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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE MICHAEL A. NEMEC: This
3 morning we have a further hearing in the case involving
4 Multiple Applications of Trans-Allegheny Interstate Line
5 Company. The lead docket is A-110172.

6 Do counsel have any preliminary matters?

7 MR. OGDEN: Yes, Your Honor, one preliminary matter.
8 Thanks to our excellent court reporter, I even have the
9 transcript page to reference from yesterday. At transcript
10 page 2501, Mr. Eckenrod had posed a question to Mr. Herling
11 concerning the docket numbers for certain FERC compliance
12 filings and we promised to provide that. The docket number
13 is -- it's entitled Economic Planning/Market Efficiency, and
14 the docket number is ER06-1474.

15 MR. ECKENROD: Thank you.

16 JUDGE NEMEC: Any other preliminary matters?

17 (No response.)

18 JUDGE NEMEC: If not, Mr. Burns, you may continue
19 your questioning of Mr. Gass.

20 MR. BURNS: Thank you, Your Honor.

21 **Whereupon,**

22 **SCOTT W. GASS**

23 **having previously been duly sworn, testified further as**
24 **follows:**

25 **CROSS-EXAMINATION (Continued)**

1 BY MR. BURNS:

2 Q. Good morning, Mr. Gass.

3 A. Good morning.

4 Q. We talked a little bit yesterday about some of
5 the -- a lot yesterday about the 12 electrical occurrences
6 and electrical results contained in your Exhibit SWG-1. Do
7 you remember in general we spent a lot of time on that
8 yesterday?

9 A. Yes.

10 Q. And we talked a little bit about the Meadowbrook
11 voltage issues contained in electrical occurrences 10, 11
12 and 12. Do you remember that?

13 A. Yes, I do.

14 Q. After you left PJM, you became a private
15 consultant working for PowerGem; is that right?

16 A. That is correct.

17 Q. And while working for PowerGem, you were
18 employed at least at some point by some of the CPV entities;
19 is that right?

20 A. That is correct.

21 Q. Which CPV entities did you work for?

22 A. CPV Warren and CPV St. Charles.

23 Q. As part of your work for CPV Warren, you
24 investigated whether the installation of the CPV Warren
25 plant would eliminate reliability issues 10, 11 and 12 on

1 your chart; is that right?

2 A. Yes, that is correct.

3 Q. And you concluded that if the CPV Warren plant
4 was installed at its proposed location near Meadowbrook
5 before a certain point in 2011, then reliability issues 10,
6 11 and 12 would be resolved; is that correct?

7 A. If it was installed in the 138 kV, yes, that is
8 correct.

9 Q. And was it by a certain point in 2011, June of
10 2011, or was it some other date in 2011?

11 A. Prior to the summer of 2011.

12 Q. And when would the summer begin?

13 A. June 1.

14 Q. You also were advising CPV Warren about
15 potential credits that they could receive if that generating
16 facility was in place before June 1 of 2011; correct?

17 A. That is correct.

18 Q. Can you tell me, if CPV Warren was able to
19 install its gas-fired generator before June 1 of 2011, your
20 understanding of what credits it would receive and why they
21 would receive those credits?

22 A. Yes, I can. Now, my understanding is that CPV
23 doesn't own that project anymore and that the in-service
24 date is changed to 2014, but at the time --

25 Q. You mean since Dominion purchased CPV Warren,

1 they bumped up the in-service date of 2014?

2 A. I'm just generally aware that the in-service
3 date now is projected as 2014.

4 Q. And is that as a result of one of the parties to
5 this proceeding in Virginia purchasing CPV Warren and
6 bumping up the in-service date?

7 A. I have no idea as to the basis of the date
8 change, just the fact that it did change.

9 Q. How did you become aware that that date changed?

10 A. I believe it is public information, but
11 specifically the West Virginia briefing that we recently
12 filed has the new date in it.

13 Q. Do you know the source of that new date? I
14 mean, it wasn't something that you provided to the people
15 who did the briefing in West Virginia; correct?

16 A. No. I think there's some public document that's
17 referenced in the brief.

18 Q. Now, when you were working for CPV Warren,
19 approximately what time frame were you working for CPV
20 Warren?

21 A. I don't remember specifically, but in general
22 throughout most of 2007.

23 Q. And at that point you believed that the CPV
24 Warren plant could be placed in service by June 1 of 2011;
25 is that right?

1 A. I actually had -- as a consultant I didn't have
2 a belief whether it could or couldn't. That was the --

3 Q. That was the plan?

4 A. That was CPV making the decision of what they
5 felt their in-service date would be.

6 Q. And they felt it would be able to be in service
7 before June 1 of 2011; correct?

8 A. Yes, I believe that was their projected in-
9 service date.

10 Q. And if that facility was in service by June 1 of
11 2011 -- I have some e-mails here, but they're hard to read
12 so I just want to ask you about it, that you sent to CPV
13 Warren. It seems like you were indicating that CPV Warren,
14 if it resolved reliability issues 10, 11 and 12, on SWG-1,
15 would be entitled to a credit. Can you tell me what credit
16 CPV Warren would be entitled to if it resolved those
17 reliability issues?

18 A. Yes. Within the PJM tariff it provides that if
19 a generator or the upgrades associated with a generator
20 defers or eliminates a reliability problem, they can get a
21 credit against any other reliability upgrades required to
22 interconnect that generator, but only to a net of zero. So
23 in this case if the -- let's call it the Warren project. If
24 the Warren project on the 138 kV would be installed by 2011,
25 the deferred cost would be the \$20 million to interconnect

1 into the Meadowbrook substation.

2 Q. Reliability issues 10, 11 and 12 were noted as
3 b0347.4 in connection with PJM's system for numbering the
4 different upgrades; is that right?

5 A. I don't have them memorized, but subject to
6 check I'll accept that.

7 Q. I'm showing you a list of some of the numbers
8 assigned to the upgrades from the 2006 RTEP. b0347.4 says
9 upgrade Meadowbrook 500 kV substation. Do you see that?

10 A. I do. Can you go to the right a little bit just
11 to make sure the dollars line up -- oh, there are no
12 dollars.

13 MR. OGDEN: Mr. Burns, could you identify what this
14 is that you're putting up on the screen?

15 MR. BURNS: This is a list of some of the numbers
16 assigned to the upgrades from the 2006 RTEP process. .

17 BY MR. BURNS:

18 Q. Let me show you -- you can see the full chart
19 now. It doesn't have a dollar amount there; is that right?

20 MR. OGDEN: I guess I was wondering what document
21 you're obtaining this from.

22 MR. BURNS: It's a document that I believe you
23 produced in this litigation, or we -- I'm not sure where I
24 obtained it. It's not part of the 2996 RTEP, but it's a
25 list of numbers assigned to upgrades from the 2006 RTEP. I

1 think the file is called reliability upgrades.

2 BY MR. BURNS:

3 Q. Let me show you another document; this might
4 help you. This document is an e-mail that you sent to
5 Sharon Segner on August 15, 2007. That's up on the screen.
6 Do you see that?

7 A. I do.

8 Q. And you mention in this e-mail the elimination
9 or deferring of 347.4. Do you see that?

10 A. Yes, I do.

11 Q. And that is your number in your e-mail that you
12 are talking about with respect to the Meadowbrook upgrades
13 that are to deal with reliability issues 10, 11 and 12;
14 correct?

15 A. Yes, that is correct.

16 Q. And I don't think the number is that critical,
17 but you are aware that if CPV Warren installed its facility
18 by June 1, 2011, and that resolved reliability issues 10, 11
19 and 12 from your chart SWG-1, they would be entitled to a
20 credit of the value of relieving those violations; is that
21 correct?

22 A. Yes, that is correct.

23 Q. So those violations you indicated -- the cost to
24 tie into Meadowbrook was about \$20 million; right?

25 A. That is my recollection, yes.

1 Q. And so CPV Warren would be entitled to a credit
2 of up to \$20 million for any costs or upgrades that were
3 needed for it to connect to the PJM system; is that correct?

4 A. They would be entitled to \$20 million if they
5 eliminated the need. If they simply deferred the need, then
6 it would be some prorated amount.

7 Q. If they eliminated the need for tying into
8 Meadowbrook, they would be entitled to a credit of up to \$20
9 million, and that credit would be applied to the cost of CPV
10 Warren having to connect to the PJM system, the transmission
11 upgrades or other things that it would normally have to pay
12 for that are contained in the interconnection services
13 agreement; is that right?

14 A. Yes. It would reduce -- it would be essentially
15 subtracted from the other network costs, but only to a net
16 of zero.

17 Q. And approximately what were the expected costs
18 for CPV Warren to tie into the PJM system? Were they
19 approximately \$20 million as well?

20 A. No, they were higher than \$20 million. I
21 stopped working for CPV in November, so I'm not really -- I
22 recall them being higher than \$20 million, but I don't
23 remember what the number was.

24 Q. Do you remember in general what they were going
25 to need to pay for in order to tie into the PJM system?

1 A. In general there were 138 kV overloads out of
2 the area where they were interconnecting to.

3 Q. So they would have to pay for the cost of
4 resolving the 138 kV overloads that would be caused by them
5 tying into the system; is that right?

6 A. Yeah. There was a -- the outlet capability, the
7 138 kV, was not sufficient to support a 600 megawatt
8 generator.

9 Q. So they had to pay for the transmission upgrades
10 to allow a 600 megawatt generator to tie into the system;
11 right?

12 A. That is correct.

13 Q. When you were working for CPV Warren, what was
14 the estimated construction time for that gas-fired
15 generating facility?

16 A. Again, I was more on the support from the
17 interconnection process, but I believe their projected in-
18 service date was June 2011.

19 Q. And do you know how much of that was actual
20 construction of the facility versus getting through PJM's
21 queue or some other administrative hurdle?

22 A. No, I was not involved in any type of an
23 assessment of the schedule, I guess, construction schedule.

24 MR. BURNS: I'm showing the witness ECC Exhibit 30;
25 I'm going to have it marked as ECC Cross-Examination Exhibit

1 30.

2 (Whereupon, the document was marked
3 as ECC Cross-Examination Exhibit
4 No. 30 for identification.)

5 BY MR. BURNS:

6 Q. This is an interrogatory response Set III, No.
7 21, that you prepared; correct?

8 A. That is correct.

9 MR. BURNS: Mr. Ogden, do you have copies of the
10 exhibits that we marked at Mr. Herling's deposition?

11 MR. OGDEN: Mr. Herling's deposition?

12 MR. BURNS: Or I would say perhaps his testimony at
13 this hearing.

14 MR. OGDEN: We do.

15 MR. BURNS: Can you show the witness ECC Exhibit 7?

16 (Pause.)

17 MR. BURNS: I have another copy, if you want me to
18 pass it out, if that's easier.

19 MR. OGDEN: We have it here.

20 MR. BURNS: Your Honors, do you have a copy of it as
21 well?

22 JUDGE NEMEC: Yes, we're good.

23 BY MR. BURNS:

24 Q. Turning first to ECC Exhibit 30, that's an
25 interrogatory answer that TRAILCo provided in this

1 proceeding to one of our Interrogatories No. III-21 that you
2 sponsored; correct?

3 A. Yes. Maybe I missed something. You just marked
4 this as ECC 30?

5 Q. Yes, that's correct.

6 A. Okay.

7 Q. And you provided a verification in this
8 proceeding, swearing to all of the answers that you
9 sponsored. Do you remember doing that?

10 A. Yes, I do.

11 Q. And this is one of your interrogatory responses
12 in this matter; correct?

13 A. Yes, it is.

14 Q. And this describes when generation is included
15 in the 2011 RTEP base case for purposes of modeling, when
16 new generation is included; correct?

17 A. That is correct.

18 Q. And it talks about new generation is included
19 when it has an executed facility study agreement or when it
20 has an interconnection service agreement, but for purposes
21 of resolving reliability problems, PJM only includes
22 capacity resources with an executed interconnection service
23 agreement; is that correct?

24 A. That is correct.

25 Q. And this chart lists all of the generators by

1 queue name, all of the new generators by queue name that
2 were included in the 2011 RTEP base case; correct? But it
3 doesn't indicate which ones have a signed interconnection
4 services agreement and which ones have a facility study
5 agreement; is that right?

6 A. That is correct.

7 Q. And for the ones -- did you hear Mr. Herling
8 describe a similar exhibit, I think it was an answer to
9 Interrogatory 8-A from the Virginia proceeding that had a
10 similar chart to this? Do you remember that from the last
11 couple days? Is this the same chart?

12 A. I believe it's the same chart for 2011. I
13 believe his response might have had 2012 and 2016 also.

14 Q. He described how to interpret that chart with
15 respect to what megawatt capacity and megawatt energy and
16 what was included in the modeling and what wasn't. Do you
17 remember that?

18 A. Yes, I do.

19 Q. Can you just tell me how to read and interpret
20 this chart in your own words as to what the megawatt
21 capacity and megawatt energy means for purposes of the
22 modeling and how it was used in the 2011 base case?

23 A. Yeah. Anything that has a megawatt capacity
24 number and was at the point in the process of having an
25 executed facility study agreement, it could contribute to

1 the generator deliverability test and it would not be
2 allowed to resolve problems.

3 Any generator with a megawatt capacity value that had
4 an executed interconnection service agreement that was not
5 suspended would be allowed to contribute to or to back off
6 problems.

7 Q. But what do the megawatt capacity and megawatt
8 energy columns mean? I think megawatt capacity is the
9 capacity of the system as recognized by PJM, although it may
10 have -- well, just tell me what those columns mean.

11 A. The capacity value is the amount that PJM, well,
12 actually, that the project had requested to receive for
13 capacity rates, and capacity rates are different than energy
14 rates. So in certain instances there are PJM rules, such as
15 wind, for the amount that they can request for capacity, but
16 in the end, the capacity value is the megawatt amount of the
17 facility that the project is requesting to be certified as
18 capacity rates, and the energy is the amount that they're
19 requesting to be certified as energy rates.

20 Q. Are all of the ones that have an entry in the
21 megawatt energy column, are they all wind units?

22 A. I don't have all the queue numbers memorized,
23 but I believe it would be a reasonable assumption to assume
24 that they are all wind projects.

25 Q. And that is because -- the difference between

1 the megawatt capacity and megawatt energy was explained by
2 Mr. Herling as PJM does not allow the full generating output
3 that a wind generator is capable of to be recognized as a
4 capacity rate. Do you remember him talking about that?

5 A. Yes, I do.

6 Q. Is his testimony in that area, is that
7 consistent with your recollection as to how it worked?

8 A. Yes, it is.

9 Q. As I remember Mr. Herling testifying, we looked
10 at a particular queue named K11 which has a megawatt
11 capacity of 60 and a megawatt energy of 300. Do you
12 remember him testifying about how those particular numbers
13 would be applied in connection with PJM's modeling?

14 A. Yes, I do.

15 Q. And was his testimony accurate in that regard,
16 or do you want to add anything to how those numbers would be
17 used in the PJM modeling, anything to what he had said on
18 that issue?

19 A. My recollection is Mr. Herling's testimony was
20 accurate, so if you have a specific question for me, I can
21 answer it, but my recollection is that his explanation was
22 accurate.

23 Q. He testified as to when the capacity number
24 would be used versus when the megawatt of energy number
25 would be used, and that's consistent with how it worked; is

1 that right?

2 A. Again, my recollection of his testimony, I
3 agreed with the way he characterized it.

4 Q. Okay. I just don't want to go through it again
5 if you agree with how he characterized how they were used in
6 the modeling. So you agree, and we'll move on; right?

7 A. Yes.

8 Q. Looking at ECC Exhibit 7, Cross-Examination
9 Exhibit 7, that has a list of new generators that were part
10 of Dominion when Dominion joined PJM, and they had a signed
11 interconnection agreement with Dominion, but when they
12 joined PJM they were determined to be unable to be delivered
13 pursuant to PJM's generation deliverability test to the rest
14 of PJM. Do you remember me talking with Mr. Herling about
15 this document yesterday?

16 A. Yes, I do.

17 Q. Are any of the generators that are listed on
18 this Exhibit 7, ECC Exhibit 7, were any of them included in
19 the 2011 base case either to contribute to problems or to
20 resolve reliability issues?

21 A. I'm not positive, but Bath County may be one of
22 the queued projects.

23 Q. Where is Bath County located, what state?

24 A. I'm not sure.

25 Q. Bath County is listed as 340 megawatts on this

1 Exhibit 7. Can you show me where they would be listed on
2 your chart which we marked as Exhibit ECC 30?

3 A. No, I can't. I was just generally aware that
4 Bath County had come into the queue, and I thought it was
5 included in these, but I can't give you a cross-reference.
6 I don't know which one it may be.

7 Q. Bath County is somewhere in the Dominion system;
8 correct?

9 A. Yes, it is.

10 Q. Somewhere towards the east of PJM?

11 A. Again, when you state it's in the Dominion
12 system and then you state east of PJM, the two don't -- east
13 of PJM is New Jersey, Delmarva. But yes, it is, based on
14 your Exhibit ECC No. 7, in Dominion service territory.

15 Q. Other than the possibility that the Bath-- well,
16 the Bath County facility, that was -- do you know what kind
17 of generating facility that is?

18 A. Yeah. I believe it's pump storage.

19 Q. A pump storage facility. Is this an increase to
20 the capacity of that pump storage facility based -- I mean,
21 my understanding is that pump storage facility has been in
22 existence for many years; is that right?

23 A. That is correct.

24 Q. Do you believe that this is an incremental
25 increase in the pump storage generating capacity, or is this

1 just some -- I mean, is that the total amount of generating
2 capacity at that pump storage facility or is this some
3 increase or some addition, do you know?

4 A. My recollection is that it was an increase to
5 the existing generator.

6 Q. Do you know if the increase to the existing
7 generator was included as part of the 2011 base case, this
8 340 megawatts?

9 A. Again, it may be included in this list, but I'm
10 not positive.

11 Q. So you don't know whether, if it was in the 2011
12 base case, whether it was used to resolve any reliability
13 issues or whether it was used to contribute to any issues,
14 any reliability issues or problems; is that right?

15 A. That is correct.

16 Q. Other than the Bath County facility, are any of
17 the other generators shown on this Exhibit 7, were any of
18 those included in the 2011 base case?

19 A. No, I do not believe they were.

20 Q. Let me show you another exhibit, which we're
21 going to mark as ECC Exhibit 31.

22 (Whereupon, the document was marked
23 as ECC Cross-Examination Exhibit
24 No. 31 for identification.)

25 Q. ECC Cross-Examination Exhibit 31 is a portion of

1 a document that was shown to you and that you authenticated
2 in the West Virginia proceeding. Do you remember seeing
3 this and a number of other similar maps in the West Virginia
4 proceeding?

5 A. Yes.

6 Q. And you indicated that -- in the West Virginia
7 proceeding, you indicated that they were an accurate
8 representation of the electrical occurrences and the
9 electrical results that are depicted in your chart SWG-1.
10 Do you remember that?

11 A. Well, this specifically, I believe, isn't all of
12 Exhibit 1. It is electrical occurrence number 1.

13 Q. Does this depict what is shown in your
14 electrical occurrence number 1, SWG-1?

15 A. Yes, it does.

16 Q. And it shows the contingency in yellow, an
17 outage of Mt. Storm to Greenland Gap, and then the resulting
18 alleged reliability issue is shown in red as the overload to
19 the Mt. Storm to Doubs line. Do you see that?

20 A. Yes, I do.

21 MR. OGDEN: Mr. Burns, just for clarification, could
22 you reference what exhibit in West Virginia this is
23 excerpted from?

24 MR. BURNS: I can get that for you later. I can
25 probably get that for you later. I just don't know which

1 exhibit this was.

2 MR. OGDEN: If you would.

3 MR. BURNS: I will try.

4 BY MR. BURNS:

5 Q. Do you know how far of a distance it is between
6 Mt. Storm and Greenland Gap, approximately?

7 A. Based on this scale, I would say several miles.

8 Q. I mean, other than looking at this map, do you
9 know approximately how far it is? Is it 2 miles, 3 miles,
10 more or less?

11 A. Other than looking at this map, I do not know.

12 Q. But you're aware it's a fairly short run of
13 line; is that right?

14 A. And again, based on looking at this diagram and
15 realizing that Mt. Storm-Doubs is roughly a hundred miles, I
16 would assess that it looks like it is several miles long.

17 Q. And is that 500 kilovolts between those two
18 locations, 500 kilovolt line?

19 A. Yes, it is.

20 Q. Do you have either through your experience at
21 PJM or your experience as a consultant working in the power
22 industry, do you have an understanding of some of the ranges
23 of fees that are charged to merchant generators to hook up
24 to the system?

25 A. Yes.

1 Q. Can you tell me approximately what you have seen
2 to be sort of an average hook-up price and some of the
3 larger or smaller ones that you've seen tying into the PJM
4 system, how much a merchant generator is charged?

5 A. I could in no way give you an average, but I
6 could give you a -- the low would be zero, and the high,
7 I've seen 100 million; I think more recently, some 500
8 million.

9 Q. And where did you 100 million or 500 million?
10 Do you have particular projects you're thinking of or
11 merchant generators that you're thinking of?

12 A. Yes. I believe there are some in the Sunbury
13 Susquehanna area, which is in Pennsylvania, and I believe
14 those were definitely above 100 million. I'm not sure how
15 high they went.

16 Q. How about the 500 million one?

17 A. One of those may have approached the 500
18 million.

19 (Pause.)

20 Q. Let me ask you a question while my colleague is
21 passing out some documents.

22 In some of the testimony, I read about PJM's active
23 load management program. Can you tell me in general what
24 PJM's active load management program is?

25 A. No, I cannot.

1 Q. I believe Mr. Herling submitted testimony
2 indicating that PJM's active load management was not removed
3 even at the transmission zone load for any RTEP analysis
4 with a 50/50 forecast, but it is removed from a 90/10
5 forecast.

6 Do you know in connection with your involvement in
7 the planning process, what does this mean

8 A. For the 90/10 load that is applied for the load
9 deliverability analysis, active load management is
10 subtracted from that 90/10 load.

11 Q. So, for the load deliverability analysis when
12 you're using a 90/10 prediction for the load, you would also
13 be removing whatever amounts were attributable to PJM's
14 active load management program; is that correct?

15 A. I'm sorry. I switched over to the exhibit he
16 just handed me. Could you please repeat the question?

17 Q. For PJM's generator deliverability test, there
18 would be no removal of an active load management number or
19 an amount; is that correct?

20 A. That is correct.

21 Q. Because that's a 50/50 load forecast?

22 A. Yes.

23 Q. I've put in front of you two exhibits. We're
24 going to label the first one Exhibit 32. This is a response
25 that you gave in Virginia, I believe, to an interrogatory,

1 and the response date is October 24, 2007. We're going to
2 call that ECC Cross Exhibit 32.

3 (Whereupon, the document was marked
4 as ECC Cross-Examination Exhibit
5 No. 32 for identification.)

6 Q. And then the next one, ECC Cross Exhibit 33, is
7 a response to an interrogatory that we sent to you in this
8 litigation, and that's Interrogatory Set VII, No. 23. Do
9 you see that?

10 (Whereupon, the document was marked
11 as ECC Cross-Examination Exhibit
12 No. 33 for identification.)

13 MR. OGDEN: Mr. Burns, your Cross-Examination Exhibit
14 No. 32, did you say that was from Virginia or West Virginia?

15 MR. BURNS: I'm going to ask him.

16 BY MR. BURNS:

17 Q. That Exhibit 32, is that from Virginia or West
18 Virginia?

19 A. Well, if I look at the nomenclature on the
20 bottom right corner -- I don't recall, to be honest with
21 you. I answered a lot of discovery questions, but if I look
22 at that, it says, "TRWV." That would tend to tell me that
23 it might be West Virginia, but I don't know.

24 Q. This was an interrogatory response that you
25 prepared in one of the proceedings in either Virginia or

1 West Virginia; is that right?

2 A. Yes, that is correct.

3 Q. I would agree with you that it's probably West
4 Virginia. This is dated -- you provided this response on
5 October 24, 2007; correct?

6 A. Yes, that is correct.

7 Q. And this describes -- these are your answers to
8 questions about whether studies were performed with respect
9 to reconductoring the Mt. Storm to Doubs line that is
10 leading to -- that is the electrical result in problems one
11 through eight in your chart; is that correct?

12 A. (No response.)

13 Q. Shall I ask a different question?

14 A. Well --

15 Q. Let me ask you a different question. That was
16 kind of confusing. All right?

17 A. That's fine.

18 Q. Exhibit 32 to this proceeding is your answer to
19 an interrogatory in West Virginia; correct?

20 A. That is correct.

21 Q. And your answer indicates your response to
22 questions about what studies or evaluations were performed
23 in connection with a potential reconductoring of the
24 Mt. Storm to Doubs line, which is shown as the electrical
25 result for problems one through eight in your Chart SWG-1;

1 correct?

2 A. No. Reconductoring would be --

3 Q. Let me ask another question. I see you're
4 confused again, and I apologize. It's my fault for asking
5 another bad question.

6 This is your interrogatory answer; correct?

7 A. Yes, it is.

8 Q. And your response answers the questions about
9 studies and other questions related to the possible
10 reconductoring of the Mt. Storm to Doubs 500 kV line; is
11 that correct?

12 MR. OGDEN: Well, if Your Honor please, just to move
13 this along, I think the question is stated right on the face
14 of the exhibit. So, he answered the questions that are
15 listed there.

16 BY MR. BURNS:

17 Q. All right. These are your answers to the
18 questions that are listed on this exhibit; is that right?

19 A. Yes, it is.

20 Q. All right. Let me ask you about Exhibit 33.
21 This is your response to an interrogatory in this
22 proceeding; correct? It was sponsored by you and Mr.
23 Hozempa; correct?

24 A. That is correct.

25 Q. And you indicate in this response what

1 generating units were physically located in Washington and
2 Greene Counties and then the maximum -- well, this is your
3 response; correct?

4 A. This is a response that was jointly sponsored by
5 myself and Larry Hozempa, yes.

6 Q. And in this response, you indicate that in the
7 2011 RTEP base case, three generating units in Washington or
8 Greene County were dispatched as set forth in your answer;
9 correct?

10 A. That is correct.

11 Q. And you indicate how many megawatts were
12 dispatched from the Elrama Power Station, the Mitchell Power
13 Station and Hatfield's Ferry Power Station; correct?

14 A. That is also correct.

15 Q. And those three are all in Washington or Greene
16 County?

17 A. Yes.

18 Q. And in the bottom part of your answer, you
19 indicate how those generating units were dispatched in the
20 base case in the 2012 RTEP process; correct?

21 A. Yes.

22 Q. Why were they dispatched at a lower amount in
23 the 2012 RTEP base case than the 2011 RTEP base case?

24 A. Because when PJM develops their base system
25 model, they scale proportionally down all existing

1 generation -- and I say generation -- they scale
2 proportionally down to meet load, plus losses, plus whatever
3 the firm interchange is on the system.

4 So, you can end up having -- power in has to equal
5 power out. You have to balance the system. So, it would
6 appear in 2012, that there was a slightly more reduction on
7 that uniform scaling than there was in 2011.

8 Q. So, with respect to the 2011 base case, what
9 you'll do is you'll turn on all the generation in the PJM
10 system with the exception of the percentage that is
11 attributable to your normal forced outage rate; is that
12 correct?

13 A. In general, roughly, the average forced outage
14 rate.

15 Q. Do you remember roughly the forced outage rate
16 in 2011 base case? Was it somewhere around the 5 percent or
17 so that Mr. Herling had testified to?

18 A. Yeah. I'd say somewhere in the 5 to 7 percent
19 range.

20 Q. So, the base case starts out with approximately
21 5 to 7 percent of the generation out because that would be
22 what you would expect on the normal operation of the system
23 on average, and then you will turn on all the generation
24 proportionally throughout PJM and you'll scale it back to
25 the point where it meets the demand for the load; is that

1 right?

2 A. That is correct, with the exception you have to
3 take into account any firm transmission service imports or
4 exports into the PJM system.

5 Q. So, you take into account the imports and the
6 exports from and to the PJM system and the load and you
7 scale back the generation to meet the demand; correct?

8 A. That is correct.

9 Q. And then -- I'm showing you a portion of a slide
10 that we showed to Mr. Herling during his cross-examination.
11 This is ECC Cross-Examination Exhibit 3, or it's part of
12 Cross-Examination Exhibit 3, and it shows -- it's a graphic
13 representation of how the load deliverability test works.
14 Do you see that?

15 A. I do.

16 Q. Now, the step you've talked about with respect
17 to the generation scaling back, that's done before the
18 adjustments are made to generation that are used in the load
19 deliverability or the generator deliverability test; is that
20 right?

21 A. That is correct.

22 Q. So, the interrogatory answer we just looked at,
23 VII-28, shows how the generation was dispatched in the base
24 case before the changes were made to generation in the load
25 deliverability or the generator deliverability tests with

1 respect to those particular generators in your answer; is
2 that right?

3 A. Yes, that is correct.

4 Q. So, Elrama, Mitchell and Hatfield's Ferry were
5 dispatched in the base case as set forth in your answer to
6 this exhibit, ECC Exhibit 33, and then when the load
7 deliverability test was performed for the mid-Atlantic
8 region, generators were shut off in the mid-Atlantic region
9 zone, which is one of the 23 zones in PJM that Mr. Herling
10 testified to; correct?

11 A. Yes, but I want to make one thing clear. Since
12 we're specifically keying in on Washington and Greene
13 Counties here, the load deliverability and generator
14 deliverability tests were not drivers for any of the
15 problems identified in LAH-3 for the Prexy facilities. They
16 were drivers for the 502 Junction to Loudoun facility.

17 Q. I understand. I was just -- let me just follow
18 up on that. The load deliverability and the generator
19 deliverability tests were used by you and others at PJM in
20 connection with coming up with the reliability issues
21 leading to the 502 to Loudoun line, but they weren't part of
22 the analysis that led to the decision that the Prexy
23 facilities should be installed; is that right?

24 A. They were part of the analysis, but there
25 weren't violations found applying those tests.

1 Q. So, when the analysis was done with respect to a
2 potential need for the Prexy facilities, there was no
3 violation of the load deliverability or the generator
4 deliverability tests that would justify those particular
5 facilities; correct?

6 A. That is correct.

7 Q. Those were all NERC C-3 double contingencies
8 that were discovered by use of a different test initially
9 run by Allegheny Power, but then repeated by PJM, which is
10 the NERC C-3 test which we talked about a little bit
11 yesterday and I think you talked about with Ms. Dusman;
12 correct?

13 A. Yes, that is correct.

14 Q. Okay. But I wanted to just use this
15 interrogatory response to understand a little bit about what
16 that response meant and also how it fit into the generator
17 and the load deliverability tests.

18 So, you start with the base case in 2011, and you've
19 indicated in this Exhibit 33 how the generation was
20 dispatched in Washington and Greene Counties; right?

21 A. Yes, dispatched in the 2011-2012 base case.

22 Q. And there is more generation in those facilities
23 above what it was dispatched at in the base case, but you
24 ramped it down to the amounts that were needed to meet the
25 load considering the transfers in and out of PJM; is that

1 right?

2 A. Yes. Those generators and every other generator
3 in the PJM system was proportionally decreased.

4 Q. So, that's the starting point, and then --
5 that's the starting point, the base case for the load and
6 the generator deliverability tests, and then different
7 adjustments are made; such as in the load deliverability
8 test shown in this, which is page 13 of Exhibit 3, this
9 shows generation in one of those 23 zones is turned off to
10 simulate a capacity emergency in that zone; correct?

11 A. Yes, that is correct.

12 Q. All right. And when that is done, the
13 generation has to increase elsewhere, is that correct, to
14 make up for the generators being shut down in that zone?

15 A. Yes; specifically, generators and, you know, in
16 the -- I want to make one thing clear on this diagram. I
17 think Mr. Herling mentioned it, too. This is really just
18 representative. Do not take any of those blue circles or
19 yellow circles to mean that it actually is a generator in
20 that location. It was purely to give an illustrative
21 example.

22 But to your point, actually, in this example -- and
23 it's a good one to highlight it -- imports can be brought in
24 from New York, and they are brought in from New York, as
25 well as then generation is turned up within PJM.

1 Q. So, generation is turned off in that zone, that
2 mid-Atlantic zone, for purposes of our discussions because
3 that's the one that results in a number of the alleged
4 violations here, and generation from outside PJM and then
5 throughout PJM will be proportionally increased to make up
6 for that?

7 A. For the load deliverability test, generation
8 outside of the load deliverability area -- in this case,
9 mid-Atlantic region -- is actually re-dispatched not
10 proportionately, but it's re-dispatched so that if turning
11 up or turning down a generator can eliminate a problem, it
12 is taken into account.

13 Q. And for the analyses that you did in the load
14 flow studies that were done under the load deliverability
15 tests on the 2011 base case that resulted in the problems
16 that you talked about yesterday in Chart SWG-1, do you know
17 whether the increase in generation outside that zone was
18 proportional or whether it was something different?

19 A. If there was an ability to move generation to
20 resolve the problems, it would have been completed.

21 Q. So, you start out with a proportional increase
22 of generation, and then if there is an issue, something is
23 changed?

24 A. Yes. The dispatch is reviewed to see whether or
25 not the generation adjustments can eliminate the problem.

1 Q. And what kind of dispatch is used to determine
2 whether the reliability violations can be fixed?

3 A. I'm not quite sure I understand what you mean by
4 what type of dispatch.

5 Q. Well, in your rejoinder testimony, you indicated
6 that PJM's planning process does not follow a security
7 constrained or a transmission constrained dispatch and they
8 do something else.

9 So, what you seem to be describing here is something
10 different from what was contained in your rejoinder
11 testimony. Is the dispatch no longer economic? Are you
12 changing your testimony and saying that the load
13 deliverability tests are something different than
14 proportional or economic?

15 MR. OGDEN: Mr. Burns, could we have a reference to
16 the rejoinder that you're referring to here?

17 MR. BURNS: I think he can answer the question, and
18 then I'll ask him specific questions about the rejoinder.
19 It's only five pages long.

20 MR. OGDEN: But you are referencing a specific
21 portion of his rejoinder testimony. I was simply asking if
22 you could tell us where that is.

23 MR. BURNS: I don't have it in front of me.

24 MR. OGDEN: Then, Your Honor, I'm going to object to
25 the question. I mean, without this witness being confronted

1 with what specific testimony Mr. Burns is referring to, I
2 don't know how he can be expected to answer the question.

3 MR. BURNS: Well, let me just ask a different
4 question then.

5 BY MR. BURNS:

6 Q. Are you saying that in the load deliverability
7 test you follow a transmission constrained or security
8 constrained dispatch?

9 A. In the context of -- let me see how to -- PJM
10 applies the load deliverability analysis, and let's go to
11 the right-hand side of this, the yellow circles, if you
12 will, and let's say that is the eastern generation that
13 supposedly is not being used to back off this problem.

14 There is no re-dispatch applied to that eastern
15 generation, because to do so would be to unwind the critical
16 system condition that is being applied.

17 For the purposes of the generation to the west of
18 that line, if you will, on the diagram, generation will be
19 moved in order to attempt to eliminate a problem.

20 Q. And is it moved proportionally?

21 A. No, it would not be move -- well, it may be
22 moved proportionally, but it would be moved non-
23 proportionately if it helped to resolve the problem.

24 Q. Is that a -- let me see if I understand. Inside
25 the zone, the mid-Atlantic zone, you will be turning off

1 generation to simulate a capacity emergency; right?

2 A. That is correct.

3 Q. And you'll try and get it down until there is a
4 one day in 25-year loss of load expectation in that zone;
5 correct?

6 A. Yes, so the imports that are being tested are
7 such that it's a one day in 25 year.

8 Q. And you don't re-dispatch generation from within
9 that zone because that would be relieving the capacity
10 emergency and unwinding the critical system stresses that
11 you had decided to apply to that zone. Is that what you're
12 saying?

13 A. Yes; that PJM procedures provide for, yes.

14 Q. And outside of that zone, generation will
15 initially be increased proportionally throughout PJM to see
16 if generation can get to that load area; correct?

17 A. That is correct.

18 Q. And at what point and under what circumstances
19 does it cease to be dispatched proportionally from the rest
20 of PJM into that zone?

21 A. When there is a violation that is identified, an
22 overload, then PJM looks at the generation in the west, and
23 if they can turn down a generator to help relieve the
24 problem or turn up a generator to help back off the problem
25 if it has an ISA, then PJM will dispatch it accordingly.

1 Q. And what about outside of PJM? This example
2 shows New Jersey and Pennsylvania, and New York is right
3 above that; right?

4 A. That is correct.

5 Q. New York is not in PJM; correct?

6 A. New York is not in PJM.

7 Q. Now, to what extent does generation New York get
8 increased to relieve the potential capacity emergency that
9 you've created for the mid-Atlantic zone, if at all?

10 A. I believe one of the discovery responses, I'm
11 going to say maybe we imported 3,000 megawatts from New
12 York. I know it was included in one of the discovery
13 responses, but for now since I don't have it memorized, I'll
14 say maybe 3,000 megawatts.

15 Q. Do you increase generation proportionally from
16 outside of PJM for these tests?

17 A. Yes, I believe that is how we do.

18 Q. ~~So, in the planning process, at least a portion~~
19 ~~of this test~~ -- strike that. Let me ask a different
20 question.

21 I'm not an expert in this area, as you can tell from
22 my questioning over the last few days. But can you explain
23 to me what the one day in 25 years means, the capacity
24 emergency that is simulated, what it means and on what part
25 of the system are you talking about?

1 A. Okay. Mr. Herling had covered a portion of this
2 yesterday, but the one event in 25-year situation is in
3 order to determine the transmission component, if you will,
4 of potential risk to serving load.

5 Let's take the example that's relevant to this
6 proceeding for the mid-Atlantic region. The load profile
7 for the region, the generation within that region and the
8 forced outage rates are studied to determine what import
9 level would be required in order to sustain no more than the
10 probability of not being able to meet the load for one event
11 in 25 years.

12 Then that import level is tested in a power flow
13 model to determine if there are any transmission
14 limitations.

15 Q. And can you tell me why that's a critical
16 capacity emergency? I mean, you're shutting off generation,
17 and does that increase the strain on the transmission lines,
18 and you want to make sure that if there is an outage of a
19 substantial amount of generators, there's -- I mean, I'm
20 just having a hard time grasping this concept of one day in
21 25 years.

22 You're turning off generation in that load pocket;
23 right?

24 A. That is correct.

25 Q. And so, you're turning off generation in that

1 load pocket. That's going to put more of a strain on the
2 transmission lines going into that load pocket; right?

3 A. Yes; that is also correct.

4 Q. And so, you're quantifying that strain on the
5 transmission lines using this one day in 25-year
6 measurement; right?

7 A. Yeah. That's generally correct.

8 Q. And so, you're -- can you try to explain to me
9 how that increased capacity emergency, how that increased
10 strain on the transmission line is quantified with reference
11 to this one day in 25-year figure?

12 MR. OGDEN: If Your Honor please, we have had
13 extensive cross-examination on this issue yesterday with Mr.
14 Herling. I don't think it's appropriate to continue to go
15 into all of this yet again in detail. If there are specific
16 questions, then I think that's appropriate, but to rehash
17 all of this once again on the record I think is just no
18 productive.

19 JUDGE NEMEC: Well, I think what we're doing is
20 finding out this witness' understanding of the terminology,
21 and I'm going to permit it. The objection is overruled.

22 THE WITNESS: Could you please repeat the question?

23 MR. BURNS: I'll state another one, because I cannot
24 repeat it.

25 BY MR. BURNS:

1 Q. In the load deliverability test, you're turning
2 off generation and it's creating additional strain on the
3 transmission lines and you're quantifying it by tying it
4 into this one day in 25-year measurement.

5 Can you tell me by way of example or otherwise how
6 you quantify that? You know, like, if you have the mid-
7 Atlantic region before you're turning off the generation and
8 you're turning off the generation until you get to a certain
9 benchmark, what is that benchmark and how do you measure it;
10 and more importantly, can you tell me that in terms that I
11 may be able to understand?

12 A. Unfortunately, the way that -- I don't
13 understand what you mean by how do you quantify it.

14 Q. Well, you're turning off generation in a certain
15 area, one of these 23 zones, until you get to a certain
16 amount of strain on the transmission system leading into
17 that zone; and if we're talking about a thermometer, you get
18 to 100 degrees, and then you shut it off. I can understand
19 that.

20 Here you're talking about you shut off generation
21 until you get to a specific benchmark, and that benchmark is
22 somehow tied into this one day in 25-year figure. How do
23 you know you've turned off enough generation to get to that
24 one day in 25-year mark or whether you need to turn off more
25 generation or less generation?

1 A. The output of the one event in 25 years is an
2 import requirement. So, let's -- I don't recall the exact
3 number, but let's say for the mid-Atlantic region, for 2011,
4 it was 10,000 megawatts. Let's just say it was. That is
5 your 100 degrees on your thermometer, I guess. That is your
6 target import.

7 Then what you do is you either turn up load or turn
8 down generation in the mid-Atlantic region to get that
9 import level.

10 Q. So, each of these 23 zones will have a different
11 import level and a different number you need to reach to get
12 to that benchmark; right?

13 A. That is correct.

14 Q. And how you determine for each particular zone
15 what that number is, you said 10,000 means you're at one day
16 in 25 years. At what point are you at one day in ten years,
17 which is, as I understand it, not as much stress on the
18 transmission system?

19 A. And again, since you brought up that point, in
20 order to meet a loss of load expectation of one event in ten
21 years --

22 Q. I'm not asking you why you use one day in 25
23 years --

24 JUDGE NEMEC: Please let him finish.

25 MR. BURNS: Okay. Thank you, Your Honor.

1 JUDGE NEMEC: Go ahead, sir.

2 THE WITNESS: The one day in ten that you mentioned
3 is, in general, a loss of load expectation for generation.
4 Through the PJM membership, some time ago and consistently
5 has been applied on this system, it was decided that the
6 transmission risk should also be included, and the agreement
7 or consensus within the group was to use a one event in 25-
8 year stress, if you will, for the transmission portion of
9 that loss of load component.

10 BY MR. BURNS:

11 Q. And the question I asked is, with respect to a
12 particular zone, how do you come up with the number that
13 tells you what one day in ten-year loss of load expectation
14 for the transmission line is versus one day in 25-year loss
15 of load expectation for the transmission lines? And if you
16 can, also tell me approximately what difference there would
17 be.

18 A. I can't tell you what difference there would be,
19 and I'm not quite sure -- you said how do you come up with
20 that?

21 JUDGE NEMEC: Excuse me. Are you trying to explain
22 that he's dealing with apples and oranges in terms of the
23 one in 25 and one in ten? In other words, you're talking
24 about loss of generation capacity when you're talking about
25 one in ten; and then in one in 25, you're talking about loss

1 of transmission line capability?

2 THE WITNESS: One in ten is generation adequacy, and
3 one in 25 is the transmission adequacy component.

4 JUDGE NEMEC: So, if you're addressing transmission
5 adequacy, to talk about one in ten is to bring up the issue
6 of whether you're losing generation trying to apply it to
7 transmission; is that correct?

8 THE WITNESS: Yes. Yes, that is correct.

9 JUDGE NEMEC: All right. Does that help?

10 (No response.)

11 JUDGE NEMEC: No? Sorry.

12 BY MR. BURNS:

13 Q. Do you know how PJM came up with the one day in
14 25 years for the transmission portion of the system for load
15 deliverability test as opposed to one day in 20 or one day
16 in 15?

17 A. Again, I believe Mr. Herling addressed this
18 yesterday, but it was through a discussion in the PJM
19 committee structure, it was recognized that the transmission
20 risk associated with possibly having generation in, let's
21 say, Ohio that couldn't get to New Jersey should be taken
22 into account, and it was decided through discussions within
23 the committee structure that the level of risk that should
24 be applied for the transmission system was one event in
25 25 years, and it has been applied consistently on the PJM

1 system for longer than -- it predates me at PJM.

2 Q. Are you aware of any other transmission planning
3 organizations that use the one day in 25-year loss of load
4 expectation for measurement of transmission stress or
5 modeling test like the load deliverability test other than
6 PJM?

7 A. I'm not aware one way or the other.

8 Q. Now, Mr. Herling referred me to you for an
9 answer to a couple of these questions. I had some questions
10 for him about what size lines PJM looks at in the load
11 deliverability and the generator deliverability tests.

12 When he was describing those tests, he indicated that
13 there is a certain kV voltage of the particular lines that
14 PJM will look at and some that they will not.

15 For purposes of the generator deliverability test,
16 what lines in the 2006 RTEP process, what size lines was PJM
17 looking at and evaluating?

18 A. PJM would apply that test to any facility that
19 had been turned over to PJM for control.

20 Q. And what size would that be?

21 A. It could be down to -- it definitely would be
22 down to like 115 or 138. I can't recall if any transmission
23 owners elected to turn over control of lower voltage
24 facilities.

25 Q. When you say turn over control to PJM, what do

1 you mean?

2 A. I should use a different terminology. There's a
3 terminology within PJM called monitor. Essentially, it's
4 monitored for the operation of the system, and, therefore,
5 it's monitored in the planning realm; and when each of the
6 transmission owners integrated and even the ones who had
7 always been mid-Atlantic region, there's a list of
8 facilities that can be monitored or not monitored.

9 So, PJM, for purposes of the generator deliverability
10 procedure, any facility that is monitored -- and typically,
11 let's say that's 100 kV and above, but, you know, it depends
12 -- would be evaluated for generator deliverability.

13 Q. And for load deliverability, do you look at the
14 same lines?

15 A. For load deliverability, you look at the same
16 lines, but there's also another cutoff for load
17 deliverability, and there's an electrical impact threshold
18 that's applied, such that if the facility is electrically
19 far removed from the area, there's a threshold, and,
20 therefore, you wouldn't attribute it to that test. You
21 wouldn't attribute the loading on that facility to that
22 test.

23 Q. Can you explain that a little more for me?

24 A. Let me try to give a good example. Let's say
25 that a line in Com-Ed territory -- Com-Ed like out in

1 Illinois -- increased from 99.5 percent to 100.1 percent for
2 imports into the mid-Atlantic region, the amount of impact
3 on that facility attributed to the mid-Atlantic region is
4 extremely small. So, therefore, there's cutoff, and it says
5 below that cutoff, you would not deem those violations to be
6 attributed to that test.

7 Q. Do you know the department within the Department
8 of Homeland Security that's responsible for critical
9 infrastructure or the safety of critical infrastructure such
10 as transmission lines?

11 A. Do I know the department?

12 Q. Do you know who, if anyone, is responsible for
13 the security of large high voltage transmission lines that
14 run hundreds of miles?

15 A. No. I'm really not that knowledgeable about
16 whatever department it is you're referencing.

17 Q. Do you know what, if anything, was done to study
18 the security or lack of security or any potential threats to
19 national or regional security in connection with the TrAIL
20 project?

21 A. No.

22 Q. I take it in the planning department, you don't
23 generally get involved in security of the systems that are
24 installed. You're looking at planning, I guess, generally;
25 right?

1 A. Specifically, I did not, yes.

2 Q. And are you aware of anyone at PJM evaluating
3 the security of these facilities or any threats to the
4 potential security of these TrAIL facilities?

5 A. I'm aware -- I believe there was a reference I
6 thought it was in Mr. Herling's testimony related to this
7 area, but I'm really not knowledgeable of this area, so I
8 don't think I can answer your questions.

9 Q. So, you don't know what, if anything, was done
10 to evaluate the security of these long transmission lines;
11 is that right?

12 A. Yeah. I'm not knowledgeable of it.

13 MR. BURNS: Can we take a short break, Your Honor?
14 I need to --

15 JUDGE NEMEC: We certainly can; ten minutes.

16 (Recess.)

17 JUDGE NEMEC: All set?

18 MR. BURNS: Absolutely.

19 JUDGE NEMEC: You may proceed.

20 BY MR. BURNS:

21 Q. Mr. Gass, going back to your example about the
22 load deliverability test, you said, for example -- let's
23 assume that for that particular load pocket, the mid-
24 Atlantic, you're going to be shutting off 10,000 megawatts
25 of generation within that zone and that will be creating the

1 critical system stress for your test.

2 You said that was just a hypothetical number; right?

3 A. Actually, the hypothetical I gave was that you
4 would be trying to reach a target level of 10,000 megawatts
5 of imports. It does not necessarily mean that you're taking
6 10,000 megawatts generation outages.

7 Q. So, you have a target level of imports for each
8 particular zone, not a target level of generation that you
9 shut off?

10 A. You have a target level of -- you have an import
11 requirement.

12 Q. And what is the import requirement, do you know,
13 for the mid-Atlantic region or zone?

14 A. It varies by year, and I don't recall what the
15 exact number was for 2011.

16 Q. Is it approximately 10,000? Is that why you
17 chose that number, or is it something else?

18 A. I really don't know what it was.

19 Q. Do you have an idea in the ballpark where it is?
20 Is it 5,000 megawatts, 10,000, a million?

21 A. I really don't remember what the number was.

22 Q. All right. Well, let's use your example. PJM
23 decides that for the mid-Atlantic zone, we're going to have
24 10,000 megawatts imported into that zone; right?

25 A. For an example, yes.

1 Q. And you keep turning off generation within that
2 zone until 10,000 additional megawatts will be coming into
3 that zone from outside, right, just using that example you
4 gave?

5 A. Yes. But the total -- I mean, you -- yes;
6 that's fine. That's fine.

7 Q. So, you're importing enough generation from
8 outside that zone that you would within that zone achieve a
9 one day in 25-year loss of load expectation; is that
10 correct?

11 A. That is correct.

12 Q. And what is the objective standard that
13 determines the import number that you're setting for each
14 particular zone, be it 10,000 megawatts or whatever it is
15 for each of the 23 different zones?

16 A. You used the term "what is the objective
17 standard." Could you please define that for me?

18 Q. It can be a subjective standard. I mean, what
19 is the source of the import number that you're trying to hit
20 in the load deliverability tests?

21 A. I'll answer it, but it's going to be similar to
22 an answer I provided before. You have the load profile for
23 the region and you have the generators, the size of the
24 generators, and their forced outage rates. Load profile
25 varies throughout the year. Generator forced outage rates

1 dictate how frequently or infrequently they are outaged, and
2 it's the combination of those factors that determine what
3 the import objective is for a one event in 25-year
4 probability.

5 Q. As I understand your testimony, you have an
6 import objective, and then once that import objective is
7 achieved, then you check to see whether the one day in 25-
8 year loss of load expectation is met; is that right?

9 A. The one event in 25-day probability, the output
10 of that is an import objective. You then test that import
11 objective, and if there is a violation on the system, then
12 it's deemed to be a reliability problem.

13 MR. OGDEN: Just to clarify, you said one event in 25
14 days. I think you meant 25 years.

15 THE WITNESS: Twenty-five years.

16 BY MR. BURNS:

17 Q. And I think I'm confused, and Judge Nemec asked
18 some good questions in this regard. The one day in 25-year
19 loss of load expectation, you seem to say that that had to
20 do with transmission and the one day in ten-year loss of
21 load expectation had to do with generation.

22 And what I'm wondering is if the one day in 25-year
23 loss of load expectation that's driving the import
24 capability or the desire to import amount for your load
25 deliverability test, if that's something that comes from

1 transmission, how does it get turned into a generation
2 number?

3 A. I have no idea at all -- I don't understand your
4 question.

5 Q. Can you explain for -- well, the import
6 capability, say it's 10,000 that you're trying to achieve.
7 You know what that number is as a planner. That's something
8 that's given to you?

9 A. Yes.

10 Q. All right. So, as a planner, you know the
11 import number that you're trying to achieve for each of the
12 23 different zones, so when you're running the load
13 deliverability test, you know what number you're trying to
14 hit for each of those 23 zones in the test; correct?

15 A. That is correct.

16 Q. And you'll turn off generation within that zone
17 until you hit that number; right?

18 A. Yes.

19 Q. And then you run your contingency analyses;
20 correct?

21 A. Yes.

22 Q. Can you tell me, though, how objectively it's
23 determined what that import capability number is or whether
24 it's subjectively determined or how that particular number
25 comes up for each of the different zones?

1 A. I thought I just answered that question. If
2 it's different, then could you ask it again?

3 Q. Let's use the mid-Atlantic as an example. Can
4 you give me an example as to how you would come up with a
5 number? Let's say, hypothetically, it's 10,000. What would
6 you do to come with the 10,000 megawatts that you're trying
7 to import above and beyond what you would normally import to
8 that region for that mid-Atlantic region?

9 A. Okay. First, I don't know that it's
10 characterized correctly "above and beyond what you would
11 normally." The target level import objective in our example
12 is 10,000 megawatts.

13 Q. And does the target level import include more
14 than -- it's obviously more than you would normally be
15 importing into that region; correct?

16 A. It depends how you define normally, but the
17 target import objective is 10,000 megawatts.

18 Q. So, are you saying that could be lower or higher
19 than you would normally be importing to a zone?

20 A. I --

21 Q. I mean, you're simulating a capacity emergency,
22 so I assume you're trying to get more power into a zone and
23 you're turning off generation, so you would think it would
24 be a higher number than you would expect when you're not
25 running the tests.

1 A. You would expect that. What I was trying to
2 clarify was I thought you made the statement 10,000
3 megawatts above the normal imports.

4 Q. So, you're talking about an overall number is
5 the import goal that's used for the load deliverability
6 test. So, you're example of 10,000 megawatts was the total
7 number that we'd get in there, which would include the
8 normal number and then the additional amount that would be
9 used to simulate that capacity emergency; correct?

10 A. That is correct.

11 Q. All right. And what is the term you applied to
12 that particular number?

13 A. The capacity emergency transfer objective.

14 Q. Can you tell me what -- say that again, please.

15 A. I was trying to keep out of the terminology, but
16 it's called the capacity emergency transfer objective.

17 Q. Okay.

18 A. CETO.

19 Q. We'll just call it transfer objective; okay?

20 A. That's fine with me.

21 Q. So, you have a transfer objective into the mid-
22 Atlantic of 10,000 megawatts. Can you explain to me with
23 reference to the mid-Atlantic zone examples as to how that
24 10,000 number would be determined?

25 A. The load profile for that region, the generators

1 that are located within that region and their forced outage
2 rates are taken into consideration. There is a computer
3 model that takes those three variables and the expected
4 statistical probability of one event in 25 years, and the
5 resultant output is the 10,000 megawatts.

6 Q. Were you involved in developing that program?

7 A. Did I write the program?

8 Q. Did you write the program, or do you know who
9 wrote the program, or if it's an off-the-shelf program
10 that's used to determine that number?

11 A. I believe it is an off-the-shelf program.

12 Q. You think it is?

13 A. I believe it is an off-the-shelf program.

14 Q. Do you know if it has been tweaked by PJM or
15 modified in some way in the way it works? Do you know?

16 A. I do not know.

17 Q. Who would know the details of how that program
18 works in coming up with the number that you use for the load
19 deliverability objective the transfer objective?

20 A. I don't know who would be the person.

21 Q. Is there anyone who is testifying in this
22 proceeding for PJM who would know that?

23 A. No. We obtain the information, that output, if
24 you will, the capacity emergency transfer objective, from
25 the technical experts in that area within PJM.

1 Q. What department is that? Is it a different
2 department or part of the planning department?

3 A. It's part of the planning department, but it
4 wasn't part of the transmission planning department that I
5 was manager of.

6 Q. Do you have your rejoinder testimony in front of
7 you?

8 A. Yes, I do.

9 Q. Can you turn to page 3?

10 A. (Witness complying.)

11 Q. Starting at page 3, line 12, and running onto
12 the next page, you talk about transmission constrained
13 dispatch. Do you see that?

14 A. Yes, I do.

15 Q. And you recall Mr. Herling testifying in this
16 proceeding about what he called a security constrained
17 dispatch; correct? Do you remember that?

18 A. Vaguely, vaguely.

19 Q. As I understand it -- Mr. Herling was describing
20 what happens in the operation at PJM, and as I understand it
21 he said PJM starts with an economic dispatch in the
22 operations part of PJM, you know, out in the real world, and
23 if that economic dispatch causes a reliability issue, then
24 they'll shift away from that and go to what he called a
25 security constrained dispatch and I think it's also been

1 called a transmission constrained dispatch or running
2 generation out of merit order. Do you remember those
3 concepts in general?

4 A. Yes.

5 Q. So would you agree with me that the references
6 to transmission constrained dispatch and security
7 constrained dispatch are references to the same concept?

8 A. Yes.

9 Q. And same with running generation out of merit
10 order, that's the same general concept; correct? Well, you
11 might run it out of merit order for different reasons, but
12 one reason you would run generation out of merit order was
13 to avoid reliability issues; correct?

14 A. In operations; correct.

15 Q. Now, in your rebuttal testimony at page 3 and 4
16 you indicate that PJM is not obligated under NERC Standard
17 TPL-002 to use a transmission constrained dispatch. Do you
18 see that?

19 MR. OGDEN: You're referring to his rebuttal or his
20 rejoinder?

21 MR. BURNS: Thank you, Mr. Ogden.

22 BY MR. BURNS:

23 Q. No. I'm referring to your rejoinder statement
24 at pages 3 and 4, starting at line 12 on page 3. And the
25 question I had for you, Mr. Gass, was you indicate in your

1 response to that question in your rejoinder statement that
2 NERC Standard TPL-002 indicates that the planning authority,
3 in this case PJM, gets to select the credible critical
4 generation dispatch for modeling. Do you see that?

5 A. Yes, that is correct.

6 Q. And you indicate that PJM does not have to
7 follow under that NERC standard a transmission constrained
8 dispatch. Is that one of the points you're making there?

9 A. I don't see, reading this, where my rejoinder
10 statement makes that statement.

11 Q. You say -- looking at page 4 of 5 you say,
12 starting at line 6 and running through line 10, you say,
13 "Mr. Loehr's suggestion of applying a transmission
14 constrained dispatch to eliminate the overloads is an
15 incorrect application of the planning authority and
16 transmission planner criteria that have been applied
17 consistently in both the PJM system and the Dominion system
18 for many years." Can you explain what you mean?

19 A. Yes. The idea of turning up, in the example
20 that I had used before for the load deliverability example,
21 turning on, essentially unwinding the stressed condition,
22 the critical system condition that was applied, and then
23 arguing that turning on that generation can eliminate the
24 problem is an incorrect application.

25 Q. So are you saying that PJM does not follow a

1 transmission constrained dispatch in its modeling?

2 A. You said PJM. PJM planning?

3 Q. PJM planning, yes.

4 A. It depends on the -- well, it depends on the
5 test that's applied.

6 Q. As I understand it, you seem to be indicating
7 that a transmission constrained dispatch doesn't need to be
8 used in planning. Does PJM use a transmission constrained
9 dispatch in its planning?

10 A. Actually, the point I'm making here is that the
11 process and procedures, specifically the load and generator
12 deliverability procedures, that have been approved through
13 the PJM membership cannot after the fact be altered by
14 turning on generation outside of those procedures to relieve
15 the problems.

16 Q. And the procedures in the load and the generator
17 deliverability tests are set, and you're saying you can't
18 alter them even if they would relieve a reliability criteria
19 violation by going to a transmission constrained dispatch;
20 is that correct?

21 A. Yeah. Outside of the procedures, that is
22 correct. They are the procedures as fully vetted through
23 the committee structure that were decided to be the critical
24 system condition, so anything outside of -- any transmission
25 constrained dispatch applied outside of those procedures,

1 except for what is already contained within those
2 procedures, would be a violation of the procedures.

3 Q. So you're not saying that the NERC standard
4 forbids all transmission constrained dispatches, but you can
5 just pick and choose within your discretion whether to apply
6 transmission constrained dispatch or some other type of
7 economic or other generation dispatch, and that's fully
8 within the discretion, as you understand it, of the
9 transmission planner?

10 A. When you say pick and choose, you make it appear
11 as though we just randomly come up with this. We have
12 working groups, we have committee structures, and this is
13 fully discussed within the planning committee, and
14 ultimately any changes are approved by that committee
15 structure.

16 Q. And there have been various decisions made as to
17 when, if at all, you can use transmission constrained or
18 security constrained dispatch in the planning process;
19 correct?

20 A. That is correct.

21 Q. And part of the planning process uses a limited
22 amount of security or transmission constrained dispatch, and
23 that's the limited situation in the load deliverability test
24 that you told us about; correct?

25 A. As far as the PJM generator and load

1 deliverability tests, yes, that is correct.

2 Q. And so even if -- well, why don't you tell me
3 how the PJM operations use a security or a transmission
4 constrained dispatch in the real world is different from how
5 you use security or transmission constrained dispatch in the
6 planning process?

7 A. In this example of -- let's take the load
8 deliverability analysis. The intent from the planning
9 perspective is to model a capacity emergency type situation
10 in the mid-Atlantic region. If in operations PJM reached a
11 capacity emergency in the mid-Atlantic region, that means
12 that they have no other option, and once they've applied re-
13 dispatch outside of that area, which is similar to the
14 planning realm, if there is still an overload they would
15 have no choice but to dump load in preparation for the next
16 contingency. We call that, in planning, a violation, a
17 reliability violation, and therefore look to system upgrade,
18 whether it be small, to the point of adding a capacitor, or
19 whether it be larger, to the point of building a line to
20 resolve that problem so that operations will not be in that
21 condition however many years from the present.

22 Q. And so the operators would do whatever they
23 needed to do to avoid a reliability issue, including a re-
24 dispatching of generation within the load pocket or outside
25 the load pocket or turning off and on generation or whatever

1 other operating changes could be made in the real world,
2 which are not options available to you in a load
3 deliverability test, for example; correct?

4 A. Yes, but if they are in a maximum emergency
5 situation, that means that they don't have generation
6 available to turn on, so they would be in the situation
7 where ultimately they could shed load in order to eliminate
8 the potential for cascading outage.

9 Q. Of course, if the generators that weren't
10 included in your study ended up being built by the time that
11 that capacity emergency came up, then they would be
12 available to obviously correct that issue or deal with that
13 issue if they were in place; is that right?

14 A. You're asking hypothetically if other generators
15 eventually ended up being built in sufficient time? Yes,
16 they can have an impact on the results.

17 Q. Attached to your rejoinder statement you have a
18 copy of TPL-002; correct?

19 A. Yes, I do.

20 Q. And you refer to in your rejoinder statement a
21 NERC interpretation of Section R1.3.2 of that TPL-002
22 standard, and that appears at page 3 of your rejoinder
23 statement, starting at line 21. Do you see that?

24 A. Yes, I do.

25 Q. And you quote from a section of that NERC

1 interpretation of Section R1.3.2; correct?

2 A. Yes, that is correct.

3 Q. And the full quote of that appears at the
4 second-to-last -- well, can you turn to the second-to-last
5 page of TPL-002-0? That's TrAILCo Exhibit SWG-RJ-2;
6 correct?

7 A. Actually, I think it's RJ-1.

8 MR. OGDEN: I think, Mr. Burns, we may be getting
9 confused. RJ-1 is the TPL-002, RJ-2 is the NERC
10 interpretation.

11 BY MR. BURNS:

12 Q. Is that right, Mr. Gass, what Mr. Ogden said?

13 A. Yeah. RJ-1 --

14 Q. RJ-1 is the standard, --

15 A. Yes.

16 Q. -- TPL-002, and RJ-2 is the interpretation that
17 you refer to in your rejoinder testimony; right?

18 A. That is correct.

19 Q. And in RJ-2 the interpretation is right in the
20 middle of the page and it has to do with R1.3.2 and what it
21 means; correct?

22 A. Yes, that is correct.

23 Q. And the full comment from NERC indicates that
24 TPL-002 and TPL-003 do not specify the process for selection
25 of the credible critical generation dispatch for modeling of

1 critical system conditions. The selection of the credible
2 critical generation dispatch for modeling of a critical
3 system condition is within the discretion of the planning
4 authority/transmission planner; is that correct? That's
5 what it reads?

6 A. That is what it reads.

7 Q. And you quoted the second sentence of what I
8 just read, correct, in your rejoinder?

9 A. Yes, I did.

10 Q. So transmission planner such as PJM can elect,
11 can it not, to use a security constrained or transmission
12 constrained dispatch of generation in its planning process
13 and still be in compliance with this NERC standard; correct?

14 A. PJM can elect to take changes to any of the
15 procedures through the committee structure as well as any
16 other member can, but ultimately there would have to be a
17 full discussion and everybody would have to weigh the pluses
18 and minuses of the suggested changes, and ultimately it
19 would be voted on and approved or disallowed.

20 Q. But the NERC standard that you refer to, TPL-002
21 and TPL-003, allows a transmission planner such as PJM to
22 use a transmission constrained dispatch or a security
23 constrained dispatch in its planning; correct?

24 A. They allow the ultimate critical system
25 condition to be -- let me use the correct terminology -- to

1 be within the discretion of the transmission planner and the
2 planning authority.

3 Q. So PJM could elect to use a security constrained
4 dispatch in its planning, but it has elected not to;
5 correct?

6 A. And I explained each of these processes were
7 fully discussed within working groups and then taken through
8 the committee structure and ultimately voted on, and the
9 procedures as they are today is what was elected by the
10 membership of PJM.

11 Q. And the PJM membership could elect to do it
12 differently under this NERC standard, such as using a
13 transmission constrained dispatch, and still be in
14 compliance with this NERC standard; right?

15 A. If that is the way the discussion proceeded
16 through the committee structure, yes.

17 Q. Now, is it your understanding that under TPL-002
18 and TPL-003, that the transmission planners have to keep
19 some sort of records of the tests that they perform in
20 determining whether or not the reliability criteria are met?

21 A. I'm not sure to what extent it's required.
22 Normally base system models are retained and normally the
23 results are documented in either RTP baseline reports or
24 TEAC presentations.

25 Q. But you don't know to what extent that's

1 required by NERC or -- well, let me ask a different
2 question. Look at Exhibit SWG-RJ-1, which is the TPL-002
3 standard at R1.3.1. It indicates in the second sentence the
4 rationale for the contingencies selected for evaluation
5 shall be available as supporting information and an
6 explanation of why the remaining simulations would produce
7 less severe system results shall be available as supporting
8 information. Do you see that?

9 A. Yes, I do.

10 Q. Do you understand this NERC standard to require
11 the system planner to keep the results of its tests and the
12 rationale for some of the contingencies it has selected and
13 those that it had not selected to run in some format at
14 least for some period of time?

15 A. Actually, I would read this to be -- the
16 rationale for the contingencies selected for evaluation
17 could well be within the procedures that are defined for
18 whatever the specific test that is being applied. So I
19 don't know that I read that paragraph for what you are --

20 Q. I just kind of pulled that out of the air. I'm
21 just trying to figure out -- I mean, you have to keep some
22 records of the testing that is done to show that you are
23 trying to comply with the NERC standards. You can't just
24 say I did it or I remember running this test, you know, but
25 some sort of documentation is required; is that right? You

1 have to keep something, some record of what was done.

2 A. I don't know that some sort of documentation is
3 required. As I explained, the base cases which have been
4 provided through discovery here, the ultimate results I know
5 are documented in both TEAC as well as baseline reports. In
6 general, intermediate points are retained, but I don't know
7 that -- your insinuation is that it's a NERC violation, and
8 I don't know that I agree with that.

9 Q. Turn to R2.2 in that standard. It's on the
10 second page. It indicates that the planner has to review in
11 subsequent annual assessments, where sufficient lead time
12 exists, the continuing need for identified system
13 facilities. Do you see that?

14 A. Yes, I do.

15 Q. Does PJM have a policy or did they have a policy
16 in place when you were at PJM that any records of
17 evaluations of continuing need for identified system
18 facilities would or would not be retained?

19 A. As Mr. Herling explained in his cross-
20 examination or testimony, PJM would go back -- once a system
21 improvement was included in the RTP, PJM would then go back
22 in subsequent years and remove those items to see if they
23 were still needed for reliability purposes, but it wasn't
24 common practice to then -- because the need had already been
25 justified, if you will, had already been taken through the

1 committee structures, it wasn't general practice then for
2 the reassessment, to see if it was still needed, to retain
3 every one of those re-evaluations.

4 Q. And there was no threshold over which you would
5 retain that re-evaluation, such as, for example, a billion
6 dollar transmission line project? You would review in a
7 subsequent annual assessment the continuing need for the
8 system facility. You might retain some of those documents.
9 There was no such requirement to retain any documents or
10 record of doing that.

11 A. While I was there I can't recall of any billion
12 dollar upgrades that would have been re-evaluated, so I
13 believe that -- I can't address as to whether or not the
14 following year, what the processes were or weren't in place.

15 Q. When you were there in 2006, did you keep any
16 records of those re-evaluations to justify the ongoing need
17 for a project? Such as, for example, in 2006 did you look
18 back on anything in 2005, say whether or not it was still
19 required, and then discard the documentation or save the
20 documentation?

21 A. Yeah, we did do the review, and again, you used
22 the term "discard." There was never an intent to purposely
23 discard. The question was whether or not you run the
24 simulation, it takes you ten minutes, and you see that the
25 need is still there -- and I'm just giving an example of ten

1 minutes; it could take longer. But I can't say whether or
2 not the majority of those would have been saved or not
3 saved. I don't know.

4 MR. BURNS: I would like to move for admission on the
5 exhibits that I've offered through Mr. Gass' testimony.
6 I'll get you the numbers in a second, Your Honor.

7 JUDGE NEMEC: We're looking at ECC Cross-Exam 25
8 through 32.

9 MR. BURNS: I think there's a 33, Your Honor, as
10 well.

11 JUDGE NEMEC: Yes, 33.

12 MR. BURNS: I would move for admission of Exhibits 25
13 through 33 at this time.

14 MR. OGDEN: Your Honor, I have objections with
15 respect to two of these ECC cross exhibits. ECC Cross
16 Exhibit No. 31, Mr. Burns was going to provide and has not
17 provided the document or reference back to the West Virginia
18 set of documents from which this was extracted. Without
19 that background and foundation, I think it's objectionable
20 to include it here. If he can provide that foundation, then
21 I think that will eliminate the objection.

22 ECC Cross-Examination No. 32 is a response from a
23 West Virginia discovery request. There was absolutely no
24 cross conducted on it whatsoever, and I don't believe
25 there's been any basis established for it to be admitted

1 into the record, so I would object to it.

2 JUDGE NEMEC: I'm not absolutely positive, but I'm
3 almost positive that in fact the witness was asked and he
4 answered that the responses A, B through F were his, that
5 they were his responses to these questions. I think you're
6 incorrect in regard to cross-examination on that one.

7 MR. BURNS: Your Honor, with respect to Cross-
8 Examination Exhibit 31, that is a single page that I had the
9 witness identify. He indicated that this particular page
10 was a representation of the reliability issue number 1 shown
11 on this chart SWG-1. It shows the reliability issue that
12 arises as a result of that alleged contingency, that being
13 the Mt. Storm to Greenland Gap line going out, and that's
14 the only part of the exhibit from West Virginia that I
15 wanted to put onto the record here because we talked
16 specifically about the Mt. Storm to the Greenland Gap outage
17 yesterday and whether a potential alternative fix involving
18 that particular section of the line was ever considered, and
19 that's why I believe this part of that West Virginia exhibit
20 should be admitted. I don't think and I don't intend to
21 offer the rest of the West Virginia exhibit that this was a
22 part of.

23 MR. OGDEN: If Your Honor please, I think the first
24 question is simply to identify what document that was
25 extracted from in West Virginia, and I think Mr. Burns

1 indicated he would find that information out and put that on
2 the record.

3 MR. BURNS: I will do that. I have no objection to
4 doing that, Mr. Ogden.

5 JUDGE NEMEC: ECC Cross-Examination Exhibits 25
6 through 33 are admitted, subject to Mr. Burns providing
7 additional information regarding 31, and also subject to the
8 weight that we will provide to these, and that will probably
9 depend on further development of the record.

10 (Whereupon, the documents marked
11 as ECC Cross-Examination Exhibits
12 Nos. 25 through 33 were received in
13 evidence.)

14 JUDGE NEMEC: Mr. Burns, is your cross completed?

15 MR. BURNS: I believe so, Your Honor.

16 JUDGE NEMEC: Mr. Eckenrod.

17 MR. ECKENROD: I have no cross for this witness, Your
18 Honor.

19 JUDGE NEMEC: Any other cross-examination?

20 MS. DUSMAN: Your Honor, I just have a few questions
21 for Mr. Gass.

22 JUDGE NEMEC: Go ahead.

23 **CROSS-EXAMINATION**

24 BY MS. DUSMAN:

25 Q. Good morning, Mr. Gass.

1 A. Good morning.

2 Q. I just have a few questions for you on something
3 new that arose this morning. First, as background, are you
4 aware of the position that the OCA has presented in this
5 case as to the 502 to Loudoun segment? Did you review our
6 presentation?

7 A. No, I'm not aware of your position.

8 Q. Just briefly then, the OCA has not taken a
9 position that that line is not needed. We've asked that
10 more study be done to determine whether there are less
11 intrusive and more cost beneficial alternatives,
12 essentially. And the second prong of our position is that
13 to the extent that line is intended for west-east
14 transmission, that it should be further studied in
15 anticipation of the carbon legislation that may change the
16 economics of the line. That's in brief.

17 I'd like to just review with you the sequence of
18 events that led to the deferral of the in-service date of
19 the CPV Warren plant.

20 You were a witness, I think we've established, in
21 both the West Virginia and Virginia proceedings, were you
22 not?

23 A. Yes, I was.

24 Q. And you were present for all of the testimony in
25 both of those proceedings, both by the TrAILCo witnesses and

1 all of the protestants' witnesses, were you not?

2 A. Actually, no, I was not.

3 Q. At least as to the need portion?

4 A. No, that is not correct.

5 Q. The majority of that testimony?

6 A. For the majority of the TrAILCo need witnesses -
7 - no, that's not even true. On the majority of -- I have to
8 think about that, but no, I don't think that's a correct
9 statement.

10 Q. Were you present during the first week of
11 hearings in Richmond, Virginia?

12 A. Most of the first week, but not the entire week.

13 Q. Most of the first week?

14 A. Yeah.

15 Q. Are you aware then that CPV Warren filed a
16 petition to withdraw from the Virginia proceeding the day
17 before hearings were convened in that case?

18 A. That was discussed while I was there.

19 Q. So you're aware that they did then withdraw
20 before the time the proceedings began?

21 A. I was aware there were discussions around that.

22 Q. And did you testify earlier that the assets of
23 CPV Warren acquired and that was one of the reasons that
24 they withdrew from that Virginia proceeding?

25 A. No, I did not testify to that. I believe what I

1 mentioned was that Dominion essentially owns the project,
2 period. I didn't draw any other insinuations based on that.

3 Q. I wasn't trying to be cryptic. CPV Warren
4 withdrew from the Virginia proceeding and then later it was
5 made public that Dominion had acquired the assets of CPV
6 Warren. I'm not intending to be cryptic at all. Is that
7 the sequence of events?

8 A. I generally was aware of that, yes.

9 Q. Do you agree that well-located generation in
10 sufficient amounts can eliminate or defer the need for
11 additional transmission to a load pocket?

12 A. Yes.

13 Q. And in fact, I believe Mr. Herling testified to
14 the same principle in the West Virginia proceeding. Are you
15 aware of that? Do you recall it?

16 A. I believe he would have.

17 Q. Would the operation of CPV Warren displace the
18 need for west-east transfer of generation?

19 A. Actually, some studies that were done
20 specifically in regards to CPV Warren requested by the
21 hearing examiner in Virginia found that Dominion Virginia
22 Power had completed those studies and the results showed
23 that it had minimal impact on the overloads relevant to this
24 proceeding, and actually in some cases, depending on the
25 contingency, slightly increased the loading, so it was

1 almost a neutral type impact.

2 Q. But northern Virginia is a load pocket, is it
3 not?

4 A. Yes, but based on your previous comment that you
5 made, in the right location is the key point, a sufficient
6 amount of generation located in the correct location.

7 Q. So you're saying here today that the operation
8 of CPV Warren would have just a slight effect on reliability
9 in that immediate load pocket?

10 A. As far as the impacts to the overloads on Mt.
11 Storm to Doubs, that's what the results indicated.

12 MS. DUSMAN: That's all I have for Mr. Gass.

13 JUDGE NEMEC: Mr. Burns?

14 MR. BURNS: Your Honor, I have some limited follow-up
15 on Ms. Dusman's questions.

16 **FURTHER CROSS-EXAMINATION**

17 BY MR. BURNS:

18 Q. With respect to that study that you just raised
19 performed by Dominion, no one from PJM or Allegheny Power or
20 TrAILCo in this proceeding has offered any testimony as to
21 what that study entailed, what was included, what type of
22 tests were run, what the results were, et cetera, that you
23 are talking about performing in the context of the Virginia
24 proceeding; is that right?

25 A. Yeah, that is correct.

1 Q. Now, with respect to Ms. Dusman's question about
2 the west to east transfer capability of the 502 to Loudoun
3 line, are you aware of the testimony of Dr. Tom Witt in the
4 West Virginia proceeding? He was one of TrAILCo's witnesses
5 in the West Virginia proceeding.

6 A. I am not.

7 Q. So you're not aware of one of the 11 witnesses
8 that TrAILCo submitted in West Virginia, Dr. Tom Witt? You
9 never heard his name before?

10 A. I vaguely recognize the name, and I do not
11 recall reading any parts of his testimony or being there
12 when he was in the hearing.

13 Q. Let me show you a little bit of his testimony
14 and then I'll ask you a quick question. This is a question
15 -- here, I'll scroll down so people can see. It's the
16 direct testimony of Dr. Tom S. Witt. The question he was
17 asked is: what would the potential economic impact
18 associated with new power plants being constructed in West
19 Virginia as a result of the additional transmission capacity
20 provided by the 502 Junction segments of TrAIL along with
21 the Loudoun segment? And his answer is: we have been
22 advised that the 502 Junction segments of TrAIL along with
23 the Loudoun segment will be able to accommodate an
24 additional 2,700 or more megawatts of interconnected
25 generation. Do you see that?

1 A. I do.

2 Q. Is it your testimony that you're not aware that
3 TrAILCo had a witness in West Virginia indicating that the
4 502 to the Loudoun line would allow an additional 2,700 or
5 more megawatts of generation to be installed in western PJM?

6 A. Yeah, it's my testimony that other than I
7 believe you brought this up with Mr. Herling yesterday, that
8 was the first time that I was aware of it.

9 Q. And would you agree that the 502 to Loudoun line
10 would allow an additional 2,700 or more megawatts of
11 interconnected generation to be installed in western PJM?

12 A. I have no -- I can read the words that are
13 there, but if you're asking me my opinion of it, I don't
14 know that I have an opinion.

15 Q. I don't believe that Dr. Tom Witt is a
16 transmission planner. If neither you or Mr. Herling
17 informed Dr. Witt of how much additional transfer capacity
18 and, therefore, how much additional generation could be
19 built in western PJM, who from TrAILCo would have informed
20 him of that, do you know?

21 A. I do not know, but, you know, I hate to do this
22 to Mr. Hozempa, but my guess would be that you should direct
23 that question to him.

24 Q. I wouldn't feel bad about that answer.

25 (Laughter.)

1 MR. BURNS: That's all the questions I have. Thank
2 you.

3 JUDGE NEMEC: Redirect?

4 MR. OGDEN: Your Honor, could we take a brief recess
5 and get our thoughts pulled together?

6 JUDGE NEMEC: How long do you think it will take? We
7 can break for lunch now and come back at 1:00.

8 MR. OGDEN: Why don't we do that, if that would be
9 satisfactory.

10 JUDGE NEMEC: That's fine with me. How about anybody
11 else?

12 (No response.)

13 JUDGE NEMEC: We are adjourned.

14 (Whereupon, at 11:28 a.m., the hearing was adjourned,
15 to be reconvened at 1:00 p.m., this same day.)
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AFTERNOON SESSION

(1:00 p.m.)

1 JUDGE NEMEC: All set?

2 MR. OGDEN: Yes, Your Honor.

3 JUDGE NEMEC: Mr. Ogden, you may proceed.

4 MR. OGDEN: Thank you. Your Honor, we have only one
5 or two questions on redirect for Mr. Gass, and for that
6 purpose I have distributed to the court reporter, the
7 parties and to Your Honor and would ask to have marked for
8 identification TrAILCo Redirect Exam No. 1, Exhibit No. 1.
9

10 JUDGE NEMEC: It may be so identified.

11
12 (Whereupon, the document was marked
13 as TrAILCo Redirect Examination
14 Exhibit No. 1 for identification.)

REDIRECT EXAMINATION

15 BY MR. OGDEN:

16 Q. Mr. Gass, do you recall this morning in cross-
17 examination from opposing counsel that you were asked about
18 the in-service date of CPV Warren of 2014?
19

20 A. Yes, I was.

21 Q. And you were asked about the source of that
22 date?

23 A. That is correct.

24 Q. Do you have in front of you what has been marked
25 as TrAILCo Redirect Exhibit No. 1?

1 A. Yes, I do.

2 Q. Was that the source for your information which
3 you provided on the record this morning?

4 A. Yes, it was.

5 Q. And if you turn to the page, the excerpt that we
6 have provided, which is page 13, it references that 2014
7 date. Do you see a reference to a footnote at the bottom?

8 A. Yes, I see that.

9 Q. And that footnote references an Exhibit 1 to the
10 reply brief?

11 A. That is correct.

12 Q. And attached to the reply brief do you see
13 several pages of the transcript labeled Exhibit 1 to TrAILCo
14 Reply Brief?

15 A. Yes, I do.

16 Q. And these are the pages from the transcript that
17 reference the 2014 date?

18 A. Yes, they are.

19 MR. OGDEN: Thank you. That's all we have, Your
20 Honor. I would move TrAILCo Redirect Exhibit No. 1.

21 JUDGE NEMEC: Subject to later motion or objection,
22 it will be admitted.

23 (Whereupon, the document marked
24 as TrAILCo Redirect Examination
25 Exhibit No. 1 was received in

evidence.)

1
2 MR. BURNS: Your Honor, I was going to object to the
3 admission of this exhibit. It's a reply brief talking about
4 testimony in another proceeding by a witness other than Mr.
5 Gass about the CPV Warren facility. It's incomplete, it's
6 -- I just think it's improper for it to be a part of the
7 official record in this case. It's not the witness'
8 testimony. His testimony that he read in a brief that it
9 was the year 2014 I think it all that needs to be on the
10 record. There are portions of this brief that have nothing
11 to do with what he was relying upon that are in here. I'm
12 not sure if it was accidental or not or if the testimony
13 that was attached here pertains only to that one issue, but
14 it appears to me that this is an objectionable exhibit. I
15 think you have his testimony as to the year 2014, he read it
16 in a brief in West Virginia, but sections or parts of that
17 brief are inappropriate and I don't think we want to get all
18 of the briefing from all of the West Virginia jurisdiction
19 or even this entire brief or a section of it onto the
20 official record here in Pennsylvania.

21 MR. OGDEN: If Your Honor please, if the objection is
22 that we didn't include the entire document, I have the
23 entire reply brief, we can put it into the record. We
24 limited our excerpt to the page where the 2014 date was
25 mentioned, about which Mr. Gass was cross-examined by Mr.

FORM 2

1 Burns, along with, as referenced at the bottom, the
2 transcript pages, and once again we limited those transcript
3 pages to ones that identified the 2014 date.

4 Now, I would say if the criteria for admission of
5 these kinds of documents is that they have to be the
6 testimony of the witness on the stand and testimony in this
7 proceeding, that we need to go back and revisit about 35
8 exhibit numbers that were put in by ECC.

9 MS. DUSMAN: Your Honor, if I may?

10 JUDGE NEMEC: You may.

11 MS. DUSMAN: Your Honor, I would request -- I mean,
12 it's a general practice in PUC proceedings where you present
13 an excerpt to the document, that you have the whole document
14 available for review. Clearly this is going to be a fairly
15 lengthy document. We would request, respectfully, that you
16 take this motion for admission under advisement, require
17 TrAILCo to produce the full document so that we can peruse
18 them as well, and then we can revisit it at a later time.

19 JUDGE NEMEC: I would ask that TrAILCo provide the
20 full document to counsel and you can renew your objection
21 once you've had a chance to review it, but at this point,
22 and if there is no renewal of the objection, my prior ruling
23 will stand. It's admitted for the very limited purpose of
24 confirming the source of the information, nothing else.
25 It's not useable for anything else as far as I'm concerned.

1 But again, TrAILCo should provide the full document to
2 counsel for their review.

3 MR. OGDEN: We have it here and we would be happy to
4 do so, Your Honor.

5 JUDGE NEMEC: Fine.

6 Any recross-examination on the redirect?

7 MR. BURNS: Not at this time, Your Honor, although I
8 would reserve the right, after we review the entire brief,
9 to ask some limited questions of this witness, if need be,
10 but I don't see any need to do that at this time, though.

11 JUDGE NEMEC: Anything else?

12 (No response.)

13 JUDGE NEMEC: Okay, sir. Thank you. You're excused.

14
15 (Witness excused.)

16 MR. OGDEN: Your Honor, are we ready to call the next
17 witness?

18 JUDGE NEMEC: Indeed.

19 MR. OGDEN: We call Mr. Hozempa at this time.

20 JUDGE NEMEC: Okay, sir, please have a seat.

21 Please raise your right hand.

22 Whereupon,

23 LAWRENCE A. HOZEMPA

24 having been duly sworn, testified as follows:

25 JUDGE NEMEC: Mr. Ogden, you may proceed.

1 MR. OGDEN: Thank you. Your Honor, I have
2 distributed previously to the parties, to Your Honors and to
3 the court reporter copies of the following documents which I
4 would ask to have marked for identification at this time:
5 TrAILCo Statement No. 2, and along with that TrAILCo
6 Exhibits LAH-1 through LAH-5, inclusive; TrAILCo Rebuttal
7 Statement No. 2-R; TrAILCo Supplemental Rebuttal Statement
8 No. 2-R-1; and TrAILCo Rejoinder Statement No. 2-RJ, along
9 with TrAILCo Exhibits LAH-6 and LAH-7.

10 May they be so marked?

11 JUDGE NEMEC: They may be so identified.

12 (Whereupon, the documents were
13 marked as TrAILCo Statement No. 2
14 with TrAILCo Exhibits LAH-1 through
15 LAH-5; TrAILCo Rebuttal Statement
16 No. 2-R; TrAILCo Supplemental
17 Rebuttal Statement No. 2-R-1; and
18 TrAILCo Rejoinder Statement 2-RJ
19 with TrAILCo Exhibits LAH-6 and
20 LAH-7 for identification.)

21 DIRECT EXAMINATION

22 BY MR. OGDEN:

23 Q. Mr. Hozempa, do you have before you the document
24 that I have had marked for identification as TrAILCo
25 Statement No. 2?

1 A. Yes, I do.

2 Q. Do you have any corrections you wish to make to
3 that statement at this time?

4 A. Yes, I do. On page 1, line number 7, that line
5 should read, "I am employed by Allegheny Energy Service
6 Corporation as a consulting engineer." That is a recent
7 title change of my position.

8 Also on page 1, at line 14, after the words
9 "Commonwealth of Pennsylvania" should be inserted comma,
10 "Commonwealth of Virginia" and then continue with "and in
11 the State of West Virginia."

12 Also, on page 7, in line 20, the number 12 should be
13 changed to 11, and then on line 21, after the phrase
14 "beginning in 2011" should be inserted the words "and one
15 potential electric reliability problem that is expected to
16 occur beginning in 2014," and then continue with the rest of
17 that paragraph, "if the 502 Junction Segments and the
18 Loudoun Segment are not constructed."

19 Q. Mr. Hozempa, do you also have before you the
20 exhibits which are identified and described in your direct
21 testimony, that is Exhibits LAH-1 through LAH-5, inclusive?

22 A. Yes, I do.

23 Q. If I were to ask you today the same questions
24 that are contained in that statement, would your answers be
25 the same as corrected?

1 A. Yes, they would.

2 Q. Do you have before you a document that has been
3 marked as TrAILCo Rebuttal Statement No. 2-R?

4 A. Yes, I do.

5 Q. Do you have any corrections to make to that
6 statement today?

7 A. No, I don't.

8 Q. If I were to ask you the same questions today
9 that are contained in that statement, would your answers be
10 the same?

11 A. Yes, they would.

12 Q. Do you have before you the document I have had
13 marked as TrAILCo Supplemental Rebuttal Statement No. 2-R-1?

14 A. Yes, I do.

15 Q. Do you have any corrections to that statement?

16 A. No, I do not.

17 Q. If I were to ask you the same questions today
18 would your answers be the same?

19 A. Yes, they would.

20 Q. And finally, do you have before you TrAILCo
21 Rejoinder Statement No. 2-RJ?

22 A. Yes, I do.

23 Q. And do you have before you Exhibits LAH-6 and
24 LAH-7 as identified and described in that testimony?

25 A. Yes, I do.

1 Q. Do you have any corrections to make to that
2 statement?

3 A. No, I do not.

4 Q. If I were to ask you the same questions today
5 would your answers be the same?

6 A. Yes, they would.

7 MR. OGDEN: Thank you, Mr. Hozempa.

8 Your Honor, subject to cross-examination I would move
9 for the admission of TrAILCo Statement No. 2, Exhibits LAH-1
10 through LAH-5, inclusive; TrAILCo Rebuttal Statement No.
11 2-R; TrAILCo Supplemental Rebuttal Statement No. 2-R-1; and
12 TrAILCo Rejoinder Statement No. 2-RJ, as well as TrAILCo
13 Exhibits LAH-6 and LAH-7.

14 JUDGE NEMEC: Subject to cross-examination and later
15 motion and/or objection, TrAILCo Statements 2, 2-R, 2-R-1,
16 2-RJ, and associated Exhibits LAH-1 through 7 are admitted.

17 (Whereupon, the documents marked
18 as TrAILCo Statement No. 2 with
19 TrAILCo Exhibits LAH-1 through
20 LAH-5; TrAILCo Rebuttal Statement
21 No. 2-R; TrAILCo Supplemental
22 Rebuttal Statement No. 2-R-1; and
23 TrAILCo Rejoinder Statement 2-RJ
24 with TrAILCo Exhibits LAH-6 and
25 LAH-7 were received in evidence.)

1 MR. OGDEN: With that, Mr. Hozempa is available for
2 cross-examination, Your Honor.

3 JUDGE NEMEC: Ms. Dusman.

4 MS. DUSMAN: Thank you, Your Honor.

5 CROSS-EXAMINATION

6 BY MS. DUSMAN:

7 Q. Good afternoon, Mr. Hozempa.

8 A. Good afternoon.

9 Q. I first have a question about your correction
10 that you made to your Statement 2. You're now a consulting
11 engineer instead of a senior engineer?

12 A. That is correct.

13 Q. But you're still an employee of Allegheny Energy
14 Service Corporation?

15 A. Yes.

16 Q. Can you tell me the reason for that change in
17 title?

18 A. That's a promotion, actually.

19 Q. And you've been employed by Allegheny Energy for
20 20 years?

21 A. Actually 21 now, yes.

22 Q. As I read your direct testimony, the entire set
23 of projected violations that you testify support the need
24 for the Prexy facilities only are projected to occur in
25 Pennsylvania; isn't that right?

1 A. I'm sorry; could you repeat the question?

2 Q. Sure. The entire set of projected violations
3 that you testify support the need for the Prexy facilities
4 are projected to occur within Pennsylvania; isn't that
5 right?

6 A. Yes, that is correct, in Pennsylvania in the
7 year 2009.

8 Q. And in June 2007, you responded in discovery
9 saying that there were no conditions outside of the
10 Allegheny Power zone that caused the need for the Prexy
11 facilities, did you not?

12 A. The primary driver is the need in the Prexy
13 area, yes.

14 Q. So you stand by that statement today?

15 A. Yes.

16 Q. At page 5 of your direct you testified that
17 you've reviewed the PJM RTEP studies that identified the
18 violations and you agree with its conclusions. I really
19 just want to explore that a little bit to be clear which
20 entity first identified the potential violations in your
21 Exhibit LAH-3. Was it not you, Mr. Hozempa, who performed
22 the load flow analysis that resulted in the outage of
23 Buffalo Junction and Wylie Ridge-Smith 138 kV, resulting in
24 the Union Junction 138 kV line exceeding its emergency
25 rating?

1 A. That is correct.

2 Q. And you responded as much to an interrogatory by
3 ECC, I-1, I believe. Do you recall that response?

4 A. No, I can't say I do.

5 Q. But it is true today, as you sit here today?

6 A. Yes.

7 Q. Then after your load flow analysis you and the
8 other members of the Allegheny Power Transmission Planning
9 Group developed the Prexy proposal; correct?

10 A. Well, the Prexy proposal had been developed
11 early on in the -- around 2001 was actually when that
12 proposal was developed, and the violations that we
13 discovered through our analysis in the 2006 RTEP advanced
14 the timing of that proposal.

15 Q. I understand. You, as the representatives of
16 the transmission owner, however, proposed those facilities
17 to PJM as a means of avoiding the potential violations that
18 you identified; correct?

19 A. That is correct.

20 Q. And do you concur with your colleagues that the
21 Prexy to 502 Junction segment will not be connected to the
22 502 Junction to Loudoun segment?

23 A. Actually, it will be connected at 502 Junction
24 substation.

25 Q. They both end at the substation?

1 A. That is correct.

2 Q. But power will not flow from one to the other.
3 I think we confirmed that with Mr. Herling yesterday.

4 A. In our studies the power flows from 502 Junction
5 to Prexy.

6 Q. So only south to north on the Prexy segment;
7 correct?

8 A. That is correct.

9 Q. Do you have with you your responses to
10 interrogatories?

11 A. No, I do not.

12 MS. DUSMAN: May I approach the witness, Your Honor?

13 JUDGE NEMEC: You may.

14 BY MS. DUSMAN:

15 Q. My reference is to your response to Set I, No.
16 16, and if your counsel has it, that would be great. In
17 this interrogatory you were asked whether the prevailing
18 flow would be altered by the completion of the 500 kV line,
19 were you not?

20 MR. OGDEN: Your Honor, if I might, I don't seem to
21 have that response. What number is it?

22 MS. DUSMAN: I-16.

23 JUDGE NEMEC: Ms. Dusman?

24 MS. DUSMAN: Yes.

25 JUDGE NEMEC: Why don't you use the wireless mic so

1 everybody can hear? You have to turn it on.

2 BY MS. DUSMAN:

3 Q. Do you recognize this question and your
4 response?

5 A. Give me a moment to review it.

6 Q. Certainly.

7 (Witness perusing document.)

8 A. Thank you. I'm ready.

9 Q. You recognize that as your response?

10 A. Yes, I do.

11 Q. And what was the date on that response?

12 A. July 2, 2007.

13 Q. Would you please read into the record your
14 response to subpart C and D?

15 A. The question part C -- first of all, overall the
16 interrogatory is referring to Statement No. 2, page 5, lines
17 14 to 16. The question for part C is: please discuss
18 whether this prevailing flow is altered by the completion of
19 the 500 kV line all the way to the Loudoun substation, and
20 if so, how. My response to part C is: the prevailing flow
21 is not altered by the completion of the 500 kV line from 502
22 Junction to Loudoun substation. The reason the flow is not
23 altered is because the line from 502 Junction substation to
24 Prexy substation is a radial line to serve the load on the
25 underlying transmission system around the Prexy substation

1 area and is not networked with other EHV facilities.

2 Question D: please describe whether this prevailing
3 flow is altered by any planned changes to the transmission
4 system. My response to subpart D: there are no planned
5 changes to the transmission system that will alter the
6 prevailing flow on the 500 kV line from 502 Junction
7 substation to Prexy substation.

8 Q. Thank you, Mr. Hozempa. Is that answer correct
9 today?

10 A. Yes, it is.

11 MS. DUSMAN: For this next series of questions, Your
12 Honor, I would like to refer to an exhibit that's already in
13 the record, which is marked OCA Cross-Examination Exhibit
14 No. 3. I do have a couple of extra copies if people don't
15 have it before them.

16 BY MS. DUSMAN:

17 Q. Mr. Hozempa, do you recognize this OCA Cross
18 Exhibit No. 3?

19 A. Yes, I do.

20 Q. Was it an attachment to your response to ECC-I-
21 34-A?

22 A. Yes, it was.

23 Q. I'd like to ask you, please, first of all, what
24 is the difference between a transmission owner-initiated
25 project and a PJM initiated project?

1 A. In relation to this document?

2 Q. In general.

3 A. Well, in general if PJM determines that a
4 reliability violation has occurred in their studies, then
5 those baseline upgrades through the RTEP process become PJM-
6 required projects. If the transmission owner determines
7 that there is a need on their system for transmission
8 reinforcement that PJM has not discovered through the RTEP
9 process, and the transmission owner feels that it needs to
10 construct some facilities, those projects become
11 transmission owner identified projects.

12 Q. So would it be correct to say that the
13 transmission owner identified projects are typically driven
14 by local reliability requirements?

15 A. Not necessarily. Not from the PJM perspective.

16 Q. I'm asking you as an Allegheny employee.

17 A. Well, again, in relation to this document, this
18 is a little bit different because --

19 Q. Okay, let's move to the document.

20 A. -- what we do -- this is actually an internal
21 document used in the Allegheny Power Transmission planning
22 department, and we track our transmission plans on two
23 separate sheets in Excel Workbook. The ones that have been
24 identified by PJM through the RTEP process are on the tab
25 that is labeled PJM-required. However, we have many more

1 transmission plans that we have identified through our own
2 internal studies that have not been identified by PJM as of
3 a certain date, --

4 Q. Okay. And --

5 A. -- and those are the ones we list on the tab
6 that is TOI identified.

7 Q. Okay.

8 A. Now, as the transmission planning process
9 continues at PJM and they uncover violations that we have
10 already seen in our internal assessments, those projects
11 would then be moved from one tab to the other and become
12 PJM-required projects.

13 Q. I understand. For purposes of looking at this
14 document, where does the Prexy to 502 segment appear?

15 A. That project in this document was on the
16 TOI-identified tab. As I said earlier, we identified a need
17 for Prexy in 2001, and so therefore it was being tracked
18 from that time. It has since become a PJM RTEP baseline
19 upgrade.

20 Q. I understand. So what you're saying today is it
21 began as a transmission owner identified project?

22 A. Yes.

23 Q. Does the Prexy segment have any impact on
24 congestion in the eastern part of PJM?

25 A. No.

1 Q. I'd like to turn next to your supplemental
2 rebuttal statement, which contains additional information on
3 TrAILCo's asserted need for Prexy facilities. Looking at
4 2-R-1 at page 2, I think for the first time you characterize
5 the potential violations in the Prexy area as "the most
6 severe" and "the most effectively mitigated by" the proposed
7 Prexy facilities. Would that be accurate?

8 A. Do you have a line number?

9 Q. At page 2, lines 9 through 11.

10 A. Yes, that is correct.

11 Q. That is correct. But in contrast, in your
12 direct they were really the only violations that were
13 driving the need for the Prexy facilities; isn't that right?

14 A. They are the primary driver for this project.

15 Q. And turning to the lower part of that page, 16
16 to 18, you say that the Prexy facilities will also have an
17 impact on the interconnected transmission system beyond the
18 local area, do you not?

19 A. Yes, I do.

20 Q. What do you mean by beyond the local area in
21 that context?

22 A. The 138 kV system is interconnected, and the 138
23 kV system beyond the Prexy area will also benefit from those
24 facilities.

25 Q. Would you be generally talking about the area in

1 northern Virginia?

2 A. No. I'm talking about the area immediately
3 adjacent to the Prexy area, the areas bordering Washington
4 and Greene and southern Allegheny Counties.

5 Q. I understand. You go on to say that Mr.
6 Lanzalotta's proposal lacks this quality as manifested in
7 shortcomings identified when compared to the Prexy
8 facilities, but wouldn't it be more accurate to say that Mr.
9 Lanzalotta's proposal would impact the interconnected
10 transmission system beyond the local area, but to a lesser
11 extent than the Prexy facilities?

12 A. That is correct.

13 Q. Moving on, you point to the projected 2009 and
14 2011 contingencies in northern West Virginia that showed up
15 in the 2005 ECAR peer review assessment. Do you see that
16 segment of your testimony?

17 A. Yes, I do.

18 Q. Were you aware of these things at the time of
19 the initial filing in April 2007?

20 A. Yes, I was.

21 Q. But you didn't include them as justification for
22 the line or for the Prexy facilities at that time, did you?

23 A. No. They're not the primary driver. The
24 primary driver for the Prexy project is the immediate need
25 in the Prexy area.

1 Q. Then you go on to say, however, that Mr.
2 Lanzalotta's solution is "acceptable," but maintain that it
3 doesn't seem prudent to spend a significant amount of
4 resources on a short-term fix. Is that your language at
5 2-R-1, page 4?

6 A. Do you have a line reference?

7 Q. Starting at line 10 to 13 with the reference to
8 "It doesn't seem prudent."

9 A. Yes, that is what I stated.

10 Q. And you are now aware, I think, as you sit here
11 today what the approximate difference in cost associated
12 with the Prexy facilities are in Pennsylvania, are you not?

13 A. The cost difference between the Prexy facilities
14 and?

15 Q. Mr. Lanzalotta's proposal.

16 A. Yes.

17 Q. And what would that difference be?

18 A. Actually, I'd have to research that. I don't
19 know off the top of my head.

20 Q. Well, I can help you out a little there. The
21 cost of the Prexy facilities in Pennsylvania would be
22 approximately \$214 million. Do you want to accept that
23 subject to check?

24 A. Yes. That sounds like the correct number.

25 Q. And Mr. Lanzalotta's alternative would be

1 approximately \$55 million? Can you accept that subject to
2 check?

3 A. I'm not sure where that estimate came from.

4 Q. It came from OCA Statement 1 at 20, which
5 references a response to OCA-I-17(e). Would you like to
6 refresh your recollection and look at that response?

7 A. Please.

8 MS. DUSMAN: Your Honor, may I approach?

9 JUDGE NEMEC: You may.

10 (Document handed to witness.)

11 THE WITNESS: Thank you.

12 JUDGE NEMEC: Off the record.

13 (Discussion off the record.)

14 JUDGE NEMEC: Back on.

15 BY MS. DUSMAN:

16 Q. Mr. Hozempa, do you recognize this as your
17 response?

18 A. Yes, I recognize this. I wasn't sure about the
19 other number, the 55 million.

20 Q. Do you now see that the second part of that
21 interrogatory response itemizes the cost of the Prexy
22 facilities?

23 A. Yes.

24 Q. So there's quite a big difference, isn't there,
25 between the cost of the Prexy facilities and the cost of the

1 OCA's proposed alternative?

2 A. Well, again, I'm not certain about the \$55
3 million number. I can't validate that, so I'm not going to
4 take a stand on that issue.

5 Q. I understand, but I think you would agree with
6 me that the prudent course of action is ultimately going to
7 be up to this Commission to decide; isn't that right?

8 A. I agree with that.

9 Q. I have some questions going back for a moment to
10 your Statement 2-R, at pages 3 to 4, and you don't need to
11 look at it specifically, but the gist of the testimony is
12 that you assert that Allegheny Power and TrAILCo "not ignore
13 directives from PJM." And I would like to ask you a couple
14 questions about that.

15 Do you maintain that this directive from PJM imposes
16 an obligation to build on Allegheny Power?

17 A. Yes, I do.

18 Q. I think you have a quote from the tariff page at
19 page 18 of your Statement No. 2. Is that the obligation to
20 build section of Section 1.7 of Schedule 6?

21 A. That is one of them, and also on lines 30, 31,
22 it states that that is also set forth in Section 4.2 of the
23 Consolidated Transmission Owners Agreement.

24 Q. I understand. But that's an agreement between
25 the members and PJM, correct, between Allegheny and PJM?

1 A. That is correct.

2 Q. Now, what you refer to as the obligation to
3 build that leads to a PJM directive is subject to several
4 conditions and other requirement, isn't it?

5 A. I believe so.

6 Q. Is it accurate to say that the obligation to
7 build is subject to requirements of applicable law,
8 government regulations and approvals, including state or
9 local siting requirements?

10 A. That sounds correct.

11 Q. So if ultimately it's found that TrAILCo hasn't
12 met the regulatory requirements set forth by this
13 Commission, that would eliminate the obligation, wouldn't
14 it?

15 A. I'm not sure it would eliminate the obligation.
16 I think it would alter the obligation. There's still a
17 reliability need that we have to address, and we would just
18 -- I mean, we would still have to do something. We have to
19 address the reliability need. It's not only PJM, it's not
20 meeting their requirements, there's an obligation to do
21 something.

22 Q. I understand. You would have to do something
23 other than the project proposed here to meet the reliability
24 concerns, would you not?

25 A. We would have to do something.

1 Q. Is the obligation to build subject to
2 availability of financing for the project?

3 A. I believe so.

4 Q. I just ask you to refer to the quote in your
5 testimony.

6 A. Is it in there?

7 Q. Page 18 of your Statement No. 2.

8 A. I thought you were reading from other parts of
9 Schedule 6.

10 Q. I can provide you a copy of that segment if
11 you'd like to refresh your recollection.

12 (Pause.)

13 A. Okay. I agree.

14 Q. You agree?

15 A. Yes.

16 Q. And would you also agree then that the
17 obligation to build is subject to the right to recover all
18 costs, plus a reasonable return on the investment?

19 A. Yes.

20 Q. That is also one of the conditions. So
21 hypothetically, if TrAILCo had not obtained a high enough
22 rate of return in its FERC proceeding, it wouldn't be
23 obliged to build, would it?

24 A. I can't answer that question.

25 Q. Is the obligation also subject to procurement of

1 necessary rights-of-way to do the project?

2 A. Yes.

3 Q. Long and short, we can't say that the obligation
4 to build is absolute, can we?

5 A. It's subject to conditions.

6 Q. As a member of Allegheny's transmission planning
7 group, how familiar are you with the PUC siting regulations?

8 A. Not very.

9 Q. You're not?

10 A. No. I'm in transmission planning, I'm not in
11 siting.

12 Q. Are you aware at least that the Commission's
13 regulations set forth the conditions on which and the
14 requirements for determining an application?

15 A. Yes, I'm aware of that. I'm aware of that.

16 Q. I think you've been here through the testimony
17 we've already received, haven't you?

18 A. Yes, I have.

19 Q. And I believe that Mr. Gass testified that PJM
20 in this situation only included the Prexy facilities and
21 didn't request Allegheny to provide any information about
22 alternatives to the Prexy facilities. Do you remember that
23 testimony?

24 A. I don't think that's exactly what he stated. I
25 think he said that there was discussion about the

1 alternatives with Allegheny Power. I don't think he
2 recalled what the specific alternatives were, but we had
3 discussion and we had proposed the Prexy facilities to PJM
4 as the solution to the reliability violations in that area,
5 that we had evaluated alternatives and this was the best
6 solution for what we had reviewed.

7 Q. But they didn't ask you to offer up any
8 information on what you considered, did they, really?

9 A. I think we submitted our report, our study, to
10 them at some point in time. I don't recall if that was
11 immediately after we finished it or sometime during the 2006
12 RTEP.

13 Q. Nonetheless, in the context of this case, you've
14 proposed one alternative and one alternative alone; isn't
15 that right?

16 A. That is correct.

17 Q. And momentarily, as the phraseology has gone,
18 you don't have any plan B if the Prexy facilities are
19 denied?

20 A. That is correct.

21 Q. And would you agree with me that the Commission
22 really has two decisions to make here: one, should they
23 permit the Prexy facilities; and two, should they permit the
24 502 to Loudoun?

25 A. There's actually two separate projects here,

1 yes, as part of this proceeding.

2 Q. Now, you used the phrase "electrical need" in
3 your testimony. Do you recall that?

4 A. I don't recall that but I believe I used that
5 phrase.

6 Q. Can you explain a little bit what you mean by
7 electrical need?

8 A. That is the need that customers have to receive
9 reliable electric service.

10 Q. So it's not equivalent to public need?

11 A. Well, I think it's part of the public need.

12 Q. Fair enough.

13 MS. DUSMAN: I have a question about another document
14 that has already been marked as an exhibit, Your Honor, it's
15 ECC Cross-Examination Exhibit No. 25, and it consists of Mr.
16 Hozempa's response to ECC Set II, No. 25.

17 BY MS. DUSMAN:

18 Q. Do you have that before you?

19 A. No, I do not.

20 Q. I can provide a copy.

21 (Document handed to witness.)

22 Q. Have you reviewed this response?

23 A. Yes, I have, many times.

24 Q. You have?

25 A. (No response.)

1 Q. In this response you say that reduction in
2 projected summer peak load from 2007 to 2008 is based on an
3 anticipated reduction in demand resulting from the removal
4 of rate caps in Virginia in 2008. Now, I'm curious, you say
5 that you've reviewed it many times?

6 A. Yes. It was questioned many times, so we had to
7 -- we went back and reviewed this and it led to the
8 correction to I can't remember the -- Scott Gass' Exhibit
9 SWG-2, which was several months after we made our initial
10 filing, we made a correction to that exhibit.

11 Q. Yeah, we went over that yesterday.

12 A. Yes.

13 Q. But you never corrected your discovery response?

14 A. (No response.)

15 Q. I don't believe we ever received a correction to
16 it. Did you ever correct your discovery response?

17 A. Apparently not.

18 Q. Well, do you want to correct it today?

19 A. The question is no longer valid today. The
20 question is no longer valid after we corrected SWG-2,
21 because there is no decline in 2008, so there's really
22 nothing to correct; the question is no longer valid.

23 Q. So you're saying this was a flat-out error on
24 your part?

25 A. Yes, it was an error in the exhibit.

1 Q. Do you know when West Penn's rate caps come off
2 in Pennsylvania?

3 A. I don't know for certain.

4 Q. Can you accept subject to check that the rate
5 caps will expire as of January 1, 2011?

6 A. That sounds correct.

7 Q. Now, I take it from your prior answers, I'm not
8 clear, though, when you did your load flow study as to the
9 Prexy facilities, was there any reduction to summer peak
10 load in your forecast due to the removal of the Pennsylvania
11 rate caps?

12 A. No.

13 Q. Have you become aware in any way of the
14 estimated increases in generation rates after the
15 Pennsylvania rate caps expire?

16 A. I'm sorry; could you ask that again?

17 Q. Have you become aware in any way of the
18 estimated increases in generation rates after the
19 Pennsylvania rate caps expire?

20 A. No.

21 Q. So you're not aware of, for example, PPL's
22 projected increases in the cost of generation upon
23 expiration of its rate caps?

24 A. No. I don't work for PPL.

25 Q. I understand. I'm talking about just general

1 industry knowledge.

2 So you haven't seen any press releases concerning the
3 PPL rate cap expiration and what the costs would be after
4 the rate caps expire?

5 A. I haven't seen any press releases related to PPL
6 regarding that issue.

7 Q. Hypothetically, Mr. Hozempa, if the generation
8 rates in Allegheny's territory were to increase dramatically
9 after the expiration of the rate caps, would you expect any
10 effect on peak load?

11 A. I don't know.

12 Q. Are you aware that West Penn has made a filing
13 at the Public Utility Commission -- I'll just read you the
14 title. It may jog your memory in some way. They filed a
15 petition for approval of default service program following
16 the conclusion of the restructuring transition period.

17 A. I'm vaguely aware of that.

18 Q. And some people know it as the West Penn POLR
19 proceeding?

20 A. Yes.

21 Q. You're aware of that?

22 A. I've heard of it. I don't know any details
23 about it.

24 Q. You don't know the details, but are you
25 generally aware of what it's intended to do?

1 A. Not really.

2 MS. DUSMAN: Your Honor, I have a document that at
3 some point I would like to make an exhibit, but it's clear
4 that Mr. Hozempa isn't the right witness to introduce it,
5 but I would like to alert counsel that it is a document that
6 initiated the filing at Docket No. P-00072342. I believe
7 maybe Ms. Menhorn is the appropriate witness to talk with
8 about that filing. In any event, I'll move on to another
9 topic.

10 BY MS. DUSMAN:

11 Q. In your Statement 2-R at page 21 you're asked
12 whether you agree with Mr. Lanzalotta's assessment that
13 PJM's deliverability tests are more rigorous than NERC
14 standards require and are too conservative. Is that an
15 accurate statement?

16 A. That's what the question reads.

17 Q. What I'm asking you to acknowledge is that with
18 respect just to the Prexy facilities, that Mr. Lanzalotta
19 based his position on your load flow analysis with no
20 changes in the assumptions that you used. Are you aware of
21 that?

22 A. Well, this question is about the deliverability
23 test.

24 Q. I understand.

25 A. The Prexy facilities are not justified on any

1 deliverability tests.

2 Q. Understood.

3 A. So this question is not in relation to the Prexy
4 facility justification, so I'm not sure what you're asking.

5 Q. I'm just asking you to distinguish the two and
6 acknowledge, if you can, that Mr. Lanzalotta's position is
7 based, as to the Prexy facilities, on your load flow studies
8 with no changes in the assumptions that you used.

9 A. But again, this question is about Mr.
10 Lanzalotta's statement about the deliverability tests, not
11 about the justification for the Prexy facility, so I can't
12 answer the question you're asking because they're not
13 related.

14 Q. Independent of your statement there, can you
15 acknowledge that Mr. Lanzalotta's position as to the Prexy
16 facilities is based on your load flow study with no changes
17 in your assumptions?

18 A. Could you ask the question a different way,
19 please?

20 Q. Are you saying you can't answer that question?

21 A. I'm not sure I understand what you're asking me.

22 Q. I'll try it again. As to the Prexy facilities
23 only, can you acknowledge that Mr. Lanzalotta's position is
24 based on your load flow study with no changes in the
25 assumptions that you used?

1 A. I'm not sure what Mr. Lanzalotta's position was,
2 so I can't acknowledge where he stood on that.

3 Q. Would you agree that he accepted your
4 contingency assumptions?

5 A. Yes.

6 Q. Now, I'd like to move on to another topic. What
7 is the composition of the Allegheny Power Transmission
8 Planning Group?

9 A. What do you mean by the composition?

10 Q. Who's on it?

11 A. Who's all in the group?

12 Q. Yeah.

13 A. You want names or you want positions?

14 Q. No, just -- I want names and positions.

15 A. (No response.)

16 Q. It's not a memory test; that's all right. But
17 suffice it to say, all of the members of that group are
18 Allegheny Power employees; right?

19 A. Employees of Allegheny Energy Service
20 Corporation

21 Q. Allegheny Energy. Thank you for the correction.
22 Has the composition of that group changed since you
23 presented the Prexy facilities proposal to PJM?

24 A. Yes.

25 Q. And in what way?

1 A. We have lost some employees and gained some
2 employees. There's been some title changes in our
3 department as well.

4 Q. I'd like to ask you about another interrogatory
5 response, and it would be your response of December 28, 2007
6 to OCA Interrogatory Set XI, No. 1. If you don't have that,
7 I can provide it.

8 MS. DUSMAN: Your Honor, I don't think I'll make this
9 an exhibit, I'm just going to have him --

10 JUDGE NEMEC: That's fine.

11 BY MS. DUSMAN:

12 Q. Have you reviewed the response?

13 A. Almost done.

14 (Witness perusing document.)

15 A. Okay, I'm ready.

16 Q. Now, this response refers to your Statement
17 2-R-1 starting on page 3, line 4, where you make the
18 reference for the first time to the ECAR, that's East
19 Central Area Reliability Coordination Agreement Peer Review
20 Assessment for 2009; is that right?

21 A. Yes.

22 Q. Now, you were asked in sub (g) to describe any
23 reinforcements other than the Prexy facilities that were
24 considered to address these voltage violations, and would
25 you say for the record what your response to that subpart is?

1 A. The assessments conducted by the Allegheny Power
2 Transmission Planning Group are designed to document what is
3 considered the best identified solutions to the specific
4 reliability violations discovered through the analyses. The
5 assessments do not document the alternative reinforcements
6 considered.

7 Q. Is that answer correct as you sit here today?

8 A. In this instance, yes.

9 Q. So the transmission planning group did not
10 document the alternative reinforcements considered to deal
11 with those issues?

12 A. That is correct, in this instance.

13 Q. Going back to your Statement 2 at page 6. Do
14 you have that?

15 A. Yes.

16 Q. You say at lines 8 through 11 that it's your
17 opinion that these facilities, referring to the Prexy
18 facilities, provide the most cost effective solution to the
19 four reliability problems identified on TrAILCo Exhibit
20 LAH-3 that are expected to begin occurring in 2009 if these
21 facilities aren't constructed. Is that accurate?

22 A. Yes, it is.

23 Q. My question is, for what other solutions have
24 you done any sort of cost analysis?

25 A. We evaluated an alternative that was not as

1 effective that we did not pursue, which we had responded to
2 a data request about that study that we had conducted on the
3 alternatives, and this statement is still correct today.

4 Q. Do you have before you or does your counsel have
5 your response to OCA-I-17-A? If not, I can provide you a
6 copy.

7 MR. OGDEN: OCA Set I, No. 17?

8 MS. DUSMAN: Yes.

9 (Pause.)

10 BY MS. DUSMAN:

11 Q. Do you have that now in front of you?

12 A. Yes, I do.

13 Q. Were you asked in this interrogatory to provide
14 a cost breakdown for each of the alternatives to the Prexy
15 facilities that were considered?

16 A. Yes.

17 Q. And you've responded to this as of July 3, 2007?

18 A. Yes.

19 Q. And can you tell me what you said in response to
20 sub (c) I just read to you at that time?

21 A. Yes. A cost estimate was not completed on the
22 second alternative since it was electrically unacceptable.

23 Q. Is that true as you sit here today?

24 A. Yes. That alternative is still electrically
25 unacceptable.

1 Q. So, when you say that the Prexy facilities are
2 the most cost-effective, you really didn't compare the costs
3 of Prexy to any other project, did you?

4 A. The costs --

5 Q. To any other project.

6 A. Well, we compared the electrical -- first of
7 all, we have to come up with one that's going to solve the
8 reliability problems electrically, and we came up with the
9 one that did, and the alternative we considered we did not,
10 so we did not pursue a cost analysis on that other one.

11 Q. But you have testified that Mr. Lanzalotta's
12 alternative proposal would resolve your primary driver set
13 forth in you LAH-3, have you not?

14 A. Yes, I did.

15 Q. And do you acknowledge that no purchase of
16 additional property would be required in order to add the
17 additional equipment that Mr. Lanzalotta recommends?

18 A. No, I do not.

19 Q. Exclusive of rights-of-way?

20 A. So, you're -- could you repeat the question
21 again?

22 Q. I'm going to withdraw the question.

23 Can you acknowledge that under Mr. Lanzalotta's
24 proposal, no substation would fall below 96 percent of
25 nominal voltage with limits of 90 percent?

1 A. I believe that's correct.

2 Q. And are you aware that Mr. Lanzaletta's proposal
3 would provide a total capacity to Prexy of more than 2,000
4 MVA?

5 A. No, I'm not aware of that.

6 Q. Would you take a look at your Statement 2-R at
7 7? I'm sorry. That's an incorrect reference. That's in
8 our presentation, not in your presentation. So, I'll
9 withdraw the question.

10 Let's go back to your Statement 2-R again, page 19.
11 You say there at line 16 that the Buffalo and Union
12 Junctions would not resolve the reliability problems
13 resolved by Prexy; is that correct?

14 A. No, that's not correct. I said the elimination
15 of the "T" junctions would not resolve the problems.

16 Q. Are you implying in any way there that OCA
17 Witness Lanzaletta stated that substations at those T
18 junctions would resolve your four violations?

19 A. I'm not implying that. I'm stating that.

20 Q. Are you aware that that's not the OCA position?

21 A. Yes, I understand that.

22 Q. Let's just review for a second your positions on
23 the "T" junctions. In your direct at 6 and your LAH-3, you
24 list the four violations, and I think they're probably on
25 the board right next to you.

1 The Buffalo Junction is involved with violations one
2 and 2; right?

3 A. Yes, it is.

4 Q. And the Union Junction is involved with three
5 and four; is that right?

6 A. Yes, it is.

7 Q. And --

8 A. Union Junction is also two. It's two, three and
9 four.

10 Q. Yet, in your Statement 2-R, do you also assert
11 that those junctions are too far outside the area with the
12 reliability violations to have any bearing on reliability?

13 A. My statement is that elimination of the "T"
14 junctions will not resolve the reliability violations.

15 Q. I understand that. But you're not implying that
16 that is our position. I think you answered that.

17 A. I'm not implying. I'm stating that elimination
18 of "T" junctions will not eliminate the reliability
19 violations.

20 Q. And that assumes that no other improvements to
21 the area are performed; isn't that right? You're looking at
22 that just in a vacuum, elimination of the two "T" junctions?

23 A. That is correct.

24 Q. Do you still maintain, as you've stated in your
25 2-R, that those junctions are too far outside the area to

1 have anything to do with the reliability violations?

2 A. Yes, with the understanding that they're too far
3 that if you put substations at the "T" junctions, they're
4 still very far removed from the area that we're talking
5 about that is experiencing these reliability violations.

6 Q. Now, 2-R again, pages 6 to 9, at that part of
7 your rebuttal statement, do you calculate the reduction in
8 load for 2009 and 2011 that would be necessary to avoid the
9 violations you identified in your LAH-3?

10 A. Yes, that is correct.

11 Q. And I just want to confirm that your
12 calculations in that segment of your rebuttal assume that
13 neither the Prexy facilities nor Mr. Lanzalotta's proposed
14 alternative are constructed. Is that correct?

15 A. That is correct.

16 Q. And are those the numbers that you provided Dr.
17 Zarnikau for purposes of his testimony?

18 A. Yes, they are.

19 Q. Now, at 6 to 8, and specifically on 7, you
20 testify that based on -- I'm looking at lines 11 through 13.
21 "Based on the 2007 analysis, I think the load in Washington
22 and Greene Counties need to be less than 400 megawatts,
23 which is about a 31 percent reduction."

24 Is that accurate?

25 A. Yes.

1 Q. Now, a condition like that doesn't arise over
2 night, does it?

3 A. I'm not sure what you're asking.

4 Q. Well, basically, you're saying that you would
5 need to reduce the load by 31 percent to avoid the
6 violations if no other enhancements are done; isn't that
7 right?

8 A. That is correct.

9 Q. That didn't happen in one year, did it?

10 A. No, it did not.

11 Q. That was a problem that was progressing over
12 time for a number of years, wasn't it?

13 A. Yes. It has been progressing for a number of
14 years; and as I stated earlier in my testimony, we developed
15 the Prexy plan in 2001.

16 Q. I understand that. But it was not -- and 2001
17 was now seven years ago; right?

18 A. Yes.

19 Q. It's just an issue I'm having a hard time
20 getting my arms around. Wasn't it within Allegheny's power
21 at any time during that period to come to the Commission and
22 ask for permission to, say, do Prexy Phase 1, put one of the
23 lines in that you're now proposing as part of the whole
24 Prexy facilities project?

25 A. It was certainly within Allegheny Power's power

1 to do such a thing, yes.

2 Q. At any time during that seven years, you could
3 have come in and asked for one of the 138 kVs or two of the
4 138 kVs to ward off these impending voltage violations;
5 isn't that correct?

6 A. That is correct.

7 Q. Now, earlier we went through the differences in
8 your direct and rebuttal positions on the need for the Prexy
9 facilities. Do you recall that testimony?

10 A. Yes.

11 Q. Now, first you presented the four local
12 reliability concerns, then added in the other
13 considerations. I'd like to now specifically talk about
14 your rejoinder.

15 You testify at page 2, lines 14 to 17, that the only
16 way you could thoroughly test Mr. Lanzalotta's proposal from
17 his rebuttal was to remove the Prexy facilities from these
18 future models and insert Mr. Lanzalotta's proposed
19 facilities in the model. Is that accurate?

20 A. Yes.

21 Q. And that makes perfect sense, except you said in
22 his rebuttal. You meant in his direct testimony; correct?

23 A. Yes. Thank you.

24 Q. And am I right that you conducted that exercise,
25 which makes perfect sense, because Mr. Lanzalotta's proposed

1 alternative resolved the four violations that you had set
2 forth in your Exhibit LAH-3? Isn't that right?

3 A. Yes.

4 Q. So, to summarize, we went from the first phrase,
5 local reliability considerations in 2009 only, and then to
6 local reliability considerations, plus secondary benefits
7 post-2009 to 2011, and then to improvements that will
8 benefit not only Prexy and the surrounding years. Does that
9 pretty much summarize your changing positions in this case?

10 A. It's not a change in position.

11 Q. Let's say an embellishment in your initial
12 position.

13 MR. OGDEN: Your Honor, I object to the
14 characterization of the testimony.

15 MS. DUSMAN: I'll withdraw it.

16 BY MS. DUSMAN:

17 Q. Just as a general matter, I'd like to ask you,
18 is any transmission upgrade a permanent cure-all to any set
19 of violations?

20 A. Could you provide some context, please?

21 Q. I'm asking as a general matter to you as an
22 expert in planning, is any transmission upgrade a permanent
23 cure-all to a set of violations?

24 A. Any planned transmission upgrade? Anything
25 that's planned and not yet constructed can always be

1 modified as the system changes. I think both Mr. Herling
2 and Mr. Gass testified to the dynamic studies that -- the
3 dynamic system we're always analyzing. It's always changing
4 and the needs are changing also. So, we create a plan.

5 If there was something that happened on the system
6 and through our analysis we determined that that plan was
7 not sufficient or there was a different plan that would meet
8 the need, then we would change our plan, and I think that is
9 typical of transmission planning.

10 Q. I understand. Thanks for that clarification.

11 To be more specific, in practice, when you carry out
12 the plan, is any transmission upgrade that you've planned
13 and constructed a permanent cure-all to any single set of
14 violations in an area in a given time?

15 A. Well, if that were the case, we would never need
16 to build another thing again.

17 Q. That was exactly my point. So, nothing is
18 permanent is what I'm saying; right? You always have to
19 constantly reexamine what you're doing and whether what
20 you've done is sufficient.

21 A. That is correct. The system is in need of
22 constant analysis.

23 Q. At page 3 of your rejoinder, lines 13 to 21, you
24 say that the considerations that you're talking about are
25 not new information. Is that accurate?

1 A. That is correct.

2 Q. And that you provided that information in
3 response to discovery by West Penn Power Industrial
4 Intervenors. Is that accurate?

5 A. Yes, it is.

6 Q. Is the attachment consisting of a 2006
7 assessment performance for year 2011 a 338-page document?

8 A. That sounds like the right number of pages. I'm
9 not sure exactly if it's more or less.

10 Q. You just don't specifically recall. But it's a
11 lengthy document?

12 A. It's a lengthy document, yes.

13 Q. Did you indicate in any in that discovery
14 response that you -- and that was back in August 2007;
15 right?

16 A. I'm not sure of the date, but I believe it's
17 somewhere around that time frame.

18 Q. Well, I think you say right in your testimony it
19 was in August 2007, line 18.

20 A. Yes. There it is.

21 Q. Did you say anywhere in that response that you
22 intended to rely upon the information in that document to
23 further support your need case?

24 A. No. That response was -- I believe the question
25 they asked was in relation to future constraints on the

1 transmission system.

2 Q. Again, as a general matter, I want to ask you
3 whether most, if not all, proposed transmission upgrades
4 would both remedy specific projected reliability violations
5 and have the type of secondary benefits you testified to
6 regarding the Prexy facilities.

7 A. That is correct.

8 Q. In other words, you got your target. You got to
9 cure those violations. But once you put that plan in
10 operation, it's going to benefit other areas that may not
11 have been violations.

12 A. That is correct.

13 Q. Is that an accurate paraphrase?

14 A. (No response.)

15 Q. Would that be true of the OCA's proposal as
16 well?

17 A. Yes, it is, and it does -- and I think I stated
18 in my supplemental rebuttal testimony that it does provide
19 some benefit beyond the area; just not as great a benefit as
20 the Prexy facilities do.

21 Q. I understand. Now, at page 4, we're back again
22 to comparing the number of lines in the original proposal by
23 TRAILCo and the OCA alternative proposal, and you testify
24 that your proposal involves five lines over 15 miles to Mr.
25 Lanzalotta's four lines over 63 miles. Is that an accurate

1 paraphrase?

2 A. Yes.

3 Q. Do you acknowledge as well, though, that Mr.
4 Lanzalotta's proposal would only require seven miles of
5 newly used right-of-way to your 15 miles plus 31 miles of a
6 new right-of-way?

7 A. I will acknowledge that Mr. Lanzalotta's
8 proposal based on my analysis will require seven miles of
9 new right-of-way.

10 Q. And your proposal for the Prexy facilities would
11 involve a total of 46 miles over presently unused land or
12 right-of-way depending on your position?

13 A. A lot of the right-of-way for the Prexy
14 facilities is already owned by West Penn Power Company.

15 Q. Well, that's a legal question that's being
16 decided in the courts, isn't it, whether you validly own
17 that right-of-way or not.

18 MR. OGDEN: I object to that characterization.

19 MS. DUSMAN: I'll rephrase the question.

20 BY MS. DUSMAN:

21 Q. Are you aware that there is litigation involving
22 the validity of the rights-of-way that Allegheny believes it
23 owns?

24 A. I think there's litigation on some of the right-
25 of-way. I don't think there's litigation on the entirety of

1 the right-of-way.

2 Q. Fair enough.

3 MR. BURNS: Just to clarify the record, I believe
4 there are 22 parcels involved in that litigation.

5 MS. DUSMAN: I'll accept that.

6 BY MS. DUSMAN:

7 Q. But even assuming for a moment that there is no
8 legal question about the validity of the ownership, the
9 right-of-way that would be required for the Prexy segment is
10 not now used for transmission, is it?

11 A. I believe that's correct.

12 Q. And we've already gone over -- and you
13 acknowledge that Mr. Lanzalotta's proposal would also avoid
14 the construction of two substations, the Prexy substation
15 and the 502 to Loudoun line substation; isn't that right?

16 A. No. The 502 Junction substation will be
17 constructed.

18 Q. Oh, I'm sorry. I misspoke. Thank you for the
19 correction.

20 Mr. Lanzalotta's would avoid the construction of the
21 Prexy substation.

22 A. Yes.

23 Q. And we've already gone over the cost
24 differentials, so we know that there's a vast difference in
25 cost; right?

1 A. Well, I cannot acknowledge the \$55 million that
2 you referred to, so I'm not sure there's a vast difference
3 in cost.

4 Q. Okay. As a general matter, is it a good
5 planning practice to maximize, to the extent reasonable and
6 economical, the transmission capabilities of existing towers
7 and structures?

8 A. Could you repeat the question, please?

9 Q. As a general matter, is it a good planning
10 practice to maximize, to the extent reasonable and
11 economical, the transmission capabilities of existing towers
12 and structures?

13 A. Yes, it is.

14 Q. Just for clarity, I'd like to turn to your LAH-7
15 for a moment. As compared to your LAH-3, do these two
16 exhibits actually show the same set of violations with just
17 slight difference in the terminology naming the lines?

18 A. Well, just to be clear, Exhibit LAH-7 operates
19 under the assumption that there are substations at the "T"
20 junctions, Buffalo Junction and Union Junction. So, if
21 there were substations at those "T" junctions, the line
22 names would change.

23 Q. Okay.

24 A. So, therefore, the contingencies would change,
25 because the line names are now different.

1 Q. I understand.

2 A. So, this is just a clarification that even if
3 you put substations at the "T" junctions, the violations
4 would still exist. The violations would still exist. They
5 would just have a different electrical occurrence.

6 Q. I understand. But again -- and I think I asked
7 you this. Forgive me if I'm repeating myself. But this was
8 done assuming that no other system enhancements were also
9 done. It just takes into account the substations at "T"
10 junctions; right?

11 A. That is correct.

12 Q. I'd like to just show you -- and we can project
13 the map that I'd like to ask you some questions on. I'm
14 sure you'll be familiar with this.

15 (Pause.)

16 Q. First of all, are you familiar with this map?

17 MR. OGDEN: Where is it from?

18 MS. DUSMAN: I beg your pardon?

19 MR. OGDEN: I'm sorry; just a clarification. Where
20 is the map from? What's the source of the map?

21 MS. DUSMAN: This map is reproduced in the OCA
22 testimony. Bear with us. It's not in the record yet, but
23 it will be in the record. OCA Statement --

24 MR. BURNS: What I'm projecting, Mr. Ogden, is LAH-5,
25 which is Larry Hozempa's Exhibit 5. I can zoom out so you

1 can see that.

2 MR. OGDEN: Okay. So, it's his exhibit sort of blown
3 up?

4 MR. BURNS: It's his map blown up. I can down if
5 you'd like to see the full map.

6 MS. DUSMAN: It's Figure 9 from the -- Figure B; I'm
7 sorry.

8 MR. OGDEN: Okay. That's fine. Thank you.

9 MS. DUSMAN: It was based on LAH-5 It's just a
10 smaller piece of it.

11 MR. BURNS: Just so it's clear, Dianne, what I'm
12 projecting is actually LAH-5, and I'm zooming in.

13 MS. DUSMAN: Okay. Thanks for that clarification.
14 You'll see the same general information.

15 BY MS. DUSMAN:

16 Q. Do you recognize this map, Mr. Hozempa?

17 A. Yes, I recognize this map.

18 Q. Okay. I'd like to just test how familiar you
19 are with what the OCA is proposing here. Can you describe
20 using the pointer and this map where the OCA reinforcements
21 to the system would be?

22 A. Yes. The OCA proposals was to construct at
23 138 kV line from Wylie Ridge substation along the same
24 right-of-way as this 138 kV line into Cecil substation and,
25 then in addition, to --

1 Q. One moment. Just for the record, the witness
2 has indicated an area near the name Wylie Ridge and tracked
3 the small line down to the Cecil substation?

4 A. Yes; Cecil substation.

5 Q. Just to make it clear, are you aware that Mr.
6 Lanzalotta has proposed that that be a direct line and not
7 be interconnected within any of the intervening substations?

8 A. Yes.

9 Q. So, the next one would be?

10 A. The next one was to construct a line from
11 Charleroi substation along this same right-of-way to Peters
12 substation.

13 Q. Again, the record should reflect that the
14 witness indicated the triangle at Charleroi and traced the
15 line up to Peters substation, also indicated by a triangle.

16 Mr. Hozempa, is that also a direct line, not
17 connected to any intervening substations?

18 A. I believe it is a direct line from Charleroi to
19 Peters

20 Q. Okay. And then what would the next one be?

21 A. The next line was a direct line from Peters
22 along this right-of-way into Cecil substation.

23 Q. The witness has indicated a triangle indicating
24 the Peters substation to the Cecil substation.

25 And finally?

1 A. The last line that was proposed was from Gordon
2 substation to parallel this right-of-way into Cecil
3 substation.

4 Q. And are you aware what the other two aspects of
5 Mr. Lanzalotta's proposal are?

6 A. I believe he has two capacitors. I can't
7 remember exactly the substations that they were in. I think
8 one was Bethel Park, but I don't recall what the other
9 substation was where he had a capacitor to be installed.

10 Q. Okay. Can you accept subject to check it's
11 Bethel Park and the Smith substation?

12 A. Yes; I will accept that. While this map is up
13 here, you have Wylie Ridge, which is a source from the EHV
14 system into the 138 kV, and then you have Yukon substation,
15 which is a source from the EHV system into the 138 kV
16 system, and that is the source substations into the 138 kV
17 transmission system, and this Prexy area is about 25 miles
18 from each of those substations. It is basically halfway
19 between the Wylie Ridge source and the Yukon sources, and in
20 this pocket of load, you have 600 MVA approaching 700 MVA of
21 load, which is nearly half the capacity of Yukon substation
22 transformers.

23 So, I mean, our perspective on this whole project was
24 you have such a pocket of load here that is consuming so
25 much of the 138 kV sources from Yukon to Wylie Ridge, an

1 engineering decision to put the source where the load is is
2 how we came up with the Prexy project.

3 Q. Do you know how much MV the OCA's proposal would
4 put into the Prexy area?

5 A. Do you mean the capacitors at Bethel Park and
6 Smith?

7 Q. Yes.

8 A. Those capacitors, I believe, that were proposed
9 by Mr. Lanzalotta were 44 megaVAR capacitors.

10 MS. DUSMAN: Your Honor, can I have a moment?

11 JUDGE NEMEC: You may.

12 (Pause.)

13 MS. DUSMAN: Your Honor, we don't have anything
14 further for Mr. Hozempa.

15 JUDGE NEMEC: Can you turn the lights on now?

16 MR. BURNS: Can I leave them down for a second, Your
17 Honor?

18 JUDGE NEMEC: I'm sorry?

19 MR. BURNS: Can we leave them down? I can ask a
20 couple questions.

21 JUDGE NEMEC: Okay, Mr. Burns.

22 **CROSS-EXAMINATION**

23 BY MR. BURNS:

24 Q. Mr. Hozempa, my name is Wil Burns. We met
25 before. As you know, I represent the Energy Conservation

FORM 2

1 Council.

2 While we're looking at this map, LAH-5, which is one
3 of the exhibits to your original statement blown up, do you
4 recognize it as that, Mr. Hozempa?

5 A. Yes, I do.

6 Q. Do you still have the laser pointer?

7 A. No, I do not.

8 (Pause.)

9 Q. She said you're dangerous with the laser
10 pointer, but I'm going to let you have it, subject to your
11 agreement that you'll only use it to answer my questions and
12 not to go off and explain other things.

13 Can we have that agreement for now?

14 A. Certainly.

15 Q. Okay.

16 JUDGE NEMEC: How are you going to enforce that?

17 MR. BURNS: I'm hoping with your assistance.

18 MS. DUSMAN: In that case, Your Honor, I should
19 probably move to strike his last few sentences.

20 JUDGE NEMEC: Denied.

21 MS. DUSMAN: That's why I didn't so move.

22 BY MR. BURNS:

23 Q. Mr. Hozempa, on this map is drawn in the left-
24 hand corner of LAH-5 a red line, which is your proposed 502
25 Junction to Prexy 500 kV line and then three lines there;

1 green, which are the 138 kV lines that you're proposing from
2 the new Prexy substation; is that right?

3 A. That is correct.

4 Q. And to the left of where the new proposed Prexy
5 substation is is a thicker black line running straight up
6 and down, parallel almost to the Pennsylvania-West Virginia
7 line. Do you see that?

8 A. Yes, I do.

9 Q. Is that a 500 kilovolt line?

10 A. Yes, it is.

11 Q. It runs from Wylie Ridge to, what, Harrison?

12 A. That is correct.

13 Q. And how far is the closest point of that line to
14 the proposed Prexy substation?

15 (Pause.)

16 MR. OGDEN: You need a flashlight.

17 (Laughter.)

18 THE WITNESS: I don't know for certain. I would
19 guesstimate about 15 miles.

20 BY MR. BURNS:

21 Q. And to the right of Prexy, as looking at this
22 map, is another -- what looks like another thick line
23 running somewhat parallel to the Wylie Ridge to Harrison,
24 and it connects in the middle of what we've got blown up
25 here to Yukon and it runs down to Hatfield's Ferry, which is

1 a large generating facility in Greene County; correct?

2 A. That is correct.

3 Q. And that's another 500 kV line?

4 A. Yes, it is.

5 Q. And how far is that approximately from the Prexy
6 area where you're trying to get the load to? Maybe I should
7 ask that question first.

8 You say Prexy area in your answers to a lot of
9 questions, and I'm wondering if the definition of what the
10 Prexy area includes has changed over time or has it been
11 consistent throughout your answers to interrogatories in
12 this proceeding.

13 When you talk about the Prexy area, where you're
14 trying to serve a load in the Prexy area, what do you mean?
15 Does it start at the Prexy substation and radiate out a
16 certain amount of miles?

17 A. No. It's not a geographical area. It's an
18 electrical area. It's how the transmission lines are
19 connected and the substations that are affected by the
20 reliability problems.

21 The definition of the Prexy area is really the
22 electrical connections in that vicinity. The Prexy
23 substation will help to alleviate the reliability
24 violations.

25 Q. And what are the bounds of that area?

1 A. From Smith substation, including -- actually,
2 including Dutch Fork, Lagonda, Mansfield substation and then
3 also Peters, Bethel Park, St. Clair, Crossgate, Cecil, South
4 Fayette, North Fayette, Enlow, Houston and Manifold,
5 Claysville.

6 Q. And within that circle that you just drew is the
7 Mitchell Power Plant; correct?

8 A. That is correct.

9 Q. And the Mitchell Power Plant, how much
10 generating capacity does it have?

11 A. I don't recall. I think around 300 megawatts.

12 Q. And the area you just drew comes a lot closer to
13 and, in fact, crosses -- well, the circle you just drew on
14 the map and that you described to us, if you go out to Dutch
15 Fork, you're passed the Wylie Ridge to Harrison kV line at
16 that location; correct?

17 A. That is correct.

18 Q. So, some parts of the Prexy area, as you define
19 it, go all the way over to another 500 kV line that's
20 already existing; right?

21 A. Well, no. It goes over on the 138 kV lines. It
22 doesn't affect the 500 kV line.

23 Q. But the 500 kV line crosses through that area
24 that you're talking about, the affected Prexy area; right?

25 A. It crosses through that area, yes.

1 Q. It is not connected in that area?

2 A. It's not connected, but it crosses through.

3 Q. And on the other side, the -- what do you call
4 the other 500 kV line, the Yukon to Hatfield's Ferry one?

5 A. Well, the --

6 Q. Just give me a name.

7 A. Between Hatfield's Ferry and Yukon is the
8 Hatfield's Ferry-Yukon 500 kV line, and then from Yukon to
9 South Bend substation is the Yukon-South Bend 500 kV line.

10 Q. Okay. And how far is that line from the Prexy
11 area that you just drew for us?

12 A. From Prexy to where?

13 Q. The Prexy area that you just described for us
14 and all those different substations, how close is the
15 closest one to that Hatfield's Ferry to Yukon line -- or
16 Hatfield's Ferry to -- yeah, the Hatfield's Ferry to Yukon?
17 Does that come within a couple miles, five miles of the
18 Prexy area that you just described for us?

19 A. No. And actually, I misstated something,
20 because, actually, Mitchell, which is this little triangle
21 at this location, is actually not in the Prexy area, because
22 it actually -- Union Junction is the end that is affected by
23 those contingencies. Mitchell itself is not affected by the
24 contingencies. So, Mitchell is not in the Prexy area, what
25 I refer to as the Prexy area in my testimony.

1 As far as that Yukon-Hatfield's Ferry 500 kV line, I
2 would say probably to Prexy, 25 miles.

3 Q. I'm not talking about the Prexy substation
4 itself, but the outskirts of the Prexy area you just
5 described. How close is it at its closest point to that 500
6 kV line?

7 A. Ten miles.

8 Q. And you just indicated that Mitchell, with your
9 laser pen, is -- is it a half mile -- well, aren't there
10 substations that you indicated were within the Prexy area
11 that are further away from the Prexy facility than where
12 Mitchell is located?

13 A. Geographically?

14 Q. Geographically, is the Mitchell generating
15 facility within the Prexy area that you just described?

16 A. Well, the Prexy area is really an electrical
17 area; not a geographical area. That's what I was trying to
18 express earlier.

19 Q. Well, you traced that electrical area and
20 identified substations, and within the geographic area that
21 you describe as the Prexy electrical area is the Mitchell
22 generating facility; correct?

23 A. No.

24 Q. It's not physically located in the bounds of the
25 electrical area that you define as the Prexy area?

1 A. No. That's what I stated. The Prexy area is
2 the substations that are affected by the contingencies
3 listed in LAH-3. So, those are electrical -- that's an
4 electrical area. Mitchell itself is not affected by those
5 contingencies, so I don't include Mitchell in what I refer
6 to as the Prexy area.

7 Q. Show me the substations around Mitchell that are
8 the bounds of the Prexy area that you just described?

9 A. What I just did earlier? You want me to do that
10 again?

11 Q. Yeah. That would be great.

12 A. I'll start where Union Junction is, and then
13 it's all the substations, Peters, Bethel Park, St. Clair,
14 Crossgate, Cecil, South Fayette, Enlow, North Fayette,
15 Smith. It includes Dutch Fork, Claysville, Gordon,
16 Manifold, Houston; and I think that's it.

17 Q. And what's the closest effected substation over
18 by Mitchell in the Prexy area as you define it?

19 A. Peters.

20 Q. Can you -- oh, all right.

21 A. Peters substation is this area right here
22 (indicating).

23 Q. All right.

24 A. The triangle there is Peters substation.

25 Q. Right. Now, is Mitchell tied into the Union

1 Junction "T" junction? Is that how it feeds into the area?

2 A. Mitchell Junction -- or Union Junction is
3 connected at Mitchell substation, Peters substation and
4 Charleroi substation.

5 Q. So, if generation from the Mitchell substation
6 is going to get into what you've defined as the Prexy area,
7 it will come in through that "T" junction?

8 A. Correct.

9 Q. The Union Junction?

10 A. Yes.

11 Q. And the Wylie Ridge to Harrison 500 kV line, do
12 you recall in your load flow studies that you had that line
13 transmitting electricity at approximately 22 percent or so
14 of its capacity?

15 A. I don't recall what the loading on that line
16 was.

17 Q. Do you recall approximately how much of its
18 capacity was used?

19 A. No.

20 Q. Do you know if it was more or less than 25
21 percent?

22 A. No.

23 Q. More or less than 50 percent?

24 A. I don't recall.

25 Q. If I tell you it was approximately 22 percent,

1 would you accept that subject to check?

2 A. I would accept that subject to check.

3 Q. It's not one of the 500 kV lines that's
4 historically at its capacity throughout the year or
5 throughout the summer months, is it?

6 A. I don't believe so, but I don't really know.

7 Q. What about the Yukon to Hatfield's Ferry 500 kV
8 line? Is that something that's traditionally at or near its
9 capacity?

10 A. Well, we don't want any of our facilities loaded
11 at or near capacity, because there would be no room for any
12 contingencies should that flow shift onto that facility
13 then. So, we don't -- I mean, when you say not normally
14 loaded to its capacity, with everything in service and
15 everything normal, then that's a condition. But under
16 contingency, then that's a different condition.

17 So, I can't really answer that question unless you
18 specify under contingency and what contingency and under
19 normal conditions.

20 Q. Well, under normal conditions are the Wylie
21 Ridge to Harrison line. Do you know approximately under
22 normal conditions what the flows are through that line as
23 compared to its capacity?

24 A. No.

25 Q. And so, through none of your transmission

1 planning studies have you come to an understanding as to how
2 much power is running through that 500 kV line or whether
3 there is additional capacity to run power through that 500
4 kV line even though it's 10 miles or so, 15 miles from the
5 Prexy facilities you're proposing?

6 A. I'm sorry. Could you ask that again?

7 Q. Don't you think it's important to know how much
8 capacity is available in the 500 kV line running right near
9 the Prexy area where you're seeking to bring power into?

10 A. Do I think that's important to know?

11 Q. Yes.

12 A. I think it's relevant. I'm not sure it's
13 important.

14 Q. But you don't know -- you can't give me any
15 estimate as to the amount of power that generally goes
16 through that line under normal conditions or under any
17 contingencies; is that right?

18 A. Without reviewing an analysis or load flow
19 model, I can't tell you a number off the top of my head.

20 Q. And is that the same answer if I asked you about
21 the Yukon to Hatfield's Ferry line?

22 A. Well, that one I have a little more knowledge
23 of, because we do have heavy loading on that line under
24 certain contingencies. So, I do know that that one is
25 heavily loaded under certain conditions.

1 Q. And I take it from your response to that
2 question that the fact that you don't recognize the Wylie
3 Ridge to Harrison line as one that is heavily loaded under
4 certain contingencies would indicate to you that it is not
5 likely to be heavily loaded under certain contingencies; is
6 that right?

7 A. I think that's a reasonable thing, yes.

8 Q. Because otherwise, you'd probably know about it;
9 right?

10 A. Correct.

11 Q. I'm going to take this bright light out of our
12 court reporter's face and show you another document.

13 (Pause.)

14 Q. Actually, you might as well leave it there, but
15 I'll do something else.

16 (Pause.)

17 Q. Mr. Hozempa, I'm showing you on the screen here
18 your answer to an interrogatory that we sent to TrAILCo.
19 It's your response to Set VII, No. 17. This is an
20 interrogatory answer that you sponsored; right?

21 A. Yes, it is.

22 Q. And like all of the other witnesses, do you
23 recall signing a verification that indicates that every
24 response that you sponsored was true and correct to the best
25 of your knowledge, information and belief?

1 A. Yes.

2 Q. And you were asked a question based upon I
3 believe it's your rebuttal testimony, page 17, lines 10 to
4 11, where you had indicated that the Prexy facilities were
5 larger than the immediate need may require.

6 Do you recall in one of your testimonies indicating
7 that the Prexy facilities were larger than the immediate
8 need may require?

9 A. Yes.

10 Q. And your response to a question about that
11 statement was that no determination has been made how much
12 larger the Prexy facilities are than the immediate need may
13 require. Is that your response?

14 A. Yes.

15 Q. And you also indicated that no studies or
16 evaluations were conducted to determine how much future
17 growth those lines and related equipment can handle;
18 correct?

19 A. Correct.

20 Q. And then you also indicated that there were no
21 studies or evaluations on how much larger the Prexy
22 facilities are than the immediate need requires; correct?

23 A. Correct.

24 Q. And with respect to -- well, let me show you a
25 different interrogatory. You prepared a lot of

1 interrogatory answers, didn't you?

2 A. Yes, I did.

3 Q. You must be tired. I'm just saying that because
4 I was telling you before we came into this room that I went
5 through a tremendous -- just going through and preparing for
6 your deposition or your testimony, I have no idea how many
7 discovery responses you had prepared, and it's incredible.
8 I don't know why that needs to be on the record, but it is.

9 I'm showing you your response to another
10 interrogatory. This is Set VII, No. 18. You're the sponsor
11 of this answer. You were asked a question based upon your
12 rebuttal statement, page 18, lines 13 through 18, where you
13 testified that there eventually will be a significant amount
14 of 138 kV lines in the area, and you indicated in your
15 response to this question that no studies or evaluations
16 were conducted to determine when, how many, where or why
17 these 138 kV lines will be needed; is that correct?

18 A. I'm sorry. Could you ask the question again? I
19 was reading my statement.

20 Q. In your rebuttal statement at the pages I
21 referenced, you testified that eventually there would be a
22 significant amount of 138 kV lines in the area to resolve
23 the reliability issues that you are suggesting, the 500 kV
24 lines and the 138 kV lines that make up the Prexy facilities
25 solve; is that correct?

1 A. Yes.

2 Q. And you indicate in this interrogatory response
3 that there have been no studies or evaluations conducted to
4 determine when, how many, where or why these 138 kV lines
5 will be needed; is that right?

6 A. That is correct.

7 Q. Now, I'm going to ask you about an exhibit that
8 was placed in front of you -- well, let me do it this way.
9 I'm showing you SWG-2, which was marked as Exhibit 27, ECC
10 Cross-Examination Exhibit 27. You're familiar with this
11 chart that was in Mr. Gass' original testimony; correct?

12 A. Yes, I am.

13 Q. And this chart indicates a projected summer peak
14 load growth in the Northern Virginia area for Allegheny
15 Power's zone in Northern Virginia and then the Dominion part
16 of Northern Virginia, as well as the mid-Atlantic region,
17 and the percent growth from year to year; correct?

18 MR. OGDEN: Well, if Your Honor please, that is not a
19 correct representation of what this shows. As we indicated,
20 this particular chart that he's got up right now is the one
21 that had a typo on it. The corrected chart was submitted, I
22 think, as another ECC cross exhibit. So, the corrected
23 chart is the correct chart. This is an incorrect chart
24 because of a typo.

25 MR. BURNS: I'll get to the correct chart in a

1 minute.

2 BY MR. BURNS:

3 Q. SWG-2 is the incorrect chart. It has some
4 errors in the load forecasts as depicted in this chart;
5 correct?

6 A. Correct.

7 Q. And this chart, which you have submitted a
8 corrected exhibit 4 or Mr. Gass has, I'll show the corrected
9 one in a minute, but in this particular chart, which is the
10 one attached to his initial testimony, it indicates that
11 between 2007 and 2008, there will be a 10.4 percent decrease
12 in growth in the Northern Virginia area; correct?

13 A. That's what this exhibit shows, right.

14 Q. And after this exhibit was submitted in this
15 proceeding, you were asked this particular interrogatory
16 question, which we've also marked as an exhibit. This is
17 your response -- TrAILCo's response to ECC Interrogatory Set
18 II, No. 25. And what you were asked is in reference to the
19 specific numbers we were talking about.

20 And the question reads: "Referring to the load
21 forecasting data included in Gass Exhibit SWG-2, why does
22 the Northern Virginia-APS summer peak decline by
23 10.4 percent in 2008?"

24 Did I correctly read that question?

25 A. Yes, you did.

1 Q. And at the time you answered this question, I
2 take it you weren't aware that the 10.4 percent decrease in
3 growth in that particular area, the Northern Virginia-APS,
4 summer peak number was in error; is that correct?

5 A. That is correct.

6 Q. And your answer to the question was that
7 reduction in projected summer peak load from 2007 to 2008
8 was based on an anticipated reduction in demand resulting
9 from the removal of rate caps in Virginia in 2008; correct?

10 A. That is my response.

11 Q. And your response, did you confer with any of
12 the individuals that had prepared some of the underlying
13 load forecasts that ended up in that chart to determine how
14 to respond to this question?

15 A. Could you ask that again?

16 Q. We've heard testimony from Mr. Gass and Mr.
17 Herling as to the individuals at PJM that were involved in
18 the load forecasts. It's a special department of PJM.

19 Do you remember hearing that testimony in general?

20 A. Yes.

21 Q. Did you consult with any of them to see why
22 there was this reduction in the load growth between 2007 and
23 2008 in Northern Virginia?

24 A. No, I did not consult with anybody at PJM.

25 Q. How did you come up with this answer that the

1 removal of the rate caps in Virginia were the reason that
2 there was that decrease between 2007 and 2008?

3 A. I consulted with one of my counterparts in my
4 department who had assembled this table, and he had received
5 this information from the load forecasting group at
6 Allegheny Power, and that was the response he had received.

7 Q. Who did you receive the information from?

8 A. My counterpart in the transmission planning
9 group.

10 Q. Who is that?

11 A. His name?

12 Q. Yes.

13 A. Is Terry Clingan, C-l-i-n-g-a-n.

14 Q. He's at Allegheny Power?

15 A. Yes.

16 Q. And he told you that he had talked to someone
17 about why there was this decline?

18 A. Yes.

19 Q. Who did he talk to?

20 A. Somebody in the load forecasting group.

21 Q. At PJM or at Allegheny Power?

22 A. Well, PJM does not prepare a forecast based on
23 state. They prepare a forecast based on the transmission
24 zone. This forecast came from our internal load forecasting
25 department, who prepares a load forecast based on state and

1 legal entity.

2 Q. And who is that that gave that information to
3 Mr. Clingan, who gave it to you?

4 A. I'm not sure who he spoke with.

5 Q. So, someone in Allegheny Power's load
6 forecasting group indicated by way of Mr. Clingan to you
7 that there was an explanation for a decline in the growth
8 between 2007 and 2008 in Northern Virginia because the rate
9 caps were going to be coming off in 2008; correct?

10 A. If I followed your question, yes, that's
11 correct.

12 Q. And your understand -- was it your understanding
13 that when the rate caps came off in Virginia that the prices
14 would likely go up for electricity and that there was likely
15 to be some sort of decrease in the demand at or around that
16 time?

17 A. That was the understanding.

18 Q. And after that, you or Mr. Gass corrected that
19 exhibit and changed the numbers for -- and -- excuse me for
20 fumbling. That was -- this is ECC Cross-Exam Exhibit 28,
21 which is the revised Exhibit SWG-2, that shows different
22 numbers in the Allegheny Power zone for Northern Virginia,
23 and it shows different projections for what the growth will
24 be from year to year; correct?

25 A. Yes. The number is different in this exhibit.

1 Q. So, the numbers for 2006 and 2007 are different
2 and the numbers of the percentage increases between 2006 and
3 2007 and between 2007 and 2008 are different; correct?

4 A. I don't remember what they were on the other
5 exhibit. Without looking at them both at the same time, I'm
6 not sure I can answer that question. I didn't memorize the
7 numbers.

8 Q. Okay. The numbers for the projected summer peak
9 loads for 2006 and 2007 in the Northern Virginia APS zone
10 for 2006 and 2007 were changed, as well as the percentage of
11 growth between 2006 and 2007 and also between 2007 and 2008;
12 correct?

13 A. They were changed. I'm not sure by how much,
14 but those numbers did not have any bearing on any of the
15 analysis, because the analysis was done on year 2011 and
16 those numbers did not change.

17 Q. Let me show you another interrogatory response
18 of yours. This is your response to Set VI, No. 12. It's an
19 interrogatory response that you were the sponsor of, and I
20 want to ask you about a statement that you made responding
21 to a question.

22 (Pause.)

23 Q. I may have pulled up the wrong document.
24 Cancel that question. We are having an operational error
25 here.

1 Let me ask you about a response you gave to
2 Interrogatory VI, No. 13, which I will not be able to pull
3 up on the screen for you.

4 In your response to a question, you said, and I'll
5 quote, "It is normal planning practice to review reactive
6 reinforcement as a solution to voltage and loading problems,
7 as well as other reinforcements, such as reconductoring or
8 construction of new facilities during system planning
9 analyses."

10 Is that your normal planning practice to do those
11 types of things?

12 A. Can I see a copy of that response, please?

13 Q. I'll just ask you the question. I can pull it
14 up, but it's a statement about -- well, let me ask you this.
15 Is it normal planning practice for Allegheny Power or
16 TrAILCo to review reactive reinforcement as a solution to
17 voltage and loading problems, as well as other
18 reinforcements, such as reconductoring or construction of
19 new facilities during system planning analyses?

20 A. Yes, it is.

21 Q. I'm going to show you another document. This is
22 another interrogatory response of yours. This is your
23 response to Interrogatory Set II, No. 42.

24 You were asked some questions regarding an exhibit to
25 Dr. Gary Johnson's initial testimony. He had an exhibit

1 GBJ-3, and he had two figures on that particular exhibit,
2 Figures 1 and 2. And you were asked how many megawatts were
3 represented by the peak load and average load in those
4 figures.

5 Do you remember those questions?

6 A. Yes, I do.

7 Q. And your response indicated that -- let me take
8 a step back. Gary Johnson -- all right. Let's try to do
9 this in order. Why not?

10 (Pause.)

11 Q. This will be a clunky, two-step process. I have
12 in front of you again your answer to Interrogatory II, No.
13 42, and you were asked about a figure in Gary Johnson's
14 testimony and an exhibit. There was a figure showing a 500
15 kV transmission line, and next to it was a 138 kV
16 transmission line, and he had some indications as to what
17 the expected magnetic and electric fields from those
18 transmission lines were, and there were two different
19 segments. There was 502 to Loudoun, plus there was the 502
20 to Prexy.

21 Do you remember in general those exhibits?

22 A. I remember generally what those exhibits were,
23 yes. I don't remember any specific details about them.

24 Q. Well, you were asked a question -- or a question
25 was asked of TrAILCo as to how the load values -- what load

1 values were used to calculate the magnetic fields in that
2 particular exhibit, and your response was the load values
3 used to calculate the magnetic fields in TrAILCo Exhibit
4 GBJ-3 were expressed in megavolt amperes, MVA; correct?

5 A. That is correct.

6 Q. And you indicated that the magnetic field from
7 the proposed TrAIL line in Figure 1 of that exhibit was
8 calculated for average and peak loads of 260 MVA and 440
9 MVA, respectively; correct?

10 A. Correct.

11 Q. And so, what you are saying is that for the 502
12 to Prexy portion of the line, that was your calculation of
13 the average and peak loads that would flowing through that
14 line; is that correct?

15 A. In the model that I was analyzing, that is
16 correct; and that was under normal conditions. That was not
17 under any contingencies.

18 Q. So, under normal conditions, the 502 to Prexy
19 facility was calculated for average and peak loads of 260
20 MVA and 440 MVA; correct?

21 A. Correct.

22 Q. And for the line running from 502 to Loudoun,
23 you did the same exercise and indicated that the average and
24 peak loads expected to be flowing through that line were 790
25 MVA and 1550 MVA; correct?

1 A. No, that is not correct. This is only one
2 segment of the 502 to Loudoun line. This is not the entire
3 line.

4 Q. This is the segment from where to where?

5 A. From 502 Junction to Mt. Storm substation.

6 Q. So, from 502 to Mt. Storm, the expected average
7 and peak loads running through that line, the 500 kV line,
8 were 790 MVA and 1550 MVA; correct?

9 A. Yes. Again, that's under normal conditions
10 without contingency.

11 Q. So, if there was a contingency and these values
12 changed in some ways, that would affect the electric and the
13 magnetic -- or at least the magnetic fields emanating from
14 those facilities; correct?

15 A. It would affect the magnetic field, but not the
16 electric field.

17 Q. Because if it's energized, the electric field
18 will be there, but the magnetic field is a subject of how
19 much power is running through the lines; is that --

20 A. Specifically, current, not power; although,
21 power is a product of voltage and current. The voltage is
22 basically constant, but the current would change depending
23 on load.

24 Q. The magnetic fields are a product of current; is
25 that what you're saying?

1 A. Yes.

2 Q. Okay. So, the amount of current -- the amount
3 of electricity you're feeding through there as defined by
4 current or -- let me ask a different question.

5 In general, the more current that you put through
6 those lines, the more the magnetic fields will be, the
7 greater they will be; correct?

8 A. Correct.

9 Q. Now, are the electric fields going to be the
10 same for the 138 kV lines and the 500 kV lines as long as
11 the lines are energized no matter how much current flows
12 through them?

13 A. I'm sorry. Are you asking about the electric
14 field?

15 Q. Yes.

16 A. The electric field is a function of the voltage,
17 and the voltage is more or less constant. It does fluctuate
18 a little bit, but it is more or less constant.

19 Q. And I think your answer to another interrogatory
20 probably would have saved me from stumbling through that.
21 This is your response to Interrogatory No. II, No. 36, where
22 you say that the observed differences between peak load and
23 average load magnetic fields are due to higher current flows
24 and, hence, higher magnetic fields on the section of line
25 between 502 Junction to Mt. Storm than between -- well, all

1 right. I'm going too fast. I'm going to slow down.

2 MR. OGDEN: What was the --

3 MR. BURNS: I'll go back. Which interrogatory was I
4 asking about? Is that the question? It's the answer to
5 ECC-II-36.

6 MR. OGDEN: Yes; and I just note Mr. Johnson
7 sponsored that.

8 MR. BURNS: All right. Let me ask if Mr. Hozempa
9 agrees with the response.

10 BY MR. BURNS:

11 Q. The question was, why is there a difference
12 between GBJ-3, Figures 1 and Figures 2, one of which showed
13 the Prexy to 502 Junction -- and that would be Figure 1 --
14 and the other figure showed 502 Junction to Mt. Storm?

15 And the response was the differences between the peak
16 load and the average load magnetic fields between the two
17 different segments of the 500 kV line are due to the higher
18 current flows and, hence, the higher magnetic fields on this
19 section of line between 502 Junction to Mt. Storm than
20 between Prexy and 502.

21 Is that your understanding as well?

22 A. Yes. And I'm not an expert on this subject.
23 Certainly, Dr. Johnson is the expert on this subject. But
24 that is my understanding of how that all works, yes.

25 Q. But as far as coming up with how much current

1 would be going through those lines, is that something that
2 you did yourself?

3 A. I provided Dr. Johnson the average loads and the
4 peak loads for those segments.

5 Q. So, if the average loads and the peak loads went
6 up due to a contingency, then that would increase the
7 magnetic fields and the range of where the magnetic fields
8 would reach. Is that your understanding?

9 A. Yes. Under contingency, the magnetic -- well,
10 again, depending on system conditions at the time, it may or
11 may not increase. But if the line loading was increased due
12 to contingency or some other factor, then the magnetic field
13 would also increase. However, keep in mind that
14 contingencies are usually short-lived.

15 (Pause.)

16 THE WITNESS: Excuse me. Is it all right if we take
17 a break?

18 JUDGE NEMEC: I think it would be a good idea. We'll
19 take a ten-minute break.

20 (Recess.)

21 JUDGE NEMEC: We are going back on the record.

22 Mr. Seltzer.

23 MR. SELTZER: Thank you, Your Honor. Just one
24 housekeeping matter. Mr. Burns had asked earlier to me off
25 the record just for an update relative to the conference

1 phone call we had last Friday relative to Mark Allen and not
2 only his availability but also his ability to answer some
3 interrogatories that ECC propounded late last week.

4 We've spoken with Mr. Allen and our proposal and
5 suggestion would be, to try to address both his appearance
6 and the status of discovery, would be to make him available
7 for cross-examination on the morning of April 8, with the
8 hope that we can get him on first thing and then finish him
9 up during the course of that day; and our current best view
10 is that we would have responses to the discovery that was
11 propounded late last week by April 2.

12 So I wanted to place that of record just so that,
13 again, Your Honors and the other parties were aware of our
14 current thinking and suggestion regarding both his
15 appearance as well as the status of discovery.

16 JUDGE NEMEC: Thank you. I would suggest that
17 counsel consider this and discuss the matter informally
18 later.

19 MR. SELTZER: Thank you, Your Honor.

20 JUDGE NEMEC: Mr. Burns.

21 MR. BURNS: Thank you, Your Honor.

22 JUDGE NEMEC: You have the floor.

23 BY MR. BURNS:

24 Q. In connection with the line of questioning we
25 were going through before, we were talking about some

1 exhibits to Mr. Johnson's testimony; right?

2 A. Yes.

3 Q. And showing you up on the screen is GBJ-3, page
4 1 of 5, and the top chart which we can see now, which is
5 Figure 1, is the one that shows the magnetic field from
6 Prexy going up to 502 Junction, or, as I described it, 502
7 Junction to Prexy, that segment of the line; correct?

8 A. Yeah. I think specifically this exhibit, by the
9 heading, is showing looking from Prexy toward 502 Junction.

10 Q. So from Prexy looking towards 502 Junction there
11 would be a 500 kV line and a 138 kV line as shown on this
12 Figure 1; correct?

13 A. Correct. And that is not for the entire length
14 of the line but for some distance leaving Prexy substation
15 going toward 502 Junction substation.

16 Q. And depicted on this Figure 1 in dark green is
17 the average load magnetic field and in the lighter green is
18 the peak magnetic field profiles for those two different
19 lines; correct?

20 A. That's what it appears.

21 Q. And your interrogatory answers that we were
22 going through before about 220 MVA as the average and --
23 well, 260 MVA as the average and 440 MVA as the average
24 would be the values that you gave to Mr. Johnson for him to
25 interpret the magnetic field profiles shown in this exhibit;

1 correct?

2 A. I'm not sure exactly what information Mr.
3 Johnson -- Dr. Johnson; excuse me -- used in preparing this
4 exhibit. I provided him the average loading and the peak
5 loading on the segment of line that we just discussed, the
6 Prexy to 502 Junction.

7 Q. What was the average and the peak loading for
8 the 138 kV structure located in this figure?

9 A. What was it?

10 Q. Yes.

11 A. I don't recall.

12 Q. Was it more or less than the amount on the 500
13 kV line?

14 A. It would be less. How much less, I don't know,
15 I mean, that's a 138 kV line, it doesn't carry nearly as
16 much power as the 500, but I don't know what that number is.

17 Q. Can you tell me in general, is it approximately
18 half or two-thirds of that? Can you give me a ballpark
19 figure for how much you expect on average and peak to be
20 going through this 138 kV line?

21 A. For this one I can't tell you a number without
22 referring to the calculations I made.

23 Q. Can you tell by reference to this drawing if
24 they're fairly close to each other? It doesn't look like
25 there's a radical difference between the magnetic fields

1 emanating from the 500 kV versus the 138 kV line. Can you
2 tell by looking at this drawing what that means with respect
3 to the amount of current flowing through the 138 kV line?

4 A. Well, again, because power is a product of
5 voltage and current, if you lower the voltage you increase
6 the current. So if you have a 500 kV line carrying, say,
7 200 megawatts, or 200 MVA, and you have a 138 kV line
8 carrying 200 MVA, there would be a big difference in
9 current. Even though they're carrying the same amount of
10 power, the 138 kV line would carry much more current and
11 therefore have a higher magnetic field.

12 Q. But it doesn't help you to quantify how much is
13 going through the 138 versus the 500 kV lines, is that
14 right, from this drawing?

15 A. No, I can't tell that.

16 Q. And you don't remember?

17 A. No, I don't.

18 Q. And Figure 2 is shown below that and that is the
19 magnetic field from 502 Junction heading to Mt. Storm and
20 shows the peak and average load magnetic field profiles for
21 the TrAIL line between 502 Junction and Mt. Storm; right?

22 A. That is correct.

23 Q. And again, you provided the average and the peak
24 current estimates that Mr. Johnson used in some way to come
25 up with --

1 A. I did not provide the current. He may have
2 calculated the current. I don't know what he did. All I
3 did is I provided him the average loading and the peak
4 loading in MVA.

5 Q. And what he did from there you don't know?

6 A. Correct.

7 Q. I'm going to show you another interrogatory
8 answer that you sponsored. This is your response to
9 ECC-I-55. As part of your response to this interrogatory
10 you say the following. "The only existing generating
11 capacity in or around the proposed substation area" or --
12 let me read that again. First of all, this is an
13 interrogatory response that you provided, right, Mr.
14 Hozempa?

15 A. Yes, that is correct.

16 Q. It's one you sponsored, right, to be precise?

17 A. Yes.

18 Q. And you indicate in your response that the only
19 existing generating capacity in or around the proposed Prexy
20 substation area are the Elrama Power Plant and the Mitchell
21 Power Station described in the response to ECC-I-42 which we
22 looked at with another witness earlier. Do you see that
23 response?

24 A. Yes, I do.

25 Q. Are the only existing generating capacity -- is

1 that the only existing generating capacity in around the
2 proposed Prexy substation, that is the Elrama Power Plant
3 and the Mitchell Power Station?

4 A. Yes.

5 Q. And the next closest generating facility, is
6 that the Hatfield's Ferry in Greene County?

7 A. Are we talking electrically or geographically?

8 Q. Let's start with geographically.

9 A. I'm not sure. I think there may be a closer one
10 geographically on the Duquesne Light transmission system.

11 Q. Is that Wylie Ridge?

12 A. No. Wylie Ridge is an Allegheny Power
13 substation.

14 Q. Do you know the name of the one on the Duquesne
15 system?

16 A. No. I don't know Duquesne's transmission
17 system. I'm not sure where all their generation is located,
18 but I know they have some generation geographically nearby.
19 I'm not sure, again, how it's electrically connected. I'm
20 not familiar with their transmission system enough.

21 Q. I'm showing you another interrogatory response.
22 This is your response to ECC-I-42 and you're asked about the
23 generating capacity of power plants currently operating in
24 Washington and Greene Counties, and your response indicates
25 that the Elrama Power Plant has a summer capacity total of

1 474 megawatts and a winter capacity total of 487 megawatts,
2 but that it's nameplate total is 510 megawatts. Is that
3 correct?

4 A. That is correct.

5 Q. Why is its nameplate total higher than its
6 either summer or winter capacity?

7 A. I'm not a generation expert, I really can't
8 answer that question, but I know as far as the summer
9 rating, it's typically lower because of the heat. There's
10 other factors that go into the ratings of generators that
11 include the reactive power that is required to run the
12 generator, and that has a lot to do with it, so that's why
13 the ratings are different. But they do have ratings for
14 those three items.

15 Q. So in Washington County you have Elrama with a
16 summer capacity total of 474 megawatt and a winter capacity
17 of 487 megawatt; correct?

18 A. That's what this states, yes.

19 Q. And that's your understanding; correct?

20 A. Yes.

21 Q. And in Washington County there's also the
22 Mitchell Power Station, which has a summer capacity of 359
23 megawatts and a winter capacity of 370 megawatts; correct?

24 A. Yes.

25 Q. And then in Greene County there's Hatfield's

1 Ferry, which has 1590 megawatts of summer capacity and 1710
2 of winter capacity; correct?

3 A. Correct.

4 Q. Are there also a couple of generating facilities
5 that are being constructed in Washington and Greene County
6 right now?

7 A. (No response.)

8 Q. Waste coal generating facilities.

9 A. I'm not aware of any that are under
10 construction.

11 Q. With Mr. Herling yesterday I believe I was
12 asking him questions about PJM's interconnection queue, and
13 there's queue number M26, which is a 272 megawatt facility,
14 which I believe is the Beech Hollow facility in
15 Burgettstown, Pennsylvania in Washington County. Are you
16 familiar in general with that facility, that new generating
17 facility?

18 A. Yes, I am.

19 Q. And the PJM queue indicates that it is under
20 construction. That's the icon that is shown there. Do you
21 know whether or not actual construction has occurred or if
22 it's just been cleared for construction?

23 A. I don't believe there's any actual construction
24 going on on that project, but I believe they have everything
25 in place to begin construction.

1 Q. Where is that located in relationship to Prexy,
2 the proposed Prexy substation?

3 A. It would be west of Prexy going toward Wylie
4 Ridge substation, very near the Smith substation.

5 Q. The PJM queue indicates that it has an expected
6 in-service date of the first quarter of 2011. Does that
7 seem -- do you know whether that is accurate or not, or
8 would you accept that subject to check?

9 A. I would accept that subject to check.

10 Q. Are you aware of another generating facility
11 being developed in Greene County?

12 A. No, I am not.

13 Q. Are you aware of another waste coal generating
14 facility that's been proposed for Greene County or any other
15 new generating facilities proposed for Greene County at this
16 time?

17 A. I'm not aware of any.

18 Q. Did you ever hear of one in Nemaocolin? Maybe
19 that's this one, the Burgettstown one probably. I'm showing
20 my ignorance with geography. Does that ring any bells?

21 A. I believe Nemaocolin is in Fayette County.

22 Q. Do you know if there's a generating facility
23 going in in Nemaocolin or in Fayette County?

24 A. I really don't know.

25 Q. Do you know how the new -- why don't we call it

1 the Champion or the Beech Hollow facility. Do you know how
2 that's going to be connected into the system? Is that going
3 to be tied into the 138 kV system or how that's going to
4 connect?

5 A. I can't remember the details, but I believe that
6 the 138 kV line between Smith and North Fayette is going to
7 be looped into that new substation to be constructed to
8 interconnect that generator, but I'm not certain about that.

9 Q. Mr. Hozempa, in a number of different documents
10 we've seen indications for the projected load growth or the
11 projected demand in the Prexy area in the 2009 time period,
12 and there's been a different range of estimates as to what
13 the demand would be in the Prexy area. Do you know why
14 there are differences in the demand in the Prexy area in
15 your testimony in some of the different documents and the
16 answers to discovery?

17 A. Well, there's different load flow cases in which
18 some of that load was taken from, so that would explain some
19 of the differences depending on the load model that was in
20 that case, whether it was a 50/50 forecast or an 80/20
21 forecast. Also there is a component to modeling that we
22 have non-diversified peaks and we have diversified peaks.
23 When we're doing studies in a specific area a lot of times
24 we will use what is called the non-diversified peak, which
25 assumes that under the conditions of mostly weather, that

1 you lose the diversity of load in the system and all the
2 load is peaking at the same time at the non-diversified
3 peak, and then -- that is not typical, that is a peak
4 condition. And then what we normally do is have a
5 diversified peak where we would study the load at a peak
6 condition but figure there's enough diversity in there that
7 we would basically shave a little bit of the peaks of each
8 substation down a little bit.

9 Q. So depending on how you look at it, you can come
10 up with different values for what the demand is going to be
11 in different years for the Prexy area?

12 A. It depends on what you're looking at. Like I
13 said, there's different ways of looking at the load, but
14 they all should be very nearly the same.

15 Q. For example, in the answer to one of OCA's
16 interrogatories that you were shown before -- I don't have
17 the number in front of you -- I think it indicated that the
18 expected demand in the Prexy area was going to be 500 or
19 over 500 MVA. Do you recall at some point estimating that
20 the expected demand in the Prexy area would be somewhere
21 around 500 MVA?

22 A. Well, I think that number, if I'm not mistaken,
23 came from one of the responses that we provided, the
24 alternatives that we studied with the Prexy project, that
25 report; we had the alternative analysis. In that study that

1 was done I believe in 2005 we provided -- that study, which
2 went through the alternative analysis, provided a forecast
3 in 2009 based on information that was current when the study
4 was conducted in 2005. As time progresses, the load
5 forecasts change a little bit as well, so depending on what
6 number you were looking at in what report, there would be
7 some variation just due to the passage of time as well.

8 MR. BURNS: Your Honor, can I have a minute to talk
9 to TrAILCo's counsel, because I want to ask you one or two
10 questions about that report, but it's been labeled highly
11 sensitive. So can we take just a break to talk about --

12 JUDGE NEMEC: Let's take a five-minute break.

13 (Recess.)

14 JUDGE NEMEC: Do you have an understanding as to how
15 to proceed?

16 MR. BURNS: Yes, Your Honor. I will explain. A
17 document was produced that was stamped confidential-highly
18 sensitive by Allegheny Power or TrAILCo in this proceeding.
19 I've had a conversation with their counsel about a cover
20 e-mail to this study, and this is the study he was talking
21 about, and a load forecast in there, and they have no
22 problem with me asking questions about those particular
23 pages. There are portions of this study that they don't
24 want me to show on the screen or ask questions about because
25 they're confidential or highly sensitive materials, and I've

1 agreed not to ask questions about those. So I'm going to
2 show those pages we've agreed that I can use in this
3 proceeding publicly and ask a few questions of the witness.

4 Is that our agreement, Mr. Ogden?

5 MR. OGDEN: Yes, it is.

6 JUDGE NEMEC: You may proceed.

7 BY MR. BURNS:

8 Q. Mr. Hozempa, I placed in front of you a cover e-
9 mail of yours dated April 16, 2007 where you sent an e-mail
10 to Mary Kozar and copied Mr. Syner who's here in this room,
11 asking for the report that you just referenced in your
12 previous testimony to be bound and five copies to be made.
13 Do you see that?

14 A. Yes, I do.

15 Q. Is this approximately the date that that report
16 was finalized and made available to others either within
17 Allegheny Power or elsewhere?

18 A. Actually, it had been circulated prior to this,
19 but it still has "draft" stamped on the page, so this was
20 just to take the "draft" stamp off the pages and issue the
21 report.

22 Q. So somewhere around April 16, 2007, the report
23 was labeled -- well, it wasn't labeled "draft" any more, it
24 was just the final report, correct?

25 A. Correct.

1 Q. All right. And attached to this report was a
2 load forecast for the Prexy area. Do you remember that?

3 A. Yes, I do.

4 Q. I'm going to get to that page and then put the
5 image back on the screen because I don't want to project any
6 highly sensitive materials.

7 (Pause.)

8 Q. I have placed on the screen an exhibit that was
9 part of that report that you just previously testified to,
10 and that was an attachment to that e-mail, and it indicates
11 that the 2009 distribution loads near Prexy, the summer MVA
12 number for 2009 is 499.6 total, correct?

13 A. Yes.

14 Q. And there's a subtotal from different
15 substations, and then there's another number added to that,
16 120.5. What's that other number?

17 A. If you look on the right-hand column where it
18 has additional case MVA, that's the 138/25 kV loads, those
19 are summarizations of the substations on the 25 kV network,
20 the subtransmission network in that vicinity. That's an
21 additional 120.5 MVA that is totaled over there, and then
22 that is just added to the 138/12 total.

23 Q. So you have a summer MVA prediction for the 12
24 substations that totals 379.1 MVA and a winter MVA total for
25 those 12 substations of 318.4, correct?

1 A. Correct.

2 Q. And added to that is the additional case MVA
3 that totals 120.5 that you add to both the summer and the
4 winter totals, correct?

5 A. Correct.

6 Q. Why do you add that to the summer and winter
7 totals?

8 A. Well, the substations that are on our 25 kV
9 subtransmission, we don't necessarily have a seasonal peak.
10 We kind of have a yearly peak at those substations. So
11 we're uncertain whether those peaks occurred at the summer
12 peak or winter peak in some cases.

13 They're usually much smaller substations, you know,
14 and just a bunch of little load added together to come up
15 with that number.

16 Q. There's a reference here to Mitchell. That's a
17 reference to the Mitchell power plant or a Mitchell
18 substation? What's that a reference to?

19 A. At Mitchell substation, there is a 25 kV, 138/25
20 kV transformer that feeds into the subtransmission network.

21 Q. And how does that feed into the network? Is
22 that through the Union Junction?

23 A. No, it's right at Mitchell substation. In
24 Mitchell substation, there is a transformer that steps down
25 the voltage to 25 kV and then that is networked into our 25

1 kV subtransmission system in that area.

2 Q. So as I understand it, this 120.5 of load will
3 get -- well, I'm a little confused. Is that a demand of the
4 substation, the Mitchell substation of 36.1?

5 A. That was probably -- and I don't know for
6 certain, I didn't prepare this -- I believe that is the peak
7 load that was on the substation transformer at Mitchell.

8 Q. Okay. And so --

9 A. In the load model that this was taken from,
10 these loads were taken from, that was the load that was on
11 the subtransmission bank at Mitchell substation.

12 Q. So there are smaller transmission lines that
13 hook up the Prexy area with the Mitchell generating
14 facility, like the 25 kV line that you just talked about?

15 A. Well, just to give you an understanding, I mean,
16 across the eastern interconnection, there's the EHV system
17 which is often referred to as the backbone of the system,
18 and then underlying that system is transmission which can
19 be, various voltages, usually 115, 138, 230 kV, okay, and
20 then that's the underlying transmission system that is
21 utilized to serve more local load.

22 And then also in the Allegheny Power region, we have
23 subtransmission, which is really the voltages above
24 distribution but below transmission. It's not necessarily a
25 NERC defined term or a FERC defined term, but it's one that

1 we use in our company, and in various parts of our service
2 territory, we have different subtransmission voltages.

3 In the West Penn area around Pittsburgh, we have a 25
4 kV subtransmission network that also serves distribution and
5 industrial load that underlies the 138 kV transmission
6 system, that underlies the 500 kV EHV system.

7 Q. And some of that 25 kV system is in what you
8 defined as the Prexy area?

9 A. Yes.

10 Q. And does some of that connect to Mitchell?

11 A. Yes.

12 Q. All right. And does it all connect to Mitchell
13 through the Union Junction or does some of it connect to
14 Mitchell indirectly through other routes?

15 A. Well, no. The Union Junction line is a 138 kV
16 line, so the 25 kV does not connect directly to the 138 kV.
17 It only connects through transformers at substations, and
18 those substations are listed there.

19 Q. So the Mitchell substation is part of what you
20 consider the Prexy area? It's listed on this map, right, or
21 on this chart?

22 A. It's listed on this chart, but it is not what I
23 consider the Prexy area. And this table says, distribution
24 loads near Prexy.

25 Q. So then that should be subtracted from the load

1 forecast for Prexy if it's not in Prexy, right, so you would
2 take out 36.1 from the load forecast for Prexy, right?

3 A. Well, that just shows the loading on the
4 substation transformer at Mitchell. That load on the 25 kV
5 system is being fed from Mitchell and where that load
6 actually is may be closer to one of the other substations
7 that is served out of Mitchell as well. So I can't answer
8 that question without doing further analysis.

9 Q. Mr. Hozempa, I'm going to show you a document
10 that you sponsored for the West Virginia proceeding at the
11 request of the Commission in West Virginia and this has to
12 do with the line rating on the Mt. Storm to Doubs line and
13 it was Commission Request Exhibit No. 2-B, and you were the
14 responsible witness for that material. Do you see that?

15 A. Yes, I do.

16 Q. And you recall sponsoring this exhibit?

17 A. Yes, I do.

18 Q. And you indicated that the coordinated tie-line
19 ratings for the Mt. Storm-Doubs 500 kV line were as follows,
20 and you list four different numbers, correct?

21 A. Yes, I do.

22 Q. And the summer emergency number is 2,598 MVA and
23 that is what was used to determine whether there were
24 overloads of that line for purposes of the modeling that Mr.
25 Gass did, correct?

1 A. Correct.

2 Q. All right. And I take it you're aware from
3 being involved in that proceeding and if the issue came up
4 in Virginia that the line rating for the Dominion portion of
5 the line is, the emergency rating is 2,598 whereas it's
6 3,300 for the summer emergency rating on the Allegheny Power
7 portion of that line; are you aware of that?

8 A. I'm aware of what the differences are in the
9 line ratings, yes.

10 Q. Okay. And do you know why the Allegheny Power
11 line rating is 3,300?

12 A. I can't recall what the limiting facility is on
13 the Allegheny Power section of the line, so without
14 referring to the loadability data base, I can't tell you why
15 that limit is what it is.

16 Q. Is there a TrAILCo witness who will be
17 testifying in this proceeding who will be better able to
18 answer that question, maybe one of the individuals who is
19 involved in testifying about what's going to be constructed
20 in this proposed TrAIL line?

21 A. Mr. Bodenschatz may be the best witness to ask
22 that question.

23 Q. Mr. Hozempa, I'm going to show you another
24 exhibit that you sponsored. This is your response to OCA
25 Interrogatory Set XI, No. 13, and you're asked here

1 basically about how you came up with the electrical
2 occurrences and the potential overloads that are contained
3 in your Exhibit LAH-7; is that right?

4 A. Well, no. I believe LAH-7 was filed as part of
5 my rejoinder testimony. I believe this is in --

6 Q. Well, let me ask you a different question.

7 A. I think this is in response to my supplemental
8 rebuttal. Could you go to the top of this again, please?

9 Q. Sure. Do you want me to blow up any section of
10 this, you can see it better?

11 A. This question is in reference to my rebuttal
12 statement, not my rejoinder, and Exhibit LAH-7 did not exist
13 at this time, so it could not be in reference to LAH-7.

14 Q. Well, your response to Section D -- can you get
15 LAH-7 in front of you?

16 A. Yes.

17 Q. And the electrical occurrences that you are
18 talking about here in your answer to this interrogatory, are
19 those the same ones that you ended up listing in LAH-7?

20 A. Yes, it is.

21 Q. Okay. And with respect to your preparation of
22 LAH-7 and your rebuttal testimony regarding the removal of
23 the T junctions, that's in general what this question
24 involves, correct?

25 A. Yes.

1 Q. All right. And you indicate in your response
2 that your determination was based upon personal knowledge of
3 the electrical and geographical layout of the transmission
4 facilities in the area. Do you see that?

5 A. Yes, and also an understanding of the
6 differences in analysis between the contingency of a
7 junction or a single branch.

8 Q. Right. I read part of your response. And you
9 also indicate that no case was used to make your
10 determination; is that correct?

11 A. That is correct.

12 Q. Does that apply also to LAH-7, that no case or
13 modeling was used to make that particular determination?

14 A. That is correct.

15 MR. OGDEN: Well, once again, that's only part of the
16 response.

17 BY MR. BURNS:

18 Q. Do you have your rebuttal testimony in front of
19 you?

20 A. Yes, I do.

21 Q. At page six of your rebuttal testimony, lines 20
22 and 21, you indicate that the load in Washington and Greene
23 Counties in the case, which is directly related to the
24 facilities in question, is 576.9 megawatts and you said
25 191.4 MVAR?

1 A. Yes.

2 Q. Is that approximately 600 MVA, if you put the
3 two together?

4 A. I don't know without calculating it.

5 Q. Can you give me an approximation or is it easy
6 to calculate?

7 A. If I had a calculator, it would be.

8 Q. Does it have to be a scientific calculator or
9 can like a normal, dumb lawyer calculator work?

10 A. I believe a normal calculator would work just
11 fine.

12 (Witness operating calculator.)

13 Q. Have you done the calculation?

14 A. Yes. That's 607.8 MVA.

15 Q. In your Rebuttal Statement 2-R, you indicate
16 that the expected load in the Washington and Greene Counties
17 in the case directly related to the Prexy facilities is
18 576.9 megawatts and 191.4 MVAR, correct?

19 A. Yes.

20 Q. And 191.4 MVAR is voltage?

21 A. No. It's megavolt amperes reactive. It's the
22 reactive power component of the total power.

23 Q. That's what I meant. And so you did this
24 calculation in connection with another TrAILCo witness'
25 testimony to determine, to quantify how much demand side

1 management would be needed to eliminate the need for the
2 Prexy facilities; is that right?

3 A. Yes.

4 Q. And your conclusion was, with respect to 2009,
5 that at 400 megawatts, you don't need this line, you don't
6 need the Prexy facilities; is that right?

7 A. That was basically my conclusion, yes, that at
8 that load level, the violations go away.

9 Q. And that's the same for 2010 and 2011, right,
10 400 megawatts --

11 A. Yes. I would expect so. I don't know for
12 certain without running a 2010 analysis, but I believe in
13 the 2011 it was also the same.

14 Q. If you turn to page eight of your Statement 2-R
15 at lines 12 through 17, you indicate that at the 400
16 megawatt, almost all of the system voltages are acceptable
17 except for one substation, correct?

18 A. That is correct.

19 Q. So under the contingencies in your Exhibit
20 LAH-3, all of the voltages would be fine except for one
21 substation if you're at 400 megawatts or so, correct?

22 A. That's what the analysis showed.

23 Q. So your analysis indicated that approximately
24 176.9 megawatts would need to be brought into the Prexy
25 area, which is the difference between 400 megawatts and

1 576.9 megawatts or, in the alternative, you would need to
2 have demand side management in that amount to eliminate the
3 need for the Prexy facilities, correct?

4 A. Right. And again, this was just a review of the
5 one contingency. There's other situations that may exist as
6 well.

7 Q. But for purposes of your analyses, if you had
8 176 megawatts of demand side management or you were able to
9 get 176 megawatts of power into that area some other way,
10 you wouldn't need the Prexy facilities; is that right?

11 A. Well, the demand reduction that this modeled was
12 a uniform demand reduction in the area at all the substation
13 buses or all the loads in that area.

14 To just inject that same amount of power across all
15 those substations, you would have the same net result, but
16 again, that's injecting several megawatts at each substation
17 bus across that whole area.

18 If you just build a generator of 176.9 megawatts in
19 one location, you may not have -- you would not have the
20 same result. It's not just the amount of generation, as Mr.
21 Gass testified. It's also the generation's location. So,
22 you can't conclude this from this analysis.

23 Q. Well, I'm just trying to understand. If you
24 eliminated 176.9 megawatts through demand side management,
25 you could also supply that 176 megawatts with generation in

1 the appropriate location with the appropriate transmission
2 hookups, right?

3 A. No. I don't agree to that. Just because that's
4 the number that shows demand reduction across a number of
5 substation loads would alleviate the reliability concern
6 does not indicate that that same amount of generation would
7 have the same effect.

8 Q. Now, have you quantified how much generation
9 properly placed in and around the Prexy area or properly
10 distributed in the Prexy area would eliminate the need for
11 the Prexy facility?

12 A. I have not.

13 Q. And do you know whether it would be more or less
14 than 176.9 megawatts?

15 A. Based on this analysis that it was 176.9
16 megawatts spread across all those various substation buses
17 in that area, Washington and Greene County area, I would
18 suspect that it would be more than 176.9.

19 Q. But you can't tell me how much more; is that
20 right?

21 A. No.

22 Q. So if you reduced the demand by 176.9, you got
23 it down to 400 megawatts, you'd be okay for 2009, 2010 and
24 2011; is that right?

25 A. According to this analysis, if the load was less

1 than 400 megawatts in Washington and Greene Counties, you
2 would not have these reliability violations in LAH-3, but
3 that does not mean you would not have any other reliability
4 violations.

5 Q. There might be other reliability violations,
6 there might not, right?

7 A. That's correct.

8 Q. Now, with respect to this analysis, I was
9 wondering if you were -- are you talking about the entirety
10 of Washington and Greene Counties -- well, looking at page 8
11 of 26, you indicate that the load in Washington and Greene
12 Counties is over 400 megawatts for more than 6,000 hours
13 each year, correct?

14 A. Yes, and actually this does include part of
15 southern Allegheny County as well.

16 Q. So, all of Washington, all of Greene and all of
17 southern Allegheny is over 400 megawatts for more than 6,000
18 each year, correct?

19 A. The part of southern Allegheny County that is
20 served from Allegheny Power System.

21 Q. Was your analysis, are you indicating that you
22 would need to reduce the entire Washington and Greene
23 Counties and parts of southern Allegheny County to 400
24 megawatts in order to achieve your reduction of 176.9
25 megawatts just in the Prexy area?

1 A. That was my analysis, was based on all the loads
2 in that geographic area of the Washington, Greene and
3 southern Allegheny Counties area.

4 Q. Now, with respect to the 502 to Loudoun line,
5 you indicated that 829.4 megawatts of reduction in the
6 Allegheny Power zone would be needed to eliminate the need
7 for the 502 to Loudoun line; is that correct?

8 A. For the year 2011, for the contingency that I
9 studied. I did not do a full-blown analysis. I looked at
10 the worst contingency, which was the outage of either Mt.
11 Storm-Greenland Gap or Greenland Gap-Meadowbrook. They were
12 approximately the same. That is what caused the highest
13 violation for the mid-Atlantic load deliverability test and
14 it was that model I used to come up with this number.

15 Q. And is it true that demand side management is
16 much more effective if it's closer to where the load is that
17 you're trying to serve?

18 A. It depends on the problem you're trying to
19 resolve.

20 Q. If you're trying to resolve, for example, a mid-
21 Atlantic load deliverability test, it would be much more
22 effective, wouldn't it, to have demand side management
23 closer to the mid-Atlantic than in the Allegheny Power zone,
24 for example?

25 A. No.

1 Q. So demand side management would work better in
2 the Allegheny Power zone than it would closer to the demand?

3 A. Well, the demand is in the mid-Atlantic area.
4 The overload is on the Mt. Storm-Doubs line, so the most
5 effective reduction would be closer to where the overload is
6 occurring.

7 Q. And do you mean in the Doubs area?

8 A. Yes, that is what I mean.

9 Q. Okay. And how much of that is the Allegheny
10 Power zone?

11 A. Doubs is an Allegheny Power substation and it
12 serves into the 138 kV and also the 230 kV transmission in
13 that area. There's also 500 kV lines feeding south and
14 east, so it's a hub in the eastern part of our system.

15 And did you do any analysis to determine if demand
16 side management reduction in the Dominion portion or the
17 Dominion area would result in that number being lower as to
18 how much overall demand side management you would need to
19 eliminate the need for the 502 to Loudoun line?

20 A. No, I did not do any DSM studies for any other
21 transmission zone.

22 Q. So you determined that if all the DSM was done
23 in Allegheny Power's territory, that was the number you
24 would need to reach to avoid that first contingency on the
25 worst overload that Scott Gass testified about, correct?

1 A. Well, the only thing that Allegheny Power has
2 control over as far as DSM is the Allegheny Power
3 transmission zone. Allegheny Power cannot institute a DSM
4 program in somebody else's service territory.

5 Q. And I take it you haven't done an analysis as to
6 how much DSM in Dominion's service territory or how much
7 generation in Dominion's service territory would eliminate
8 the need for the 502 to Loudoun line; is that right?

9 A. That is correct.

10 Q. I'm showing you another interrogatory response
11 that you sponsored. It's your response to ECC Interrogatory
12 Set II, No. 27, and you were asked or TrAILCo was asked a
13 question about each threat assessment done in connection
14 with any portion of the TrAIL project. Do you see that
15 question?

16 A. Yes, I do.

17 Q. And the answer indicates that neither PJM nor
18 TrAILCo has performed any assessments or analyses of
19 potential threats and/or risks to national security
20 involving TrAIL or any portion thereof, including any
21 assessments to regional and/or national security performed
22 pursuant to the National Homeland Security Act. Do you see
23 that?

24 A. Yes.

25 Q. All right. And that was your response to this

1 question, correct?

2 A. That is correct.

3 Q. This is your response to another interrogatory
4 of ECC that I'm showing you on the screen. It's Set VI, No.
5 8, and you were asked a question about what manual
6 adjustments if any were applied after the first contingency
7 but prior to the second contingencies for each of the four
8 electrical occurrences in LAH-3, and your response was that
9 the only manual adjustment available to alleviate the
10 reliability violations in anticipation of the second
11 contingency is load shedding, and that this manual
12 adjustment was not modeled as part of the analysis. Is that
13 your response?

14 A. Yes, it is.

15 Q. And you did not do modeling of the load
16 shedding, right, as part of your analysis?

17 A. That is correct.

18 Q. You were also asked a question, Set VI, No. 10,
19 and this is your response that's up on the screen. The
20 question is, did you analyze or evaluate the segregation of
21 or removal of the Buffalo Junction and/or Union Junction T
22 junctions to determine if the alleged reliability violations
23 set forth in LAH-3 would be reduced or eliminated, and your
24 response was that TrAILCo did not analyze or evaluate the
25 segregation of or removal of the Buffalo Junction and/or

1 Union Junction T junction to determine if the alleged
2 reliability violations set forth in LAH-3 would be reduced
3 or eliminated, correct?

4 A. That is correct.

5 Q. That's your response, correct?

6 A. Yes, it is.

7 Q. And this response was prepared before your
8 rejoinder testimony was submitted, correct?

9 A. I believe so. I'm not sure of the date on this,
10 but my rejoinder testimony was just recently filed, so I
11 would say yes.

12 Q. And you didn't do any modeling to determine that
13 the -- well, does this answer still remain valid today?

14 A. Yes, it is.

15 Q. Okay.

16 A. An analysis really is not necessary to come to
17 that conclusion. Knowledge of the system and how it
18 operates, it's obvious to me as an engineer who has studied
19 this area, that is not going to resolve any of those issues.

20 Q. Not in and of itself, correct?

21 A. Correct.

22 Q. But if you eliminated the T junctions and did
23 some other transmission upgrades, there is a possibility
24 that the reliability criteria violations could be removed,
25 but that's just not something you've studied; is that right?

1 A. Did not study anything else. Under the
2 assumption of LAH-7, the only thing that was assumed for
3 that table to be reproduced was installing substations at
4 the T junctions. An ideal transmission reliability solution
5 to resolve the Prexy reliability violations is to install
6 the Prexy facilities.

7 Q. I'm showing you your response to ECC
8 Interrogatory Set VI, No. 3, and the question has to do with
9 allowable re-dispatch after the first contingency but prior
10 to the second contingency, and this question is tied into
11 your TrAILCo Exhibit LAH-3. Now, all of the electrical
12 occurrences in LAH-3 are double contingencies, right, Mr.
13 Hozempa?

14 A. Well, they're really a NERC Category C-3, which
15 is a Category B followed by manual system adjustments and
16 then followed by another NERC Category B contingency. Some
17 people refer to them as doubles. Some people refer to them
18 as N-2's or N-1-1's. So if you want to refer to that type
19 of contingency as a double contingency, I will accept that
20 under that definition.

21 Q. The electrical occurrences, each of them in
22 LAH-3 are under NERC Category C-3 and they involve two
23 contingencies, correct?

24 A. Correct.

25 Q. And all four of them involve one or the other or

1 both of the T junctions at Union Junction or Buffalo
2 Junction, correct?

3 A. That is correct.

4 Q. And your answer to this interrogatory asking
5 about what was done between electrical occurrence number 1
6 and electrical occurrence number 2 in your chart, LAH-3, for
7 each of the four different occurrences that you discussed,
8 was that there were no generators within the Prexy area and
9 therefore no allowable re-dispatch was possible; is that
10 right?

11 A. That is correct.

12 Q. So with respect to all four of the N-1-1 NERC
13 C-3 contingencies in your chart, LAH-3, you or the
14 individuals running the planning tests determined that there
15 were no generators within the Prexy area and therefore no
16 allowable re-dispatch was possible; is that right?

17 A. That is correct.

18 Q. And is that something that was determined by an
19 operator running the tests or is it something that was
20 determined by the software that was used for running the
21 test, or how was that determined?

22 A. That was determined by the engineers that were
23 running the test.

24 Q. They determined that no allowable re-dispatch
25 was possible, correct, and therefore they didn't try to re-

1 dispatch generation; is that right?

2 A. There is no generators in that area to re-
3 dispatch, so there isn't anything to re-dispatch.

4 Q. So, did they run both contingencies at the same
5 time, then, because they decided there was nothing they
6 could do in between, there was no generators to re-dispatch
7 so they just run both contingencies at once?

8 A. Well, you take the first contingency and you
9 solve the case, then you would take the second contingency
10 and solve the case.

11 If there was a violation, you would go back, after
12 your first contingency and see what adjustments you could
13 make before taking the second contingency so that after you
14 take it, there's not an overload.

15 In this case, there is nothing to adjust in that
16 area. There's no generation to adjust in that area to make
17 any difference to the end result.

18 Q. And there are no other types of manual system
19 adjustments that could be done and therefore those weren't
20 attempted either; is that right?

21 A. Load shedding was the only other manual system
22 adjustment that could be made, and we did not model that.

23 Q. All right. Now, I think you indicated in one of
24 your answers to our interrogatories that TrAILCo has no
25 documents indicating that TrAILCo or PJM performed or

1 evaluated any manual system adjustments; is that right?

2 A. I'm sorry, could you repeat the question? Was
3 it in relation to Allegheny or PJM?

4 Q. I think it was in relation to both. You
5 provided an interrogatory response indicating that you have
6 no documents indicating that TrAILCo or PJM performed or
7 evaluated any manual system adjustments with respect to the
8 N-1-1 contingencies contained in your chart, LAH-3.

9 MR. OGDEN: Could you provide us with the response so
10 that we can review the context?

11 MR. BURNS: It's VI-11, ECC-VI-11.

12 BY MR. BURNS:

13 Q. Is that consistent with your recollection, Mr.
14 Hozempa?

15 MR. OGDEN: Well, just for a moment, is this a
16 response that Mr. Hozempa sponsored?

17 MR. BURNS: Yes.

18 (Pause.)

19 MR. OGDEN: ECC Set VI, No. 11 was not sponsored by
20 Mr. Hozempa.

21 MR. BURNS: Let me pull it up and then I'll ask him
22 about it. Ah, you are correct.

23 BY MR. BURNS:

24 Q. Coming up on your screen is the response to
25 Interrogatory Set VI, No. 11. The sponsor is Scott Gass. I

1 apologize for saying that you sponsored this discovery.

2 The response to the discovery indicates that no
3 documentation was identified for the available re-dispatch
4 of base line generation. Just putting this interrogatory
5 answer aside, because it's rather long, are you aware of any
6 documentation that Allegheny Power or TrAILCo has that
7 indicates that it tried to perform manual system adjustments
8 between the two contingencies for each electrical occurrence
9 set forth in your chart, LAH-3?

10 A. There are no manual system adjustments that can
11 be made other than load shedding, so I'm not sure what there
12 is to document.

13 Q. You indicated in your prior testimony to Ms.
14 Dusman and your cross-examination and your direct and many
15 other testimonies that the primary driver for the TrAIL
16 facility located in Pennsylvania from 502 to Prexy, which
17 we've been calling the Prexy facilities, are the problems
18 identified in your Exhibit LAH-3 to your direct testimony,
19 correct?

20 A. Yes. Those are the primary drivers for the
21 Prexy facilities.

22 Q. And you indicated in one of your testimonies
23 that although there may be some other benefits, those remain
24 the primary drivers for the Prexy facilities today, correct?

25 A. That is correct.

1 Q. And you used an analogy of, if you put new tires
2 on your car, you need new tires and if you put new tires on
3 your car because you need new tires, then you may get some
4 incidental benefit such as a reduction or an increase in
5 your gas mileage or some benefits to your gas mileage. Do
6 you remember that analogy?

7 A. Yes, I do.

8 Q. And that's the same thing here. What you're
9 asking this Commission to do is to approve the Prexy
10 facilities based upon the electrical occurrences and
11 electrical results contained in LAH-3, and although there
12 may be some incidental benefits of the upgrade that you're
13 proposing, those are the reasons that the Prexy facilities
14 are needed; is that right?

15 A. Yes. There's a critical need in that area to
16 maintain the reliability and adequate electric service to
17 those customers. We need to build the Prexy facilities to
18 ensure continued reliable electric service to those
19 customers.

20 Q. And LAH-3, those are the drivers, those are the
21 reasons that you really need to build it and that's your
22 understanding, correct?

23 A. That is correct.

24 Q. And with respect to -- let me show you another
25 interrogatory response. You were asked a question in

1 Interrogatory Set IV, No. 29 by ECC, and the question was
2 whether the electrical demand of Mine No. 84 was included in
3 the analyses that identified the alleged reliability
4 problems notes in LAH-3; do you see that?

5 A. Yes, I do.

6 Q. And Mine No. 84 was a mine in Washington County
7 primarily? Is that where it tied in?

8 A. Are you speaking of the actual physical location
9 of the mine? Because I believe physically it's on the
10 Washington/Greene County border and actually crosses through
11 both counties, and there's various service locations for
12 that mine for ventilation, for electrical service to the
13 mine itself, and I'm not sure if the vast majority of those
14 are in Washington or Greene County. It's right on the
15 border of those two counties.

16 Q. And the electrical demand of Mine 84 was
17 included in the load forecasts that were used to determine a
18 need for the Prexy facilities, correct?

19 A. Yes.

20 Q. So you assumed that Mine 84 was going to be
21 using electricity as part of the load forecasts in
22 justifying the Prexy facilities, right?

23 A. In the load model that we used for our study,
24 the Mine No. 84 load was present in the model.

25 Q. And in other interrogatory responses, you

1 indicated that TrAILCo has not evaluated or forecasted
2 whether the removal of the load at Mine 84 would change or
3 impact the problems identified in LAH-3; is that right?

4 MR. OGDEN: Once again, I think we need to have the
5 interrogatory response in front of us if we're going to
6 examine him on it.

7 BY MR. BURNS:

8 Q. Well, let me ask you a couple of questions. If
9 we need the interrogatory response -- I'm trying to just
10 expedite this if we can.

11 Mine 84 is a mine that imposed an electrical demand,
12 it contributed to the load used in coming up with your
13 modeling that determined a need for the Prexy facilities,
14 right?

15 A. The load at Mine No. 84 was used in our load
16 model when we did our analysis.

17 Q. Okay. So Mine 84 has announced that it's going
18 to be closing; is that right?

19 A. I believe there was a press release in
20 September, I'm not sure what year, might have been '06,
21 might have been '07, I'm starting to confuse things here,
22 that they were going to shut down I believe this year or at
23 least scale back. I'm not sure exactly what the press
24 release said. I think it was September of '07 that they
25 said they were going to begin scaling back in the spring of

1 '08.

2 Q. Okay. And neither TrAILCo nor Allegheny Power
3 has performed any studies to determine what the effect of
4 the closure of the 84 mine would have on the problems
5 identified in LAH-3; is that right?

6 A. That is correct.

7 Q. Okay. And --

8 A. One of the problems with doing that is, we don't
9 know how much load will be reduced, because they will still
10 need to maintain electrical service to various facilities at
11 the mine, so their load may be reduced by 50 percent, 75
12 percent. We don't know until they tell us what their load
13 reduction will actually be so we can't study it without that
14 knowledge.

15 Q. So you know the load is likely to be reduced,
16 but you can't really quantify it and therefore you haven't
17 studied its effects at all; is that right?

18 A. That is correct. And again, we don't know when
19 they may reopen, either, so there's a possibility that load
20 may come back on in 2009 or 2010.

21 Q. Right. Anything's possible, right?

22 A. That is correct. It's a dynamic system.

23 Q. I'm showing you a document called Allegheny
24 Energy's Wall Street Access Conference. It's a March 28
25 through 29, 2007 document. Are you familiar with this

1 document?

2 A. No, I am not.

3 Q. Okay. And do you have any information or
4 knowledge about to what extent the TrAIL project is a growth
5 driver or may add to the profitability of Allegheny Energy
6 or any of its subsidiaries?

7 A. I have heard the term "growth driver" before,
8 although I am not sure what context that was used in in
9 relation to the TrAIL project.

10 Q. Now, do you know what effect the TrAIL project
11 will have on Allegheny Energy's business' revenues with
12 respect to transmission or generation? Do you have any idea
13 what effect that will have on their revenues?

14 A. Financially, I have no idea. As a transmission
15 planner, my concern is to maintain the reliability of the
16 system. It's somebody else's job to work out the finances.

17 MR. BURNS: I'm going to have marked as ECC Exhibit
18 34 a document which is dated March 6, 2006. It's Allegheny
19 Energy's request for designation of National Interest
20 Electric Transmission Corridors, and the first page of the
21 document is a March 6, 2006 cover letter to the United
22 States Department of Energy. I don't know if I got the
23 number right. I think it's Exhibit 34.

24 JUDGE NEMEC: That's correct. It may be so
25 identified.

1 (Whereupon, the document was marked
2 as ECC Cross-Examination Exhibit
3 No. 34 for identification.)

4 BY MR. BURNS:

5 Q. Now, Mr. Hozempa, you were involved in preparing
6 the documents submitted to the Department of Energy in
7 connection with this particular request for designation of
8 National Interest Electric Transmission Corridors, correct?

9 A. I was involved with parts of it.

10 Q. Okay. And at this time, the TrAIL project was
11 the initial TrAIL project running from Wylie Ridge to Prexy
12 to 502 Junction and ending up at Kemptown, Maryland,
13 correct?

14 A. Correct.

15 Q. All right. And can you turn to page four of
16 that exhibit, sir? At the top of that page, there's an
17 indication of six bullet items as to what the TrAIL project
18 will do, and the first one says, enhance the reliability of
19 the PJM transmission system. The second bullet says, it
20 will provide economic benefits to customers. The third
21 bullet says it will ease congestion on the PJM transmission
22 system, and it will diversify available generation
23 resources, etcetera, etcetera. Do you see that?

24 A. Yes, I do.

25 Q. All right. And I understand from reviewing the

1 file, it appears that you were involved in drafting portions
2 of this document; is that right?

3 A. That is correct.

4 Q. Okay. And the document goes on to explain what
5 those bullet items mean, and there are different sections
6 talking about the reliability enhancement and the economic
7 benefits of the line, etcetera, correct?

8 A. That's correct.

9 Q. And on page five of nine, you indicate that the
10 TrAIL project -- you see that chart at the bottom, Table 1?

11 A. Yes, I do.

12 Q. That indicates that the incremental transfer
13 capability if the original TrAIL line went in was 3800 or
14 4800 megawatts. Do you see those numbers?

15 A. Yes, I do.

16 Q. What is the difference between the 3800 and the
17 4800 megawatts of transfer capability?

18 A. I'll make sure I explain this properly. There
19 are actually two separate limits. Okay? The first limit of
20 3800 is for the contingency of the Bath County to Valley
21 Line, and it is limited by the Lexington to Dooms line.

22 Now, assuming that that could be corrected, that
23 limiting facility, in some fashion, I'm unaware at this
24 point of what the limiting element is on that line. But if
25 that could be corrected, then your incremental transfer

1 capability would increase to 4800 megawatts for the next
2 contingency, which is loss of the 502 Junction substation to
3 Mt. Storm substation segment of TrAIL, and then that
4 limiting constraint would become the Pruntytown-Mt. Storm
5 line. So, that is the reason these two items are listed.

6 Q. And in the text above the table, it says that
7 the original TrAIL project will increase the west to east
8 total transfer capability of the PJM system by 3800
9 megawatts over base case levels; correct?

10 A. That is correct.

11 Q. So, the TrAIL project as originally proposed was
12 going to provide a number of different economic benefits and
13 other benefits as set forth in this document and also as one
14 of those benefits would increase the west to east transfer
15 capability by about 3800 megawatts; right?

16 A. Correct.

17 Q. All right. And attached to the application to
18 the Department of Energy was Attachment A, which is
19 Allegheny Power's February 28, 2006 application to PJM for
20 the original TrAIL project; correct?

21 A. That is correct.

22 Q. And if you turn to page 2 of that document, in
23 the second paragraph, it indicates that following PJM's
24 announcement of Project Mountaineer, Allegheny Power --
25 well, I'll just paraphrase. Following PJM's announcement of

1 Project Mountaineer, Allegheny Power came up with and
2 submitted this proposal to PJM for the original TrAIL
3 project; right?

4 A. Yes, I believe that is correct.

5 Q. And at this time, the reliability issues had not
6 yet come up, the ones in SWG-1 or LAH-3, is that right?
7 When this proposal was submitted to PJM initially, there
8 were no reliability issues known at that time that required
9 that line to be proposed; is that right?

10 A. Let me clarify something, and maybe I didn't
11 make this clear earlier when we had talked about it. But
12 again, in 2001, we identified the Prexy facilities as a
13 plan. We had that timed for 2011 based on our load
14 forecasts and projections and load modeling at the time.

15 So, we had that already planned because we foresaw
16 that there were going to be reliability criteria violations
17 that would need to be addressed. So, that was the original
18 Prexy facilities.

19 So, to say that we did know there was a problem in
20 the Prexy area when this was written is not correct, because
21 we knew there was. We just had that timed at a different
22 time. So, that was -- we were aware of that situation.

23 The overload on the Mt. Storm-Doubs line is a
24 separate project, the 502 to Loudoun segments. This we were
25 not aware of at the time we wrote this.

1 Q. At the time this was submitted to PJM, you
2 indicated in this document that it was a response to Project
3 Mountaineer; correct?

4 A. That is correct.

5 Q. And as part of that response, you proposed a
6 line that went from Wylie Ridge and ended up in Kempton,
7 Maryland, and also included the 502 and the Prexy
8 substations; correct?

9 A. Correct.

10 Q. And on the next page, page 3, Allegheny Power
11 talks about some of the advantages of the proposed TrAIL
12 project, and it includes relieving congestion on several
13 highly congested facilities. Do you see that as the middle
14 bullet item at the top?

15 A. Yes.

16 Q. And it also mentions that Allegheny Power
17 identified this proposed TrAIL line as the most effective
18 realization of the Project Mountaineer concept; right?

19 A. Yes. That is based on the studies that we had
20 conducted looking at various combinations of lines and
21 segments, and through an analysis, we came up with what we
22 feel is the most effective solution for what we were looking
23 at at the time, which was the original TrAIL project.

24 Q. And in one of your testimonies, you talk about
25 the chronology a little bit, and, you know, in 2005, PJM

1 announced Project Mountaineer, and towards the end of that
2 year, Allegheny Power internally and with other transmission
3 owners tried to come up with proposed responses to Project
4 Mountaineer, and before this proposal was submitted to
5 Allegheny Power on February -- or from Allegheny Power to
6 PJM on February 28, 2006, APE submitted a proposal in
7 response to Project Mountaineer to PJM; is that right?

8 A. Yes. And again, the Project Mountaineer concept
9 was a response to a question posed by the FERC. PJM took
10 that concept as an answer to FERC's question. When that
11 technical conference took place in Charleston, West
12 Virginia, and they had this answer to FERC's question about
13 Project Mountaineer, they did not request for anybody to do
14 anything. They did not ask the transmission owners to
15 submit proposals. Allegheny Power took it upon themselves,
16 recognizing that there was limits on the interface in our
17 system that our operations department had to deal with on a
18 regular basis.

19 We knew that that was constrained. We saw the
20 congestion costs. We knew that there were reliability
21 issues that were just around the corner. Recognizing that
22 there was more or less an immediate need for another EHV
23 pathway across the system and since PJM had just discussed
24 this with the FERC, we started doing some analysis on what
25 kind of projects Allegheny Power would be able to construct

1 to, number one, address some of the congestion and
2 reliability issues that we were already aware of and, number
3 two, that would fit well within this concept that PJM had
4 discussed at the FERC technical conference.

5 So, once we did some internal analysis, we also began
6 discussions with other transmission owners within the PJM
7 footprint, and, basically, all the transmission owners went
8 back to some of their past studies looking at the same
9 situation, because this Allegheny Mountain corridor has been
10 constrained for many years. It is not a surprise that now
11 there are reliability issues.

12 Anybody that has done any analysis in this area
13 understands the constraints on that system and the
14 reliability issues that are there. It is not a surprise to
15 Dominion or PSE&G or PP&L. Anybody that operates within
16 this region knows the constraints on that interface.

17 So, these other transmission owners that Allegheny
18 began discussions with went back and reviewed some of the
19 proposals that they had kind of sitting on their books, and
20 we went over and did an analysis, and the other transmission
21 owners contributed study time and alternatives, and that
22 information was compiled and that was then submitted to PJM
23 again to support their view of this Project Mountaineer
24 concept.

25 Again, it was not to address anything specific to any

1 reliability problem, but only to provide PJM with adequate
2 information that if they did discover or when they did
3 discover a reliability problem, they had all these different
4 alternatives to review.

5 Also, at the same time since Allegheny Power had done
6 all this analysis, we kind of fine-tuned our results and
7 submitted a separate proposal on our own apart from the
8 other transmission owners that we had been working with.

9 Q. And AEP submitted one on its own about a month
10 before yours was submitted?

11 A. I believe it was in January, yes.

12 Q. Can you turn to page 14 of this attachment,
13 which is your February 28, 2006 proposal to PJM? That shows
14 the -- page 14.

15 JUDGE NEMEC: Unfortunately, Mr. Burns, I have to
16 announce that you have five minutes left.

17 MR. BURNS: I'll try to finish this document in 4.5
18 minutes then.

19 BY MR. BURNS:

20 Q. All right. You're on page 14, Mr. Hozempa?

21 A. Yes, I am.

22 Q. It shows the proposed 502 Junction substation at
23 the time; correct?

24 A. Yes.

25 Q. And do you see there is a connection of a 500 kV

1 line running to Prexy and another one going to Kammer?

2 A. Yes.

3 Q. And then there is a 500 kV line going to
4 Harrison and Mt. Storm and another one to Fort Martin;
5 correct?

6 A. Correct.

7 Q. Then there's a proposed future 500 kV line going
8 north somewhere, right, or a possible future --

9 A. It's shown north on this sketch, but this is not
10 geographically correct. It just shows that there is a
11 position available for another 500 kV line. It doesn't
12 really indicate any direction or any planned 500 kv line.
13 There's an open line terminal position in the substation
14 based on the layout that we had envisioned at the time.

15 Q. And how is the layout now of the 502 Junction
16 substation? Does it still have a connection to Kammer,
17 Harrison, Mt. Storm and Fort Martin, as well as leading
18 towards the proposed Prexy substation, all 500 kV lines?

19 A. The configuration is more or less the same.
20 Some of the line terminals may have been relocated as far as
21 an actual electrical layout. I don't -- I can't recall how
22 the layout of the substation has changed, but, basically,
23 there is going to be initially five 500 kV lines coming out
24 of 502 Junction substation.

25 Q. Can you turn to page 20? That shows the

1 proposed Prexy substation at that time; correct?

2 A. Yes, it does.

3 Q. And it shows a 500 kV line going north to Wylie
4 Ridge and then south towards 502 Junction; correct?

5 A. Yes, it does.

6 Q. And even though there is no open connection
7 area, there indicates that there is going to be a future
8 eastern line, a 500 kV line, running through Prexy. Do you
9 see that?

10 A. Yes, I do.

11 Q. So, back on February 28, 2006, Allegheny Power
12 envisioned a potential future eastern 500 kV line running
13 through the Prexy substation, correct?

14 A. At this time, yes, that is correct.

15 MR. BURNS: I think those are all the questions I
16 have on this document. So, maybe we should just break for
17 the day and we can resume tomorrow. I'll try and streamline
18 my questions so I can be short tomorrow, Mr. Hozempa.

19 JUDGE NEMEC: Sounds like a plan.

20 (Witness temporarily excused.)

21 JUDGE NEMEC: We are adjourned.

22 (Whereupon, at 4:56 p.m., the hearing was adjourned,
23 to be reconvened at 9:00 a.m., Thursday, March 27, 2008, in
24 Pittsburgh, Pennsylvania.)

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C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me and thereafter reduced to typewriting by me or under my direction, and that this transcript is a true and accurate record to the best of my ability.

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By: John A. Kelly (sp)
John A. Kelly,
Certified Verbatim Reporter

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