q The page number that I think you should
21 reference, Mr. Alden, is transcript 1380 -- excuse
22 me, 1684, and specifically line numbers 12 through

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1 23. If you just want to take a moment to refresh
2 your recollection.

3 A Okay.

4 Q Now, Mr. Alden, during cross-examination
5 in Maryland case number 9361, you testified that
6 you were aware that in 2012 the Maryland
7 commission adopted new tree trimming standards.
8 Am I correct that implementation of those new tree
9 trimming standards may have contributed to BG&E's
10 reliability improvements in 2013?

11 A I think that's a correct assumption.

12 Q And, in fact, that is what your testimony
13 in Maryland corroborates; is that correct?

14 A Yes.

15 Q Now, Mr. Alden, you talk about the
16 reliability improvements that were observed for
17 BGE. Am I correct that you offer no testimony
18 that discusses the rate increases that BGE
19 customers have experienced since the
20 Exelon/Constellation merger was consummated? Is
21 that correct?

22 A I have not included anything in my

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1 testimony. That's correct.

2 Q And we all heard very clearly just
3 moments ago that there had been four rate
4 increases filed since the consummation of the
5 merger over the last three years?

6 MR. DUVER: Your Honor I would object to
7 characterization. I believe the testimony was
8 that there were four rate cases filed. She said
9 four rate increases. I don't think there's any
10 testimony as --

11 MS. FRANCIS: Excuse me.

12 MR. DUVER: -- to what happened.

13 MS. FRANCIS: I didn't mean to misspeak.
14 I'll rephrase the question.

15 BY MS. FRANCIS:

16 Q That there were four rate increase cases
17 filed between the time of the consummation of the
18 merger in 2012 and 2015.

19 A I don't know the specifics of that.

20 Q Now, please turn to page 4, lines 18
21 through 21 of your conformed direct testimony.

22 A Would you repeat the line numbers,

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1 please?

2 Q 18 through 21.

3 A Thank you.

4 Q You testified that in 2013 each Exelon
5 utility maintained its continuing trend of
6 improvement and exceeded its 2012 performance in
7 terms of SAIFI, SAIDI and CAIDI.

8 A Yes.

9 Q When you reference the Exelon utilities
10 in that sentence, do you include BGE as well as
11 PECO and ComEd?

12 A Yes.

13 Q Now, at the top of page 5 of your
14 conformed testimony, you reference Joint
15 Applicants' (D1) which you describe as graphically
16 depicting the performance of the Exelon Utilities
17 over the last four years.

18 Would you please turn to your
19 Exhibit (D1). And I'd like you to reference --
20 I'll give you a moment to find it -- page 1 of
21 (D1).

22 A I have that here, yes.

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1 Q Now, that page 1 of (D1) provides a
2 history of BGE's actual SAIFI, SAIDI and CAIDI
3 metrics for the year 2009 through 2013?

4 A That's correct.

5 Q Now, I'm going to ask you again to
6 reference what's been preliminarily identified as
7 AOBA 80, which is marked for the record as
8 AOBA 42, and look for a moment at transcript
9 page 1689. And focus, please, on lines --

10 A I'm sorry. Could you -- there's
11 confusion. Could you please repeat the reference?

12 Q It was the same document we were looking
13 at earlier, the transcript pages.

14 A What was the page?

15 Q The page number is transcript page 1689.
16 And I'll give you -- are you ready for a line
17 reference?

18 A Yes.

19 Q 11 through 14.

20 A Okay.

21 Q Just take a moment to refresh your
22 recollection.

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1 Are you ready?

2 A Give me a minute, please. Okay.

3 Q When you appeared for cross-examination
4 before the Maryland Public Service Commission in
5 case 9361 on February 2nd, 2015, am I correct that
6 you were able to cite the actual 2014 SAIFI and
7 SAIDI results for BGE?

8 A Yes.

9 Q Now, on February 17th, 2015, when you
10 filed your conformed direct testimony in this
11 proceeding, am I correct that you did not update
12 the graphs presented in (D1) for BGE to include
13 214 (sic) results?

14 A That's correct.

15 Q If your testimony -- again, I'm going to
16 ask you to turn to the same exhibit,
17 transcript 289 -- excuse me -- transcript
18 page 1689. In your testimony in Maryland case
19 9361 on February 2nd of this year, did you
20 indicate that the actual 2014 SAIFI for BGE was
21 .91 and the 2014 SAIDI metric for BGE was 118?

22 A Yes. And those numbers are calculated

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1 using the COMAR major outage event calculation.

2 Q Now, let's look at your chart again at
3 (D1). And if we included that 2014 data for BGE
4 in the graphs for SAIFI and SAIDI shown in
5 Exhibit (D1), am I correct that both of those
6 graphs would turn upward in 2014?

7 A I don't believe that's true, because the
8 calculation for those numbers I believe is in 2.5
9 Beta methodology. I'd have to check that.

10 Q So you don't know whether the numbers you
11 provided in formal case 9361 on February 2nd are
12 comparable to the numbers that you provided in
13 (D1) to this Commission in your February 17th
14 number?

15 A I believe they're calculated two
16 different ways. I believe one is per the COMAR
17 standards in Maryland and the other is in 2.5 Beta
18 which is what we use internally to compare the
19 Exelon utilities across the three utilities. I'd
20 have to double-check that.

21 And in 2.5 Beta, I believe that all of
22 those numbers would continue to improve.

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1 Q So you don't know -- but you really don't
2 know at this point whether that chart would turn
3 upward or not, do you?

4 A I'd have to check that. I believe it
5 turns downward.

6 We've been very careful to make sure we
7 speak a common language with the local
8 jurisdictions with respect to how we calculate all
9 of our reliability metrics. Internally we
10 calculate them the same way so that we can do a
11 fair comparison across the utilities.

12 Q Could you please explain to me why you
13 didn't update your chart to include consistent
14 2014 numbers when you were able to do so in
15 Maryland?

16 A I don't have an explanation for that.

17 Q Now, please look at page 9 of your
18 conformed testimony, your direct testimony.

19 A Okay.

20 Q Now, in the discussion that starts on
21 page 9, line 19 and continues through page 10,
22 line 5, you present the three-year historical

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1 average SAIFI and SAIDI results for PEPCO for the
2 years 211 through 213, and then you assert that
3 the three-year average levels to which Exelon
4 commits would represent an increase of
5 35.9 percent in PEPCO's SAIFI metric and a
6 39.6 percent increase in PEPCO's SAIDI metric.

7 Have I stated that accurately?

8 A Yes, you have.

9 Q When you infer -- when you refer to
10 increases of 34.9 percent and 39.6 percent, am I
11 correct that you're referring to increases in the
12 reliability customers would experience?

13 A Improvements in reliability, yes.

14 Q Just so the record is clear, is what you
15 meant to say that the reliability increased
16 because the SAIDI and SAIFI metrics went down by
17 your cited percentages?

18 A Yes. The metrics would improve.

19 Q Further, when you refer to PEPCO's
20 three-year average SAIFI and SAIDI results in this
21 portion of your testimony, am I correct that
22 you're referring to results for PEPCO's D.C.

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1 operations and not SAIDI and SAIFI for PEPCO's
2 combined Maryland and D.C. operations?

3 A Yes, that's correct.

4 Q And am I correct that even though actual
5 214 SAIFI and SAIDI results for PEPCO were
6 available at the time you filed your conformed
7 direct testimony, you have not updated the
8 three-year historical averages to which you
9 compare the Exelon commitment? Is that correct?

10 A That's correct.

11 Q Could you please tell me, what were the
12 2014 SAIFI and SAIDI results for PEPCO's D.C.
13 operations?

14 A I don't have those off the top of my
15 heads.

16 Q Would you accept, subject to check, that
17 for 214 SAIFI is .69 and 214 SAIDI is 97?

18 A That sounds correct.

19 Q Can you tell the Commission what the
20 three-year historical average SAIFI would be for
21 PEPCO for the years 212 through 214?

22 A I cannot.

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1 Q Would you accept, subject to check, that
2 that's .86?

3 A Sounds about right.

4 Q Can you tell the Commission what the
5 three-year historical average SAIDI would be for
6 PEPCO for the years 2012 through 2014?

7 A Actually, I think I believe that I just
8 calculated that. I think it's around 125 minutes.

9 Q Exactly. Thank you.

10 Look at the three-year average SAIFI
11 again, would you accept that simply rolling the
12 three-year average forward by one year to include
13 PEPCO D.C. 2014 results represents more than a
14 16 percent improvement when compared to the
15 2011-2013 average SAIFI for PEPCO's D.C.
16 operations?

17 A That's assuming the math works, yes, I
18 would -- I would agree.

19 Q A similar calculation for SAIDI. Would
20 you accept that simply rolling the actual
21 three-year average forward by one year to include
22 actual PEPCO D.C. 2014 results represents about a

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1 16 percent improvement in SAIDI when compared to
2 the 2011-2013 average SAIDI for PEPCO's D.C.
3 operations?

4 A I would accept that, yes.

5 Q Now, please turn to your February 17th
6 supplemental direct testimony at page 2.

7 A Okay.

8 Q Does table 1 on page 2 of your
9 February 17th, 2015 supplemental direct testimony
10 present the three-year average SAIFI and SAIDI to
11 which the joint applicants now commit for PEPCO's
12 District of Columbia operations?

13 A Yes, it does.

14 Q Is the three-year average SAIFI to which
15 the joint applicants commit .66?

16 A Yes, it is.

17 Q Is the three-year average SAIDI to which
18 the joint applicants commit 90 minutes?

19 A Yes, it is.

20 Q Comparing the data in table 1 with the
21 EQSS standards that are identified in table 2,
22 would you agree that the joint applicants' SAIDI

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1 commitment directly reflects the Commission's
2 established SAIDI standards for SAIDI for the
3 years 218 through 220 (sic)?

4 A Could you repeat that? I'm sorry. I'm
5 trying to make sure I understand the tables here.

6 Q Comparing the data in table 1 with the
7 EQSS standards that are identified in table 2,
8 would you agree that the joint applicants' SAIDI
9 commitment directly reflects the Commission's
10 established SAIDI standards for SAIDI for the
11 years 2018 through 2020?

12 A Yes, they're equivalent.

13 Q On the other hand, it appears that the
14 joint applicants' SAIFI commitment is set
15 noticeably below the Commission's EQSS standards
16 for SAIFI for the years 2018 through 2020; is that
17 correct?

18 A That's correct.

19 Q Now, turning -- excuse me. Starting at
20 page 3, line 6 of your February 17th supplemental
21 direct testimony and continuing to page 4, line 18
22 of that testimony, you offer an explanation of how

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1 the joint applicants determined the SAIFI and
2 SAIDI levels to which they now commit; isn't that
3 correct?

4 A I'm just looking at it quickly. Yes,
5 that looks correct.

6 Q Within that portion of your testimony, do
7 you discuss events into January 2015 which
8 influence the levels of the SAIDI and SAIFI
9 commitments that the joint applicants set forth in
10 table 2 on page 2 of your supplemental direct
11 testimony?

12 A Yes, that's in here. Yes.

13 Q Am I correct that included among the
14 considerations of the reliability integration team
15 in January 2015 were actual 2014 PEPCO D.C. SAIFI
16 and SAIDI results?

17 A Yes.

18 Q Is the SAIFI value that the joint
19 applicants now commit to achieve on average for
20 the years 2018 to 2020 only .03 below PEPCO's
21 actual 2014 SAIFI results of .69?

22 A That's correct.

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1 Q Would you agree that the SAIDI value that
2 the joint applicants now commit to achieve on
3 average for the years 218 through 220 is only
4 seven below PEPCO's actual 214 SAIDI result of 97?

5 A Yes.

6 Q Do the noticeably improved SAIFI and
7 SAIDI results for 214 increase Exelon's confidence
8 than its SAIFI and SAIDI commitments can be met
9 without incurring financial penalties?

10 A That's one of the things we considered,
11 yes.

12 Q Now, please let's turn back to your
13 conformed direct testimony at page 8. Your
14 conformed --

15 A Would you wait just one second, please?

16 Q Sure.

17 A Thank you.

18 Q Are you there?

19 A I am. Thank you.

20 Q Your conformed direct testimony at page 8
21 presents the same SAIFI and SAIDI commitments that
22 you present in your supplemental direct testimony;

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1 is that correct?

2 A That's correct.

3 Q Yet your supplemental direct testimony at
4 page 4, lines 6 through 18 explains that the joint
5 applicants' SAIFI and SAIDI commitments were
6 developed on the basis of an evaluation undertaken
7 by the reliability integration team in
8 January 2015, including PEPCO's actual 214
9 performance results.

10 Am I correct there is no way those
11 January 2015 considerations could have been
12 reflected in the reliability determinations
13 included in your originally filed June 18th, 2014
14 direct testimony?

15 MR. DUVER: Your Honor, I would object to
16 this question at this point. The modifications
17 that were made to the direct testimony were made
18 in response to a direct Commission order to change
19 the direct testimony to reflect what happened.

20 We realize that the supplemental direct
21 testimony does discuss events that took place
22 post-June 2014, and we realize that, from a timing

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1 perspective, that the numbers that are reflected
2 here are informed by events that took place
3 post-June 2014. But if the implication here is
4 that in some way the direct testimony is incorrect
5 because it preceded discussions at a later point
6 in time, I don't believe that that is a fair
7 implication that can be drawn since what we did
8 was in compliance with a order.

9 MS. FRANCIS: I think counsel is trying
10 to read something in my mind and into my question
11 that wasn't there. I'm just pointing out
12 something, and I asked the witness could he agree
13 with it or not. We're entitled to point out
14 through the joint parties' exhibits what happened
15 pre-February 17th. I believe that's relevant in
16 the record. Just asking the witness about it.
17 There was no nefarious intent in the question.
18 I'm just asking him to confirm or deny the answer
19 to the question.

20 CHAIRMAN KANE: Go ahead with the
21 question.

22 BY MS. FRANCIS:

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1 Q Do you need it again?

2 A Please.

3 Q Yet your supplemental testimony at
4 page 4, lines 6 through 18 explains that the joint
5 applicants' SAIFI and SAIDI commitments were
6 developed on the basis of an evaluation undertaken
7 by the reliability integration team in
8 January 2015, including PEPCO's actual 2014
9 performance results.

10 Am I correct that there is no way that
11 those January 2015 considerations could have been
12 reflected in the reliability determinations
13 included in your originally filed June 18th, 2014
14 direct testimony?

15 CHAIRMAN KANE: I think that's an obvious
16 question. The information that -- became
17 available in January of 2015.

18 Are you asking, Ms. Francis, whether he
19 would agree that information that became available
20 in January of 2015 could not have been included in
21 testimony that was filed or an application that
22 was filed in June of 2014?

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1 MS. FRANCIS: Yes. That's a simple
2 question.

3 CHAIRMAN KANE: I think we can stipulate
4 to that.

5 MS. FRANCIS: Okay.

6 COMMISSIONER FORT: I'd rather if he
7 answered just yes or no rather than having the
8 Commission stipulate. I'm real nervous about --

9 CHAIRMAN KANE: I wasn't suggesting --

10 COMMISSIONER FORT: -- that up here.

11 CHAIRMAN KANE: -- we -- I said we could.

12 COMMISSIONER FORT: If it's simple.

13 BY MS. FRANCIS:

14 Q I'd prefer a simple yes or no, too.

15 A Unless I'm stuck in some kind of a time
16 warp, the answer is yes.

17 Q Would you agree that the results of the
18 January 2015 considerations you discuss in
19 February -- in your February 17, 2000 (sic)
20 supplemental direct testimony were not available
21 at the time you filed your rebuttal testimony in
22 December of 2014?

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1 A Yes.

2 Q Now, I'm going to ask you to please
3 reference page 1 of Exhibit 5 to the application
4 filed on June 18th, 2014 in this proceeding.

5 A One minute here, please. You said
6 Exhibit 1?

7 Q Exhibit 5. It was attached to the
8 application.

9 A Okay.

10 Q Now, I'm going to ask you to take a look
11 at commitment 3. If you'd like to, just take a
12 moment to refresh your recollection on
13 commitment 3.

14 Are you ready, Mr. Alden?

15 A I am. Thank you.

16 Q Does commitment 3 on page 1 of Exhibit 5
17 to the application set forth reliability
18 commitments for SAIFI and SAIDI that are different
19 from those found in your conformed direct
20 testimony and in your February 17th, 2015,
21 supplemental direct testimony?

22 A Yes.

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1 Q Am I correct that the SAIFI commitment
2 level .54 calculated on a three-year average basis
3 for the years 2018 through 2020 is lower than the
4 SAIFI level to which the joint applicants now
5 commit?

6 A Yes.

7 Q Could you point the Commission to
8 anything in the discussion of how the joint
9 applicants developed their current reliability
10 commitments in your February 17th direct testimony
11 at pages 3 and 4 that explains why the SAIFI
12 commitment was raised from .54 interruptions to
13 .66 interruptions?

14 A The .54 to .66 was a direct result of the
15 PLUG project being delayed by one year.

16 Q Is it the implication of this upward
17 revision to the joint applicants' SAIFI commitment
18 that the joint applicants were not confident that
19 they could meet their initially offered SAIFI
20 commitment?

21 A No. In essence, we're meeting the same
22 commitment, but the only reason we upped it is

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1 because we recognized that the original PLUG plan
2 was delayed by one year. And so the SAIFI
3 commitment was adjusted accordingly. Nothing else
4 changed as a result of the commitment.

5 Q Now, starting at page 4 of your --
6 line 19 of your February 17th, 2000 (sic) and
7 supplemental direct testimony, you discuss
8 revisions to the joint applicants' proposed
9 financial penalties. Would you turn to that page,
10 please?

11 A Could you repeat the page, please? I'm
12 sorry.

13 Q Page 4, line 19 of your February 17th
14 supplemental direct testimony.

15 A Line 19?

16 Q Correct.

17 A I have it.

18 Q Okay. Did you or anyone else prepare an
19 assessment on behalf of the joint applicants of
20 the likelihood that a non-performance penalty
21 would be incurred under their originally filed
22 SAIFI and SAIDI commitments and their initially

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1 proposed penalty structure?

2 A I'm sorry. Could you repeat -- the
3 likelihood -- you repeat that, please.

4 Q Did you or anyone else prepare an
5 assessment on behalf of the joint applicants of
6 the likelihood that a non-performance penalty
7 would be incurred under their originally filed
8 SAIFI and SAIDI commitments and their initially
9 proposed penalty structure?

10 A I don't -- I don't recall a specific
11 document that was prepared. Certainly we had
12 discussions around whether we felt those numbers
13 were achievable based on current information.

14 Q So there was just discussion?

15 A I believe so.

16 Q Have the joint applicants prepared an
17 assessment of the likelihood that they would incur
18 a non-performance penalty under the revised
19 commitments and revised penalty structure that
20 they now propose?

21 A I don't recall any kind of paper being --
22 or analysis being provided.

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1 Q When the joint applicants increased the
2 SAIFI level to which they commit and decreased the
3 SAIDI to which they commit, how did that impact
4 PEPCO's reliability-driven capital budgets for the
5 year 2016 through 2020?

6 A The only change would be the change
7 required to move the D.C. PLUG projects out one
8 year. All else remained the same.

9 Q Is there anything in your testimony in
10 this proceeding that addresses the changes to the
11 details of the joint applicants' budges and
12 planned reliability projects that result from the
13 change in the joint applicants' reliability
14 commitments?

15 A I believe what we've presented reflects
16 the changes that I just discussed, which was the
17 delay of one year of the D.C. PLUG project.

18 Q Can you provide any insight regarding the
19 manner in which the changes in the SAIFI and SAIDI
20 commitments for PEPCO affect the nature of the
21 projects PEPCO will need to undertake in the
22 District of Columbia excluding D.C. PLUG?

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1 A We haven't made such an assessment.

2 Q Can you tell me this: If PEPCO places
3 greater focus on SAIDI improvements and less focus
4 on SAIFI improvements, does that affect the types
5 of technologies deployed, the types of equipment
6 or facilities replaced and/or the types of
7 maintenance performed?

8 A I don't know. We haven't gone into that
9 level of detail yet. And it's not -- the SAIFI
10 adjustment, again, is not based on changing
11 anything other than sliding out the D.C. PLUG
12 project.

13 Q I was asking, actually, a more general
14 question. I wasn't specifically focused on -- on
15 any one particular thing. Let me try it again in
16 a more general nature.

17 A Sure.

18 Q In general, if PEPCO places greater --
19 relatively greater focus on SAIDI improvements and
20 less focus on SAIFI improvements, does that affect
21 the types of technologies deployed, the types of
22 equipment or facilities replaced and the types of

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1 maintenance performed?

2 A First of all, I don't think we place less
3 focus on SAIFI. We have commitments that we have
4 to make, and we're required to focus on all
5 aspects of the business that are required to meet
6 those commitments.

7 And we have not done an analysis or an
8 evaluation at this point with respect to which
9 projects will have the greatest impact on
10 achieving those commitments.

11 Q I just want to make sure I understand one
12 of your prior answers. Is it your expectation
13 that the shift in the joint applicants'
14 reliability commitments for SAIFI and SAIDI would
15 have no impact on the budgeted costs required to
16 meet the joint applicants' commitments excluding
17 D.C. PLUG?

18 A That's correct.

19 Q Am I correct that the budgeted total
20 reliability-driven capital expenditures for PEPCO
21 D.C. for the years 215 through 219 (sic) that were
22 associated with the joint applicants' initially

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1 presented reliability commitments is the same as
2 the total budgeted reliability-driven capital
3 expenditures that the joint applicants now
4 associate with their revised reliability
5 commitments?

6 MR. DUVER: Your Honor, I would just
7 object at this point because it goes beyond the
8 scope of Mr. Alden's testimony. Mr. Gausman is
9 coming up later in this proceeding, and his
10 testimony sponsors what the spending levels that
11 are budgeted for the reliability commitment are,
12 and I believe that these questions are better
13 directed to him.

14 CHAIRMAN KANE: The witness can indicate
15 whether he can answer or should Mr. Gausman
16 answer.

17 THE WITNESS: I believe that question
18 should be answered by Mr. Gausman.

19 BY MS. FRANCIS:

20 Q Okay. I'm going to ask you to take a
21 look again to refresh your recollection on what
22 was preliminarily identified as AOBA 80. That's

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1 the transcript.

2 And this time, Mr. Alden, I'm going to
3 ask you to go to page 1659.

4 A Okay.

5 Q And the lines that I'd like you to
6 reference would be 1659, line 23 through line --
7 through page 1660, line 6.

8 A Okay. Okay.

9 Q Mr. Alden, during your cross-examination
10 in Maryland case 9361 by counsel for the Maryland
11 Energy Administration, you were questioned
12 regarding the fact that Exelon is not committing
13 to annual reliability performance standards. And
14 you stated that you agreed with Mr. O'Brien in
15 that case that Exelon is not in a position to
16 commit to specific annual reliability performance
17 standards for PEPCO without the benefit of more
18 detailed engineering analysis; is that correct?

19 A That's correct.

20 Q Is that the same as Exelon's position
21 regarding annual reliability standards in this
22 proceeding?

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1 A That's how our testimony was based, yes.

2 Q Now, I'm going to ask you, please, to
3 turn to what's been preliminarily identified as
4 AOBA Exhibit 81 --

5 MS. FRANCIS: -- which, Your Honor, I
6 would like to mark for the record as AOBA 43.

7 CHAIRMAN KANE: Yes, so marked.

8 (AOBA Cross Exhibit Number 43 was marked
9 for identification.)

10 MS. FRANCIS: Just for the record, what's
11 been identified as AOBA 43 are selected pages from
12 the joint applicants' initial brief in Maryland
13 PSC case number 9361, filed on March 3rd, 2015.

14 BY MS. FRANCIS:

15 Q I just want to take a look for a
16 moment -- to take a look at -- it's page 2 of 8 of
17 that exhibit, Mr. Alden, and the top of page 3 of
18 that exhibit. The numbers are on the top of the
19 page.

20 A I'm sorry. You said page 2 of 8 and then
21 the top of page 3. Which one would you like me
22 to --

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1 Q Top of page 3 of 8. Just read for
2 yourself those lines?

3 A Starting with?

4 Q Starting with -- last line on line 30,
5 The reliability commitments have now been further
6 improved in response to input...

7 A I'm sorry. I'm having a difficult time
8 getting to the right place here.

9 Q Are you looking at some pages from the
10 joint applicants' initial brief in 9361? At the
11 top of the page it should say AOBA Exhibit 81.

12 A I'm looking at AOBA Exhibit 81, page 3 of
13 8.

14 Q Start by looking at page 2 of 8, and read
15 the last line and the first five or six lines on
16 page 3.

17 A Thank you.

18 Okay.

19 Q Are you aware that the joint applicants'
20 initial brief in Maryland case 9361, filed on
21 March 3rd, 2015, the joint applicants promote --
22 proposed to commit to annual reliability standards

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1 for SAIFI and SAIDI?

2 A Yes.

3 Q Okay.

4 MS. FRANCIS: Your Honor, that concludes
5 my cross-examination for Mr. Alden.

6 Thank you, Mr. Alden.

7 THE WITNESS: Thank you.

8 CHAIRMAN KANE: Thank you, Ms. Francis.
9 D.C. government?

10 MR. COYLE: Thank you, Chair Kane.

11 CROSS-EXAMINATION

12 BY MR. COYLE:

13 Q Good morning, Mr. Alden. My name is John
14 Coyle. I have a few questions for you on behalf
15 of the D.C. government.

16 A Good morning.

17 Q One of the nice things about following
18 behind Ms. Francis is that she's so thorough she
19 makes my life easier.

20 But I wonder if we can start by
21 confirming that PEPCO's 2014 SAIDI was 1.61 hours,
22 as the Commission records it here, under the EQSS,

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1 or 97 minutes?

2 A Yes, sir.

3 Q And the SAIFI was .69; is that correct?

4 A Yes, sir.

5 Q Okay. Thanks. Would you go to your
6 direct testimony, Joint Applicants' (D) at page 9,
7 lines 13 through 18.

8 A You said page 9, 13 through 18?

9 Q That's correct, sir.

10 A I'm there.

11 Q You say at lines 16 through 18 that, The
12 improved SAIFI and SAIDI commitments above are in
13 addition to those to be achieved by the D.C.
14 undergrounding project.

15 Do you see where I am?

16 A Yes, sir.

17 Q Okay. And by the D.C. undergrounding
18 project, you mean D.C. Power Lines Underground,
19 the D.C. PLUG initiative as it's known here?

20 A Yes.

21 Q Can you confirm for me, Mr. Alden --
22 D.C. PLUG is a very substantial public-private

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1 partnership construction project involving
2 somewhere in the neighborhood of a billion dollars
3 in improvements to the PEPCO D.C. system over a
4 period of what is now four years and possibly
5 longer?

6 A That's my understanding, yes.

7 Q And D.C. PLUG is going to happen whether
8 there's a merger or not, correct?

9 A I believe that to be the case.

10 Q So how do you separately track the
11 reliability improvements attributable to D.C. PLUG
12 versus the reliability commitments that you
13 associate with whatever else you're referring to
14 in the sentence we just talked about as what
15 Exelon would propose to do if the merger proceeds?

16 A I think Mr. Gausman has a better
17 understanding of the incremental value of
18 D.C. PLUG and how that was calculated and how that
19 would be tracked.

20 Q Okay. You yourself do not have such an
21 understanding; is that correct?

22 A I have a very basic understanding of the

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1 rough numbers.

2 Q All right. Well, why don't you give me
3 your understanding.

4 A If you're looking for specific numbers on
5 a year-by-year basis of what that advantage is, I
6 can't quote those.

7 Q I guess for our purposes I'm a little bit
8 more interested in methodology. That is, going
9 back to your sentence, The improved SAIFI and
10 SAIDI commitments above are in addition to those
11 to be achieved by the D.C. undergrounding
12 project -- and I wonder how you segregate those
13 out in a methodological sense.

14 Do you use specified improvement
15 associated with D.C. PLUG as a baseline?

16 A Again, I can speculate on how that was
17 calculated. I think Mr. Gausman and his team have
18 done an analysis of the incremental benefit or the
19 differentiated benefit between D.C. PLUG and
20 non-D.C. PLUG.

21 Q I was going to say -- what I'm actually
22 trying to get at is whether and to what extent

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1 there's an incremental benefit associated with the
2 reliability commitment that your testimony
3 addresses and how you would measure that increment
4 of improvement.

5 A I can't give you the details of that as I
6 sit here.

7 Q Okay. Let me ask you to go to your
8 direct testimony at page 9, line 19 through
9 page 10, line 5 and just read that to yourself and
10 let me know when you're ready.

11 A Okay.

12 Q Now, let me also ask you to take a look
13 at what's been marked for identification as
14 Exhibit DCG 64, which is joint applicants'
15 response to staff data request 6-1.

16 A 64, I have it here.

17 Q Okay. And can you confirm for me that
18 that's joint applicants' response to data
19 request -- staff's data request 6-1 to the joint
20 applicants?

21 A Yes, sir.

22 Q All right. And that is the source for

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1 the data that we have in the record of PEPCO's
2 2014 SAIDI and SAIFI statistics?

3 A Yes, sir.

4 Q Okay. Now, Ms. Francis asked you --
5 Ms. Francis went over with you, I guess, that you
6 had not updated the rolling three-year performance
7 statistic that you recited at page 9, line 19
8 through page 10, line 5 of your direct testimony;
9 that is to say, you used a the 2011 through 2013
10 period, correct?

11 A That's correct.

12 Q All right. And so when you refiled your
13 testimony otherwise updated to February 17th, for
14 example, to reflect the changes in the reliability
15 commitments, you didn't go back and update that
16 statistic?

17 A That's correct.

18 Q Okay. Now, if you had -- and I realize
19 you went through this with Ms. Francis -- that the
20 improvement of a three-year average over the 2012
21 period -- that is to say, 2012 through 2014
22 period, versus 2011 through 2013 represents

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1 approximately a 16 percent improvement in SAIDI;
2 is that right?

3 A I'm assuming that's the math, yes.

4 Q Okay. And 16-1/2 percent better in
5 SAIFI.

6 A Sounds correct.

7 Q Okay. So if you had updated your
8 three-year average to include PEPCO's 2014
9 reliability performance, the percentage
10 improvement that you attribute at page 9, line 19
11 through page 10, line 5 of your direct testimony
12 would be reduced, right? The SAIFI would be 35.9
13 minus 16.5, or 19.4 percent?

14 A Yes, sir.

15 Q And the SAIDI would be 39.6 minus 16, or
16 23.6 percent, correct?

17 A That's correct.

18 Q Still impressive statistics, I suppose,
19 but we still can't separately account for those
20 improvements that would have happened because they
21 were required to happen by the Commission's EQSS
22 requirements, first, right?

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1 A That's correct.

2 Q And because -- and those improvements
3 that would have occurred because of D.C. PLUG,
4 right?

5 A I believe that's correct.

6 Q Okay. And you would agree with me, would
7 you not, Mr. Alden, that neither the EQSS
8 regulations, nor D.C. PLUG, are contingent on the
9 merger?

10 A I would agree.

11 Q Okay. Let me ask you to go next to your
12 rebuttal testimony, Joint Applicants' Exhibit
13 (3D), at page 2, line 20 through page 3, line 15.
14 And just please read that to yourself and let me
15 know when you're ready.

16 A You said 2, line 20 through 3 --

17 Q 3, line 15.

18 A Thank you. Okay.

19 Q Now, I don't mean to limit you in your
20 answer. The same material, I think you know, is
21 covered in your supplemental direct from
22 February 17th. So I just -- I wanted to ask you

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1 some questions about your interactions with
2 Mr. Gausman on reliability questions. All right?

3 A Sure.

4 Q Okay. The interactions that you're
5 discussing in your rebuttal testimony and in your
6 supplemental direct, how many meetings were there
7 involved in that process?

8 A There was a sub-team of engineers that
9 worked -- and other folks that worked
10 independently from Mr. Gausman and myself. I
11 don't have a sense of how many meetings were held
12 by that team.

13 Q Okay.

14 A We sponsored that team.

15 Q And who do you mean by "we"?

16 A Myself and Mr. Gausman.

17 Q Okay. And I take, then, that there were
18 some engineers involved from Exelon?

19 A Yes, sir.

20 Q And some from PEPCO or PHI?

21 A Correct. We involved engineers from both
22 PECO and BGE and PHI. And I believe even ComEd

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1 may have had some participation in that as well.

2 Q Okay. And where were those meetings
3 held?

4 A Predominantly either at, I believe, PECO
5 and PHI.

6 Q Okay. PHI, you mean Edison Place --

7 A Yes, sir.

8 Q -- here downtown D.C.?

9 A Yes, sir.

10 Q And PECO is where in Philadelphia?

11 A 23rd and Market Street.

12 Q Thank you. So approximately how many
13 meetings were there, do you recall?

14 A I'd be taking a guess. I don't know.

15 Q You didn't attend them, then?

16 A I did not.

17 Q Okay. Did Mr. Gausman attend them?

18 A You'd have to ask Mr. Gausman.

19 Q Okay. When did the meetings occur? Over
20 what period of time?

21 A I'd say those meetings occurred probably
22 the end of the fourth quarter, or start at the end

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1 of the fourth quarter of 2014 and into the first
2 couple of months of 2015.

3 Q Okay. So between October, say, of 2014,
4 early October 2014, and February 2015?

5 A I'd say later in the fourth quarter than
6 October.

7 Q November, maybe?

8 A Possibly, yeah. Again, I don't know the
9 exact dates.

10 Q Okay. And do you recall approximately
11 how many engineers from Exelon were involved in
12 that process?

13 A I don't know that number.

14 Q Or how many from PHI?

15 A Do not know that number.

16 Q How did the engineers report their
17 conclusions or -- that's a lousy question. Let me
18 withdraw it.

19 What was the feedback loop to you and
20 Mr. Gausman, if you know? Let's start with you.
21 What was the feedback loop to you from this
22 process?

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1 A That team reported out back to what we
2 call the business area integration team of which
3 I'm one of the leaders. And they reported back to
4 us on a periodic basis, maybe two or three times
5 during that period, on the results and the
6 progress.

7 Q Business area integration team is
8 shorthanded BAT; is that right?

9 A Yes, sir.

10 Q And Mr. Khouzami is the head of that, is
11 he?

12 A Yes, he is.

13 Q Okay. Who else is on the business area
14 integration --

15 A Mr. Khouzami is the overall --

16 Q Right.

17 A -- responsible individual for that. I'm
18 on the utility operations team. I head that with
19 Mr. Dickerson.

20 Q And who is Mr. Dickerson?

21 A He's one of Mr. Velazquez's direct
22 reports at PHI.

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1 Q Do you know what his title is?

2 A I'd be taking a guess.

3 Q Okay. So who else is on the business
4 area integration team?

5 A There are a number of participants from
6 both PHI and PECO on that team.

7 Q All right. With respect to questions of
8 system reliability, would that be a particular
9 responsibility of yours and Mr. Dickerson? Do I
10 have that right?

11 A I'd say more Mr. Gausman on the
12 reliability side.

13 Q Do you know what Mr. Dickerson's sphere
14 of responsibility is within PHI or PEPCO?

15 A I'm sorry. His what responsibility?

16 Q His sphere of responsibility --

17 A Oh, sphere, I'm sorry.

18 Q -- or what he does.

19 A I believe he's -- his title has something
20 to do with support services. So he's got a fairly
21 broad area of responsibility, similar to what I
22 have at Exelon.

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1 Q Okay. Now, sticking with the same
2 segment of your testimony, Mr. Gausman -- I'm
3 sorry, Mr. Alden.

4 A Same color hair.

5 Q I got ahead of myself.

6 At page 3, lines 11 through 15, you say,
7 As a result of those discussions and subsequent
8 discussions -- do you see where I am?

9 A Yes, I do.

10 Q Okay. Do you mean to draw some kind of a
11 line in time between the interactions of the
12 engineers from Exelon and the engineers from PHI
13 and another set of discussions? Or what are you
14 talking about when you say "those discussions and
15 subsequent discussions" in that portion of your
16 testimony?

17 A I just think -- I wouldn't read too much
18 into that. I think it's just a series of
19 discussions that we had.

20 Q Okay. And then you say, Together with
21 PEPCO's 2014 SAIDI and SAIFI improvement.

22 Do you see where I am?

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1 A Yes, sir.

2 Q Okay. Can you assign a relative
3 significance to the discussions on the one hand
4 and PEPCO's 2014 SAIDI and SAIFI improvement on
5 the other in terms of significance in the comfort
6 level with proposing a 90-minute SAIDI and .66
7 SAIFI?

8 A I don't know that I would be able to give
9 you a percentage proportion of which one weighed
10 more. I'd say the engineering evaluation probably
11 carried more weight and the data point gave us a
12 bit more confidence that we could commit to that
13 evaluation.

14 I say engineering evaluation. It wasn't
15 a bottoms-up evaluation. It was, you know, more
16 of a kind of an overview or look at where we
17 thought the opportunities were.

18 Q We'll get to that in a minute. I guess
19 what I -- who made the call? Who had the ultimate
20 decision as to what Exelon was going to propose as
21 reliability standard commitments coming out of
22 this process?

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1 A The recommendation was provided to
2 Mr. O'Brien and Mr. Velazquez.

3 Q And so to your understanding, Mr. O'Brien
4 and Mr. Velazquez made the decision that it was
5 sound -- a sound move to propose a 90-minute SAIDI
6 and a .66 SAIFI?

7 A Yes, sir.

8 Q Based on the input from the group that
9 you and Mr. Gausman had sponsored?

10 A That's correct.

11 Q Okay. Now, sticking with the same
12 portion of your testimony, Mr. Alden, you say
13 that -- let me read the testimony aloud: As a
14 result of those discussions and subsequent
15 discussions, together with PEPCO's 2014 SAIDI and
16 SAIFI improvement, we proposed -- "we" meaning you
17 and Mr. Gausman?

18 A Yes.

19 Q Okay.

20 -- proposed 90 minutes and .66
21 interruptions as the appropriate and aggressive
22 levels for Exelon's SAIDI and SAIFI reliability

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1 commitments, respectively, in the merger, while at
2 the same time maintaining a commitment not to
3 increase reliability-related capital budget --
4 capital and operation and maintenance budgets.

5 Right?

6 A That's correct.

7 Q Okay. Couple of questions about what
8 you're trying to convey here is causality,
9 Mr. Alden. What parts of the appropriate and
10 aggressive levels for Exelon's SAIDI and SAIFI
11 commitments are you claiming to result from
12 PEPCO's ongoing pre-merger trajectory for
13 compliance with the Commission's EQSS standards?

14 A We haven't done that analysis.

15 Q And so you couldn't tell me either what
16 part of these appropriate and aggressive levels
17 for Exelon's SAIDI and SAIFI reliability
18 commitments are the result of the reliability
19 impacts of D.C. PLUG?

20 A That's correct.

21 Q And you couldn't tell me --

22 A Other than the calculations I spoke to

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1 before that Mr. Gausman has done.

2 Q All right. We'll have to ask Mr. Gausman
3 about those, right?

4 A Yes.

5 Q And you couldn't tell me what portion of
6 the basis for those appropriate and aggressive
7 levels for Exelon's SAIDI and SAIFI reliability
8 commitments, if any, are attributable to the
9 application of Exelon's best practices?

10 A I think the closest you could get with
11 that would be a comparison of what our initial
12 numbers were and what the revised numbers were.

13 Q Are you saying, Mr. Alden, as you sit
14 there --

15 A For SAIDI.

16 Q For SAIDI.

17 -- that the SAIDI improvement between
18 your initial proposal of, what, 107 minutes --

19 A I believe that's right.

20 Q -- and the 90 minutes ultimately
21 proposed, you would attribute all of that to
22 Exelon best practices?

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1 A I would attribute the majority, if not
2 all, of that to Exelon best practices, yes.

3 That's essentially the evaluation that we
4 did in that time frame that we've been discussing
5 here. That was Exelon and PHI -- Exelon Utilities
6 and PHI challenging each other and
7 understanding -- getting a better understanding of
8 the programs, approach, et cetera, that PHI uses
9 as compared to the programs, approach, procedures,
10 et cetera, that Exelon uses.

11 Q Okay. But, Mr. Alden, the 107 minutes
12 that you had originally proposed -- and when I say
13 "you," I mean Exelon; I'm not laying this at your
14 foot personally. The 107 minutes that Exelon
15 proposed originally as an end state for its
16 reliability commitment -- are you with me?

17 A I believe that's an -- I have to go back
18 and look to see whether that's an average --

19 Q Let's say, for purposes of argument, it
20 was a three-year average of performance over the
21 period 2018 through 2020.

22 A I believe that's correct, without looking

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1 through my testimony.

2 Q But you have the figure 107 minutes in
3 mind, correct?

4 A Yes, sir.

5 Q Okay. You do recognize, as you sit
6 there, that that 107-minute proposal did not
7 comply with the Commission's EQSS standards.

8 A I do recognize that, yes, sir.

9 Q And that the Commission's EQSS standards
10 would require -- and again -- let me withdraw the
11 question and do a little back-up for the record.
12 Okay.

13 Do you understand, Mr. Alden, that this
14 Commission expresses its EQSS SAIDI requirements
15 in hours and decimal portions of hours?

16 A Yes. That's fine. I can do the
17 conversion.

18 Q I can, too. I just wanted to make sure
19 the record was clear what we were talking about.

20 In order to convert -- and -- excuse me.
21 There was a question in between. Exelon generally
22 speaks in terms of SAIDI in terms of minutes for

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1 the duration of an outage, correct?

2 A Yes, sir.

3 Q Okay. So in order to convert from the
4 Commission's expression of 1.X hours to Exelon's
5 expressing the same construct in minutes, you take
6 the Commission's value stated in the D.C.
7 municipal regulations and you multiply by 60,
8 right?

9 A That is correct.

10 Q Okay. Good. Sorry that took so long,
11 but I wanted to make sure it was on the record.

12 For 2018, Mr. Alden, the Commission's
13 EQSS reliability standard for SAIDI is 99 minutes,
14 correct?

15 A I believe that's correct. I don't have
16 it in front of me, but yes.

17 Q Well, I'll ask if you'll accept these
18 values, subject to check.

19 For 2019, the SAIDI standard requirement
20 under the Commission's EQSS is 89 minutes,
21 correct?

22 A I'll accept that.

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1 Q All right. And the -- for 2020, the
2 commitment -- the requirement, rather, the
3 regulatory requirement under the EQSS, stated in
4 minutes, is 81 minutes; is that correct?

5 A I'll accept that as well.

6 Q All right. And Ms. Francis took you
7 through it, so I won't again, but I'd just like to
8 get you to confirm the point that the three-year
9 average of 99, 89 and 81 is 90; is that right?

10 A Yes, sir.

11 Q And that is the commitment that you're
12 proposing?

13 A Correct.

14 Q Proposing for SAIDI, I should say, to be
15 precise.

16 A Yes.

17 Q All right. Thank you.

18 So that -- Mr. Caldwell was reminding me
19 to belabor the obvious. So the 90-minute
20 commitment on average over three years, in fact,
21 represents the equivalent of implementing the
22 Commission's electric quality of service standards

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1 for SAIDI over that three-year period, 2018
2 through 2020, correct?

3 A I'm sorry. Could you say that again?

4 Q Yeah, let me break it down.

5 2018, the standard is 99 minutes, right?

6 A Yes.

7 Q 2019, it's 89 minutes, correct?

8 A Yes.

9 Q 2020, it's 81 minutes --

10 A Yes.

11 Q -- for SAIDI.

12 If I add those up and divide by three, I
13 get 90 minutes, correct?

14 A Yes.

15 Q Okay. And 90 minutes is what Exelon's
16 reliability commitment for SAIDI on a three-year
17 average basis is, right?

18 A Yes.

19 Q Let's now go to your rebuttal testimony
20 at page 4, line 22 through page 6, line 3.

21 A Page number again? I'm sorry.

22 Q Page 4, line 22, through page 6, line 3.

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1 Again, just as we usually do, just read it quietly
2 to yourself and let me know when you're ready.

3 Okay?

4 A All right. Page 6, line?

5 Q 3.

6 A I went too far. Thank you. I'm sorry.

7 Q That's all right. Now, in that segment
8 of your testimony, you identify six best practices
9 in the bullet points on page 5, right?

10 A That's correct.

11 Q Okay. What do you mean when you say at
12 page 5, line 20 and following -- and I'm quoting
13 here -- quote, any determination of whether the
14 above best practices would actually be applied
15 cannot be undertaken in advance of the legal and
16 operational combination of the companies and the
17 associated analyses he -- meaning Mr. O'Brien --
18 described. These best practices, if applied,
19 would be implemented as part of the overall
20 implementation of the Exelon management model as
21 described by -- excuse me -- described in detail
22 by Mr. O'Brien which will also lead to reliability

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1 improvements for PEPCO, close quote.

2 What are you trying to say there?

3 A The process of executing the management
4 model, integrating a new utility into the
5 management model, requires a great degree of
6 detailed analysis to be done, comparative
7 analysis, to look at what we would determine to be
8 a best practice or a standard of excellence,
9 determine where the gaps are between the new
10 utility, and decide which of those gaps create the
11 most value and which should be -- how they should
12 be prioritized and executed.

13 So the list of potential -- what I would
14 call, potential best practices are listed here is
15 a very small sampling of some of the things we'd
16 like to look at.

17 Q But it's fair to say that today, as you
18 sit there, Mr. Alden, you don't know whether any
19 of the things you identify in the bullet points on
20 page 5 would be implemented if the merger were to
21 proceed?

22 A I don't. There are -- as I said, this is

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1 a very, very small sampling of the things that we
2 would look at.

3 Q And you don't know whether, if they ever
4 were implemented, what impact, if any, they might
5 have; is that correct?

6 A I think we have a high degree of
7 confidence that where we can implement these or
8 any other best practices we've identified will
9 provide the benefits and achieve the commitments
10 that we've committed to. And that's based on
11 experience and the fact that we're going to be
12 integrating a utility that's traditionally been a
13 third and fourth quartile performer and into a
14 utility that are currently first quartile
15 performers.

16 Q As you sit here today, Mr. Alden, it's
17 true, is it not, that any determination whether
18 those best practices would actually be applied
19 can't be undertaken in advance of the legal and
20 operational combination of the companies?

21 A That's true.

22 Q Okay. So you don't know as you sit here

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1 today. You think, but you don't know?

2 A We've committed to meeting those numbers
3 based on our confidence in being able to execute
4 possibly these and likely many more.

5 Q You have not quantified any change in
6 PEPCO reliability that is attributable to the
7 merger as opposed to improvements caused by
8 PEPCO's ongoing reliability program or incremental
9 improvements attributable to D.C. PLUG, have you?

10 A As I said before, you could --
11 specifically, no, but you could essentially say
12 that the improvements that we've committed to in
13 our most recent filing, the incremental
14 improvement there is based on the Exelon
15 management model being applied to the business.

16 Other than that, I believe you're -- the
17 answer to your question is yes.

18 Q When you say the incremental improvement,
19 you mean the 17-minute improvement in duration
20 over your original proposal --

21 A Yes, sir.

22 Q -- from 107 to 90, but the 290 represents

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1 compliance with the existing EQSS.

2 A I understand that.

3 Q Okay. And then the -- I'm trying to
4 remember, it's 1200ths, is it, in the SAIFI?

5 A From .54 to .66?

6 Q Right. Did I do the math right?

7 A Yes, sir.

8 Q Okay. Great. So 1200ths of a frequency
9 in SAIFI is actually not an improvement over your
10 original proposal, but you said that was based on
11 some adjustment you made with respect to
12 D.C. PLUG.

13 A I'd say excluding the adjustment to
14 D.C. PLUG, which we don't have control over, it's
15 an equivalent commitment.

16 Q And the .66 is 300ths better in 2018
17 through 2020 than what PEPCO, on a stand-alone
18 basis, was able to achieve in 2014.

19 A Yeah, you're assuming that PEPCO could
20 achieve that. I think Mr. Gausman would tell you
21 that their confidence level of being able to
22 achieve that for the budget dollars that we've

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1 committed to here is in question.

2 Q Well, I can take that up with
3 Mr. Gausman, I suppose. But we have to deal with
4 the data points that we have, don't we, Mr. Alden?

5 A I understand that. Yes, sir.

6 Q Now, you also reference PEPCO's five-year
7 reliability-related capital and operation and
8 maintenance budgets at page 3, lines 14 to 15,
9 right?

10 A You're still in my rebuttal?

11 Q Yes, sir.

12 A Yes, sir.

13 Q All right. Let me ask you, first, to
14 take a look at Joint Applicants' Exhibit (4E)-1.
15 I recognize that that's Mr. Gausman's exhibit. I
16 have a few questions for you about it. (4E)-1.

17 MR. DUVER: Is this supposed to be just
18 (4E)? I don't believe there's a (4E)-1.

19 MR. COYLE: We were provided with a
20 document that bears a heading (4E)-1.

21 CHAIRMAN KANE: Off the record.

22 (Discussion held off the record.)

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1 MR. DUVER: Your Honor, my understanding
2 is that when the February 17th testimony was
3 originally filed, there was a work paper that was
4 inadvertently labeled with a heading that said
5 (4E)-1. It wasn't intended to be an exhibit to
6 Mr. Gausman's February 17th testimony, but simply
7 a corresponding work paper.

8 So I believe that Mr. Coyle is likely
9 referring to the work paper that was provided with
10 Mr. Gausman's -- Witness Gausman's testimony, but
11 it isn't formally being introduced as an exhibit
12 by the joint applicants.

13 CHAIRMAN KANE: By the joint applicants.

14 MR. DUVER: Correct. Correct.

15 CHAIRMAN KANE: Mr. Coyle, do you have
16 that work paper?

17 MR. DUVER: And I would just note we
18 filed an errata later on, and as part of the fully
19 conformed copy, that was not included as an
20 exhibit to the testimony.

21 CHAIRMAN KANE: Mr. Coyle?

22 MS. FRANCIS: If I could just have a

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1 minute --

2 CHAIRMAN KANE: Ms. Francis.

3 MS. FRANCIS: -- to talk to Mr. Coyle, I
4 think I have it in one of my exhibits.

5 CHAIRMAN KANE: Actually, let's use this
6 as the opportunity to take a ten-minute break,
7 also allow the court reporter to start getting
8 some of this transcript uploaded. We've been --
9 very good. We've gotten yesterday's already, and
10 that's very helpful.

11 So we will come back in ten minutes.

12 (Whereupon, a short recess was taken.)

13 CHAIRMAN KANE: All right. We are
14 resuming. It is 12:27. Mr. Alden, you're still
15 here back on the stand.

16 It's my intention to, if we could finish
17 with Mr. Alden before we take a lunch break --

18 MR. COYLE: Mine too.

19 MR. DUVER: Your Honor, I believe we
20 worked it out at the break that the questions
21 regarding that particular document would be
22 directed to Mr. Gausman.

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1 MR. COYLE: That's correct, Chair. I can
2 cover -- cover what I need to cover with Mr. Alden
3 with reference to a document already in the
4 record. So we'll leave the actual budget to
5 Mr. Gausman.

6 CHAIRMAN KANE: That's fine.

7 MR. COYLE: Apologize for the confusion.

8 CHAIRMAN KANE: And I do understand that
9 we are going to take Mr. Gausman after Mr. Alden.
10 That is a change?

11 MR. DUVER: Yes.

12 CHAIRMAN KANE: Mr. Lorenzo -- I mean,
13 excuse me, Mr. Duver.

14 MR. DUVER: I believe, in order to
15 accommodate witness schedules and all, we're going
16 to put Mr. Gausman on next after the lunch break
17 as the very next witness. And then Mr. McGowan
18 would be moved until next Tuesday or Wednesday,
19 because Mr. McGowan isn't available on Monday.

20 CHAIRMAN KANE: So he would be moved till
21 Tuesday.

22 MR. DUVER: Correct.

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1 CHAIRMAN KANE: Okay. Let me just remind
2 all of the parties, in particular the joint
3 applicants, that when there are changes in
4 schedule proposed, such as happened after hours
5 last night, that you need to communicate directly
6 with the lead attorney for the Commission, with
7 Mr. Herskovitz. Whatever else -- anybody else you
8 tell and work it out with, but you need to be sure
9 that that is our point of contact.

10 MR. DUVER: We will do that.

11 CHAIRMAN KANE: Thank you.

12 MS. FRANCIS: With one caveat, Your
13 Honor. The joint applicants have agreed that I
14 could cross Mr. Gausman on Monday after Mr. Gould
15 because I'm going to have to leave before it's --
16 before there's time for me to cross Mr. Gausman.

17 CHAIRMAN KANE: Today.

18 MS. FRANCIS: Today.

19 CHAIRMAN KANE: Yes. All right.

20 Mr. Coyle?

21 MR. COYLE: Thank you, Your Honor.

22 BY MR. COYLE:

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1 Q Now, after all that, Mr. Alden, let me
2 refer you to a different exhibit.

3 A Okay.

4 Q Would you take a look at Exhibit (4A)-2,
5 page 2, line 7. I'm sorry, page 2, item 7.

6 A Okay.

7 Q Now, (4A)-2, Exhibit (4A)-2, Joint
8 Applicants' Exhibit (4A)-2 is the joint
9 applicants' collection of their merger
10 commitments, correct?

11 A Yes, sir.

12 Q And item 7 in Exhibit (4A)-2 is the
13 reliability commitment that we've been discussing
14 during this cross-examination, correct?

15 A Yes, it is.

16 Q Okay. There is a table 1 toward the
17 bottom of the page. Do you see where I am?

18 A I see it.

19 Q Okay. And it can be a little bit
20 difficult to read, but the first line in table 1
21 is, Reliability-driven capital expenditures, 2014
22 through 2020. Is that right?

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1 A Yes. It's a little blurry even with my
2 progressive lenses here, but I see it.

3 Q Do you know whether the budget figures
4 for 2014 through 2020 that are reflected in that
5 first line that says, PEPCO D.C. -- does that set
6 forth the capital budget to which Exelon is
7 proposing -- within which Exelon is proposing to
8 meet its three-year average commitments with
9 respect to SAIDI and SAIFI?

10 A Those would be the -- yes, those would be
11 the capital expenditures.

12 Q Okay. Now, the 2014 capital expenditures
13 have already happened, obviously, correct?

14 A Yes, sir.

15 Q Okay. And if the merger doesn't close
16 until, I believe we heard January -- sorry,
17 July 29th, or perhaps as late as October 29th, a
18 good chunk of the 2015 will have been spent before
19 the merger as well, correct?

20 A That's correct.

21 Q Okay. And do you know -- and it's okay
22 if you don't -- which of those budgetary figures

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1 has been accepted by this Commission in a rate
2 case?

3 A I don't know.

4 Q Okay. Same set of questions with respect
5 to the line beginning, PEPCO O&M reliability
6 budget, Mr. Alden. Those figures are the
7 operation and maintenance expenditures on which
8 Exelon's commitment is premised?

9 A Yes.

10 Q And to your knowledge, is there a more
11 detailed O&M budget associated with those figures?

12 A I believe there is. Mr. Gausman would be
13 the appropriate person to ask that question.

14 Q Okay. What is forestry?

15 A I believe that's everything that
16 encompasses the vegetation management program.

17 Q Do you see the single asterisk underneath
18 forestry that says, Projected budgets reflect
19 inflation by escalating the previous year by
20 3 percent?

21 A Yes.

22 Q Do you know whether that applies to both

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1 capital and O&M or only O&M?

2 A It's my understanding that applies to
3 only O&M.

4 Q Thank you. Now, I want to continue to
5 explore the commitment with you a little bit,
6 Mr. Gausman, and make sure I understand.

7 A You're still talking to Mr. Alden, by the
8 way.

9 Q I'm sorry. I apologize again.
10 Mr. Alden.

11 A Just so you don't ask me the wrong
12 question.

13 Q It's good. Fortunately, I only run one
14 script at once on this screen.

15 Mr. Alden, the relationship in the
16 commitment between the budgets and the SAIDI and
17 SAIFI levels is limited to the three-year average,
18 is it not? In other words, let me -- that was a
19 terrible question. Let me ask it again.

20 The commitment speaks to attaining a
21 SAIDI level of 90 minutes and a SAIFI of .66 on a
22 three-year average basis between 2018 and 2020,

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1 correct?

2 A That's correct.

3 Q Without exceeding the budgets listed in
4 that commitment that we were just looking at.

5 A That's correct.

6 Q The commitment does not extend, does it,
7 to meeting each year's electric quality of service
8 standard requirement within that time frame, 2018
9 through 2020, does it?

10 A That's correct. The commitment and the
11 associated penalties are related to the 2018
12 through 2020 average performance.

13 Q So the first question is, if it ends up
14 costing more than is set forth in those budgets to
15 attain compliance with the electric quality of
16 service standards requirement year by year for
17 SAIDI or SAIFI, you'll be in for a rate case to
18 get that money, right?

19 A Assuming that those increases were
20 outside of our control. I can't give you a yes or
21 no answer. I think Mr. Crane's answer was
22 appropriate, possibly.

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1 Q Well, I want to make sure I understand,
2 because I do understand there's a level of
3 contingency associated with the commitment itself,
4 and I'll get to that, but that wasn't what I was
5 asking you. What I was asking you was year by
6 year, you do you understand the Commission's
7 electric quality of service standards impose an
8 annual obligation for SAIDI and SAIFI levels?

9 A Absolutely. Yes, sir.

10 Q Okay. And we just discussed your
11 commitment, Exelon's commitment, as being offered
12 on a three-year average basis for 2018 through
13 2020.

14 A Yes, sir.

15 Q So if those budgets do not -- and when I
16 say "those budgets," I mean the ones we were just
17 looking at in (4A)-2 -- those budgets do not turn
18 out to be sufficient in the event to attain the
19 annual SAIDI and SAIFI required by the electric
20 quality of service standards, Exelon would not
21 feel itself constrained by this commitment not to
22 come in for more money to the Commission.

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1 A I think that's accurate. We would not
2 feel constrained, yes.

3 Q Okay. All right. Now, I think you've
4 told me, in terms of any sort of detailed
5 questions on the budgets, those ought to be
6 directed to Mr. Gausman, correct?

7 A I think that would be appropriate, yes.

8 Q All right. That's the way we'll handle
9 it.

10 Let's go back now to page 3, line 16
11 through page 4, line 21 of your rebuttal
12 testimony. And I'd also like you to take a look
13 at Joint Parties' Hearing Exhibit Number 1 at
14 page 31.

15 A I'm sorry. You went through that pretty
16 quickly. Could you give me the pages again for
17 the rebuttal?

18 Q For the rebuttal, page 4, line -- I'm
19 sorry, page 3, line 16 through page 4, line 21.
20 That will be an easy read for you.

21 And then I want you also to look at Joint
22 Parties' Hearing Exhibit Number 1 at page 31.

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1 A Okay.

2 Q Now, the portion of your rebuttal
3 testimony that I cited you to is blank, isn't it,
4 Mr. Alden?

5 A Yes, it is.

6 Q Okay. If I go to Joint Parties' Hearing
7 Exhibit Number 1 at page 31, I will find the
8 missing testimony. That would being reflected in
9 the middle column on page 31 that says, Original
10 text, correct?

11 A Yes, I see it.

12 Q Would you take the first segment for
13 page 3, lines 15 through 21 and explain to me why
14 that was deleted.

15 A I believe it's because we've modified our
16 commitment to meet the SAIDI standard, and we've
17 slightly modified the SAIFI to reflect the
18 D.C. PLUG delay.

19 Q And what about the second segment? If
20 you could read that quietly to yourself and then
21 let me know when you're ready.

22 A Okay.

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1 Q All right. You say there toward the
2 middle of the segment, While our proposed standard
3 continues to improve SAIDI in those years, it is
4 correct that the proposed SAIDI benchmark is not
5 more aggressive than the current EQSS benchmarks
6 for 2018 through 2020, and my statement in my
7 direct testimony may have been overbroad.

8 In fact, it was overbroad, wasn't it,
9 Mr. Alden?

10 A Yes, sir.

11 Q Okay. Now I'd like you to go to your
12 supplemental direct, if you would, please.

13 A Okay.

14 Q And I told you we were going to get to
15 the contingencies on your commitment, and here
16 they are. I want you to take a look at page 2,
17 lines 1 through 9, and page 3, lines 1 through 5,
18 read those to yourself and let me know when you're
19 ready.

20 A Okay.

21 Q Page 2, lines 5 through 9, you identify
22 contingencies with respect to the commitment,

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1 correct?

2 A Yes, sir.

3 Q And specifically to make sure we're
4 focused on the same language, you say, Joint
5 applicants commit to meet the following SAIFI and
6 SAIDI averages calculated for the three-year 2018
7 through 2020 period without exceeding the
8 aggregate capital and O&M spending levels listed
9 in table 1 of Mr. Gausman's February 17, 2015
10 supplemental direct testimony.

11 And here we get to the contingencies:
12 Absent changes in law, regulations or extreme
13 weather events requiring increases in
14 reliability-related spending to restore service
15 and facilities -- so so far we have three, right:
16 Changes in law; changes in regulations; and
17 extreme weather events requiring increases in
18 reliability-related spending, right?

19 A Yes.

20 Q Okay. And the fourth contingency is
21 variations in the schedule of the D.C. PLUG that
22 are outside of PEPCO's control, right?

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1 A Yes.

2 Q Okay. And we go over to page 3, line 5,
3 again, you emphasize that the commitment is
4 contingent on the D.C. PLUG initiative moving
5 ahead on a schedule such that the currently
6 forecasted year one feeder work is completed and
7 in service in 2016 and that, for each plan year in
8 the D.C. PLUG initiative from 2017 to the
9 beginning of 2020 the subsequent feeder work is
10 completed and in service on schedule. Right?

11 A Yes.

12 Q And then in footnote 2, you refer to
13 PEPCO and DDOT's 90-day supplemental report in
14 formal case number 2016, right?

15 A Yes.

16 Q I'm sorry, 1116. I apologize.

17 Let me ask you to take a look, if I
18 could, Mr. Alden, at Exhibit -- what's been marked
19 for identification as Exhibit DCG 77.

20 A Okay.

21 Q Could you confirm for me that
22 Exhibit DCG 77 is the D.C. PLUG construction

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1 schedule from the -- what I'll informally call the
2 90-day update in formal case 1116 that was filed
3 February 10th, 2015?

4 A I haven't seen it before, but that's what
5 it's titled.

6 Q Okay. You reference it in footnote 2 of
7 your testimony, don't you?

8 A Yes, sir.

9 Q But you hadn't seen it?

10 A I haven't seen the details of it, no.

11 Q I see. Okay. All right.

12 Would you also take a look at what's been
13 marked for identification as Exhibit DCG 76. And
14 can you tell me whether that is the construction
15 schedule that was submitted as appendix C to the
16 joint application of PEPCO and the District of
17 Columbia Department of Transportation in formal
18 case 1116 on June 14th, 2014?

19 A I think these questions might be better
20 suited for Mr. Gausman, because I can't confirm
21 that.

22 Q All right. Well, that's fair enough.

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1 Let me maybe give you one that you can answer.
2 Keeping -- keeping DCG -- what had been marked for
3 identification as DCG 76 and 77 handy, would you
4 now go back to Exhibit (4A)-2, item 7, on page 2,
5 and footnote 1?

6 A I'm sorry. Say that again, I've got
7 three things open here.

8 Q Yeah, I know.

9 A I'm trying to work my way through it.

10 Q I know. It's not easy, and I only have
11 it on one screen.

12 Go back to (4A)-2, which is the merger
13 commitments, on page 2, item 7. Take all the time
14 you need.

15 CHAIRMAN KANE: Mr. Coyle, if I might
16 interrupt, do you intend to mark these exhibits?
17 The ones just referred to.

18 MR. COYLE: I do, Your Honor. What
19 I'm -- what I'm trying to figure out, while the
20 witness is inquiring with counsel, is whether I'm
21 going to try to offer them through this witness
22 or -- I mean, they've been marked for

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1 identification. Whether I'm going to try and
2 offer them through this witness or Mr. Gausman,
3 since the witness says he's not that familiar with
4 the first one of them.

5 MR. DUVER: Mr. Gausman is the next
6 witness.

7 CHAIRMAN KANE: Mr. Gausman is the next
8 witness. And what I'd ask is -- the first time
9 around, you indicated you were going to put all of
10 your exhibits into the record.

11 MR. COYLE: Yes.

12 CHAIRMAN KANE: We did not go through the
13 process of renumbering them.

14 MR. COYLE: Correct.

15 CHAIRMAN KANE: Do you intend to put all
16 77 exhibits into the record? You've put about 35
17 in there so far.

18 MR. COYLE: I do, Your Honor.

19 CHAIRMAN KANE: You do?

20 MR. COYLE: Yes. If there's no objection
21 from the Commission, I'd be happy to proceed the
22 way I have.

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1 CHAIRMAN KANE: We started down that
2 path, so I will allow it this time.

3 MR. COYLE: Thank you, Your Honor.

4 BY MR. COYLE:

5 Q Mr. Gausman, do you have Exhibit (4A)-2?

6 A Mr. Alden. Still.

7 Q God, I'm sorry. I apologize.

8 A You can write it down in front of you
9 there.

10 Q I apologize. Do you have Exhibit (4A)-2
11 in front of you?

12 A I do.

13 Q Exhibit (4A)-2, footnote 1 on page 2
14 refers to the appendix C construction schedule,
15 does it not?

16 A Yes, it does.

17 Q Do you understand, from having looked at
18 the exhibits, that you reference a different
19 construction schedule than the one that is
20 referenced in the commitment as presented in
21 (4A)-2?

22 A I believe that's an error that requires a

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1 correction.

2 Q Okay.

3 A In my discussions with counsel.

4 Q Okay. Let me ask you this and sort of

5 hope that that would get that dialogue started.

6 Which construction schedule is it, if you know,

7 that the joint applicants intend to use as a

8 baseline for determining whether there's been a

9 change in the D.C. PLUG construction schedule that

10 would excuse their failure to meet their

11 commitment with respect to item 7 in

12 Exhibit (4A)-2?

13 A Again, I would refer that question to

14 Mr. Gausman.

15 Q Very good. Let me take a guess,

16 Mr. Alden. If I were to ask you what the

17 differences were between the two schedules, you

18 would refer me to Mr. Gausman too, wouldn't you?

19 A That's a correct guess.

20 Q All right. Thank you.

21 Do you know, Mr. Alden, what the

22 sensitivity is of the commitment expressed in

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1 item 7 of Exhibit (4A)-2 to changes in the
2 D.C. PLUG construction schedule?

3 A Can you help me understand sensitivity --

4 Q Sure.

5 A -- how you're defining that.

6 Q Sure. You've reserved in your testimony
7 a contingency, which is to say we'll do this --
8 we'll do a SAIDI of 90 and a SAIFI of .66 on a
9 three-year average basis between 2018 and 2020 if
10 none of the following contingencies occur, one of
11 which is a change in the D.C. PLUG construction
12 schedule, right?

13 A Yes.

14 Q Okay. So we've established that one
15 change has already happened in the D.C. PLUG
16 construction schedule, and at some point we'll
17 need to nail down which one we're looking at as
18 the starting point for this, right?

19 A I understand, yes.

20 Q Okay. So the other question is, is there
21 a sensitivity? In other words, does a change in
22 the D.C. PLUG construction schedule trigger a

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1 change in the applicants' -- in the joint
2 applicants' ability to meet the commitment
3 expressed in item 7 of Exhibit (4A)-2?

4 A I think the question should be -- any
5 questions with respect to the schedule should be
6 referred to Mr. Gausman.

7 Q Okay. Mr. Alden, you've been in the
8 utility business a long time, I think; is that
9 right?

10 A Yes, sir.

11 Q Have you been -- how many multi-year
12 underground utility construction projects have you
13 been involved in over the course of your career?

14 A I worked in Chicago as the vice president
15 of project and contract management, and at the
16 time we did quite a few underground transmission
17 projects in the City of Chicago. I couldn't tell
18 you the number.

19 Q Okay. I bet you can tell me this,
20 though: How many of the underground utility
21 construction projects that you've been involved in
22 over the course of your career ever adhered to

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1 their original construction schedule throughout
2 the course of the entire project?

3 A I don't know the answer to that question.

4 Q It's a much smaller universe than all the
5 projects, isn't it?

6 A I couldn't give you a firm answer on that
7 question.

8 Q Fair enough. Thank you, Mr. Alden. I
9 have no further questions for this witness.

10 CHAIRMAN KANE: Thank you.

11 Does DC SUN any questions for this
12 witness?

13 MS. SPENCER: DC SUN has no questions for
14 Mr. Alden.

15 CHAIRMAN KANE: Ms. White?

16 MS. WHITE: Good afternoon, Madam
17 Chairwoman.

18 CROSS-EXAMINATION

19 BY MS. WHITE:

20 Q I have just a few questions for you,
21 Mr. Alden. My name is Nancy White. I represent
22 D.C. Water in this proceeding. Am I correct that

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1 the joint applicants' initial SAIFI commitment
2 was .54?

3 A That's correct.

4 Q The revised commitment is .66?

5 A That's correct.

6 Q And if I'm doing my math right, that
7 difference is .12.

8 A That's correct.

9 Q And all three numbers are three-year
10 average numbers; is that correct?

11 A That's correct.

12 Q The .12 difference you have attributed to
13 a one-year slippage in D.C. PLUG; is that right?

14 A That's right.

15 Q Help me get my arms around the math here.
16 You've got a one-year slippage in D.C. PLUG that
17 creates a .12 change in the SAIFI number. Doesn't
18 mathematically that mean that the actual one-year
19 slip -- that the one-year impact for D.C. PLUG is
20 .36, since we're comparing one-year and three-year
21 averages?

22 A Could you repeat that?

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1 Q Mathematically --

2 A You lost me.

3 Q -- if you have a one-year slippage in
4 D.C. PLUG, have a .12 impact on a three-year
5 average number, doesn't that mathematically mean
6 that the actual impact of the one-year PLUG
7 slippage is .36?

8 A I don't know. I'd have to think about
9 that. And, potentially, Mr. Gausman is better
10 suited to answer that question. He has a better
11 understanding of the impact of the D.C. PLUG
12 slippage than I do.

13 MS. WHITE: I think we can take that up
14 with Mr. Gausman. That's all I have. Thank you,
15 Madam Chairwoman.

16 Thank you, Mr. Alden.

17 CHAIRMAN KANE: Commissioner Fort?

18 COMMISSIONER FORT: Good afternoon. So I
19 was expecting Ms. Francis, who always does a good
20 job of this, to do a couple of questions that she
21 didn't do this time, so I'm going to do them.
22 Usually I'm informed about what people do within

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1 their organization by the background questions
2 that she asks.

3 But I have been intrigued about trying to
4 understand how Exelon operates. So you say you're
5 the vice president of utility oversight and
6 integration. Where is that located exactly within
7 Exelon?

8 THE WITNESS: It's located -- I report
9 directly to Mr. O'Brien. I'm a direct report to
10 Denis O'Brien. Physically, I'm located in
11 Philadelphia, but I travel amongst the three
12 current Exelon utilities on a regular basis cyst.

13 COMMISSIONER FORT: So Mr. O'Brien
14 yesterday told us that he works for the business
15 services company.

16 THE WITNESS: Correct.

17 COMMISSIONER FORT: And in the Exelon
18 Utilities division.

19 THE WITNESS: Yes, ma'am.

20 COMMISSIONER FORT: That's where you are?

21 THE WITNESS: Yes.

22 COMMISSIONER FORT: And that's what you

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1 do?

2 THE WITNESS: That's correct.

3 COMMISSIONER FORT: I think you just

4 responded to, I think one of Mr. Coyle's

5 questions, that the process of integrating

6 requires a great degree of analysis, when they

7 were talking about the business integration

8 process.

9 THE WITNESS: Yes.

10 COMMISSIONER FORT: So tell me, who else

11 is in your utility oversight and integration

12 division, how many employees and where are those

13 employees located?

14 THE WITNESS: I have two direct reports

15 that deal with oversight -- with the oversight

16 component of this, and I have two other direct

17 reports that deal directly with the integration

18 piece of it.

19 COMMISSIONER FORT: And where are they?

20 Are they employees of the business services

21 company?

22 THE WITNESS: Yes, they report directly

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1 to me. One of those employees is a -- is located
2 in Chicago at ComEd.

3 COMMISSIONER FORT: Does that mean that
4 that person is detailed to ComEd in Chicago?

5 THE WITNESS: No, they have
6 responsibility for all of the utilities. So what
7 we try to do is balance and provide diversity
8 within my organization across the utility. So we
9 have -- essentially I have reports from all of the
10 Exelon utilities that work in my organization.
11 And they -- many of them are located in their home
12 utility, so to speak, but they have responsibility
13 for dealing with and managing all of the Exelon
14 utilities.

15 COMMISSIONER FORT: So you have --

16 THE WITNESS: Or overseeing.

17 COMMISSIONER FORT: So you have one
18 person located in Chicago.

19 THE WITNESS: Yes.

20 COMMISSIONER FORT: And so now you've got
21 three more to account for. Where are they?

22 THE WITNESS: Right. One is located in

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1 Philadelphia and the other two locate typically in
2 the utility that we're going to integrate into the
3 business.

4 COMMISSIONER FORT: So the person who is
5 in Philadelphia, is that person located in PECO?

6 THE WITNESS: He also works in business
7 services and reports directly to me. But he's
8 located in the PECO main office building at 23rd
9 and Market Street.

10 COMMISSIONER FORT: I didn't hear you say
11 that anybody was located in Baltimore or at BG&E;
12 is that correct?

13 THE WITNESS: That's correct. So BG&E
14 was the most recently integrated utility,
15 obviously. During that integration period, I was
16 located at BG&E, along with two of my direct
17 reports, to assist cysts them with the
18 integration. So we actually put a team of people
19 on the ground in Baltimore to help assist them,
20 get acclimated and understand how the management
21 model works and how to get them fully integrated
22 in the Exelon family of utilities.

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1 COMMISSIONER FORT: And does that mean
2 that you would anticipate locating somebody from
3 your team at PHI?

4 THE WITNESS: Yes, absolutely. We'll
5 have a team of people on the ground here with PHI,
6 with Mr. Velazquez's team.

7 COMMISSIONER FORT: How are the costs for
8 those individuals on your team handled?

9 THE WITNESS: During that integration
10 period, those -- I believe those costs are --
11 they're allocated. Once again, it depends on how
12 much time they're spending specifically on the PHI
13 work versus how much time they're spending on
14 overseeing and managing the other utilities and
15 the support that they provide PHI during the
16 integration.

17 COMMISSIONER FORT: So the -- so does
18 that mean that we can't count that cost as a
19 benefit? Let me ask that differently.

20 If -- as I understand it, the costs are
21 going to be allocated to PHI. That's a cost to
22 them --

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1 THE WITNESS: That's correct.

2 COMMISSIONER FORT: -- and to D.C.
3 ratepayers.

4 THE WITNESS: That's correct.

5 COMMISSIONER FORT: Do you know whether
6 or not Ms. Tierney is counting that also as a
7 benefit?

8 THE WITNESS: I don't know. I would --
9 that's an interesting question. I think you'd
10 have to look at both the cost and the benefit of
11 having that team at PHI, because obviously the
12 more quickly we can integrate PHI into the
13 business, apply best practices, and then apply
14 those to the business, which obviously creates a
15 benefit, that we want to do that.

16 So I think you've got to look at kind of
17 the overall benefit associated with that. I don't
18 know if that's been factored in or not. The costs
19 are not significant to do that, as compared to the
20 benefit that we get by integrating the new company
21 into the business.

22 COMMISSIONER FORT: Do you know if

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1 there's a procedure for tracking all of the costs
2 that are associated with getting the management
3 model up and running at a new entity?

4 THE WITNESS: I believe there's a
5 mechanism to be able to do that, yes.

6 COMMISSIONER FORT: And who would I talk
7 to about that mechanism?

8 THE WITNESS: Mr. Khouzami.

9 COMMISSIONER FORT: Do you know whether
10 or not the integration is considered a special
11 service under a service-level agreement under your
12 general service agreement?

13 THE WITNESS: I don't know the answer to
14 that question.

15 COMMISSIONER FORT: Is that a
16 Mr. Khouzami?

17 THE WITNESS: Mr. Khouzami would be the
18 person, yes.

19 COMMISSIONER FORT: Were you involved in
20 the integration of BGE?

21 THE WITNESS: Directly, yes. For the
22 utility operations portion of that integration.

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1 COMMISSIONER FORT: Somebody asked you
2 earlier how long that process took and you gave an
3 18 to 24-month estimate?

4 THE WITNESS: Yes.

5 COMMISSIONER FORT: Would you expect the
6 integration of PHI, which includes three
7 utilities, as well as PHI, to take longer or
8 shorter?

9 THE WITNESS: I would expect it to take
10 less time.

11 COMMISSIONER FORT: And why is that?

12 THE WITNESS: The BGE integration was
13 really, I'd say, the first opportunity we had to
14 fully integrate a utility using all aspects of our
15 management model. And so obviously, there are
16 some fits and starts associated with that, and
17 some lessons learned that come out of that.

18 Those lessons learned have been applied
19 to the integration plan for PHI, and I believe it
20 will be much easier for us to integrate PHI into
21 the family of utilities than it was to do so with
22 BGE.

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1 COMMISSIONER FORT: BGE operated in only
2 one jurisdiction, correct?

3 THE WITNESS: Yes.

4 COMMISSIONER FORT: PHI has three
5 companies operating in four jurisdictions.

6 THE WITNESS: Yes, ma'am.

7 COMMISSIONER FORT: And your assumption
8 is that that is going to take less time because
9 the lessons that you learned from the BGE
10 experience can be applied more quickly in PHI? Is
11 that what I just heard you say?

12 THE WITNESS: That's correct. It's my
13 understanding, from working with Mr. Velazquez's
14 team over the past few months, that a good bit of
15 work has been done with respect to integrating the
16 PHI utility so that there's a close relationship
17 between those utilities. So it's not like we're
18 integrating four different utilities with four
19 different sets of procedures and four different
20 ways of operating the companies.

21 COMMISSIONER FORT: Can you give me some
22 examples of what's been done in that respect?

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1 THE WITNESS: At BGE or at PHI?

2 COMMISSIONER FORT: At PHI, yes.

3 THE WITNESS: I -- I wouldn't be able to
4 give you the specifics of that.

5 COMMISSIONER FORT: So who was working
6 with Mr. Velazquez on that?

7 THE WITNESS: That's been -- I believe
8 that's been done over the number of years. It
9 would be his team, his direct reports.

10 COMMISSIONER FORT: I'm sorry. I thought
11 you were talking about something that was being
12 done between Exelon and PHI.

13 THE WITNESS: Oh, no, no.

14 COMMISSIONER FORT: Did I --

15 THE WITNESS: I'm sorry. I'm sorry. I'm
16 sorry if I confused you, no. My point was -- or
17 the point I was trying to make was it will be
18 easier for us to integrate PHI than it would be to
19 integrate four separate utilities, because PHI has
20 essentially already gotten those utilities to
21 operate under essentially one umbrella from the
22 standpoint of -- from the standpoint of operating

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1 practices and efficiencies and those types of
2 things.

3 COMMISSIONER FORT: So for example, if
4 all four utilities are using the same billing,
5 customer billing package -- is that what we're
6 talking about?

7 THE WITNESS: Yes. Right.

8 COMMISSIONER FORT: Do the PHI utilities
9 use the same customer billing package as the
10 Exelon utilities currently?

11 THE WITNESS: There are some similarities
12 with respect to the billing package. I don't know
13 the specifics of that.

14 COMMISSIONER FORT: Are you familiar with
15 the new billing package that PHI has rolled out?

16 THE WITNESS: I'm not.

17 COMMISSIONER FORT: Within your process,
18 who looks at those type of integration issues?

19 THE WITNESS: There are -- within that
20 process, I believe that would be the
21 responsibility of the -- there's a support and
22 cost to achieve team I believe was looking at

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1 that. Mr. Khouzami can answer that question more
2 clearly than I could.

3 COMMISSIONER FORT: So the support and
4 cost to achieve team is different from your --

5 THE WITNESS: I have responsibility --

6 COMMISSIONER FORT: -- utility oversight
7 and integration team?

8 THE WITNESS: Yeah, there's -- we're
9 talking about organizations versus integration
10 team, so I just want to make sure we don't confuse
11 the two. My organization is the oversight and
12 integration organization. There is a separate
13 integration team that essentially my group would
14 head up which is related specifically to utility
15 operations, which would be customer service, field
16 operations, those types of things, things that are
17 more directly operational.

18 COMMISSIONER FORT: Do you consider
19 billing customer service?

20 THE WITNESS: Billing would be one of the
21 aspects of the business, and it's one of our 44
22 core functions, so yes.

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1 COMMISSIONER FORT: Is there an
2 organization chart for Exelon Utilities?

3 THE WITNESS: Yes, there is.

4 COMMISSIONER FORT: Individually just for
5 Exelon Utilities?

6 THE WITNESS: Yes. Under Mr. O'Brien.

7 COMMISSIONER FORT: I'm going to make a
8 request that we see the Exelon Utility (sic)
9 organization chart.

10 MR. DUVER: We will consider that a bench
11 data request and get the information to you, Your
12 Honor.

13 COMMISSIONER FORT: Thank you.

14 The improvements at BGE under the
15 management model have been cited frequently as an
16 example of what we could expect under the PHI
17 model. And you were involved in that process, you
18 said. What were the metrics that measured the
19 improvements?

20 THE WITNESS: I believe Mr. O'Brien spoke
21 about the KPIs that he uses at the EU level.
22 Those we would characterize as tier 1 metrics.

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1 Those are ones that are typically benchmarkable
2 and they're -- they're contained in a book that
3 Mr. O'Brien receives once a month, along with the
4 CEOs from each company.

5 So those metrics are, first and foremost,
6 used to manage the business. And then there are a
7 series of other metrics below that, tiers 2, 3,
8 all the way down to tier 4, that the local
9 business areas can use that typically influence
10 and roll up to the tier 1 metrics.

11 COMMISSIONER FORT: And what tier metrics
12 are you responsible for?

13 THE WITNESS: I don't know that I'd say
14 I'm responsible for any of the tier metrics. The
15 businesses are responsible for their performance
16 as it relates to metrics.

17 COMMISSIONER FORT: What tier metrics are
18 you responsible for overseeing?

19 THE WITNESS: Typically tiers -- well,
20 actually, tiers 1 through 4, all tiers, from the
21 standpoint of making sure the businesses are using
22 the appropriate tiers, tiered metrics, that

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1 they're sharing the tiered metrics across the
2 organization and that the definitions for those
3 metrics are the same and well understood across
4 the organization so that we don't have problems
5 with -- associated with people saying, well, I
6 measure it this way and I measure it that way.

7 We take a lot of time to make sure that
8 we can do accurate side-by-side comparisons across
9 the utility so that there's no confusion here.

10 I have responsibility for making sure
11 that those metrics are built and measured the same
12 way.

13 COMMISSIONER FORT: So you were
14 responsible -- you're responsible for making sure
15 that the metrics for the three existing
16 distribution utilities are being met in the same
17 way?

18 THE WITNESS: Correct, that they're built
19 the same way, the data sources are the same, the
20 performance as it's related to those is -- the
21 data for that is captured the same way and
22 reported the same way.

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1 COMMISSIONER FORT: Do you know whether
2 or not Exelon Utilities performed its own
3 financial analysis of the spending requirements to
4 achieve SAIDI and SAIFI improvements? You
5 mentioned that we could ask Mr. Gausman, but I
6 assume that Mr. Gausman did it from a PHI
7 perspective. Do you know whether or not somebody
8 did it within Exelon Utilities from an Exelon
9 perspective?

10 THE WITNESS: That's part of the business
11 planning process. The metrics and the benchmarks
12 that we aspire to achieve and the gaps associated
13 with those are identified through the business
14 planning process, and then the budgets are created
15 accordingly.

16 COMMISSIONER FORT: And which witness who
17 is in this proceeding is involved in the business
18 planning process?

19 THE WITNESS: Mr. Khouzami could answer
20 those questions.

21 COMMISSIONER FORT: Thank you.

22 CHAIRMAN KANE: Thank you, Mr. Alden.

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1 Just one follow-up question on your -- the
2 integration part. You described in the BG&E
3 situation that you came in, and a couple of other
4 people from your division, and worked in Baltimore
5 with the team. Now, was Mr. Butler part of that
6 team also? I want to be clear that he described a
7 role that he had during a transition period.

8 THE WITNESS: Yes. At the beginning of
9 that period, Mr. DeFontes was still the CEO at
10 BGE. I reported directly to Steve Warner, who is
11 the chief operating officer at BGE. So I
12 essentially became a direct report to Steve.

13 As Mr. DeFontes transitioned out and
14 Mr. Butler transitioned in, then obviously he had
15 responsibilities for ensuring that those plans
16 were completed.

17 CHAIRMAN KANE: And are those the
18 costs -- Commissioner Fort asked about allocating
19 the cost of that service, if you will. Are those,
20 under the joint applicants' application,
21 considered transition costs or transaction costs?

22 THE WITNESS: I don't know. Mr. Khouzami

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1 would probably have to answer that question.

2 CHAIRMAN KANE: Then, finally, just in
3 terms of once an integration is fully achieved,
4 that 18 to 24 months, then you leave the company
5 and go back to your day job until the next
6 acquisition?

7 THE WITNESS: Yeah, I don't leave the
8 company. I don't --

9 CHAIRMAN KANE: No, I meant --

10 THE WITNESS: -- think I ever leave
11 the --

12 CHAIRMAN KANE: -- leave the company that
13 you were -- for example --

14 THE WITNESS: I understand.

15 CHAIRMAN KANE: -- BG&E. You're not at
16 BG&E anymore; you've gone back to Philadelphia.

17 THE WITNESS: I understand. I don't -- I
18 don't ever really leave any of the companies,
19 because I maintain the oversight responsibility.
20 So they've become part of the family of utilities
21 that I have now oversight of. So I physically
22 leave that location, maybe is a good way to put

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1 it.

2 But once they're integrated, they become
3 part of the family of utilities that I have
4 responsibility to oversee.

5 CHAIRMAN KANE: And then you have ongoing
6 oversight.

7 THE WITNESS: Yes, ma'am.

8 CHAIRMAN KANE: Let me ask you about the
9 metrics that Commissioner Fort asked about. And
10 you have consistent metrics, but how do you handle
11 it if a utility is subject to different metrics in
12 its jurisdiction? For example, I'm assuming
13 perhaps one of your metrics, say for call centers,
14 is how quickly the phone gets answered.

15 THE WITNESS: Service level, yes.

16 CHAIRMAN KANE: You may have a different
17 metric Exelon-wide than a commission, Maryland,
18 D.C., Delaware, New Jersey has imposed on the
19 utility --

20 THE WITNESS: Correct.

21 CHAIRMAN KANE: -- higher or lower.

22 THE WITNESS: Correct.

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1 CHAIRMAN KANE: To which standard do you
2 hold the utility?

3 THE WITNESS: Probably both. I mean,
4 there's -- if there's a standard that's required
5 in a local jurisdiction, then that company would
6 be required to maintain and meet that standard.
7 Many times we have an internal standard that's
8 compared to maybe an external benchmark or a
9 higher -- in some cases, a higher standard of
10 excellence that we aspire to attain. And
11 Mr. O'Brien would have responsibility to make sure
12 that he agreed with that, and the utilities would
13 have to -- would have to measure themselves
14 against that standard.

15 CHAIRMAN KANE: I know we want to break
16 for lunch, but I would turn to our old friends and
17 SAIDI and SAIFI and then best practices, just for
18 a couple of questions.

19 THE WITNESS: Sure.

20 CHAIRMAN KANE: You have said numerous
21 times in answers to questions from the intervenors
22 that you moved the SAIDI -- the number because of

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1 a realization that, due to some court litigation,
2 perhaps, possible court litigation at that point,
3 that there could be a delay in the beginning of
4 the D.C. PLUG initiative.

5 And so I want to get just very clear on
6 what your understanding is or your expectation of
7 the impact of D.C. PLUG on achieving the SAIDI and
8 SAIFI numbers, the year-by-year SAIDI and SAIFI
9 numbers as promulgated by this Commission. Do you
10 know in what -- at what date, at what time the
11 Commission adopted those SAIDI and SAIFI
12 requirements that started in -- that go through
13 2020?

14 THE WITNESS: I don't off the top of my
15 head, no.

16 CHAIRMAN KANE: You don't. Would you
17 agree, subject to check, that it was in July of
18 2012, the final rulemaking, the date of the order?

19 THE WITNESS: Sure.

20 CHAIRMAN KANE: And would you agree,
21 subject to check, or your experience with
22 rulemaking and other decision-making in a

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1 commission, that there had been a several-year
2 process before those -- with comments,
3 discussions, et cetera -- before those rules
4 became final, that that was the culmination?

5 THE WITNESS: I'm sure, in a word, yes.

6 CHAIRMAN KANE: And then would you agree,
7 subject to check, that the discussions that led to
8 D.C. PLUG began with the derecho, following the
9 derecho in 2012?

10 THE WITNESS: Yes.

11 CHAIRMAN KANE: And that was in July and
12 that the task force that the mayor set up was in
13 August of 2012, and that the actual legislation
14 was passed in the fall and winter of 2013, and
15 that the plan was approved by the Commission in
16 November of 2014?

17 THE WITNESS: Yes.

18 CHAIRMAN KANE: Those are dates -- so
19 would you not agree that the dates -- the
20 requirements, the specific year-by-year numbers
21 for SAIDI and SAIFI enacted by this Commission
22 were done before there was any serious thought of

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1 doing any significant undergrounding?

2 THE WITNESS: That sounds correct, yes.

3 CHAIRMAN KANE: Would you then agree that
4 had there not been an undergrounding plan,
5 undergrounding financing, undergrounding projects,
6 that the Commission would have held the company,
7 PEPCO -- required them to meet those standards?

8 THE WITNESS: I would assume so, yes.

9 CHAIRMAN KANE: And therefore, the
10 schedule, the existence or anything having to
11 (sic) D.C. PLUG has really nothing do to with the
12 company's obligation to meet those standards?

13 THE WITNESS: I understand that.

14 CHAIRMAN KANE: Okay. Thank you.

15 The other question I wanted to ask --
16 would you turn again to Joint Applicants'
17 Exhibit (D1) following your direct testimony. I
18 want to look at the first page.

19 THE WITNESS: I'm sorry. I'm still
20 getting used to the system there.

21 CHAIRMAN KANE: That's okay.

22 THE WITNESS: Thank you. I'm there.

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1 CHAIRMAN KANE: You'll see (D1) is three
2 pages, and each of the pages shows for one of the
3 three component utilities in Exelon their SAIFI,
4 their SAIDI and their CAIDI numbers for the years
5 2009 through 2013, correct?

6 THE WITNESS: Yes, that's correct.

7 CHAIRMAN KANE: I'm going to talk about
8 SAIDI and SAIFI, because we don't use CAIDI in --

9 THE WITNESS: I understand.

10 CHAIRMAN KANE: -- our regulations. And
11 I want to look specifically at -- let's start with
12 Baltimore Gas and Electric. I want to look at
13 that because they are geographically
14 climatologically more --

15 THE WITNESS: Sure.

16 CHAIRMAN KANE: -- closer to D.C., or
17 similar to D.C., as well as in having large urban.

18 And would you agree -- all these numbers
19 are very faint -- but starting in 2009, for SAIFI
20 you've got 1.12. It goes -- actually it goes up
21 in 2010 to 1.29, then 1.23 in 2011. It starts to
22 go down again. 2012, goes down to 97. And in --

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1 excuse me, in 2013 goes down to 87. .87.

2 THE WITNESS: Yes.

3 CHAIRMAN KANE: And that's the
4 frequencies.

5 THE WITNESS: Yes.

6 CHAIRMAN KANE: And again, for the
7 record, the date that Exelon merger with -- or
8 acquisition of BGE I believe you said was March or
9 April of 2012?

10 THE WITNESS: That's correct.

11 CHAIRMAN KANE: And the full integration
12 took 18 months to two years, so the full
13 integration would extend beyond the years of this,
14 probably till --

15 THE WITNESS: That's correct.

16 CHAIRMAN KANE: I believe Mr. Butler said
17 he became the CEO in March of 2014?

18 THE WITNESS: That's correct.

19 CHAIRMAN KANE: So the integration period
20 extends beyond these --

21 THE WITNESS: Yes.

22 CHAIRMAN KANE: Yeah.

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1 THE WITNESS: Just to be clear --

2 CHAIRMAN KANE: Yes.

3 THE WITNESS: -- I just want to make sure
4 folks understand that you don't start getting the
5 benefits from integration when it's completed.

6 You gain those benefits very early in the process.

7 CHAIRMAN KANE: Sure.

8 THE WITNESS: Thank you.

9 CHAIRMAN KANE: I want to refer you back
10 to a statement you made yesterday, and I'll read
11 it to you from the transcript of -- from
12 yesterday's hearing. I'm looking at transcript --
13 it would be page 1171, starting on page -- I'm
14 starting on line 13. And you're being questioned.
15 Do you have that?

16 THE WITNESS: I do.

17 CHAIRMAN KANE: You're being questioned
18 about the fact that PEPCO in 2014 had already met
19 the EQSS requirements for 2020, and for SAIDI
20 would already meet the 2016 requirement for
21 SAIDI -- I'm sorry. It says the 2018 for SAIDI.
22 Do you see that?

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1 THE WITNESS: Yes, I do.

2 CHAIRMAN KANE: And then on -- you're
3 asked, So based on that excellent performance in
4 2014, why would the applicants, in my view,
5 backtrack and revise the standard to make them
6 more lenient than what is already being achieved?

7 And we've had that question asked a
8 couple of times today, too. And I'm focusing on
9 the question and I'm focusing on your answer. You
10 said, In my experience and Mr. Gausman's
11 experience as operators, one year is not
12 necessarily indicative of sustained performance.

13 Do you see where you said that?

14 THE WITNESS: Yes, I do.

15 CHAIRMAN KANE: Okay. And do you recall
16 if you were in the room when Mr. Crane was
17 testifying; he said something very similar when
18 asked that same question about PEPCO's
19 performance. He said the 2014 performance was --
20 I believe he said it was a data point, not a
21 trend. I could find that in the transcript.

22 THE WITNESS: I'm familiar with that,

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1 yes.

2 CHAIRMAN KANE: Okay. So then let me
3 direct your attention back to BG&E --

4 THE WITNESS: Okay.

5 CHAIRMAN KANE: -- and to this chart --
6 and this graph which shows it visually better for
7 at least those of us who are more visual than --

8 THE WITNESS: I'm the same way.

9 CHAIRMAN KANE: -- numbers.

10 THE WITNESS: I'm the same way.

11 CHAIRMAN KANE: Would you agree that
12 starting in 2010 for SAIFI -- in 2010 for SAIFI
13 for BG&E that the line goes down year after year?

14 THE WITNESS: Yes.

15 CHAIRMAN KANE: And down is better --

16 THE WITNESS: Yes.

17 CHAIRMAN KANE: -- right? That means
18 there is --

19 THE WITNESS: Yes, it is.

20 CHAIRMAN KANE: -- less frequency.

21 Then would you look at SAIDI for BG&E.

22 And would you agree that, after going up from 2009

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1 to 2010, that the line year after year goes down?

2 THE WITNESS: Yes.

3 CHAIRMAN KANE: Now, is that a data point
4 or is that a trend?

5 THE WITNESS: I would say that's a trend.

6 CHAIRMAN KANE: That's a trend.

7 THE WITNESS: It's a multi-year trend.

8 CHAIRMAN KANE: It's a multi-year trend.

9 Now, I don't have the graph, but let me
10 go over what PEPCO's numbers are using those same
11 years, and I think these are in the record,
12 PEPCO's actual -- and they're publicly known.

13 For SAIFI, PEPCO, 2009, 1.06. 2010,
14 1.21, went up, just the same as BG&E did. 2011,
15 1.19. 2012, 1.01. 2013, .88. And 2014, .69.

16 Now, if those numbers were laid out in a
17 line graph the way they are here for BG&E, would
18 you say that the 2014 number was a data point or a
19 trend?

20 THE WITNESS: I'd say it's a data point
21 along a trend line.

22 CHAIRMAN KANE: Along a trend line. And

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1 the trend line is going in what direction?

2 THE WITNESS: In the positive direction
3 from the standpoint of benefits to customers.

4 CHAIRMAN KANE: Thank you. Let me now
5 look at SAIDI for PEPCO. 2009, 141. 2010, goes
6 up to 186. 2011, 168. 2012, 155. And these are
7 minutes. 2013, 124. 2014, 97.

8 If those numbers were put on a line
9 graph, would it not be a very similar line graph
10 to the one here for BG&E?

11 THE WITNESS: Yes, it would.

12 CHAIRMAN KANE: It would. And it would
13 be a line graph showing the numbers of minutes of
14 duration going down?

15 THE WITNESS: Yes, it would.

16 CHAIRMAN KANE: And that's a good thing.

17 THE WITNESS: That's a good thing.

18 CHAIRMAN KANE: Is that 2014 number for
19 PEPCO a data point or a trend?

20 THE WITNESS: Again, I'd say it's a data
21 point along a trend line.

22 CHAIRMAN KANE: Thank you. And my final

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1 question, again, goes to best practices. I want
2 to go to your rebuttal testimony on page 5. This
3 is the list -- let's go to it before I
4 characterize it.

5 And starting on line 1, you say, At this
6 time we have identified the following initial list
7 of best practices that we would expect to consider
8 for use in PEPCO's service territory following
9 approval of the merger.

10 And I recognize at the bottom of the page
11 you said, in answer to a prior question, that any
12 determination of whether you'd actually use these
13 would be subject to more examination.

14 THE WITNESS: That's correct.

15 CHAIRMAN KANE: Let me ask you about --
16 and then you said these were examples. For
17 example, moving to a spoke and hub chain model,
18 common mutual assistance, emergency preparedness
19 resources, alignment of preventive maintenance
20 programs and analytics -- this next one, greater
21 emphasis on recloser installation to sectionalize
22 the grid and limit disruption during feeder

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1 outages, use of temporary cables for underground
2 residential distribution, service restoration, and
3 daily system health.

4 Now, daily system health is capitalized.
5 Is that a proprietary -- is that -- does that
6 refer to a specific procedure?

7 THE WITNESS: I don't believe it refers
8 to a specific procedure. There are a number of
9 different things that we do with respect to daily
10 system health. There is a daily system health
11 report, I believe, that comes out each day.

12 CHAIRMAN KANE: But this refers to --
13 because it's capitalized -- a specific Exelon
14 procedure?

15 THE WITNESS: Yes. I believe that's
16 true. Yes.

17 CHAIRMAN KANE: But greater emphasis on
18 recloser installation to sectionalize the grid.
19 Is that a proprietary Exelon process?

20 THE WITNESS: When you say proprietary --

21 CHAIRMAN KANE: Well, let me back up.
22 These are things that you would expect to consider

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1 for use in PEPCO. And what I'm trying to
2 establish or find out is, how many of these are
3 special things that Exelon would bring to the
4 process as opposed to good practices anywhere in
5 the utility industry?

6 THE WITNESS: I think Mr. O'Brien spoke a
7 little bit about it yesterday around --

8 CHAIRMAN KANE: Yeah, but this is your
9 testimony.

10 THE WITNESS: No, I understand. And I
11 own it; you're absolutely right.

12 There are a number of things that are
13 engineered solutions that aren't necessarily new
14 or different or aren't being applied in any
15 utility. I think the uniqueness that comes along
16 with the Exelon program is you've got three large
17 utilities that all have -- which have major
18 suburban and urban portions of the service
19 territory with engineers that have learned quite a
20 bit about how to effectively deploy, saturate,
21 operate, install efficiencies in the way you do
22 that, things like reclosers.

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1 Now, we need to sit down with PHI and
2 discuss with them what their approach to that is
3 to better understand whether there's opportunity
4 in that area of the business or not. We believe
5 there is.

6 And I believe PHI has seen our approach
7 and believes that there's discussions worth having
8 in that area.

9 That same discussion would happen in
10 multiple areas across the business, whether it's
11 components, engineered designs, processes,
12 approach to work, how you measure the work, the
13 amount of single point accountability you have.
14 All of those things get applied as part of the
15 management model integration.

16 And those things I think are unique to
17 Exelon. I think our management model and the
18 structure we've created around that is unique to
19 the business.

20 CHAIRMAN KANE: But a spoke and hub
21 supply chain is a commonly used business, correct?

22 THE WITNESS: It is.

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1 CHAIRMAN KANE: And you said you have not
2 looked at what PEPCO is currently doing for
3 reclosers?

4 THE WITNESS: We've looked in general at
5 the execution plan, the amount of saturation over
6 a period of time that they currently have in their
7 plan. We would expect to look at what their
8 installations costs are, what their methodologies
9 are, how that flows through the work management
10 processes. Essentially it's almost a lean six
11 sigma view of those parts of the business.

12 CHAIRMAN KANE: And so are you aware
13 whether or not this Commission has already been
14 discussing with and having audits and other
15 oversight done of the amount of recloser
16 installation that PEPCO is doing?

17 THE WITNESS: I'm not aware of details
18 there, no.

19 CHAIRMAN KANE: Thank you.

20 Are any of these things things that a
21 company could not go out and hire a consultant and
22 have them help them implement, aside from perhaps

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1 your daily health system -- system health which is
2 a proprietary model?

3 THE WITNESS: I've worked for Denis a
4 long time. You can hire a consultant to do
5 anything. I think we have the wherewithal within
6 the company, the horsepower within the Exelon
7 Utilities, to do just about anything that a
8 consultant could do for us in this area, and the
9 implementation management controls in place to
10 ensure that it gets applied and implemented at the
11 utility.

12 CHAIRMAN KANE: Are any of these things
13 something a company could not do on its own? Put
14 more reclosers --

15 THE WITNESS: I suppose --

16 CHAIRMAN KANE: -- in, use underground
17 cabling --

18 THE WITNESS: I suppose they could. I
19 think it's a matter of whether they could do it as
20 effectively and efficiently.

21 CHAIRMAN KANE: That concludes my
22 questions.

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1 Commissioner Fort?

2 COMMISSIONER FORT: I have one as a
3 follow-up to Chairman Kane's question. You said
4 that the -- when you were looking at your
5 Exhibit (D1) with the Chair and talking about
6 BG&E, you made the comment that you get the
7 benefits early in the process, the integration
8 process. She was asking you where you were in 18
9 to 24 months. Do you recall that?

10 THE WITNESS: I do. I don't know that
11 you get all the benefits, but certainly you'd
12 focus on those things that were going to provide
13 the most benefit on the front end of the
14 integration.

15 COMMISSIONER FORT: So with that in mind,
16 if we look at your BG&E chart to which, in your
17 exchange with Ms. Francis from AOBA, you added
18 another data point, which was your 2014 data
19 point, that made the trend line turn upwards; is
20 that correct?

21 THE WITNESS: I think I clarified that in
22 my discussion. The measurement that she was

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1 referring to was to a different standard --
2 calculation methodology than what was in my
3 exhibit.

4 COMMISSIONER FORT: And that's why I went
5 back to the exhibit. You know, you said it was
6 the COMAR; it was the Maryland standard.

7 THE WITNESS: Correct.

8 COMMISSIONER FORT: Then you used 2.5
9 Beta.

10 THE WITNESS: That's correct --

11 COMMISSIONER FORT: Got that.

12 THE WITNESS: -- ma'am. Yes.

13 COMMISSIONER FORT: If you had done the
14 2014 number using your 2.5 Beta, where would it be
15 on that chart?

16 THE WITNESS: I don't know. And that's
17 why I said I don't have that. I know that BGE had
18 their best reliability performance ever last year.
19 So I know it's better than whatever 2013 was.
20 That I do know. The exact number I don't know off
21 the top of my head.

22 COMMISSIONER FORT: And if you were to do

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1 this whole chart in COMAR speak, you know, as
2 opposed to 2.5 Beta speak, what would it look
3 like? Would the trend line be the same and just
4 would be --

5 THE WITNESS: Yeah, I think it's just a
6 shift of the curve down. The conversion from --
7 there isn't a lot of difference in the conversion
8 from 2.5 Beta to COMAR. I'd have to look at that.

9 COMMISSIONER FORT: Well, I'm interested
10 in what that number is because --

11 THE WITNESS: Unfortunately, I don't have
12 it off the top of my head.

13 COMMISSIONER FORT: Only one of us can do
14 this at the --

15 THE WITNESS: I'm sorry.

16 COMMISSIONER FORT: -- same time.

17 I'm interested in what that is for two
18 reasons. One, you said that you get the benefits
19 earlier in the process. So that would show the
20 benefits from a 2012 acquisition somewhere in the
21 2013, 2014 time frame. So whether or not that
22 trend line goes up or down to me would be of

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1 interest.

2 So I don't know what is necessary to do
3 to do that conversion, but would you add that to
4 the list of the bench request?

5 THE WITNESS: Certainly.

6 MR. DUVER: Yes, Your Honor. We will.

7 CHAIRMAN KANE: I think that -- any
8 redirect from the company?

9 MR. DUVER: No, Your Honor.

10 CHAIRMAN KANE: Exhibits?

11 MR. DUVER: Your Honor, at this time,
12 joint applicants move in Joint Applicants' (D)
13 with corresponding Exhibit (D1), (3D), the
14 corresponding Exhibit (3D)-1, and (4D).

15 CHAIRMAN KANE: They are moved in.

16 (Joint Applicants' Exhibits (D), (D1),
17 (3D), (3D)-1 and (4D) were received into
18 evidence.)

19 CHAIRMAN KANE: People's Counsel, do you
20 have any exhibits with this witness?

21 MR. EILBOTT: Your Honor, I believe I
22 went out of order yesterday and had mine admitted.

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1 CHAIRMAN KANE: No?

2 MR. DUVER: No, I believe that we were
3 looking at some overnight because we were talking
4 about stipulating in.

5 CHAIRMAN KANE: Yes. And you were going
6 to move them after your questioning, and I asked
7 that you wait until we get to this point that
8 we're at now. So if you need some time to
9 remember what they were, I'll go to Ms. Francis.

10 MR. EILBOTT: Please.

11 MS. FRANCIS: I'd like to move in AOBA's
12 Exhibits 34 through 43, inclusive.

13 CHAIRMAN KANE: They are moved in.

14 (AOBA Cross Exhibit Numbers 34 through 43
15 was received into evidence.)

16 MR. DUVER: Actually, Your Honor, may I
17 be heard as to one of the exhibits that
18 Ms. Francis is moving in? It's Exhibit 42.

19 Exhibit 42 is a 46-page exhibit of the
20 Maryland transcript of the cross-examination of
21 Mr. Alden. And in her examination of Mr. Alden,
22 she focused in on three, I think, factual data

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1 points, and it was a total of, I believe, 20 lines
2 of 46 pages.

3 Our position is that either -- if
4 Ms. Francis would wish to extract from the 46
5 pages and simply offer up the approximately less
6 than three pages in, we would have no objection to
7 that. But we would to have the whole thing
8 because a lot of is irrelevant.

9 CHAIRMAN KANE: Ms. Francis?

10 MS. FRANCIS: I have no problem doing
11 that. Let me just take a look at my --

12 CHAIRMAN KANE: You can do that during
13 the lunch break, identify those specific pages.

14 MS. FRANCIS: Okay. That's no problem,
15 Your Honor. I can do that.

16 CHAIRMAN KANE: People's Counsel?

17 MR. EILBOTT: Thank you for your
18 indulgence, Your Honor. People's Counsel would
19 like to move admission of Cross-Examination
20 Exhibits OPC 22 through 33.

21 CHAIRMAN KANE: They are moved in.

22 Do you have an objection?

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1 MR. DUVER: I have no objection. I just
2 wanted to offer one -- we had spoken aside, and I
3 believe Exhibit 24 and 25 are exhibits that are
4 not data requests sponsored by Mr. Alden, but one
5 is a two-page web shot from a Internet website.
6 And another is the June 2014 press release of the
7 merger.

8 And I had communicated to counsel that
9 Mr. Alden was not in any way involved in preparing
10 these. He couldn't really even authenticate them.
11 So I didn't want -- I wanted the record to reflect
12 that he is not sponsoring the content of either of
13 those.

14 CHAIRMAN KANE: Thank you. Secretary, is
15 there a concern?

16 OPC, secretary is going to follow up with
17 you on something off-line during the break.

18 D.C. government?

19 MR. COYLE: Your Honor, at this time, I
20 would move for the admission of Exhibit DCG 40,
21 DCG 64, DCG 76 and 77.

22 CHAIRMAN KANE: They are admitted.

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1 MR. COYLE: Thank you.

2 (DCG Cross Exhibit Numbers 40, 64, 76 and
3 77 were received into evidence.)

4 CHAIRMAN KANE: Ms. White, you didn't
5 have any exhibits.

6 MS. WHITE: No.

7 CHAIRMAN KANE: Fine. We will now --
8 it's 20 to 2:00 -- recess for a lunch break. We
9 will come back at 3:00.

10 The parties have asked about some
11 additional days for the hearing. It will be
12 discussed during -- for additional hearing days,
13 given the schedule. I will say to the parties
14 April 9th and 10th are not available. And so we
15 will probably have to be looking at the 20th and
16 21st of April due to the OPSI (phonetic) meeting
17 and some other things, and a holiday, D.C.
18 holiday, on April 16th.

19 So if you could look at those alternate
20 dates.

21 MR. DUVER: And will that be the first
22 order of business when we come back, Your Honor,

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1 to speak about schedule at 3:00?

2 CHAIRMAN KANE: At least -- yes, or at
3 least before we leave for the weekend.

4 MR. DUVER: Okay. Great.

5 (Whereupon, at 1:41 p.m., a lunch recess
6 was taken.)

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1 AFTERNOON SESSION

2 (3:03 p.m.)

3 CHAIRMAN KANE: All right. We are back
4 on the record. It is 3:00 p.m.

5 MS. FRANCIS: Your Honor, may I?

6 CHAIRMAN KANE: Yes.

7 MS. FRANCIS: I believe before the break
8 we were talking about limiting AOBA's initially
9 labeled Exhibit 80 as AOBA 42 to try to cut down
10 the number of pages, which is no problem. We put
11 in all those pages so it would be clear who was
12 testifying and who was asking the questions.
13 However, with the stipulation that the joint
14 applicants have agreed to, I can limit it to a few
15 pages.

16 So I would like to, from Exhibit 42, put
17 in the cover page, which would be page 1 of 42,
18 then pages of the transcript 1659 through 1660,
19 which are on pages 11 and 12 of 42. The next page
20 is -- that I crossed on was 1684 of the
21 transcript, which is on page 36 of 42. The last
22 page that I crossed on was 1689, which is page 41

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1 of 42, with the stipulation that it is Mr. Mark
2 Alden who is answering the questions, that the
3 question on pages 11 and 12 of 42 was asked by
4 OPC -- excuse me -- was asked by MEA attorney
5 Mr. Hopkins, and the last two questions on
6 transcript pages 1684 and 1689 was asked by the
7 Office of People's Counsel attorney Bill Fields.

8 And with that stipulation, I will redo
9 the exhibit and put it in at the appropriate time.

10 CHAIRMAN KANE: Thank you.

11 MS. FRANCIS: With that, I'm going to be
12 asked to be excused. Have a happy weekend,
13 everybody. Everybody, enjoy the holiday. And
14 Nicola Whiteman will fill in for me.

15 MR. EILBOTT: Your Honor, could I address
16 one matter regarding admission of our exhibits for
17 Witness Alden?

18 CHAIRMAN KANE: Yes.

19 MR. EILBOTT: With the help of the
20 Commission secretary, I think I have gotten astray
21 on our numbering. I apologize for the confusion
22 before. We had premarked Exhibits 21 through 33.

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1 I had only actually identified during the cross
2 our premarked 21. It had been identified as 18.
3 I never did move it in since you told me to wait
4 till we were done.

5 So at this time, I would like to move in
6 what had been identified -- had been marked as
7 18 -- as Number 18, and then for what we had
8 premarked as OPC 22 through 33, those would be
9 marked as 19 through 30.

10 CHAIRMAN KANE: Okay. Yes, thank you for
11 working that out with our excellent secretary.
12 They are moved in.

13 (OPC Cross Exhibit Number 18 was received
14 into evidence.)

15 (OPC Cross Exhibit Numbers 19 through 30
16 were marked for identification and received into
17 evidence.)

18 MR. COYLE: Thank you, Madam Chair. I
19 too owe a debt of gratitude to the secretary for
20 pointing out to me that although I had moved
21 Exhibit DCG 40, I had failed to identify it for
22 the record. And with the Chair's indulgence, I'd

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1 like to do so now. That is the response --
2 Exhibit DCG 40 is the joint applicants' response
3 to data request OPC 18-25.

4 CHAIRMAN KANE: So moved (sic).

5 All right. We also suggested during the
6 lunch recess that the parties think about dates
7 for the next additional days that may be needed in
8 this hearing, recognizing that there's holidays
9 and Maryland -- I believe there's hearings in
10 Maryland also coming up.

11 MR. DUVER: The Maryland hearings are
12 scheduled for the 15th and the 16th, Your Honor.

13 CHAIRMAN KANE: 15th and 16th of April?

14 MR. DUVER: And 17th.

15 CHAIRMAN KANE: And 17th. That takes
16 care of that week. Is the dates of April 20th and
17 21st --

18 MR. LORENZO: They're acceptable to the
19 joint applicants.

20 CHAIRMAN KANE: Okay. Acceptable to the
21 joint applicants. People's Counsel?

22 MR. EILBOTT: Yes, Your Honor.

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1 CHAIRMAN KANE: AOBA, did you have a
2 chance to talk with Ms. Francis.

3 MS. WHITEMAN: I did not, but I will
4 relay that information.

5 CHAIRMAN KANE: Thank you.

6 MR. LORENZO: Ms. Francis told us, while
7 we were waiting for the break, that that was
8 acceptable to her, but I'd wait for confirmation.

9 CHAIRMAN KANE: Thank you.

10 D.C. government?

11 MR. COYLE: For the District government,
12 we'll have to tell our witnesses that the meetings
13 will continue until morale improves, but the dates
14 are generally acceptable. Thank you.

15 MS. SPENCER: I spoke with Randy over
16 lunch, and the 20th and the 22nd are fine for us.

17 CHAIRMAN KANE: 20th and 21st, yes.

18 MS. SPENCER: 20th and 21st, yes.

19 CHAIRMAN KANE: 20th and 21st.

20 MS. WHITE: Those are fine with
21 D.C. Water.

22 CHAIRMAN KANE: And assuming they're fine

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1 with the attorneys, if there are any difficulties
2 with any witnesses, if you could let us -- being
3 available any of those dates, either of those two
4 dates, the witnesses that, you know, were at the
5 end of the list there who you had suggested we do
6 on the 9th, and probably the ones from the 8th and
7 the 9th at the rate we're going, please let us
8 know as soon as possible. Let Mr. Herskovitz know
9 as soon as possible if there needs to be any
10 rearrangement of the order of the witnesses in
11 order to accommodate that change. Okay?

12 Then -- I think we raised a question this
13 morning about Ms. Solomon, Julie Solomon.

14 MR. LORENZO: Yes, Your Honor. If the
15 Commission desires to -- the parties have waived
16 cross on Ms. Solomon, and the question is if the
17 Commission has any questions.

18 CHAIRMAN KANE: The Commission has no
19 questions for Ms. Solomon.

20 MR. LORENZO: So then I think we'll just
21 stipulate her testimony in. We can do that today
22 or we could do that on Monday. We'll do that on

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1 Monday. Let's get this over with.

2 CHAIRMAN KANE: Okay. Call your next
3 witness.

4 MR. DUVER: Your Honor, the joint
5 applicants call William Gausman to the stand.

6 CHAIRMAN KANE: Who has been numerous
7 times addressed already.

8 WHEREUPON,

9 WILLIAM GAUSMAN,
10 called as a witness, and after having been first
11 sworn by the secretary, was examined and testified
12 as follows:

13 DIRECT EXAMINATION

14 BY MR. DUVER:

15 Q Mr. Gausman, could you please state your
16 name as well as your title and the company you
17 work for for the record.

18 A Yes. I'm William Gausman, senior vice
19 president, strategic initiatives, with PEPCO
20 Holdings.

21 Q And Mr. Gausman, did you cause to be
22 filed in this proceeding a filing of direct

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1 testimony labeled as Joint Applicants' (E)?

2 A Yes, I did.

3 Q And also did you cause to be filed

4 supplemental direct testimony, your first

5 supplemental direct testimony, with one exhibit,

6 and that testimony was labeled Joint

7 Applicants' (2E) with a corresponding

8 Exhibit (2E)-1?

9 A Yes, that's right.

10 Q And did you also file rebuttal testimony

11 that was labeled Joint Applicants' (3E), also with

12 a corresponding Exhibit (3E)-1?

13 A Yes, that's correct.

14 Q And then, finally, on February 17th,

15 2015, did you file with the Commission Joint

16 Applicants' (4E), which doesn't have any

17 corresponding exhibits, and it's your Feb 17

18 supplemental direct?

19 A Yes, I did.

20 MR. DUVER: And Your Honor, the testimony

21 that I'm referring to is testimony that was fully

22 conformed and filed with the Commission on

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1 March 25th, 2015. And with that, Mr. Gausman
2 is -- actually, one other point, Your Honor. In
3 one of the orders when additional process was
4 ordered in this proceeding, the Commission had
5 reserved the rights of the joint applicants, to
6 the extent necessary, to ask some brief rejoinder
7 that related to the answering testimony that the
8 various parties put in this proceeding to our
9 February 17th testimony. And with the
10 Commission's indulgence, we just have a couple of
11 questions that relate to that testimony that we
12 would like Mr. Gausman to address at this time.

13 BY MR. DUVER:

14 Q Mr. Gausman have you had an opportunity,
15 prior to today, to review the testimony that was
16 offered by OPC Witnesses (sic) Mara, DCG Witness
17 Chang, as well as AOBA Witness Oliver regarding
18 the joint applicants' revised reliability
19 commitment?

20 A Yes, I have.

21 Q And in particular, these witnesses have
22 testified that it is their opinion that the

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1 company can meet the Commission's EQSS standards
2 without the merger. Do you have any comments that
3 you would like to make as to that opinion?

4 A Yes, I do. As we all know, the
5 Commission established EQSS standards a few years
6 ago, setting a very aggressive, forward-looking
7 set of reliability targets for PEPCO. As -- you
8 know, these targets have been discussed a lot.
9 They are clearly aggressive.

10 We have said from the very beginning that
11 our expectation -- PEPCO's expectation was that we
12 would be able to achieve the SAIFI targets
13 throughout the period of time. However, SAIDI was
14 and continues to be a concern for us going
15 forward.

16 The amount of improvement year over year
17 is significant. I will say that we have done a
18 lot of good work to be able to achieve these at
19 this point, but going forward, as we have to
20 continue to improve them, they are -- they
21 continue to be challenging and of a concern.

22 Now, when we look at the commitments

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1 within the merger process here, clearly there's
2 two very distinctly different, you know, issues
3 before us. We absolutely -- you know, we, Exelon,
4 PEPCO -- there's no question that we understand
5 the obligation to achieve the EQSS. There's no --
6 that is a requirement that we will abide by.

7 But in addition to that, and separate
8 from that obligation to achieve the EQSS
9 standards, is a commitment to achieve another
10 level of reliability performance that has a
11 multi-part, you know, commitment with that, which
12 is the achieving over a three-year period the
13 average of SAIDI that is equivalent to the EQSS
14 standard, but actually a level of SAIFI that
15 exceeds or is better than the current EQSS
16 standard.

17 And with that comes a financial penalty
18 that is automatically -- or would be automatically
19 applied in the following rate case if we fail to
20 achieve that standard, the average of the
21 reliability performance.

22 There's also a commitment that we would

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1 be able to achieve that level of performance
2 within the existing reliability capital budgets
3 and O&M budgets.

4 Q Mr. Gausman, you're familiar with the
5 Commission's EQSS standards that you just
6 described, correct?

7 A Yes, I am.

8 Q Are you aware whether or not the
9 Commission's EQSS standards have incorporated into
10 them any type of a capital or O&M expenditure
11 limit?

12 A No, there's no commitment or no
13 limitation on the capital expenditure, and that's
14 why we have expressed -- from the beginning we've
15 identified that to be able to achieve the EQSS
16 SAIDI standard may very well require an increase
17 in expenditures, and that is a concern as we move
18 out further into the lower values of SAIDI.

19 Especially after you have achieved all
20 the improvements, like we've been achieving over
21 the last few years, that have a much bigger impact
22 on the overall system, SAIDI and SAIFI than work

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1 that we're doing in the future that will actually
2 result in having smaller improvements of overall
3 system SAIDI for the dollars that we're spending.

4 Q And I'd like to just change a little bit
5 of focus. And -- do you recall Mr. Mara offering
6 testimony where he claims that the commitment to
7 not increase the capital and O&M budgets raises
8 questions as to how the applicants will determine
9 what, in fact, is a reliability project? Do you
10 recall that testimony?

11 A Yes, I do.

12 Q Do you have any comment to that?

13 A Yes. The topic of reliability budget has
14 been a topic over the last several rate cases and
15 through different proceedings. A tremendous
16 amount of information is available, and discussion
17 about what is reliability and what is not
18 reliability has occurred.

19 The Commission has issued orders that
20 clearly outlines a requirement for PEPCO to submit
21 annually in our consolidated report a very
22 detailed listing of the reliability expenditures.

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1 And, in fact, the consolidated report that we just
2 filed a few days ago, I believe there's about 40
3 pages of budget project-related information
4 dealing with the reliability work that is planned
5 for this year.

6 So, you know, I don't see any confusion
7 or difficulty in being able to identify the
8 reliability work. And likewise, if there were any
9 changes in that program, we would clearly and very
10 easily be able to identify that, or any party
11 would be able to identify a change in reviewing
12 the consolidated report.

13 MR. DUVER: Your Honor, with that,
14 Mr. Gausman is available for cross-examination.

15 CHAIRMAN KANE: Thank you.
16 People's Counsel?

17 MR. EILBOTT: Thank you, Your Honor.

18 CROSS-EXAMINATION

19 BY MR. EILBOTT:

20 Q Good afternoon, Mr. Gausman.

21 A Good afternoon.

22 Q Eli Eilbott on behalf of the People's

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1 Counsel.

2 A Yes.

3 Q I take it you are quite familiar with the
4 EQSS.

5 A Yes.

6 Q Including the fact that there are
7 requirements for SAIDI and SAIFI, each of years
8 2013 through 2020.

9 A That's correct.

10 Q And the EQSS do not allow the use of an
11 averaging of reliability performance over multiple
12 years to demonstrate compliance, do they?

13 A The EQSS standards that PEPCO complies
14 with are annual standards that we have to achieve,
15 and we report on them annually.

16 Q And those standards do not allow use of a
17 multi-year averaging to demonstrate compliance, do
18 they?

19 A No, they do not.

20 Q Do you have before you the Joint
21 Applicants' Exhibit (4A)-2? And that would be the
22 list of merger commitments.

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1 A Yes, I do.

2 Q Could you turn to page 2 of 17.

3 A Yes, I have it.

4 Q Now, is my understanding correct that
5 number 7 on page 2, what I'll refer to as
6 commitment number 7, that is the reliability
7 commitment of the joint applicants in this
8 proceeding; is that right?

9 A This is the reliability commitment to
10 achieve this level of SAIDI and SAIFI performance
11 which is separate and distinct from the EQSS
12 requirement to achieve the annual requirements.

13 Q Right. So there is nothing in this item
14 about achieving annual compliance.

15 A This commitment is a reliability
16 commitment that's in addition to the EQSS
17 standards. And this is the -- achieving this
18 level of three-year average of reliability
19 performance is what we are using as our basis to
20 determine if the financial penalty would be
21 triggered or not.

22 Q Thank you. So this commitment number 7

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1 has nothing to do with compliance with the EQSS,
2 does it? It only is a commitment to meet the
3 three-year average that the joint applicants have
4 developed on their own; isn't that right?

5 A Not exactly. There's -- this is a
6 separate commitment, as I said, to be used to
7 measure if the financial penalty would be imposed
8 on us. And that penalty would be automatically
9 imposed if we failed to achieve either the SAIDI
10 or SAIFI performance.

11 But having said that, being able to
12 achieve this level of SAIFI performance -- you
13 know, achieving this level of performance that
14 we're committing to will allow us to actually
15 exceed the required annual levels that are
16 established under the EQSS.

17 Q Now, is it fair to say that the second
18 part of your answer, that this -- that if you
19 achieve the three-year average, that would allow
20 you to meet the EQSS, that is not part of the
21 commitment, is it? You're not committing to
22 meet -- in this commitment number 7, the

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1 applicants are not committing with respect to any
2 EQSS standard for any year 2013 through '20; is
3 that right?

4 A We did not write that commitment into
5 this document because -- I guess I would say from
6 our standpoint it goes without saying, there's an
7 obligation for us to comply with any commission
8 board of standard. We don't -- do not believe
9 that we had to document that commitment when we
10 know and we support and Exelon fully supports that
11 we will achieve or strive to the best of our
12 ability to achieve any commitment that the
13 Commission establishes, or any directive that they
14 establish.

15 Q Well, there are a number of commitments
16 in this document that PEPCO is already subject to;
17 is that right?

18 A I believe there are, yes.

19 Q And yet, the applicants chose to include
20 that in this document and chose not to say
21 anything about the obligations complied with the
22 EQSS; is that correct?

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1 A I mean, I would have to look at exactly
2 which ones you're talking about. I know that some
3 we included because we had heard concerns, we were
4 questioned by different parties if we're going to
5 continue these commitments. So a lot of this was
6 really responding to what we heard, what we felt
7 were the concerns of various parties.

8 Q Well, could you turn to page 4 of 17 of
9 this exhibit and look at commitment number 21.

10 A Yes.

11 Q Were you in the hearing room when
12 Mr. Rigby was being examined by OPC counsel?

13 A Yes, I was.

14 Q Do you recall there was a discussion
15 about this particular commitment?

16 MR. EILBOTT: And it does appear at
17 page 616 of the transcript, Your Honor.

18 THE WITNESS: Yeah, I can't say that I
19 exactly remember the discussion. If there's a
20 particular point or a comment you would like me to
21 look at...

22 BY MR. EILBOTT:

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1 Q Well, I'm referencing this because
2 Mr. Rigby indicated that that reflected PEPCO's
3 existing -- the commitment to meet their
4 obligation to comply with the RAD program.

5 MR. DUVER: Your Honor, because counsel
6 did identify page 616 of the transcript, to the
7 extent that he's going to be asking Mr. Gausman to
8 opine on something that Mr. Rigby testified to,
9 which at the moment I'll say is beyond the scope
10 of Mr. Gausman's testimony -- however, I would
11 like to have an opportunity to look at it.

12 CHAIRMAN KANE: Yeah. This is the
13 transcript from which day?

14 MR. EILBOTT: Wednesday.

15 CHAIRMAN KANE: From April 1st.

16 MR. EILBOTT: Correct, Your Honor.

17 CHAIRMAN KANE: April 1st transcript.

18 Page?

19 MR. EILBOTT: 616.

20 CHAIRMAN KANE: 616. Thank you. Let's
21 give everyone a moment to find that.

22 MR. EILBOTT: I think, for the sake of

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1 completeness, Your Honor, the questioning begins
2 at the bottom of the previous page. It looks like
3 line 15 of page 615.

4 THE WITNESS: Yes, I have it.

5 BY MR. EILBOTT:

6 Q Okay. So you've read pages 615 and 616,
7 have a general understanding of what that
8 discussion was about?

9 A Yes.

10 Q So would you agree that Mr. Rigby
11 explained that the applicants included commitment
12 number 21 in Exhibit (4A)-2 because they wanted to
13 express their ongoing obligation to show
14 they're -- I'm sorry -- to show they're not
15 intending to change anything they know is
16 critically important to the community or to the
17 Commission? That would be at lines 5 to 7 of page
18 616.

19 A Yeah, I think this is very consistent
20 with what I just said, that there was -- clearly
21 concerns were raised or expressed and Exelon
22 wanted to make a very firm commitment and a

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1 statement that they have no intention of changing
2 these -- or we even coming in and attempt to get a
3 change.

4 Q Well, I guess I'm trying to understand
5 why the joint applicants would feel the need to
6 provide certainty by articulating in (4A)-2 their
7 commitment to continue the RAD program, but not
8 feel the need to provide certainty by articulating
9 their commitment to meet the annual EQSS
10 requirements.

11 MR. DUVER: Objection, Your Honor. I
12 think this is beyond the scope of what Mr. Gausman
13 is testifying about.

14 MR. EILBOTT: Well, Your Honor, he is the
15 witness on the reliability commitments. If he
16 doesn't know, that's his answer. But I think it's
17 within the scope of his testimony.

18 CHAIRMAN KANE: You may answer the
19 question.

20 THE WITNESS: There are many commitments
21 that we have. I mean, it's our obligation to
22 maintain, you know, a safe electric system. We

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1 don't write all that in. We have a very specific
2 recommendation here proposed for reliability that
3 goes above, we believe, what is currently our
4 obligation within the District of complying with
5 the EQSS.

6 We chose to include in here what is new,
7 what's different from the current requirements.
8 We did not include the current requirement to --
9 that is currently in place with the EQSS.

10 There are many other requirements within
11 the EQSS as well that are requirements. They are
12 well documented, they're -- we comply with them.
13 We didn't include all those either.

14 So we really were trying to address both
15 what is different from the current requirements or
16 where we have heard questions or concerns raised
17 by different parties. And it's between those two
18 is what we use as the basis, I believe, to list
19 the requirements that we have included here.

20 BY MR. EILBOTT:

21 Q Okay. So I understand it, these --
22 commitment number 7 does not reflect the

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1 applicants' commitment with respect to achieving
2 the EQSS targets. It's only with respect to
3 achieving that three-year average; is that
4 correct?

5 A We have stated very clearly that it is
6 our obligation to achieve the EQSS standards. We
7 will do that. In addition to that, we are -- we
8 have this additional reliability commitment here
9 that we're proposing, which is in addition to the
10 current and complements the current obligations to
11 comply with the EQSS reliability standards.

12 Q Mr. Gausman, my question is very
13 straightforward, and I'm not trying to be
14 difficult, but I just want to know for my
15 understanding what the contours are of what is
16 actually being committed to in this proceeding
17 with respect to reliability in number 7.

18 And there anything in that commitment --
19 and I'm not talking about what PEPCO believes it
20 may be subject to or agree to comply with
21 independent of these sets of commitments, but is
22 there anything in this commitment that sets forth

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1 a commitment to meet the EQSS in this document?

2 MR. DUVER: Your Honor, I would just
3 object. One, it's asked and answered. Two, the
4 commitment speaks for itself. The commitment lays
5 out in very plain language what the joint
6 applicants are committing to.

7 MR. EILBOTT: Your Honor, I'm going to
8 move on, but --

9 CHAIRMAN KANE: Thank you.

10 MR. EILBOTT: -- I think my next question
11 will explain exactly why I am being a bit
12 tenacious about this.

13 BY MR. EILBOTT:

14 Q Could you turn to page 13 of your
15 rebuttal testimony, please. And I'm looking at
16 lines 1 to 8 of page 13.

17 MR. DUVER: I don't believe the rebuttal
18 has 13 pages.

19 MR. EILBOTT: Yeah, it does.

20 MR. DUVER: I apologize.

21 THE WITNESS: It has 29 pages, I believe.
22 You want me to look at page 13?

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1 BY MR. EILBOTT:

2 Q Yes, please. Are you there?

3 A Yes.

4 Q Okay. So you're stating here that -- and

5 I will quote -- it is relevant because it

6 establishes --

7 A I'm sorry. Which line are you reading?

8 Q I'm at line 2 of page 13. The question

9 on line 1 is, Why is this point relevant in this

10 proceeding?

11 A Yes, I'm here.

12 Q Okay. And your answer is that, It is

13 relevant because it establishes the joint

14 applicants' commitment to achieve EQSS targets

15 without increasing the reliability-related

16 spending levels for 2015 to 2020, is a direct

17 benefit to customers in the District of Columbia.

18 Is that --

19 A Yes.

20 Q So you seem to be saying here that the

21 reliability commitment in this proceeding is to

22 achieve EQSS -- not the three-year average -- the

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1 EQSS without increasing reliability spending for
2 years 2015 to 2020.

3 A Well, as I said, the commitment that we
4 were just talking about for SAIFI, you know,
5 achieving the SAIFI performance that we're
6 committing to will be better than the current EQSS
7 SAIFI performance.

8 So if you achieve the higher level
9 performance, you will automatically achieve the
10 SAIFI EQSS. For SAIDI, our commitment is to
11 have -- is to meet the EQSS SAIDI requirements.

12 So those -- both of the requirements that
13 currently exist in the EQSS will be achieved, and
14 as I said, you know, our commitment is a
15 three-part commitment. It's to achieve very
16 specific reliability targets, it has a financial
17 penalty if we don't, and it holds the budget at
18 the current budgeted levels through 2020.

19 Q Could you look back on page --
20 Exhibit (4A)-2, commitment number 7. And I want
21 to ask you a couple of questions about table 1 at
22 the bottom of that page.

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1 A I'm sorry. Which page?

2 Q This is page 2 of Exhibit (4A)-2.

3 A Yes.

4 Q And am I right that table 1 sets forth
5 the aggregate capital and O&M spending levels that
6 the applicants agree not to exceed as part of
7 their reliability commitment?

8 A Yes. This is the reliability budget.

9 Q If, for example, post-merger, PEPCO
10 determines there is a need to exceed the spending
11 level in years 2016 or 2017 beyond what is
12 depicted here, would that be considered
13 inconsistent with this reliability commitment?

14 A I'm sorry. Could you say that again,
15 please?

16 Q If PEPCO made a decision post-merger
17 that, for whatever reason, reasons beyond its
18 control or reasons within its control, there was a
19 need to spend for O&M or capital,
20 reliability-related capital, in excess of the
21 figures shown in table 1 for 2015 or 2016 or 2017,
22 in any of those years or all of those years, and

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1 went ahead and spent in excess of those numbers in
2 table 1, do you think that would be in any way
3 inconsistent with this commitment?

4 A No. I think the -- you know, again, when
5 we identified the reliability budgets, we
6 identified a couple reasons that, if they
7 occurred, we would want to come back to the
8 Commission and explain what -- the impact of those
9 changes.

10 For example, you know, we make reference
11 to major weather events. If we have -- a
12 hurricane comes through the city, we could spend
13 tens of millions of dollars in restoration. We're
14 going to spend that money to do that restoration.
15 But, you know, we don't think that, by spending
16 that money to perform that work, we should -- that
17 should expose us to the reliability penalty that
18 we're offering in this merger.

19 That's different than I think other
20 people have said, that if we need to spend money
21 to achieve the EQSS standard, we're going to do
22 that. You know, having a requirement or having a

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1 limitation or a commitment to not exceed a budget
2 is not going to stop us from doing what's right.
3 We're going to spend the money to achieve the
4 reliability performance that we are obligated to
5 achieve.

6 If we spend more than what these values
7 are, we absolutely are going to come back; you
8 know, the Commission will expect us to have a very
9 detailed explanation as to what drove the
10 increased expenditures. And based on our
11 explanation, a decision will be made at that time
12 if that was an appropriate expenditure.

13 Q So when you say you absolutely would come
14 back, that would be to come back for cost recovery
15 of those excess spends; is that correct?

16 A During a rate case -- as well as all the
17 expenditures. I mean, this is a budget. We don't
18 get recovery of any of these dollars until we
19 request recovery of those dollars in a future rate
20 case.

21 Q And could you turn to your February 2015
22 supplemental direct testimony, please, at page 2.

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1 A Page 2?

2 Q Yeah, page 2 of your February 17, 2015
3 supplemental direct.

4 COMMISSIONER FORT: So just out of
5 curiosity, is it a trick question? Because I
6 don't have a page 2. I see some of us flipping to
7 see if we have a page 2. So -- that's not the
8 trick question.

9 MR. EILBOTT: Well, there is a page 3,
10 but I think it was mismarked as -- there was a
11 page 2, but it was mismarked as 3. If there's any
12 trick --

13 COMMISSIONER FORT: We're still
14 listening, and we're still trying to follow, but
15 okay. All right.

16 MR. EILBOTT: So are we.

17 BY MR. EILBOTT:

18 Q So what has been marked as page 3 by the
19 applicants --

20 MR. EILBOTT: Thank you for the
21 clarification.

22 THE WITNESS: I apologize for that. I

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1 did not catch that.

2 BY MR. EILBOTT:

3 Q So, now this -- lines 2 through 7 of this
4 page is presenting the revised reliability
5 commitment; is that correct?

6 A I don't know what you mean by revised.

7 Q Well, I guess as compared to what you
8 were discussing in your rebuttal testimony, my
9 last few questions went to your December 2014
10 rebuttal testimony. In that rebuttal testimony,
11 you were describing the reliability commitment.
12 My understanding is the applicants' February 17th
13 testimony revised that commitment, and this
14 testimony now that I'm asking you about is to
15 discuss that revised reliability commitment. Do
16 you follow my question?

17 A Yes. This is the level of the
18 reliability budget that we're committing to comply
19 with, our current reliability commitment.

20 Q Okay. Thank you. And this is what ended
21 up in -- as commitment number 7 in Exhibit (4A)-2,
22 correct?

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1 A Yes.

2 Q Now, consistent with what we discussed a
3 moment ago, the commitment that's made here owe
4 I'm referring to your word "commitment" on line 5,
5 the reliability commitment -- this likewise is a
6 commitment not to exceed these levels in table 1
7 on lines 6 through 7 only with respect to the
8 SAIDI and SAIFI metrics included in that
9 three-year average, correct?

10 I'm not asking what the effect of it
11 would be, just what this is directed towards?

12 A This is part of the commitment that is
13 attached to Mr. Crane's testimony. It -- it
14 defines the capital and O&M reliability budget
15 data that we are committing to as well as the
16 corresponding additional reliability commitment
17 that we're -- that we have made.

18 Q So is that a yes to my question?

19 A I believe it is.

20 Q Thank you. Now, let's say it's now year
21 2018 -- better yet, 2019, and we are reviewing
22 2018 spending, and it turns out, if the merger has

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1 been consummated, that PEPCO indeed did exceed
2 spending amounts listed in this table. How --
3 well, to what extent and how would PEPCO track the
4 spending to know whether it was spending to
5 achieve the three-year average SAIDI and SAIFI
6 numbers or it was spending to achieve the EQSS?

7 A The EQSS has a specific reliability
8 requirement each year. There is no budget
9 commitment associated with that EQSS standard.

10 The budget commitment that we're
11 proposing here is one that -- in aggregate, we are
12 committing to not exceed the O&M and capital
13 budgets as I have defined here, and we are
14 committing to not exceed the three-year average of
15 the reliability numbers that we, you know, have in
16 the attachment to Mr. Crane's testimony.

17 I think we explain that that will be
18 evaluated in 2021 when the -- we have the three
19 years of reliability performance as actual
20 performance.

21 Q But -- well, that's helpful, but how
22 would the company track the spending so that the

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1 intervenors or the Commission will be able to
2 verify that, hypothetically, if the company
3 asserts, we have not violated our merger
4 commitment because that excess spending was to
5 meet the 2018 SAIFI/SAIDI numbers, that was not
6 spending to reach the three-year average because
7 we won't even know till 2021 whether we met the
8 three-year average -- then how will we be able to
9 follow the spending as tied to the purpose of the
10 spending?

11 A The purpose of the spending is for
12 reliability. It's -- there's two commitments.
13 There's two numbers that have to be tracked. One
14 is the total dollars spent and the other number is
15 what is the actual reliability that's achieved.

16 You know, as I have said before, in the
17 consolidated report, we provide a tremendous
18 amount of detail on what the budget is for each
19 reliability, as we have discussed on numerous
20 occasions in past cases. We track every
21 reliability program with a unique number. We
22 report on those individual activities. We can

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1 clearly identify where we have spent the money.

2 And -- so it's -- you know, to me, the
3 commitment is really what is the reliability that
4 we achieved, what's the total dollars that were
5 spent, and are we achieving the EQSS standard and
6 are we achieving the reliability targets that we
7 are proposing as a part of this merger?

8 Q Thank you. Now, am I right that the
9 spending that PEPCO would engage in to meet this
10 three-year average that is set forth in commitment
11 number 7 would be spent for the purpose of
12 improving reliability in order to meet the
13 three-year average? Is that accurate?

14 A These are the reliability dollars. So
15 it's --

16 Q Right. Okay.

17 A -- the dollars spent to achieve improved
18 reliability.

19 Q And the money spent to achieve -- let me
20 be specific. The reliability dollars that the
21 company spends to achieve a .66 SAIFI in 2019 --
22 and I'm looking at your commitment number 7.

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1 A Yes.

2 Q Are you with me?

3 So the money you spend to achieve a .66
4 is to improve reliability, so you hit that target.
5 During that same year, trying to hit 2019, there
6 is -- the Commission has a SAIFI of .92. And
7 presumably you will be spending money to meet
8 that. Each effort put into improving reliability
9 is going in both directions, and how -- or is
10 going to improve reliability, which could have
11 either purpose: Achieving EQSS or achieving your
12 three-year average.

13 How could we ever -- we intervenors --
14 ever be able to say you busted your spending cap
15 in commitment 7 if your response is, well, that
16 was to meet the EQSS; we've always told you we're
17 going to spend whatever it takes to achieve the
18 EQSS?

19 A I don't see any complication, because we
20 have very clear standards in the EQSS. We have
21 very clear standards within this commitment. And,
22 you know, we report the reliability every year.

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1 We know exactly what the requirements are. Ou
2 know, the -- the dollars are -- you know, are for
3 what we feel is necessary to improve the overall
4 system reliability.

5 Q And even in the situation where PEPCO is
6 determined to have exceeded the spending cap and
7 demonstrates that that was for the three-year
8 average, so we have -- let's say -- let's assume
9 there was a demonstrated failure to comply with
10 commitment number 7. Okay. Are you with me --

11 A Yes.

12 Q -- in my hypothetical?

13 That would result in potentially a
14 penalty based on an ROE reduction in a future rate
15 case; is that correct?

16 A Yes.

17 Q So there is no commitment that under no
18 circumstances will PEPCO exceed the spend.
19 Instead, the commitment is, we'll try not to
20 exceed the spend, but if we do for the three-year
21 average, there will be this ROE penalty. Is that
22 the concept?

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1 A I don't look at it as -- you know, as a
2 three-year average or a dollars for EQSS. I'm
3 trying to help explain what I'm trying to get
4 across. There is no current limitation or
5 commitment to not exceeding some budgeted level to
6 achieve the EQSS.

7 I mean, hypothetically, you know, which
8 we would never do, but, you know, we could spend
9 whatever. I mean, we could go out and spend huge
10 amounts of money on activities that produced very
11 little reliability improvement and argue that,
12 well, it's in the nature of reliability and we
13 could do that.

14 This commitment is adding something that
15 doesn't exist, again, partly because of several
16 years of questions and concerns that had been
17 raised as to, you know, you're increasing your
18 reliability budget; you know, why are you doing
19 that?

20 We're trying to show that we are going to
21 have a reliability capital expenditure that's
22 going to achieve very clear and specific

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1 reliability targets. Anything above that is going
2 to take a much higher level of explanation and
3 reporting to this Commission to be able to justify
4 recovery of those expenses.

5 It's a commitment that, as I said, I
6 think is trying to be responsive to concerns that
7 we had heard expressed about trying to limit or
8 cap the reliability -- the total expenditures that
9 we're expending and have been expending over the
10 last few years.

11 This is done. Do we know how we're going
12 to do everything in '18 and '19? Absolutely not.
13 That's what working together -- that's why we
14 need -- we need help to be able to identify new
15 techniques, new benefits that can be brought to
16 the company, better purchasing leverage to reduce
17 the cost. All those things combined is what's
18 going to allow us to commit to and achieve.

19 There's nobody at PEPCO or at Exelon that
20 expects anything other than to achieve all these
21 commitments. That is -- that's -- there's
22 absolutely no question that is the goal and the

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1 intent.

2 Q That's a very helpful clarification. I
3 really appreciate that. So -- see if I have this
4 right now. The penalty for not meeting commitment
5 number 7 is not -- the ROE penalty is not
6 triggered if you meet that three-year average
7 completely independent of the spending levels.
8 You could have double the spending of what's
9 listed in table 1; if you hit the three-year
10 average, your view is that ROE penalty is not
11 triggered. Is that correct?

12 A The financial penalty, the 50 basis point
13 penalty, is associated with achieving the
14 reliability performance. In addition to that, the
15 commitment is to not exceed the budget as we have
16 shown this.

17 And all I'm saying is that if we achieve
18 the target reliability, the three-year average
19 that you're talking about, and it's at a cost that
20 is significantly different than this budget, we
21 fully know that there's going to be a long
22 discussion as to what that money was spent on.

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1 And unless we can point to that it is because we
2 had, you know, two hurricanes on the system or
3 there was some major, you know, catastrophic
4 failure that occurred at a substation and we had
5 to replace huge amounts of equipment, you know,
6 that's -- we will -- we understand that we have to
7 commit to -- or we are committing to explaining if
8 we exceed these budgeted levels.

9 Q I think that was a yes to my question.

10 A I think my answer stands for itself.

11 Q So given that, as I read your testimony,
12 PEPCO is going to do whatever it takes to meet the
13 EQSS and achieve continued improvement and
14 reliability -- well, do you agree with that, that
15 that is what PEPCO will do?

16 A We will strive the achieve that EQSS
17 standard, yes.

18 CHAIRMAN KANE: I think that has been
19 asked and answered.

20 BY MR. EILBOTT:

21 Q And given that, which is more likely to
22 occur in terms of your commitment number 7, to

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1 exceed the spending or to not hit the three-year
2 average?

3 A Our goal is to do both. I'm sorry. Say
4 that again.

5 Q Well, which is more likely to occur, that
6 you would exceed the spending limits in table 1 of
7 commitment 7 or you wouldn't hit the three-year
8 average?

9 A What's likely to occur is that we will
10 hit the three-year average and hit the budget
11 levels.

12 Q And could you turn to page 1 of
13 Exhibit (4A)-2? And I want to just ask a question
14 or two about Exhibit -- commitment numbers 1
15 through 5 on page 1.

16 A Yes.

17 Q And is that correct that what is listed
18 under the heading "merger impact on rates" are the
19 five commitments the applicants are making with
20 respect to protection of ratepayers from rate
21 impacts of the merger?

22 MR. DUVER: Your Honor, I would only

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1 object this is beyond the scope of anything that
2 Mr. Gausman is testifying to in this proceeding.

3 MR. EILBOTT: Your Honor, the reliability
4 commitment has everything to do with not exceeding
5 spending levels. And spending levels -- the
6 witness has just explained that the company would
7 absolutely be coming in with a rate filing if they
8 have to exceed spending. So I'm just trying to
9 find out whether there's anything -- any of these
10 commitments regarding rate impacts have to do with
11 exceeding spending to meet reliability.

12 MR. DUVER: Your Honor --

13 CHAIRMAN KANE: Is your question whether
14 items number 1 through 5 have anything to do with
15 reliability?

16 MR. EILBOTT: Yeah, I mean -- exactly.

17 CHAIRMAN KANE: Is that your question?

18 MR. EILBOTT: Yes.

19 CHAIRMAN KANE: You may ask that
20 question.

21 BY MR. EILBOTT:

22 Q Do you have the question in mind?

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1 A I mean, I'm not the one to ask, but
2 looking at it, I do not believe that these
3 particular items deal -- or address the
4 reliability expenditures.

5 Q And there's nothing in number 1,
6 commitment number 1 --

7 CHAIRMAN KANE: He already answered about
8 all five.

9 MR. EILBOTT: Well, I was just going to
10 ask a slightly different question, Your Honor.

11 CHAIRMAN KANE: All right.

12 BY MR. EILBOTT:

13 Q Am I right that there's nothing in
14 commitment number 1 about pledging not to seek
15 recovery and rates of spending in excess of levels
16 in commitment number 7?

17 A This is the commitment that --

18 MR. DUVER: Your Honor, I'm going to
19 object that this is beyond the scope. He already
20 said that the reliability commitment isn't in 1,
21 2, 3, 4 and 5, and I don't think it's necessary to
22 go through each one to confirm that the words

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1 aren't in there.

2 MR. EILBOTT: This goes to the
3 spending -- the spending limits in number 7. And
4 it wasn't apparent to me until today that
5 commitment number 7 has no commitment with respect
6 to spending. So I'm --

7 CHAIRMAN KANE: Well, that is a
8 conclusion.

9 MR. EILBOTT: -- trying to understand if
10 it's in number 1. So I'm curious.

11 CHAIRMAN KANE: That's argument. The
12 witness has said that items number 1 to 5 have
13 nothing to do with reliability. So we can move
14 on. And his area is reliability.

15 MR. EILBOTT: Thank you, Your Honor.

16 BY MR. EILBOTT:

17 Q Could you turn to your direct testimony,
18 please, page 3.

19 A I'm there.

20 Q At lines 4 to 5 of page 3, you say, PEPCO
21 is committed to delivering safe and reliable
22 service to all of its customers.

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1 Do you see that?

2 A Yes.

3 Q Will that commitment change in any way if
4 the merger is not approved?

5 A No.

6 Q And in your view, is Exelon today more
7 committed than PEPCO might be in delivering safe
8 and reliable service to its customers?

9 A I think all utilities are committed to
10 delivering safe, reliable service.

11 Q Can you turn to page 7 of your direct
12 testimony beginning at line 10 of page 7? Are you
13 there?

14 A Yes.

15 Q And here, the question is asked whether
16 you believe PEPCO will meet the EQSS reliability
17 requirements if the proposed merger is approved.
18 Do you see that?

19 A Yes.

20 Q My question is whether PEPCO will meet
21 the EQSS if the merger is not approved.

22 A I think we've been clear that PEPCO on a

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1 stand-alone basis has concerns about being able to
2 achieve the SAIDI performance in the last couple
3 of years. There's no question. We will -- we are
4 going to strive to achieve that. We just don't
5 know if we can achieve it without an increased
6 level of expenditures.

7 Q Do you believe that without Exelon --
8 without having the merger consummated with Exelon,
9 PEPCO will not be able to achieve the EQSS --

10 MR. DUVER: Objection. Asked and
11 answered.

12 BY MR. EILBOTT:

13 Q -- without increasing expenditures?

14 CHAIRMAN KANE: That question has been
15 asked and answered numerous times.

16 MR. EILBOTT: Okay.

17 BY MR. EILBOTT:

18 Q On page 8 of the same testimony, you
19 state that you've had discussions with Mr. Alden
20 and members of Exelon's integration team about
21 D.C. PLUG. Do you see that?

22 A Yes.

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1 Q And you state here that Exelon is
2 committed to moving forward with the -- with that
3 project and completing that project.

4 A Yes.

5 Q Is PEPCO any less committed to moving
6 forward with and completing that project than
7 Exelon is?

8 A No.

9 Q Now, would you agree that PEPCO was
10 subject to criticism in the general time frame of
11 2008 and '9 and '10 about reliability performance?

12 A I would agree with that.

13 Q And would you agree that an attempt to
14 improve reliability performance at PEPCO dominated
15 your and your team's focus in response to that
16 criticism?

17 A It still does.

18 Q And would you agree that PEPCO's
19 reliability performance has improved over the last
20 several years?

21 A Yes, it has.

22 Q And, in fact, you say as much in your

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1 rebuttal testimony at page 11, don't you?

2 A I believe I do.

3 Q And has -- do you know whether PEPCO has
4 achieved the EQSS SAIDI and SAIFI for 2012?

5 A Yes.

6 Q And for 2013?

7 A Yes.

8 Q And for 2014?

9 A Yes.

10 Q And the SAIDI and SAIFI levels have
11 generally ratcheted down about 9 percent per year?

12 A I don't know the exact percentage, but
13 they have been getting better each year.

14 Q During his examination on Wednesday,
15 Mr. Rigby acknowledged a statement in PHI's 2013
16 annual report, and I would direct you to page 587
17 of the transcript, lines 15 to 22.

18 A I'm sorry. Which lines?

19 Q 15 to 22 capture the question being asked
20 about the annual report. And you see that the
21 question referenced the annual -- a statement in
22 the annual report that, quote, in 2013, PHI

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1 utilities achieved one of our best reliability
2 performances ever.

3 Do you see that?

4 A Yes.

5 Q And do you see that Mr. Rigby agreed with
6 that statement?

7 A Yes.

8 Q And I take it you agree with that
9 statement as well?

10 A Yes.

11 Q And PEPCO's reliability performance in
12 2014 was even better than the best year ever of
13 2013 at that time, right?

14 A 2014 was better, and we have more to go,
15 all the ways out through 2020.

16 Q And I assume it's fair to say Exelon has
17 played no role in that reliability performance
18 improvement during those years?

19 A Not in the past.

20 MR. EILBOTT: Your Honor, I'd like to
21 mark at this time a document that has been pre --
22 to identify at this time a document that has been

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1 premarked as OPC Cross-Exam Exhibit 59. This, I
2 believe, would be our Exhibit 31 for the hearing.

3 CHAIRMAN KANE: Is that correct, Madam
4 Secretary?

5 THE SECRETARY: Yes, ma'am.

6 CHAIRMAN KANE: Thank you. So marked.

7 (OPC Cross Exhibit Number 31 was marked
8 for identification.)

9 MR. EILBOTT: And Your Honor, this is an
10 excerpt of Mr. Gausman's rebuttal testimony in
11 formal case 1087 before this Commission.

12 COMMISSIONER FORT: I'm sorry. You said
13 it was 59? Exhibit 59?

14 MR. EILBOTT: Yes, Your Honor.

15 COMMISSIONER FORT: And how did you
16 describe it?

17 MR. EILBOTT: This is an excerpt of
18 Mr. Gausman's testimony in FC 1087. Page 1 of the
19 exhibit shows the January 2012 date, Your Honor.

20 CHAIRMAN KANE: Go ahead.

21 BY MR. EILBOTT:

22 Q Do you have that in front of you,

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1 Mr. Gausman?

2 A Yes, I do.

3 Q Thank you. Starting on page 14, which
4 would be page 3 of this exhibit, do you see
5 there's a question asking you to summarize your
6 views on the EQSS and PEPCO's compliance with
7 EQSS? Do you see that?

8 A Yes.

9 Q Could you just take a moment to read your
10 answer that carries over to the top of the next
11 page?

12 A Yes.

13 Q And I'd like to draw your attention in
14 particular to lines 3 and -- 3 to 7 of page 4 of 4
15 of this exhibit. At the bottom of the page you'll
16 see it's page 15 from the original pagination.
17 Are you with me?

18 A Yes, I have it.

19 Q So there it says -- I could just quote
20 that one sentence -- The company, meaning PEPCO --
21 The company has in place a reliability plan
22 designed to allow it to provide continuous

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1 improvement and, just as it has demonstrated in
2 the past, to comply with Commission-approved SAIFI
3 and SAIDI targets.

4 Did I read that accurately?

5 A Yes, you did.

6 Q And what is that reliability plan you
7 were referring to in this testimony three years
8 ago?

9 A That's the reliability work that we have
10 been implementing since that time. It's what
11 we've been referring to as our REP or reliability
12 enhancement plan.

13 Q And what was the time horizon on that
14 plan, if you recall, in terms of reliability
15 goals, targets that were set out in that plan?

16 A We had structured as a -- I believe it
17 started in late 2010, and we had framed it as a
18 five-year reliability enhancement plan.

19 Q So that would take us -- take it into
20 2017 or 20 -- what year would that --

21 A 2010 I believe is when it started, so
22 2015.

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1 Q So the -- would you say a lot or a large
2 extent of the improvement in reliability that
3 we've been discussing in terms of hitting the
4 SAIDI/SAIFI targets in 2012 and '13 and '14 are
5 due to implementation of that reliability plan?

6 A Yes. I think the reliability improvement
7 plan that we implemented -- it has and it is
8 producing very good results.

9 Q Thank you.

10 MR. EILBOTT: Give me just one moment,
11 Your Honor.

12 BY MR. EILBOTT:

13 Q Were you in the room earlier today when
14 Mr. Alden characterized PEPCO's reliability
15 performance over the last couple of years?

16 A Yes, I was.

17 Q And did you hear that he described it, I
18 believe as -- or perhaps he was agreeing with a
19 question from the bench -- that it was a positive
20 trend line in terms of improving reliability?

21 A Yes.

22 Q So you would agree with that?

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1 A Yes, I do.

2 Q Do you have any reason to believe that
3 positive trend line would discontinue if the
4 merger is not approved?

5 A It's not a case of, you know, if the
6 merger is approved or not. Continuous improvement
7 in reliability is very difficult. You know, for
8 example, I think Mr. Alden mentioned the fact, you
9 know, if you look at just the first two months of
10 this year, our SAIDI more than doubled. It was,
11 you know, a 23-minute increase, I believe, in the
12 first two months of this year compared to the
13 first two months of last year because of one
14 event.

15 So that's the variability in activities
16 that occur that we just have to continuously
17 strive to be able to implement new techniques, new
18 policies. This isn't just an equipment
19 installation program. It's how you can gain all
20 the benefits operationally as well as, you know,
21 how you manage the information, how you manage the
22 response to these events that we need to continue

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1 to work on and continue to improve.

2 Q So I think I hear you saying nothing --
3 there's no certainty as to whether PEPCO will
4 achieve the out years -- the EQSS in the
5 out years, but --

6 A I cannot guarantee that we will achieve
7 them. We will do everything that is reasonable to
8 attempt to achieve it, as we have been doing.
9 We're going to continue to do what we can to
10 continue the improvement trends that we have
11 started to develop.

12 Q Are you aware of any documentation from
13 Exelon that shows PEPCO is more likely to hit EQSS
14 if the merger is consummated than if the merger is
15 not consummated?

16 A We didn't do that type of analysis. We
17 looked at what our historical performance has
18 been. We looked at how much of an improvement we
19 could -- Exelon thought they could get by
20 implementing their best practices and management
21 model and things that they have learned in the
22 other operating companies.

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1 I mean, that's the real advantage, to be
2 able to have access to -- you know, we're three
3 companies today that we've leveraged to get to the
4 point that we're at, and going forward, we're
5 going to be six companies -- to be able to
6 leverage tremendous amount of knowledge that will
7 help us to continue to move forward.

8 Q Thank you. There has been some
9 discussion in the case about the potential for
10 PEPCO to seek a re-evaluation of the EQSS. Are
11 you aware of that issue?

12 A In the order established in the EQSS,
13 what I believe -- in recognition of some of the
14 concerns that we raised of trying to set standards
15 that were, at that time, you know, eight years
16 out -- there's a lot of unknowns -- the Commission
17 identified that after, I believe, June of this
18 year, if we felt it was necessary, we could come
19 back in and request a re-evaluation of the
20 currently approved EQSS standards.

21 Q Right. And the deadline is June 30th,
22 2015? Is that what you said?

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1 A I believe the first that we can request a
2 reconsideration would be June. It's not a
3 deadline; it's the earliest that we could make
4 that request.

5 Q And has PEPCO ruled out the possibility
6 of seeking re-evaluation?

7 A We have not made a decision either way if
8 we were -- are going to ask for reconsideration.

9 Q Okay. So if I looked in Exhibit (4A)-2,
10 among the 91 commitments, I would not find one
11 that says the applicants will not seek
12 re-evaluation of the EQSS?

13 A No.

14 Q And can you say why that was not
15 included?

16 A I can't -- I can't comment on that. I
17 don't know why that was not there.

18 Q And just shifting gears, do your
19 responsibilities in the reliability area extend
20 into PEPCO's Maryland service territory?

21 A Yes, they do.

22 Q Earlier today, BG&E's CEO stated that

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1 Maryland has no SAIDI or SAIFI requirements. I
2 was just scrambling through my notes. Is that
3 correct?

4 A Partially. There are standards through
5 '15. There are only proposed standards '16
6 through '19 or '20. So there are no standards
7 after this year. No approved standard.

8 Q And is -- I believe it's RM43 in
9 Maryland, is that a vegetation management program?

10 A RM43 -- rulemaking 43 was the proceeding
11 that established -- established various
12 requirements that dealt with reliability
13 performance as well as vegetation management
14 clearance requirements.

15 Q Thank you.

16 MR. EILBOTT: Your Honor, I have no
17 further questions.

18 Thank you, Mr. Gausman.

19 CHAIRMAN KANE: Thank you.

20 Ms. Whiteman? No questions?

21 Yes, that -- Ms. Francis will be asking
22 those questions of this witness on Monday.

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1 So we will move to D.C. government.

2 MR. COYLE: Thank you, Madam Chair.

3 CROSS-EXAMINATION

4 BY MR. COYLE:

5 Q Good afternoon, Mr. Gausman. My name is
6 John Coyle. I will be asking you some questions
7 this afternoon on behalf of the D.C. government.

8 A Good afternoon.

9 Q Would you take a look at your direct
10 testimony, page 7, lines 10 through 16. Just read
11 that quietly to yourself and let me know when
12 you're done.

13 A I'm sorry. Page 7, 10 through 16?

14 Q That's correct.

15 A Yes.

16 Q Now, am I understanding you correctly to
17 say there that you are confident -- well, I guess
18 here's the right way to ask the question. Who are
19 you referring to by the pronoun "we" in the
20 phrase, We are confident that we will continue to
21 meet our current and proposed reliability
22 commitments following the merger?

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1 A That is being -- PEPCO, basically.

2 Q Okay. That's the way I read it too. I
3 just wanted to make sure.

4 Okay. Now, if I could ask you next to
5 turn to what's been marked for identification as
6 Exhibit DCG 41, which is the joint applicants'
7 response to data request OPC 18-20.

8 A I have that.

9 Q Would you read that to yourself, and then
10 I have a couple of questions about that for you.

11 A Yes.

12 Q You are the sponsor of that response,
13 correct?

14 A Yes, I am.

15 Q Okay. And --

16 COMMISSIONER FORT: Could you wait a
17 minute? I think you were getting ready to have it
18 marked, right, by the secretary?

19 MR. COYLE: Sure. Why of course I was.

20 COMMISSIONER FORT: Oh. Are you waiting
21 for the Chair to come back or the secretary?

22 CHAIRMAN KANE: The number is?

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1 MR. COYLE: DCG 41.

2 CHAIRMAN KANE: 41. Okay.

3 MR. COYLE: It's been marked for
4 identification as DCG --

5 CHAIRMAN KANE: As DCG 41.

6 MR. COYLE: -- 41, and it is the joint
7 applicants' response to OPC data request 18-20.

8 CHAIRMAN KANE: We have it.

9 MR. COYLE: Thank you.

10 BY MR. COYLE:

11 Q Mr. Gausman, that question -- the
12 question in the data request focuses on a piece of
13 Mr. Alden's rebuttal testimony which says, quote,
14 however, given our analysis of PEPCO's projected
15 performance, existing budget levels and the
16 Commission's standards, it is clear that to meet
17 those standards, it will require additional
18 capital and O&M spending beyond that included in
19 PEPCO's consolidated report.

20 Do you see that?

21 A Yes.

22 Q Okay. But when you filed your direct

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1 testimony, PEPCO was confident that it could
2 continue to meet its existing and proposed
3 reliability commitments. I'm wondering what the
4 disconnect is. Or am I not comparing apples and
5 apples here?

6 A The -- as I've said, you know, it is our
7 intent to achieve the EQSS standards for each
8 year. The current provisions as PEPCO, there's no
9 cap or limitation on the commitment to the amount
10 of dollars that that would spend -- that we could
11 possibly spend to achieve that commitment.

12 Q Well, fair enough, I guess. Maybe where
13 I'm getting confused, Mr. Gausman, is in your
14 direct testimony, you say, We -- meaning PEPCO --
15 are confident that we will continue to meet our
16 current and proposed reliability commitments
17 following the merger.

18 It doesn't say it's contingent on if we
19 have to raise our budget.

20 A There's no requirement -- or no
21 discussion in the EQSS standard relative to
22 budget. So that commitment is strictly

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1 referencing the current EQSS standards as they are
2 written, which are a very specific SAIDI/SAIFI
3 requirement.

4 Q Would you agree with me, Mr. Gausman,
5 that you did not put any caveat about budgets in
6 that portion of your direct testimony we're
7 looking at?

8 A Yes.

9 Q Thank you.

10 MR. DUVER: Your Honor -- I'll wait and
11 hold my objection until the time that these are
12 coming in.

13 BY MR. COYLE:

14 Q Now, sticking with the same data request,
15 Mr. Gausman, Exhibit DCG 41, you were asked in
16 subpart A to explain and quantify the extent to
17 which PEPCO's O&M budget would need to increase in
18 order to meet the Commission's reliability
19 standards. Do you see that?

20 A Yes.

21 Q And the response, I take it, is, The
22 requested analysis has not been performed as PEPCO

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1 does not perform -- does not prepare
2 forward-looking O&M budgets. Right?

3 A Yes. Our O&M budget is prepared each
4 year. We re-evaluate it each year to make a
5 determination what the appropriate level would be
6 for the following year.

7 Q Okay. Let me ask you, if I could,
8 Mr. Gausman, to take a look at Exhibit (4A)-2,
9 which is the joint applicants' merger commitments.
10 In particular, I'd like you to look at page 2,
11 item 7.

12 A I'm sorry. Which page?

13 Q It's page 2 of Exhibit (4A)-2.

14 A I'm there.

15 Q And we're looking at item 7.

16 A Yes.

17 Q Item 7 is the reliability commitment to
18 which much of your testimony is directed, correct?

19 A That's correct.

20 Q All right. And if you scroll down to
21 table 1 -- and I realize it's a little tough to
22 read, but it's probably the easiest place to find

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1 it -- you see a line in table 1 that says, PEPCO
2 O&M reliability budget, 2014 through 2020, D.C.
3 and Maryland, right?

4 A Yes.

5 Q Okay. Is that -- should that not be
6 understood to be a forward-looking O&M budget?

7 A We put this in, I believe, in my rebuttal
8 in response to numerous questions as to what the
9 commitment is for the budget. So we had -- have
10 always had a five-year plan for the capital. So
11 we identified the O&M component that we are
12 committing to include within this commitment
13 number 7.

14 As you can see, even for the capital, we
15 currently do not have a 2020 budget. But just so
16 that there's a complete record of the O&M and
17 capital for this entire period, we escalated the
18 2019 budget by 3 percent, which is the same
19 process that we did for the O&M line item where we
20 identified the current 2015 budget and then
21 escalated it 3 percent per year for each year in
22 the commitment.

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1 Q As I look at this -- let me ask you -- I
2 realize there's something else I didn't understand
3 about this. The O&M reliability budget is for
4 D.C. and Maryland combined, correct? So that
5 would include PEPCO's service area in Montgomery
6 and Prince George's County?

7 A It is, except for -- we did break out the
8 forestry or the vegetation management that is for
9 the District. Vegetation management is one of the
10 limited O&M activities that we actually budget
11 individually for each jurisdiction.

12 Q So I'm still a little puzzled about how
13 to read this. And bear with me. Is there some
14 adjustment that one needs to make in order to
15 understand the extent of the commitment with
16 respect to O&M budgeting, or are you committing to
17 spend the entire PEPCO D.C. and Maryland O&M
18 budget in D.C. in order to meet this commitment or
19 what exactly -- how should I interpret this?

20 A Yeah. I think we answer that in several
21 data requests where we -- you know, we identified
22 that this -- the O&M line is a PEPCO total. The

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1 budget would be determined based on the same
2 allocation percentages that we use when we
3 allocate the actual cost in a rate proceeding.

4 So there's a well-established process
5 where these types of O&M costs are evaluated and
6 then allocated for recovery in a rate case. And
7 that exact same process that's used to allocate
8 the actuals would be used to allocate the
9 budgeted. And the commitment is that only that
10 allocated portion of the O&M dollars that are
11 assigned to the District of Columbia is what would
12 be compared to the actuals, you know, for the
13 District of Columbia.

14 Q So would you need to take a look back in
15 a rate case, then, after the fact to see what the
16 actual spending was in the District as allocated
17 in order to figure out whether the commitment --
18 or this aspect of the commitment had been met?

19 A That's one way to do it would be to use
20 the last approved allocation process in the last
21 rate proceeding, and use that allocation, and
22 then, in future rate cases, if that allocation

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1 changes, which it really doesn't vary much from
2 year to year, then we would use whatever the
3 approved allocations were.

4 Q Okay. Are you thinking there might be a
5 different way to do it? I mean, you said that was
6 one way to do it. Are there others?

7 A I'm not the financial expert. That is
8 one way that I think it could be done. There may
9 be other ways I'm not aware of.

10 Q I was just wondering -- again, with any
11 luck at all, I won't be around to have to try and
12 force the commitment, but I thought perhaps we
13 could get on the record what was the target that
14 we were shooting at. That's all.

15 And I guess I'm still a little puzzled.
16 You have a -- you have an escalated existing O&M
17 budget for two jurisdictions that will be
18 allocated according to reality measured after the
19 fact at some point in the future, is what I'm
20 getting out of your response.

21 A It's not that --

22 MR. DUVER: Your Honor, I would object

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1 because it seems like that's more testimony than
2 it is a question.

3 MR. COYLE: It was a question, trust me.
4 I'm not following the response.

5 CHAIRMAN KANE: The question you want
6 answered? What is the question?

7 MR. COYLE: I'll rephrase the question --

8 CHAIRMAN KANE: Thank you.

9 MR. COYLE: -- in response to the
10 objection, Your Honor.

11 BY MR. COYLE:

12 Q Do I understand you correctly,
13 Mr. Gausman to be saying that what we have here in
14 Exhibit (4A)-2, table 1, is a current O&M budget
15 escalated at 3 percent a year for two
16 jurisdictions, and in order to determine whether
17 or not the joint applicants have met their
18 budgetary commitment with respect to meeting their
19 three-year average, you will have to go back at
20 some point in the future and take a retrospective
21 look to see how this O&M budget was actually
22 allocated?

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1 A I can't prejudge how we would be directed
2 to do this. I can only say that this is an annual
3 number, and if the -- if this commitment was
4 accepted, I would envision that there would be an
5 annual reporting requirement to do that
6 allocation. And like I said, one way would be
7 based on the way that these expenses have been
8 previously allocated in the last rate case.

9 Q That's not explicit on the face of this
10 commitment anywhere, is it?

11 A We have tried to explain that in various
12 data responses.

13 Q But it's not explicit on the face of the
14 commitment.

15 A Again, we're getting into an area that I
16 am not really an expert in but, you know, all I
17 can say is that these types of -- there's a
18 well-established process within the District of
19 Columbia on how these cost are allocated. So I
20 believe that there is -- I believe there is
21 sufficient history and documentation to show what
22 the cost -- how to handle this type of a

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1 commitment.

2 Q Okay. Thank you.

3 Let me ask you to take a look at another
4 aspect of table 1 while we have it. In the same
5 chart, there is a section entitled,
6 Reliability-driven capital (sic) expenditures,
7 2014 through 2020. Do you see that?

8 A Yes.

9 Q And those figures are drawn from a larger
10 document that was produced in your work papers.
11 Am I correct about that?

12 A I believe that's correct, yes.

13 Q All right. Without paging through the
14 work papers -- I want to see if we can do this on
15 recall only, if you'll indulge me. The figures
16 that are listed for PEPCO D.C. for capital
17 expenditures for years 2014 through 2020, does
18 that carry a budgetary line of reliability-driven
19 distribution capital expenditures?

20 A I believe that is the way that we refer
21 to it.

22 Q So you were not talking, for example,

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1 about expenditures on transmission facilities.

2 A It is -- that's correct. It is only the
3 reliability line items.

4 Q And only for distribution, right?

5 A Yes.

6 Q Okay. All right. How do you define
7 reliability-driven distribution capital
8 expenditures?

9 A As I said, within the consolidated
10 report, there's about 40 pages that go into
11 extensive detail that identifies by project, by
12 description of the project, you know, what --
13 where the work is being done, and the budgeted
14 amounts for each of those line items, as well as
15 the document that you're referring to, there's a
16 detailed listing of all of the capital projects
17 for this entire period. That's a copy of our
18 entire five-year capital plan that shows each
19 individual line item. And within each individual
20 line item it is coded as either being a
21 customer-driven, you know, for new services,
22 reliability or load-related project for activities

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1 like a new substation or a new feeder.

2 Q I'm sorry. Had you finished your answer?

3 A Yes.

4 Q Okay. That was -- at the end of your
5 answer, you kind of got to what I was getting at.
6 There were customer-driven, load-driven and
7 reliability-driven distribution capital
8 expenditures. And is that the universe of them,
9 those three different types?

10 A For distribution, that's the primary
11 amount of work, yes.

12 Q All right. How do you tell -- what kind
13 of a filter do you apply to tell which is which?
14 I mean, I understand there's 40 pages in the
15 consolidated report listing the projects, but
16 you're the guy who applies the screen to them, I
17 assume, to tell which is which kind, right?

18 A Each line item is defined. There's a
19 definition for each line item that identifies
20 which category -- what the work is for. And we
21 have a long-standing history of how we have
22 defined reliability projects.

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1 Q Okay. But there's no place I could
2 look -- no PEPCO internal engineering design or
3 accounting practice that would say, this is how we
4 define a reliability-driven distribution CapEx
5 versus this is how we define load-driven versus
6 this is how we define customer-driven. I wouldn't
7 be able to find that.

8 A I believe some of that is discussed in
9 the consolidated report.

10 Q Okay. Let me ask you, Mr. Gausman, to
11 please next take a look at what's been marked for
12 identification as Exhibit DCG 42, which is the
13 joint applicants' response to OPC 18-21. And that
14 response cross-references a confidential document,
15 which is the response to AOBA 1-10, attachment C,
16 which follows the request.

17 MR. COYLE: In keeping with previous
18 understandings with counsel, I guess I would ask
19 whether it would be acceptable if I were to
20 examine the witness concerning the confidential
21 attachment without reading the contents into the
22 record.

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1 MR. DUVER: That's acceptable.

2 Obviously, if anything comes up during the
3 discussion, we'll raise it at that time.

4 CHAIRMAN KANE: That's fine. Proceed.

5 MR. COYLE: Thank you.

6 BY MR. COYLE:

7 Q Mr. Gausman, looking at the fourth page
8 of the exhibit if you count the cover sheet, you
9 get past the data request narrative and you see
10 what appears to be a PowerPoint slide that is a
11 PEPCO Holdings document. Do you see that?

12 A Yes.

13 Q Okay. Are you familiar with that
14 document? Would you like to take a minute to look
15 through it?

16 A I'm familiar with it.

17 Q Okay. Let me, then, ask you, first of
18 all, to describe in general terms what the
19 document is and what it was prepared for.

20 A This was some of the information that we
21 prepared. And when we're working with the Exelon
22 reliability teams to identify the amount of

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1 improvement that we felt that PEPCO was able to
2 achieve through some of its -- or through its
3 reliability enhancement plan based on the current
4 budgets -- and then, you know, this is information
5 that, you know, in addition to information that
6 Exelon brought as to the types of activities that
7 they -- or the types of improvement that they
8 realized is what helped to get to the
9 recommendations that we made.

10 Q Okay. The date on this document is
11 May 8th, 2014. So it's after the merger was
12 announced, but not very long after the merger was
13 announced, correct?

14 A Right. One of the first things that we
15 did after the merger was announced was to put
16 together the reliability teams to start to see
17 what type of commitment we could support.

18 Q Let me ask you if you would turn within
19 that document to the page which bears in the lower
20 right-hand corner the legend confidential
21 D.C. 1119, AOBA DR 1-10, attachment C, page 10 of
22 29. The document is headed -- or the page is

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1 headed, PEPCO D.C. SAIFI breakdown.

2 A Yes.

3 Q Would you explain, first of all, what the
4 abbreviations are that are written vertically at
5 the bottom of the chart, DA, VM, FI? What do
6 those stand for?

7 A DA is distribution automation, VM is
8 vegetation management, FI is feeder improvement,
9 and then reclosers is the last item.

10 Q And what is a recloser, for the record,
11 Mr. Gausman?

12 A A recloser is an automated device that's
13 installed on the circuit, and it will help to
14 isolate a fault without the entire circuit going
15 out of service.

16 Q Now, what information were you attempting
17 to convey to Exelon with this page in general
18 terms?

19 A This was basically what we felt that we
20 were able to -- we would be able to achieve based
21 on our current plans as they existed, this was --
22 you know, based on the 2014 through 2018 plan.

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1 Q And it also tells you how -- it also
2 would tell how you expected to achieve it,
3 correct?

4 A Which portion of the different programs
5 would realize how much improvement, yes.

6 Q Okay. And for example, if I were to look
7 in the 2013 segment, I would see that you were
8 predicated a .04 percent improvement in SAIFI on
9 distribution automation?

10 A Yes.

11 Q And a .10 improvement in SAIFI on
12 reclosers?

13 A Yes.

14 Q What's the process involved in installing
15 reclosers? Is that an expensive piece of
16 equipment or --

17 A Typically it's about \$100,000 per
18 installation.

19 Q Is there -- you tell me. I'm trying not
20 to ask too many questions here, but would you tell
21 me whether there are significant anticipated
22 expenditures on reclosers over the rest of the

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1 period reflected on this page?

2 A No, the current -- the current plan -- I
3 think it shows -- the second bullet from the
4 bottom identifies that we had planned to install
5 additional reclosers in 2015 and 2016, and there
6 were no additional reclosers after that period.

7 Q Okay. Thank you.

8 If you turn to the next page, please,
9 which bears the legend at the bottom in the
10 right-hand corner, confidential D.C. 1119, AOBA
11 DR 1-10, attachment C, page 11 of 29. It's headed
12 PEPCO D.C. SAIDI breakdown.

13 A Yes.

14 Q And is it true that this -- in this page
15 what you're attempting to convey to Exelon is what
16 improvements in SAIDI PEPCO contemplates making by
17 what means over what periods of time?

18 A Yes.

19 Q Okay. Now, you were -- in both of those
20 pages, you were presenting historical information
21 for 2013. Why?

22 A We used -- since this was starting in

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1 2014, we used the 2013 actual data and -- but the
2 improvements that we assigned were improvements
3 that were -- that we had been realizing over, I
4 think, about the last three years. So we're using
5 average improvements for each of the different
6 activities.

7 Q All right. And then what was done with
8 this information over the course of the next eight
9 months, if anything?

10 A This was the basis that we've used for
11 our decisions.

12 Q And when you say "our," the possessive
13 pronoun "our" refers to both Exelon and PHI?

14 A Yes.

15 Q Okay. Thanks.

16 Mr. Gausman, switching topics for a
17 minute, you were discussing with Mr. Eilbott a few
18 moments ago the possibility that PEPCO might
19 consider, when the opportunity is permitted by the
20 Commission's regulations, asking for
21 reconsideration or relaxation of the SAIDI
22 component of the EQSS. Do you recall that?

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1 A Not exactly. I said that we have not
2 made any decisions.

3 Q Right. Right. That's correct.

4 In the course of that discussion, I
5 believe you said that the view at PEPCO has always
6 been that the SAIDI standard in the outer years,
7 2018 through 20 -- well, let me withdraw that.

8 You had said that the -- meeting the
9 SAIDI standard in the later years was kind of a
10 heavy lift, I guess is the way I'd put it --

11 A Yes.

12 Q -- Is that accurate?

13 And what is it about that standard that
14 makes it a heavy lift?

15 A The distribution system across the
16 District of Columbia is not one consistent type of
17 design. We have a combination of overhead and
18 underground. And in the underground, there's
19 several different configurations. And it's also
20 well identified that work that is -- when an
21 outage occurs in the existing underground systems,
22 it generally will take a lot longer to restore

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1 than an outage that's on the overhead system.

2 So, you know, as we improve performance
3 on the overhead system, you know, it will tend to
4 direct you to more and more work on the
5 underground. So that is really our concern that
6 as -- as we reach the lower -- the better
7 performance levels of SAIDI, that the
8 undergrounding system is going to drive variations
9 in those numbers much more than the overhead
10 system, as it did the first -- beginning of this
11 year where, as I said, one event has contributed
12 to 22, 23 minutes of SAIDI to the overall system
13 number in just the first two months.

14 So that's really, you know, our concern
15 is that you really have -- it's a very complex
16 system, and looking out, you know, four and five
17 years and looking at how the change is occurring,
18 even with D.C. PLUG, which is an absolutely
19 outstanding program, that's changing the mix
20 between overhead and underground, and that in
21 itself can have impacts on the overall system
22 number that we will have to manage.

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1 Q Now, do you recall when we were looking
2 at the capital budgets that are set forth in
3 table 1 in Exhibit (4A)-2 -- and you can look at
4 that again if it gives you any comfort for any
5 grounding for your answer -- you said four or five
6 years out, and I understand you to mean that
7 you're referring to four or five years from today,
8 the 2019 to 2020 time frame?

9 A Yes. The current standards go through
10 2020.

11 Q Okay. All right. I just wanted to make
12 sure we had the same frame of reference. Why
13 don't you go back to Exhibit (4A)-2 to the capital
14 budget line on table 1 just so we have it in front
15 of us.

16 A Uh-huh. I have it.

17 Q All right. Now, if I look at the PEPCO
18 D.C. reliability-driven CapEx budget for
19 2019-2020, I'm certainly not a distribution
20 engineer of any attainment, but those seem to me
21 to be relatively robust budget figures. How much
22 extra do you think it might cost for you to have a

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1 higher comfort level about being able to ensure
2 compliance with the SAIDI standards for those two
3 years?

4 A Two things. First, just to recognize
5 that these numbers do include the dollars
6 associated with the D.C. undergrounding program.
7 So that's a pretty significant dollar number
8 there.

9 Q Can I stop you there for just one second.

10 A Yes.

11 Q When you say the dollars associated with
12 the D.C. undergrounding program, are those the
13 PEPCO dollars or do they include the DDOT dollars
14 as well?

15 A PEPCO only.

16 Q Okay. Thank you. Please go ahead.

17 A And the other -- if I remember your
18 question correctly, the other part of the answer
19 is that Exelon is committing to be able the
20 achieve these levels of performance within these
21 dollars. So that risk of -- that I've been
22 talking about that, you know, it is going to

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1 become more difficult to achieve smaller levels of
2 improvement in the outer years, that's the work
3 that we're going to work together and find those
4 improvements and be able to achieve that higher
5 level of performance within these dollar amounts.

6 Q And one of the issues, at least my
7 client, as an intervenor, has to confront and be
8 able the address is that in a scenario in which
9 there is no merger -- right? Do you have that in
10 mind?

11 A Yes.

12 Q In a hypothetical scenario in which there
13 is no merger, how much extra, if you know, do you
14 anticipate would need to be added to those CapEx
15 budgets for 2019 and 2020 in order to meet your
16 SAIDI targets, if you know?

17 A I don't know.

18 Q Okay. It could be zero, couldn't it?

19 A I don't know.

20 Q You don't have any idea as you sit here?

21 MR. DUVER: Your Honor, asked and
22 answered.

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1 CHAIRMAN KANE: He said he didn't know.

2 MR. COYLE: Thank you.

3 BY MR. COYLE:

4 Q Let me ask you next, Mr. Gausman, to take
5 a look at what has been marked for identification
6 as Exhibit DCG 49. That's joint applicants'
7 request -- response to data request DCG 2-43. It
8 cross-references another response which has been
9 marked for identification as DCG 48. I'd like you
10 to look at both of them at the same time, if
11 that's possible.

12 A I have both of those.

13 Q Now, you are one of the authors of the
14 response to DCG 2-43 which has been marked for
15 identification as DCG Exhibit 49, correct?

16 A That's correct.

17 Q That response was correct when you gave
18 it?

19 A Yes.

20 Q Still correct today?

21 A To the best of my knowledge, it is.

22 Q Okay. And that response cross-references

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1 the response to DCG 1-75 which has been marked for
2 identification as DCG 48, right? Do you have that
3 response?

4 A Yes, I do.

5 Q All right. And did you have occasion to
6 review that response when you included it in your
7 cross-reference in the response to DCG 2-43?

8 A I'm sure I did. I don't remember, but
9 I'm sure I did.

10 Q The response in DCG 1-75 that's been
11 marked as DCG Exhibit 48 states, The merger is not
12 a necessary precondition to the attainment over
13 time of the improvements in PEPCO's SAIDI and
14 SAIFI referenced in Mr. Alden's direct testimony.

15 Do you see that?

16 A Yes.

17 Q Do you believe that statement is
18 accurate?

19 MR. DUVER: Your Honor I would object to
20 questioning Mr. Gausman on this particular
21 exhibit. It's sponsored by Mr. Alden. It refers
22 to Mr. Alden's testimony. The initial DR that

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1 Mr. Coyle is using in order to reference this one
2 is co-sponsored by Mr. Alden and Mr. Gausman. And
3 so to the extent that these questions -- they
4 should have been asked of Mr. Alden.

5 MR. COYLE: Mr. Gausman was a co-author
6 of a response that cross-referenced this response.
7 I asked him if he had read it at the time that he
8 cross-referenced it, and he said that he had.
9 Cross-referencing to me makes it part of the
10 answer, Your Honor. I think it's fair game.

11 CHAIRMAN KANE: The witness can answer
12 whether or not he's familiar with it and is able
13 to answer.

14 THE WITNESS: I'm sorry. Could you ask
15 the question?

16 BY MR. COYLE:

17 Q Sure. Let me go back one and ask you a
18 question I already asked you, which is, when you
19 wrote the answer to DCG 2-43, which has been
20 marked for identification as Exhibit DCG 49, you
21 cross-referenced the response to DCG 1-75, which
22 has been marked for identification as DCG 48. My

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1 question to you, first, was, did you review the
2 response to DCG 1-75 when you cross-referenced it
3 in your answer to DCG 2-43?

4 A I believe I did.

5 Q Okay. Then is the statement that the
6 merger is not a necessary precondition to the
7 attainment over time of the improvements in
8 PEPCO's SAIDI and SAIFI referenced in Mr. Alden's
9 direct testimony a correct statement?

10 MR. DUVER: And I would renew my
11 objection on the same grounds.

12 MR. COYLE: Your Honor, he incorporated
13 the response by reference in a data request
14 response. It seems to me that it is the witness'
15 testimony.

16 MR. DUVER: If Mr. Coyle wants to -- what
17 he's asking is whether a statement that is
18 included in Mr. Alden's testimony and that is
19 described here is true and accurate. And the
20 sponsor of any statements in Mr. Alden's
21 testimony, as well as here, is Mr. Alden, not
22 Mr. Gausman.

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1 CHAIRMAN KANE: The witness is not able
2 to answer whether Mr. Alden's statement is
3 accurate.

4 MR. COYLE: And I wasn't asking him about
5 Mr. Alden's statement. I was asking him about the
6 response which I would contend he adopted in
7 cross-referencing.

8 CHAIRMAN KANE: No.

9 MR. COYLE: Very well.

10 BY MR. COYLE:

11 Q Let's change topics again -- oh, excuse
12 me a second. Let me go off the record a second.

13 Let me change gears, Mr. Gausman, and ask
14 you about your September supplemental direct
15 testimony, Joint Applicants' Exhibit (2E).

16 A I have it.

17 Q Your September supplemental direct
18 testimony is exclusively directed, is it not, to
19 the procurement of standard offer service and the
20 impact of the proposed merger on standard offer
21 service?

22 A That's correct.

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1 Q Now, you are not an economist, are you,
2 Mr. Gausman?

3 A I am not.

4 Q You don't have any particular expertise
5 in the formulation or application of restrictions
6 on interaffiliate transaction?

7 A I do not.

8 Q So your testimony is limited to your
9 impressions of the way the standard service offer
10 procurement operates today, pre-merger?

11 A Yes.

12 Q Okay. Are you familiar with the
13 operation of the PJM regional transmission
14 organization, Mr. Gausman? You testify about
15 aspects of it later on.

16 A Yes, I'm familiar with it.

17 Q Are you involved in PJM in any way?

18 A I have been off and on over the years.
19 I'm involved in a general sense, yes.

20 Q Okay. Do you know how much of the vote
21 that Exelon and its affiliates control today on
22 the PJM transmission owners committee?

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1 A I believe it's one vote.

2 Q Do you know how much of a percentage of
3 transmission credits Exelon controls?

4 A I have no --

5 MR. DUVER: Your Honor, I would object to
6 this line of questioning. This is far beyond the
7 scope of Mr. Gausman's testimony. His testimony
8 relates to the SOS market here, and it doesn't get
9 into voting rights and percentages of voting on
10 PJM. That's solely within Ms. Solomon's
11 testimony.

12 MR. COYLE: Well, it's actually a rather
13 short line of cross-examination, but the witness
14 did testify that he knows about PJM, much of
15 his -- it's a subsequent round of testimony -- I
16 think it's the rebuttal testimony -- in which he
17 talks a fair bit about PJM and transmission. So I
18 think it is fair game since the witness was
19 testifying about his view that -- in his
20 rebuttal -- in his supplemental direct,
21 Mr. Gausman testifies about his view that current
22 protections built around the standard offer

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1 service market are accurate -- are adequate to
2 withstand efforts at inappropriate market conduct
3 post-merger.

4 I think that was the point of the
5 testimony. So I think I'm well within bounds
6 testing the --

7 CHAIRMAN KANE: The witness has testified
8 that he is familiar with some of the operations of
9 PJM. He can answer questions within his area of
10 knowledge. If there are questions about other
11 aspects of PJM that he is not familiar with that
12 are not within his area of knowledge, he can
13 determine --

14 MR. COYLE: So we're finding out. Thank
15 you, Your Honor.

16 BY MR. COYLE:

17 Q Let me wrap it up with just one more
18 question, Mr. Gausman. Based on your familiarity
19 with standard offer service for procurement for
20 PEPCO, would you say that increases in price in
21 the wholesale power markets operated by the PJM
22 regional transmission organization generally

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1 affect the cost of standard offer service?

2 A They can.

3 Q Can you give me some examples?

4 A Well, I mean, I don't do the bidding.

5 I'm sure that cost that any energy supplier is

6 incurring -- they're going to factor that into

7 their estimates. If there is a cost increase,

8 it's going to up to the standard offer service

9 bidder if they choose to include that increased

10 cost in their bids or not.

11 Q Okay. In the course of your observations

12 of the standard offer service procurement for

13 PEPCO, Mr. Gausman, have you had occasion to

14 observe the impact of prices in the PJM capacity

15 market, the base residual auction, on prices for

16 standard offer service?

17 A I'm generally aware of it.

18 Q What has the impact of those prices been?

19 A You're talking about the recent prices?

20 Q Sure.

21 A I mean, there has been a downward

22 movement in the prices in the auctions driven by

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1 the -- primarily driven by the gas prices.

2 Q Okay. Thank you.

3 Let me ask you to go now to your rebuttal
4 testimony, Joint Applicants' (3E). Go to page 8,
5 lines 3 to 13. I'm sorry, Mr. Gausman. I asked
6 you -- I asked you that question already. I'm
7 going to withdraw it.

8 Would you take a look, Mr. Gausman,
9 please, at Exhibit DCG 54, what's been marked for
10 identification as DCG 54. That's the joint
11 applicants' response to data request DCG 8-41.

12 A I have it.

13 Q Okay. Are you the ultimate source of the
14 information that's provided in that response? I
15 know you're not the sponsor of the answer, but are
16 you the source of the information?

17 A Yes, I believe so.

18 Q Is the information conveyed in that
19 response accurate?

20 A Yes.

21 Q Thank you. Mr. Gausman, let me ask you
22 to take a look next at what's been marked for

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1 identification as DCG 55. You are one of the
2 co-sponsors of that response, are you not?

3 A Yes, I am.

4 Q Okay. We had this question come up a
5 couple of times before, and I think everybody else
6 we asked it to sent it to you. And the question
7 was, what is the sensitivity of the joint
8 applicants' reliability commitment, item 7 in
9 Exhibit (4A)-2, to delays in the construction
10 schedule for the D.C. PLUG program?

11 A The chart that is shown here in this
12 exhibit, it shows the -- what we are -- we had
13 estimated to be the SAIFI/SAIDI impact of the
14 different feeders that were included in the first
15 tri-annual plan of the D.C. undergrounding
16 program.

17 It's important to recognize that these
18 SAIDI/SAIFI improvements -- you know, since we're
19 looking to see what the impact is of -- on the
20 SAIDI/SAIFI as defined in the EQSS, these
21 improvements or impacts are storm-exclusive
22 information where the analysis that we used to

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1 identify the benefits of the D.C. undergrounding
2 program, since it is a storm resiliency plan, it
3 incorporates the storm -- includes three years of
4 historical data, including storm-inclusive data.

5 So the -- the SAIDI/SAIFI performance on
6 individual feeders are significantly different if
7 you're looking at it on an annual exclusive basis
8 versus a three-year average inclusive basis.

9 Q Fair enough. I guess my question was a
10 little more basic than that, which is -- and the
11 question really is, what level of analysis -- I
12 see you say joint applicants haven't completed a
13 formal assessment as of the date of this response,
14 but what is the basis for the anticipated impact
15 on reliability performance for various delays in
16 D.C. PLUG? Maybe you can just walk us through the
17 table and --

18 A I looked --

19 Q -- tell us how it's calculated. Sorry.

20 A I looked at the feeders that we -- based
21 on our schedule that we filed with the Commission.
22 We -- I looked at each of those feeders when I

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1 thought the benefits of the undergrounding would
2 be realized, and I identified the total amount of
3 overhead-related outages associated with each of
4 those feeders.

5 And then based on the -- the reduction in
6 the number of interruptions or the reduction in
7 the customer minutes of interruptions, I then
8 equated it to a system-level SAIDI and SAIFI. So
9 you can see that, as you go further out, the later
10 years, you know, we're undergrounding, like, ten
11 feeders a year.

12 So the benefits -- the system impact
13 benefits are larger than the first year where I
14 think this was only estimated for, like, two
15 feeders.

16 Q One more question on this, Mr. Gausman.
17 What is the significance of the years across the
18 top? Is that years to which the start of
19 construction is delayed or -- how should we read
20 that, I guess, is the --

21 A This is the year that we would expect to
22 realize a benefit. So a realization of .05 SAIFI,

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1 system-level SAIFI improvement in 2016 would mean
2 that there would be some work that would be done,
3 started and completed early enough in the year
4 2016 that we would realize benefits that year.

5 Q Okay. And the same for 2017?

6 A For each year, yes.

7 Q Okay. All right. Great. Thank you.

8 Let me ask you next to take a look at
9 what's been marked for identification --

10 MR. COYLE: Before I do that, let me ask
11 the Chair, I still have a ways to go with
12 Mr. Gausman. What time would you like to break
13 this evening?

14 CHAIRMAN KANE: I'm glad you asked that.
15 What do you mean by a ways to go? An hour?

16 MR. COYLE: I have probably that at
17 least, another hour.

18 CHAIRMAN KANE: Another hour?

19 MR. COYLE: Yeah.

20 CHAIRMAN KANE: And let me just -- I know
21 Mr. Gausman has to come back Monday anyway for
22 Ms. Francis to have her opportunity for AOBA to do

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1 cross-examination. I think we have some
2 questions. Does DC SUN have questions for
3 Mr. Gausman?

4 MS. SPENCER: No, Your Honor, we do not.

5 CHAIRMAN KANE: And D.C. Water?

6 MS. WHITE: I'll just have that follow-up
7 to the --

8 CHAIRMAN KANE: Just a couple of
9 questions?

10 MS. WHITE: -- exchange --

11 CHAIRMAN KANE: Okay. You've got an
12 hour. It sounds like we've got at least
13 another -- it's 5:15. It's Friday. We've had a
14 long week. You're in the middle of a question?
15 You're in the middle of a question, Mr. Coyle, or
16 are we about to change to a new topic?

17 MR. COYLE: I can stop here and pick up
18 on Monday. That's fine.

19 CHAIRMAN KANE: I would suggest we do
20 that, since I had said at the beginning --
21 Commissioner Fort?

22 COMMISSIONER FORT: I was just going to

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1 ask about Mr. Gould who is flying back from Spain
2 from his vacation. So --

3 MR. LORENZO: Yes, so he would go
4 first -- we would request that he go first, we
5 break up Mr. Gausman's testimony -- so he could be
6 completed in a day and fly back to his family in
7 Spain that night.

8 CHAIRMAN KANE: That night.

9 MR. LORENZO: We would hope he would --

10 CHAIRMAN KANE: Well, the estimate was
11 that you need about three-and-a-half hours for
12 Mr. Gould.

13 MR. LORENZO: Correct.

14 CHAIRMAN KANE: We have two hours for
15 Mr. Gausman in the morning. Then that might bump
16 us late.

17 MR. LORENZO: He has to catch a --

18 CHAIRMAN KANE: We start with
19 Mr. Gould -- that's what I'm saying.

20 MR. LORENZO: Okay.

21 CHAIRMAN KANE: That's why we will --

22 MR. LORENZO: Good. Thank you.

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1 CHAIRMAN KANE: That's why are
2 interrupting that and putting him first, because
3 there would not be enough time if he went second
4 in order to finish that.

5 MR. LORENZO: He will be very glad to
6 that hear that.

7 CHAIRMAN KANE: And then the expectation
8 would be, following that, we'd finish up with
9 Mr. Gausman, and the next person scheduled is
10 Mr. Khouzami.

11 MR. LORENZO: That is correct.

12 CHAIRMAN KANE: Probably is going to go
13 over to the next day, to Tuesday, and then to
14 McGowan and Tierney.

15 MR. LORENZO: We would propose that
16 Mr. McGowan would go last. We'd move him to
17 after --

18 CHAIRMAN KANE: The very last, after
19 Ms. Tierney.

20 MR. LORENZO: Yes.

21 CHAIRMAN KANE: Okay.

22 MR. LORENZO: And Ms. Lapson.

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1 CHAIRMAN KANE: And Lapson, yes. All
2 right. Well, that being done, at 5:15 --
3 Mr. Daniels, sorry.

4 MR. DANIELS: Okay. Rick Morgan is
5 available on the 8th, but not after the 16th of
6 April.

7 CHAIRMAN KANE: Okay.

8 MR. DANIELS: So I was just wondering if
9 we could confer with the joint applicants to see
10 if we could get him in at least on the 8th.

11 CHAIRMAN KANE: On the 8th. That's what
12 he's scheduled for.

13 MR. DANIELS: Right.

14 CHAIRMAN KANE: But maybe up in the --
15 are you suggesting that -- have any of the other
16 intervenors had a chance to check with your
17 witnesses on availability for the 20th and 21st?

18 MS. WHITEMAN: Yes, I was actually to
19 confirm -- Ms. Francis is confirmed for April 20th
20 and 21st.

21 CHAIRMAN KANE: She is, but you don't --
22 Mr. Oliver, your witness?

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1 MS. WHITEMAN: I can ask that now. I
2 just was following up on the earlier request.

3 CHAIRMAN KANE: Oh, she is confirmed.

4 MS. WHITEMAN: Yes.

5 CHAIRMAN KANE: So I'm going to ask
6 everybody by Monday morning to check with your
7 witnesses. And we already know that Mr. Morgan
8 needs to be taken on the 8th at the latest.

9 MR. LORENZO: We will check with the
10 person assigned to cross-examine him, and
11 hopefully --

12 CHAIRMAN KANE: Yes.

13 MR. LORENZO: -- he'll be ready to go on
14 the 8th to accommodate Mr. Morgan's schedule.

15 CHAIRMAN KANE: Okay.

16 MS. WHITE: Madam Chairman?

17 CHAIRMAN KANE: Yes, Ms. White.

18 MS. WHITE: I was able to confirm
19 Mr. Gorman is available on the 20th or the 21st.

20 CHAIRMAN KANE: Very good. Thank you.

21 MS. SPENCER: Your Honor, can I add that
22 we've also conferred with Ms. Schoolman, and she

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1 is available on the 20th or 21st as well.

2 CHAIRMAN KANE: Okay. Very good.

3 And who is confirming Mr. Hempling for
4 Grid 2.0? He's not here -- they're not here. All
5 right. Well, we'll be sure to get the notice out
6 to the others who -- the other parties who are not
7 here about the change in schedule.

8 Mr. Daniels?

9 MR. DANIELS: Yes. David Dismukes, Donna
10 Ramas and Dr. Woolridge are available on the 20th.

11 CHAIRMAN KANE: We may get to them on
12 the 8th, but that's -- sort that out.

13 MR. DANIELS: Right.

14 CHAIRMAN KANE: Okay.

15 MR. DANIELS: And Mr. Mara, our
16 reliability witness, is available on the 20th or
17 the 21st. So...

18 CHAIRMAN KANE: I want to be sure if we
19 get to the 8th that we're not -- depending on what
20 happens, whether we don't put so many people off
21 to the 20th and the 21st that we need another day.

22 If you would all -- I'm doing this orally

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1 now, but if you would all please communicate by
2 e-mail with Mr. Herskovitz so that we have that
3 for the record as soon as possible, even over the
4 weekend although it is a holiday weekend.

5 MR. DUVER: Your Honor, I don't want to
6 necessarily start up the overall discussion of
7 this, but I know with the schedule going out to
8 the 20th and 21st, that necessarily implicates the
9 briefing schedule. And I don't believe --

10 CHAIRMAN KANE: Oh, yes.

11 MR. DUVER: -- we've discussed that yet,
12 and so I'm just curious, is that something that --
13 I obviously don't want to keep people here on a
14 Friday evening to do that, but if we could get
15 clarity on that maybe on Monday, that would be
16 helpful as well.

17 CHAIRMAN KANE: We'll clarify that on
18 Monday. Thank you.

19 Thank you, all. Have a good weekend, and
20 we will see you Monday morning at 10:00 a.m.

21 (Whereupon, at 5:18 p.m., the above
22 proceedings were adjourned.)

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