

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**PETITION OF  
KINGSPORT POWER COMPANY**

**Docket No. 12-00012**

**For approval of Demand Response Program  
And Associated Demand Response Tariffs on behalf of  
Kingsport Power Company d/b/a AEP Appalachian Power**

**PETITION OF  
EASTMAN CHEMICAL COMPANY  
AND AIR PRODUCTS AND CHEMICALS, INC.**

**Docket No. 12-00026**

**For expedited review to allow certain end-use customers  
of Kingsport Power Company to participate in PJM  
Interconnection Demand Response programs**

**DIRECT TESTIMONY  
AND EXHIBITS  
OF  
STEPHEN J. BARON**

**ON BEHALF OF  
EASTMAN CHEMICAL COMPANY  
AND  
AIR PRODUCTS AND CHEMICALS, INC.**

**J. KENNEDY AND ASSOCIATES, INC.  
ROSWELL, GEORGIA  
June 2012**

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**DIRECT TESTIMONY OF STEPHEN J. BARON**

**I. INTRODUCTION**

**Q. Please state your name and business address.**

**A.** My name is Stephen J. Baron. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

**Q. On whose behalf are you testifying in this proceeding?**

**A.** I am testifying on behalf of Eastman Chemical Company ("Eastman Chemical") and Air Products and Chemicals, Inc. ("Air Products"). Both companies are large industrial customers taking service from Kingsport Power Company ("KgPCo" or the "Company").

*J. Kennedy and Associates, Inc.*

1  
2       **Q.     What is your occupation and by who are you employed?**

3       A.     I am the President and a Principal of Kennedy and Associates, a firm of utility rate,  
4             planning, and economic consultants in Roswell, Georgia.

5  
6       **Q.     Please describe briefly the nature of the consulting services provided by**  
7             **Kennedy and Associates.**

8       A.     Kennedy and Associates provides consulting services in the electric and gas utility  
9             industries. Our clients include state agencies and industrial electricity consumers.  
10            The firm provides expertise in system planning, load forecasting, financial analysis,  
11            cost-of-service, and rate design. Current clients include the Georgia and Louisiana  
12            Public Service Commissions and industrial consumer groups throughout the United  
13            States.

14  
15       **Q.     Please state your educational background.**

16       A.     I graduated from the University of Florida in 1972 with a B.A. degree with high  
17             honors in Political Science and significant coursework in Mathematics and  
18             Computer Science. In 1974, I received a Master of Arts Degree in Economics, also  
19             from the University of Florida. My areas of specialization were econometrics,  
20             statistics, and public utility economics. My thesis concerned the development of an  
21             econometric model to forecast electricity sales in the State of Florida, for which I  
22             received a grant from the Public Utility Research Center of the University of Florida.

1 In addition, I have advanced study and coursework in time series analysis and  
2 dynamic model building.

3  
4 **Q. Please describe your professional experience.**

5 A. I have more than thirty years of experience in the electric utility industry in the areas  
6 of cost and rate analysis, forecasting, planning, and economic analysis.

7  
8 Following the completion of my graduate work in economics, I joined the staff of  
9 the Florida Public Service Commission in August of 1974 as a Rate Economist. My  
10 responsibilities included the analysis of rate cases for electric, telephone, and gas  
11 utilities, as well as the preparation of cross-examination material and the preparation  
12 of staff recommendations.

13  
14 In December 1975, I joined the Utility Rate Consulting Division of Ebasco Services,  
15 Inc. as an Associate Consultant. In the seven years I worked for Ebasco, I received  
16 successive promotions, ultimately to the position of Vice President of Energy  
17 Management Services of Ebasco Business Consulting Company. My  
18 responsibilities included the management of a staff of consultants engaged in  
19 providing services in the areas of econometric modeling, load and energy  
20 forecasting, production cost modeling, planning, cost-of-service analysis,  
21 cogeneration, and load management.

1 I joined the public accounting firm of Coopers & Lybrand in 1982 as a Manager of  
2 the Atlanta Office of the Utility Regulatory and Advisory Services Group. In this  
3 capacity I was responsible for the operation and management of the Atlanta office.  
4 My duties included the technical and administrative supervision of the staff,  
5 budgeting, recruiting, and marketing as well as project management on client  
6 engagements. At Coopers & Lybrand, I specialized in utility cost analysis,  
7 forecasting, load analysis, economic analysis, and planning.

8  
9 In January 1984, I joined the consulting firm of Kennedy and Associates as a Vice  
10 President and Principal. I became President of the firm in January 1991.

11  
12 During the course of my career, I have provided consulting services to numerous  
13 industrial, commercial, public service commission and utility clients, including  
14 international utility clients.

15  
16 I have presented numerous papers and published an article entitled "How to Rate  
17 Load Management Programs" in the March 1979 edition of "Electrical World." My  
18 article on "Standby Electric Rates" was published in the November 8, 1984 issue of  
19 "Public Utilities Fortnightly." In February of 1984, I completed a detailed analysis  
20 entitled "Load Data Transfer Techniques" on behalf of the Electric Power Research  
21 Institute, which published the study.

1 I have presented testimony as an expert witness in Arizona, Arkansas, Colorado,  
2 Connecticut, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Michigan,  
3 Minnesota, Maryland, Missouri, New Jersey, New Mexico, New York, North  
4 Carolina, Ohio, Pennsylvania, Texas, Utah, Virginia, West Virginia, Wisconsin,  
5 Wyoming, before the Federal Energy Regulatory Commission ("FERC"), and in  
6 United States Bankruptcy Court. A list of my specific regulatory appearances can be  
7 found in Baron Exhibit \_\_\_\_ (SJB-1).  
8

9 **Q. Have you previously testified in rate proceedings involving operating utilities of**  
10 **American Electric Power Company, Inc. ("AEP Operating Companies")?**

11 A. Yes. I have testified in numerous AEP Operating Company rate proceedings in  
12 Virginia (Appalachian Power Company), West Virginia (Appalachian Power  
13 Company), Kentucky (Kentucky Power Company), Ohio (Ohio Power Company,  
14 Columbus and Southern Power Company), Indiana (Indiana Michigan Power  
15 Company), Louisiana (Southwest Electric Power Company). I have also testified  
16 before FERC in the AEP and Central and Southwest merger case. These cases have  
17 included a range of issues, including issues associated with demand response tariffs.  
18 As can be seen in my Exhibit \_\_ (SJB-1), I have also addressed demand response rate  
19 issues (particularly, interruptible rate issues associated with large industrial  
20 customers) on many occasions, involving electric utility systems throughout the  
21 nation.  
22

23 **Q. What is the purpose of your testimony?**

1       A.     I will present testimony responding to KgPCo's proposal to deny KgPCo's large  
2             industrial (and other) customers the right to participate directly, or through  
3             Curtailment Service Providers ("CSPs"), in the Demand Response programs offered  
4             by PJM Interconnection, LLP ("PJM"). This issue arises in both of the instant,  
5             consolidated dockets, Dkt. Nos. 12-00012 and 12-00026. In the latter docket,  
6             Eastman Chemical and Air Products specifically seek such permission. I will also  
7             address the Direct Testimony of KgPCo witness James Martin on this issue, as well  
8             as the Company's proposed Peak Shaving Demand Response ("PSDR") and Peak  
9             Shaving Emergency Demand Response ("PSEDR") tariffs, in Dkt. No. 12-00012.

10  
11            Specifically, I will discuss why it is inappropriate, especially at this time, to  
12            foreclose the right of KgPCo customers to participate in the PJM Demand Response  
13            programs and why the Company's proposed KgPCo Demand Response tariffs are  
14            not a satisfactory substitute for PJM Demand Response program participation. I will  
15            also discuss specific issues associated with the Company's proposed tariffs.

16  
17       **Q.     Would you briefly summarize the specific issues that are before the Tennessee**  
18       **Regulatory Authority ("TRA") in this proceeding?**

19       A.     Yes. There are two principal issues in these consolidated cases. The first issue is  
20             whether the TRA should approve KgPCo's request to prevent its customers from  
21             participating (either directly or through CSPs) in PJM's Demand Response  
22             programs. This request includes forbidding KgPCo's customers, such as Eastman  
23             Chemical, that are currently participating in such programs from continuing such

1 participation. Conversely, this issue also includes the request of Eastman Chemical  
2 and Air Products for specific TRA approval for their participation in such programs.  
3 Retail regulatory approval is required by the PJM tariff for customers of electric  
4 distribution companies (“EDCs”) that distributed 4 million mWh or less in the prior  
5 fiscal year. KgPCo asserts that this requirement applies to its customers.

6  
7 The second issue concerns KgPCo’s request for approval of its proposed PSDR and  
8 PSEDR tariffs. While I do not object to the Company offering its own DR tariffs as  
9 an additional option for customers that choose not to participate in the PJM DR  
10 programs, I have some concerns regarding certain provisions of these new tariffs.

11  
12 **Q. Before discussing the specific issues in this case, would you provide a brief**  
13 **description of the PJM demand response program and how it benefits**  
14 **Kingsport’s customers?**

15 A. As part of PJM’s Reliability Pricing Model (“RPM”), which the PJM uses to  
16 obtain reliable and sufficient generation resources to meet the needs of all of  
17 PJM’s load (including the load of KgPCo’s retail customers in Tennessee), PJM  
18 includes customer bids of “demand response” capability. Demand response  
19 represents customer kW demand that can be curtailed upon notification by PJM  
20 that PJM needs additional capacity in times of emergencies or very high energy  
21 market prices. This customer kW demand, subject to curtailment, takes the form  
22 of manufacturing equipment or other loads that otherwise would be operating, but  
23 for the curtailment. In this manner, customer load available for curtailment acts



1 as a generation resource that otherwise would have to be acquired by PJM to meet  
2 the requirements of all other utility customers (e.g., residential, commercial,  
3 industrial customers). By accepting the risk of curtailment, demand response  
4 participants provide generation resources to PJM and its members (including  
5 KgPCo, via its supplier, APCo and AEP). Participating demand response  
6 customers, either directly or through PJM approved Curtailment Service Providers  
7 (“CSP’s”) receive compensation for providing this “capacity” to PJM in a manner  
8 that is similar to the compensation received by a generation resource owner for its  
9 capacity.

10  
11 **Q. What are the benefits of Demand Response?**

12 A. Demand response provides generating capacity resources to the system that can  
13 be more cost effective than constructing new generating capacity. Because the  
14 payment for demand response by PJM is determined in the RPM auction, demand  
15 response capacity is cost effective (and therefore least cost) by definition. It  
16 therefore benefits all PJM customers by providing a source of least cost  
17 generating capacity. It also provides an opportunity for participating customers,  
18 like Eastman Chemical, to lower their overall cost of electric power by agreeing  
19 to accept curtailments and lower reliability service. This creates economic value  
20 for participating customers and all other PJM customers, who are obtain higher  
21 reliability service and avoid paying for more costly power system infrastructure  
22 needed to meet system requirements during high demand periods. To the extent  
23 that large customers, such as Eastman Chemical can provide generating capacity

(via demand response), there is less of a need to build new generation. During the 2011 planning year (June 2011 through May 2012), PJM had approximately 11,800 mW of emergency demand response resources available to meet emergencies.<sup>1</sup>

**Q. Will you please address the first issue concerning the Company's request to prevent any of its customers from directly participating in any PJM Demand Response program?**

A. As discussed in KgPCo's filing in this case (including the testimony of James Martin), the Company is requesting that the TRA deny any of its customers the right to participate in PJM DR programs. KgPCo argues that its replacement retail DR tariffs are sufficient and provide benefits to KgPCo and its customers that are not available if customers participate in the PJM programs. I disagree with the Company's position on this issue and support continued authority for customers to participate in these PJM programs. As I will discuss, a number of policy and economic factors support TRA approval of such participation.

**Q. What is the principal reason for rejecting KgPCo's proposal to deny its customers the right to participate directly in PJM programs?**

A. Demand Response programs are designed to provide an alternative, economic source of demand and energy resources that PJM can rely on to meet the needs of all

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<sup>1</sup> See Baron Exhibit \_\_ (SJB-2).

1 of the RTO's load, including the load of KgPCo. AEP-East is a member of PJM and  
2 therefore benefits when PJM's overall costs of capacity and energy are minimized.  
3 This is the reason why AEP participates in PJM. The PJM DR programs have been  
4 highly successful and currently provide substantial reliability benefits to all PJM  
5 members. In 2011, PJM DR programs provided over 11,000 mW of emergency DR  
6 "capacity" to the system.<sup>2</sup> This included 13 mW from AEP customers in  
7 Tennessee. Because KgPCo is a full requirements customer of Appalachian Power  
8 Company ("APCo"), KgPCo's generation costs are determined by APCo's costs,  
9 which, in turn, are determined, in part, by AEP-East's costs and ultimately PJM's  
10 costs. While AEP-East currently is a Fixed Resource Requirement ("FRR")  
11 participant in PJM, AEP's load obligation pursuant to the PJM FRR provisions is  
12 based on AEP's *summer* peak demand.<sup>3</sup>

13  
14 **Q. Isn't APCo a winter peaking company?**

15 A. Yes. However, because APCo is part of the AEP-East system and AEP is a member  
16 of PJM, the primary driver of generation reliability costs is summer peak load.  
17 While it is true that reliability must be provided year round for any utility, PJM  
18 requires that its FRR members (like AEP) satisfy minimum installed reserve margins  
19 based on AEP's Obligation Peak Load, which is a summer peak load. These are the  
20 cost drivers that ultimately will require AEP and APCo to incur reliability costs, and

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<sup>2</sup> Load Response Activity Report of March 2012, PJM Demand Side Response (Attached as Baron Exhibit\_\_ (SJB-2).

<sup>3</sup> This obligation is referred to in the PJM tariff as the "Obligation Peak Load."

1 it is the PJM summer peak that is the principal driver of resource costs. PJM's  
2 Demand Response program is designed to address these cost drivers efficiently by  
3 focusing on demand response that can actually reduce resource costs. It simply  
4 makes no economic sense to deny KgPCo customers the right to participate in the  
5 PJM DR programs, which are specifically designed to provide benefits to the entire  
6 PJM region, including APCo (and thus KgPCo). PJM DR load is directly included  
7 in PJM's Reliability Pricing Model ("RPM") Base Residual Auction and in  
8 incremental auctions, and the reliability value of that load to the entire PJM system  
9 is determined based on the RPM results.

10  
11 **Q. KgPCo witness Martin argues in his testimony that because AEP is an FRR**  
12 **member of PJM, APCo receives no benefit from its customers participating in**  
13 **the PJM DR program. Do you agree with this conclusion?**

14 A. No, and there is no evidence that AEP's regulators in any other AEP-East Operating  
15 Company jurisdiction, except Indiana, agrees either. On page 11 of his testimony at  
16 line 17, Mr. Martin states that KgPCo's remaining customers will not receive  
17 benefits if DR customers are permitted to participate directly in the PJM DR  
18 program. I disagree with his conclusion on this key issue. First, while it may be true  
19 that short-term benefits can be achieved for KgPCo if it can "game" the current  
20 FERC-approved Purchased Power Agreement that governs KgPCo's full  
21 requirements service from APCo (see Mr. Martin's testimony on page 11 beginning  
22 at line 3) or the current AEP-East Pool Agreement, with its allocation of generation  
23 costs based, in part, on the Member Load Ratio ("MLR"), this is not an economic

1 basis for the TRA to establish such a far reaching regulatory policy.<sup>4</sup> As I indicated,  
2 the principal cost driver for KgPCo's generation reliability costs is  
3 KgPCo/APCo/AEP-East loads during the *summer* peak. My Exhibit \_\_ (SJB-3) is an  
4 excerpt from the PJM Capacity Market rules governing FRR market participants  
5 such as AEP. An FRR market participant's Unforced Capacity Obligation  
6 ("UCAP") is determined by Obligation Peak Load, which is the *summer* peak load  
7 [see page 2 of Exhibit \_\_ (SJB-3) that contains a definition of Obligation Peak Load  
8 as used by PJM].

9  
10 By participating in PJM's DR programs, KgPCo customers provide demand side  
11 resources that contribute and replace costly generating capacity that otherwise would  
12 be required to meet PJM reliability criteria. Thus, permitting KgPCo's customers to  
13 participate directly in PJM DR programs will provide economic benefits to all PJM  
14 member companies and their customers, including KgPCo's customers. It is simply  
15 incorrect to argue, as Mr. Martin does in his testimony, that direct participation in  
16 the PJM DR programs provides no benefits to APCo or KgPCo and its customers.

17  
18 **Q. Are APCo customers in Virginia and West Virginia permitted to participate**  
19 **directly in PJM DR programs?**

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<sup>4</sup> If each AEP-East Operating Company were to engage in the same behavior in order to minimize its own MLR, there would likely be little or no real economic benefit to any such company, because the actual resource cost driver is the AEP summer peak demand, not each Operating Company's maximum non-coincident peak demand, which is the basis of the MLR calculation.

1       A.     Yes. Despite APCo's requests to the Virginia State Corporation Commission ("Va.  
2       SCC") to prohibit participation in PJM DR programs by APCo's retail customers,  
3       the Va SCC did not approve the Company's request to deny such customers the right  
4       to participate in such programs. It is my understanding that APCo did not even  
5       make a request to the West Virginia Public Service Commission ("W. Va. PSC") to  
6       deny participation by APCo's customers in PJM DR programs. Interestingly,  
7       Wheeling Power Company of West Virginia, the only other AEP-East Operating  
8       Company that owns no generation resources of its own (besides Kingsport) places  
9       no restrictions on its customers participating in PJM DR programs.<sup>5</sup> Based on the  
10      March 2012 Load Response Report from PJM [Baron Exhibit\_\_(SJB-2)], APCo's  
11      customers in both Virginia and West Virginia are participating in the PJM program  
12      (283 mW in Virginia, 339 mW in West Virginia). Clearly, it appears that APCo's  
13      regulators in both states believe that it is beneficial to permit APCo's customers to  
14      participate in such PJM programs and place no restrictions on such participation.  
15      Further, it is my understanding that neither the Public Utilities Commission of Ohio  
16      ("PUCO") nor the Kentucky Public Service Commission ("Kentucky PSC")  
17      prohibits customers of the AEP Operating Companies in Ohio and Kentucky,  
18      respectively, from participating directly in the PJM DR programs. The Indiana  
19      Utility Regulatory Commission ("IURC") is the only AEP-East retail regulator that  
20      prevents direct customer participation in the PJM DR programs. Moreover, while it  
21      is true that APCo has received Va. SCC approval for APCo-specific DR tariffs in

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<sup>5</sup> Wheeling Power Company is a full requirements customer of Ohio Power Company.

1 Virginia, customers also can elect to participate in the PJM DR programs. It would  
2 be unreasonable to deny KgPCo's customers, such as Eastman Chemical and Air  
3 Products, the right to participate in PJM DR programs while other APCo customers  
4 across the border in West Virginia and Virginia can participate.

5  
6 **Q. If KgPCo customers are denied the right to participate in PJM DR programs,**  
7 **could that place them at a competitive disadvantage compared to similar**  
8 **customers of APCo located in Virginia and West Virginia?**

9 A. Yes. While I have not performed a specific analysis of this issue, it seems plausible  
10 that approval of KgPCo's request to deny its customers the same right to participate  
11 in the PJM DR programs that APCo's Virginia and West Virginia customers enjoy  
12 would place KgPCo's customers at a competitive disadvantage, at least with respect  
13 to marginal production decisions. For example, because of the increased likelihood  
14 of interruption under KgPCo's proposed DR tariffs, compared to the PJM DR  
15 programs, KgPCo's customers would be placed in a disadvantageous economic  
16 position compared to similar customers of APCo in Virginia and West Virginia. I  
17 will discuss this frequency-of-interruption issue later in my testimony.

18  
19 **Q. Do the PJM DR programs provide the opportunity for KgPCo's customers to**  
20 **participate in programs that are specifically designed to provide real economic**  
21 **benefits to the PJM system and ultimately to all of KgPCo's customers?**

22 A. Yes, I believe that they do. Moreover, PJM continually evaluates its DR programs  
23 and provides for cost effective changes that both promote customer participation and

1 provide economic benefits to the PJM system and all of its customers, including  
2 KgPCo's customers. For example, beginning with the 2014/15 PJM planning year,  
3 PJM is offering two new programs (Extended Summer DR and Annual DR) in  
4 addition to the Limited DR that is the basis for KgPCo's proposed PSEDR tariff.<sup>6</sup>  
5 Such flexibility in the PJM programs provides additional benefits to customers,  
6 including all of KgPCo's customers, because it responds to changing economic and  
7 participant requirements. For that reason, such added flexibility encourages cost  
8 effective customer participation. Additional flexibility and innovative potential,  
9 moreover, is provided by the CSPs, which can develop their own programs  
10 consistent with PJM DR requirements.

11  
12 **Q. On December 17, 2010, each of the members of the AEP-East Pool Agreement,**  
13 **including APCo, gave notice to each other to terminate that agreement on**  
14 **January 1, 2014. What is the implication of the notice of termination of the**  
15 **agreement on the issues in this case?**

16 **A.** There are numerous implications and uncertainties created by the termination notice.  
17 In particular, it is not known whether APCo will participate in a new Pool  
18 Agreement with Kentucky Power Company ("KPCo") and Indiana Michigan Power  
19 Company ("I&M"), or whether APCo will become a standalone member of PJM.  
20 Nor is it known whether APCo (or the new pool members as a group) will continue  
21 as FRR participants in PJM or participate, instead, in the RPM auctions. On

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<sup>6</sup> Martin Direct Testimony at page 7, line 6.



1 February 10, 2012, AEP-East Operating Companies filed with the FERC a new  
2 Power Cost Sharing Agreement among APCo, KPCo and I&M. This filing  
3 subsequently was withdrawn, apparently as a result of regulatory decisions by the  
4 Public Utilities Commission of Ohio. At this time, no filing has been re-submitted  
5 to FERC. Under the now withdrawn Power Cost Sharing Agreement, however,  
6 each of the AEP-East Operating Companies (including APCo) would be responsible  
7 for meeting its PJM capacity requirements on its own. As described by such  
8 companies in that FERC filing of February 10,

9 The key difference between the Power Cost Sharing Agreement and the  
10 current Pool Agreement is that under the new arrangement, generation will  
11 not be planned on a single-system basis; APCo, I&M and KPCo individually  
12 will be required to own sufficient generation to meet their load and reserve  
13 obligations.<sup>7</sup>  
14

15 This means that the MLR, which is now used to allocate capacity costs among the  
16 AEP operating companies, will no longer be used. Instead, APCo will be required to  
17 obtain sufficient capacity to meet its own, PJM-imposed load obligations. Also, as  
18 noted by Mr. Martin on page 10 of his testimony, "it is possible that some or all of  
19 the AEP Companies will elect to fulfill their PJM capacity obligation in the RPM  
20 market rather than the FRR Alternative in the future." Clearly, then, there is  
21 considerable uncertainty at this time regarding the future planning requirements for  
22 APCo that will have an impact on this issue. For example, without the existing  
23 generation capacity cost-sharing provisions (equalization provisions) in the AEP-

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<sup>7</sup> *Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, AEP Generation Resources Inc., Ohio Power Company*, FERC Dkt. ER12-1042, Transmittal, dated February 10, 2012, at 8.

1 East Pool Agreement, there would be no MLR-based allocation of such capacity  
2 costs, so reductions in APCo's winter peak, which today would reduce its MLR,  
3 would have no impact on AEP cost sharing. Nor would an MLR-based allocation of  
4 capacity costs have an impact on APCo's summer peak load obligation to PJM.  
5 Indeed, Mr. Martin appears to acknowledge this issue on page 6 of his testimony at  
6 line 9, where he states that "it may be necessary for the Company to modify its DR  
7 offerings consistent with such resolution ..."

8  
9 **Q. In light of this uncertainty, should the TRA reject the Company's request to**  
10 **deny customers the right to participate in PJM DR programs?**

11 A. Yes. Clearly there are many unanswered questions regarding the future generating  
12 resource responsibility of APCo relative to the other AEP-East Operating  
13 Companies and PJM. KgPCo's proposal to preclude direct participation in PJM DR  
14 programs, and effectively to preclude CSPs from providing innovative DR services  
15 to KgPCo's customers, is not timely or reasonable, and it would act to limit the  
16 potential for cost-effective DR by KgPCo's customers. The TRA should approve  
17 participation by KgPCo's customers in PJM's DR programs as is currently the case  
18 for all of APCo's customers in neighboring Virginia and West Virginia.

19  
20 **Q. Are there additional reasons why KgPCo's request to deny customer**  
21 **participation in the PJM DR programs should be rejected?**

22 A. Yes. While KgPCo's proposed retail DR tariffs allow CSPs to advise customers that  
23 participate in the Company's PSDR and PSEDR programs, the CSPs' role in

1 developing efficient, cost effective, innovative arrangements involving demand  
2 response load aggregation among multiple customers would be eliminated.<sup>8</sup> PJM's  
3 FERC-approved DR program permits direct participation by a customer or indirect  
4 participation by a customer through the services of a CSP. CSPs can provide  
5 innovative arrangements, including those that combine multiple customers to  
6 provide DR capacity to the PJM. Such arrangements are potentially more cost  
7 effective for customers than KgPCo's proposals. Such CSP arrangements,  
8 moreover, can also provide DR capacity to the PJM system that otherwise might not  
9 be available. KgPCo's proposals, however, would effectively preclude CSPs from  
10 providing demand response programs for KgPCo's customers. Such proposals  
11 would prevent CSPs from acting in a role other than as advisors to customers  
12 participating in KgPCo's DR programs. To the extent that KgPCo's customers (and  
13 CSPs) are permitted to participate in the PJM DR programs, it is reasonable to  
14 conclude that there would be a greater potential for innovative development of DR  
15 on the KgPCo system, and that such development would increase the level of DR  
16 participation compared to KgPCo's limited program offerings. While I have not  
17 attempted to quantify these impacts, logic would support the benefits of a "market-  
18 based" DR approach, which CSPs can provide consistent with PJM offerings, versus  
19 the more limited tariff offerings available by a single utility.

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<sup>8</sup> Martin Direct Testimony at page 11, line 19 – "The traditional third part CSP's can operate, but serve as consultants only..."

1       **Q.    Do you have any specific comments on KgPCo's proposed PSDR and PSEDR**  
2       **tariffs?**

3       A.    Yes. As I indicated previously, while I believe that KgPCo's customers should be  
4       permitted to participate directly in the PJM DR programs, I have no objection to the  
5       Company offering alternative DR arrangements through its own proposed PSDR  
6       and PSEDR tariffs. This would be similar to the situation that exists in Virginia for  
7       APCo (*i.e.*, customers can participate in the PJM DR programs or in APCo's retail  
8       DR program). However, I do have some concerns with the Company's proposed  
9       PSEDR tariff.

10  
11       The first of these concerns is the number of customer interruptions that the Company  
12       can call, each for up to 6 hours in duration. KgPCo indicates in its filing (Martin  
13       testimony at page 7) that the proposed PSEDR tariff is similar to PJM's Limited DR  
14       Program, which restricts the number of interruptions to 10 per PJM delivery year,  
15       each with a maximum of 6 hours duration. While the interruptions can be called by  
16       PJM in the months of June through September during the period 12 pm to 8 pm  
17       weekdays and from 2 pm to 10 pm during the months of October through May,  
18       mandatory interruptions are only required during the June through September  
19       period. KgPCo's proposed PSEDR tariff requires up to 10 PJM emergency  
20       interruptions and an additional 10 KgPCo load management events (total of 20),  
21       which is 100% greater than the PJM DR requirement. In addition, PJM emergency  
22       events have historically been much fewer than 10 per delivery year (there were three  
23       events in calendar year 2011, seven events in the 2010/2011 delivery year, and four

1 events or less in each of the delivery years 2000/2001 through 2009/2010).<sup>9</sup>  
2 KgPCo's proposed PSEDR tariff also includes up to 10 KgPCo load management  
3 events. Thus, that tariff is likely to result in many more interruptions than the  
4 corresponding PJM tariff because KgPCo is attempting to interrupt for purposes of  
5 "catching" APCo's non-coincident peak in order to minimize APCo's AEP-East  
6 Pool MLR. Because APCo's non-coincident peak is a non-emergency event, its  
7 proposed PSEDR tariff is much more likely to result in interruptions whenever it  
8 appears that the APCo peak will be achieved. On an ongoing basis, no one can  
9 predict whether a subsequent peak might occur during the winter period, requiring  
10 multiple interruptions as the winter season progresses.

11  
12 **Q. What is the consequence of the potential 100% (or more) increase in the**  
13 **number of interruptions under PSEDR?**

14 A. I would expect that this increase in interruption risk would have a detrimental impact  
15 on the amount of load that elects to participate in the KgPCo program. I recommend  
16 that the PSEDR tariff be revised to follow the PJM program, which has a 10  
17 interruption limit per delivery year.

18  
19 **Q. What is your next concern with the PSEDR tariff?**

20 A. The interruption notice provision of the tariff is 90 minutes, compared to two hours  
21 under the PJM DR program. Again, as in the case of the number of potential

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<sup>9</sup> PJM "Load Management Performance Report 2011/2012," December 2011.

1 interruptions, this limitation (90 minutes compared to two hours) could adversely  
2 impact participation in this tariff by KgPCo customers. I recommend that the notice  
3 provision be revised to conform to the PJM DR program requirements.  
4

5 **Q. Do you have any additional concerns about the PSEDR tariff provisions?**

6 A. Yes. My understanding of the PJM DR program requirement is that participants  
7 must interrupt their load to the agreed level or face a non-compliance charge only for  
8 interruptions called during the months of June through September of each delivery  
9 year. Interruptions called in these summer months are mandatory. Non-compliance  
10 during the months of October through May do not result in a penalty. Based on my  
11 reading of the KgPCo's proposed PSEDR tariff, however, failure to interrupt *during*  
12 *any month of the year* would be considered non-compliance, and the participating  
13 customer would face a significant penalty. As a result, KGPCo's proposed PSEDR  
14 tariff is much more restrictive than the PJM DR program and would, all else being  
15 equal, provide less benefits to participating customers. Because the proposed  
16 PSEDR tariff would be so obviously less attractive for customers, I recommend that  
17 its non-compliance provisions be revised to match the terms of the PJM DR  
18 program.  
19

20 **Q. Are there any additional issues that you would like to address in your**  
21 **testimony?**

22 A. Yes. If the TRA does not approve participation by KgPCo's customers in the PJM  
23 DR programs, I recommend that the TRA make an exception to the ban on such

1 participation such that any customer currently participating in a PJM DR program  
2 could continue to meet any contractual obligations that may be effective beyond  
3 May 31, 2012. Specifically, to the extent that a customer has contractually  
4 committed load to the PJM DR program for the period beyond May 31, 2012,  
5 directly or through a CSP, such customer should be permitted to fulfill that  
6 commitment to the extent that penalties would be assessed by PJM (or a CSP) if the  
7 customer breached such an agreement. This appears to be consistent with the  
8 testimony of APCo's witness Dennis W. Bethel in APCo's 2009 DR filing in  
9 Virginia in which he proposed that an exception should be made to his proposal (to  
10 disallow future participation in PJM DR programs) for customers with existing  
11 agreements to participate in such PJM programs ("customers who have already  
12 entered into agreements to participate in the RPM DR Programs, who should, of  
13 course, be allowed to complete any participation under existing agreements").<sup>10</sup>  
14

15 **Q. Does that complete your testimony?**

16 **A. Yes.**

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<sup>10</sup> Direct Testimony of Dennis Bethel of July 15, 2009 at page 4, Case No. PUE-2009-00068.

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**PETITION OF  
KINGSPORT POWER COMPANY**

**Docket No. 12-00012**

**For approval of Demand Response Program  
And Associated Demand Response Tariffs on behalf of  
Kingsport Power Company d/b/a AEP Appalachian Power**

**PETITION OF  
EASTMAN CHEMICAL COMPANY  
AND AIR PRODUCTS AND CHEMICALS, INC.**

**Docket No. 12-00026**

**For expedited review to allow certain end-use customers  
of Kingsport Power Company to participate in PJM  
Interconnection Demand Response programs**

**EXHIBITS  
OF  
STEPHEN J. BARON**

**ON BEHALF OF  
EASTMAN CHEMICAL COMPANY  
AND  
AIR PRODUCTS AND CHEMICALS, INC.**



**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

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**PETITION OF  
EASTMAN CHEMICAL COMPANY  
AND AIR PRODUCTS AND CHEMICALS, INC.**

**Docket No. 12-00026**

**For expedited review to allow certain end-use customers  
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Interconnection Demand Response programs**

**EXHIBIT \_\_ (SJB-1)  
OF  
STEPHEN J. BARON**

**ON BEHALF OF  
EASTMAN CHEMICAL COMPANY  
AND  
AIR PRODUCTS AND CHEMICALS, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
4/81	203(B)	KY	Louisville Gas & Electric Co.	Louisville Gas & Electric Co.	Cost-of-service.
4/81	ER-81-42	MO	Kansas City Power & Light Co.	Kansas City Power & Light Co.	Forecasting.
6/81	U-1933	AZ	Arizona Corporation Commission	Tucson Electric Co.	Forecasting planning.
2/84	8924	KY	Airco Carbide	Louisville Gas & Electric Co.	Revenue requirements, cost-of-service, forecasting, weather normalization.
3/84	84-038-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Excess capacity, cost-of-service, rate design.
5/84	830470-EI	FL	Florida Industrial Power Users' Group	Florida Power Corp.	Allocation of fixed costs, load and capacity balance, and reserve margin. Diversification of utility.
10/84	84-199-U	AR	Arkansas Electric Energy Consumers	Arkansas Power and Light Co.	Cost allocation and rate design.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Interruptible rates, excess capacity, and phase-in.
1/85	85-65	ME	Airco Industrial Gases	Central Maine Power Co.	Interruptible rate design.
2/85	I-840381	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Load and energy forecast.
3/85	9243	KY	Alcan Aluminum Corp., et al.	Louisville Gas & Electric Co.	Economics of completing fossil generating unit.
3/85	3498-U	GA	Attorney General	Georgia Power Co.	Load and energy forecasting, generation planning economics.
3/85	R-842632	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
5/85	84-249	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design return multipliers.
5/85		City of	Chamber of	Santa Clara	Cost-of-service, rate design.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
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Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
		Santa Clara WV	Commerce	Municipal	
6/85	84-768-E-42T		West Virginia Industrial Intervenors	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
6/85	E-7 Sub 391	NC	Carolina Industrials (CIGFUR III)	Duke Power Co.	Cost-of-service, rate design, interruptible rate design.
7/85	29046	NY	Industrial Energy Users Association	Orange and Rockland Utilities	Cost-of-service, rate design.
10/85	85-043-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Regulatory policy, gas cost-of-service, rate design.
10/85	85-63	ME	Airco Industrial Gases	Central Maine Power Co.	Feasibility of interruptible rates, avoided cost.
2/85	ER-8507698	NJ	Air Products and Chemicals	Jersey Central Power & Light Co.	Rate design.
3/85	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve, prudence, off-system sales guarantee plan.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve margins, prudence, off-system sales guarantee plan.
3/86	85-299U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design, revenue distribution.
3/86	85-726-EL-AIR	OH	Industrial Electric Consumers Group	Ohio Power Co.	Cost-of-service, rate design, interruptible rates.
5/86	86-081-E-GI	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
8/86	E-7 Sub 408	NC	Carolina Industrial Energy Consumers	Duke Power Co.	Cost-of-service, rate design, interruptible rates.
10/86	U-17378	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Excess capacity, economic analysis of purchased power.
12/86	38063	IN	Industrial Energy	Indiana & Michigan	Interruptible rates.

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As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
			Consumers	Power Co.	
3/87	EL-86-53-001 EL-86-57-001	Federal Energy Regulatory Commission (FERC)	Louisiana Public Service Commission Staff	Gulf States Utilities, Southern Co.	Cost/benefit analysis of unit power sales contract.
4/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Load forecasting and imprudence damages, River Bend Nuclear unit.
5/87	87-023-E-C	WV	Airco Industrial Gases	Monongahela Power Co.	Interruptible rates.
5/87	87-072-E-G1	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Analyze Mon Power's fuel filing and examine the reasonableness of MP's claims.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic dispatching of pumped storage hydro unit.
5/87	9781	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Analysis of impact of 1986 Tax Reform Act.
6/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Economic prudence, evaluation of Vogtle nuclear unit - load forecasting, planning.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in plan for River Bend Nuclear unit.
7/87	85-10-22	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Methodology for refunding rate moderation fund.
8/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Test year sales and revenue forecast.
9/87	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Excess capacity, reliability of generating system.
10/87	R-870651	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Interruptible rate, cost-of-service, revenue allocation, rate design.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/87	I-860025	PA	Pennsylvania Industrial Intervenor		Proposed rules for cogeneration, avoided cost, rate recovery.
10/87	E-015/ GR-87-223	MN	Taconite Intervenor	Minnesota Power & Light Co.	Excess capacity, power and cost-of-service, rate design.
10/87	8702-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue forecasting, weather normalization.
12/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light Power Co.	Excess capacity, nuclear plant phase-in.
3/88	10064	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Revenue forecast, weather normalization rate treatment of cancelled plant.
3/88	87-183-TF	AR	Arkansas Electric Consumers	Arkansas Power & Light Co.	Standby/backup electric rates.
5/88	870171C001	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
6/88	870172C005	PA	GPU Industrial Intervenor	Pennsylvania Electric Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
7/88	88-171-EL-AIR 88-170-EL-AIR Interim Rate Case	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison	Financial analysis/need for interim rate relief.
7/88	Appeal of PSC	19th Judicial Docket U-17282	Louisiana Public Service Commission Circuit Court of Louisiana	Gulf States Utilities	Load forecasting, imprudence damages.
11/88	R-880989	PA	United States Steel	Carnegie Gas	Gas cost-of-service, rate design.
11/88	88-171-EL-AIR 88-170-EL-AIR	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison. General Rate Case.	Weather normalization of peak loads, excess capacity, regulatory policy.
3/89	870216/283 284/286	PA	Armco Advanced Materials Corp.,	West Penn Power Co.	Calculated avoided capacity, recovery of capacity payments.

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As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
			Allegheny Ludlum Corp.		
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cost-of-service, rate design.
8/89	3840-U	GA	Georgia Public Service Commission	Georgia Power Co.	Revenue forecasting, weather normalization.
9/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Prudence - Palo Verde Nuclear Units 1, 2 and 3, load forecasting.
10/89	2262	NM	New Mexico Industrial Energy Consumers	Public Service Co. of New Mexico	Fuel adjustment clause, off-system sales, cost-of-service, rate design, marginal cost.
11/89	38728	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Excess capacity, capacity equalization, jurisdictional cost allocation, rate design, interruptible rates.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Jurisdictional cost allocation, O&M expense analysis.
5/90	890366	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Non-utility generator cost recovery.
6/90	R-901609	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Allocation of QF demand charges in the fuel cost, cost-of-service, rate design.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost-of-service, rate design, revenue allocation.
12/90	U-9346 Rebuttal	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Demand-side management, environmental externalities.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, jurisdictional allocation.
12/90	90-205	ME	Airco Industrial Gases	Central Maine Power Co.	Investigation into interruptible service and rates.

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<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
1/91	90-12-03 Interim	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Interim rate relief, financial analysis, class revenue allocation.
5/91	90-12-03 Phase II	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Revenue requirements, cost-of- service, rate design, demand-side management.
8/91	E-7, SUB SUB 487	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Revenue requirements, cost allocation, rate design, demand- side management.
8/91	8341 Phase I	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, rate design, 1990 Clean Air Act Amendments.
8/91	91-372  EL-UNC	OH	Armco Steel Co., L.P.	Cincinnati Gas &  Electric Co.	Economic analysis of  cogeneration, avoid cost rate.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
9/91	91-231 -E-NC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	8341 - Phase II	MD	Westvaco Corp.	Potomac Edison Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Results of comprehensive management audit.
Note: No testimony was prefiled on this.					
11/91	U-17949 Subdocket A	LA	Louisiana Public Service Commission Staff	South Central Bell Telephone Co. and proposed merger with Southern Bell Telephone Co.	Analysis of South Central Bell's restructuring and
12/91	91-410- EL-AIR	OH	Armco Steel Co., Air Products & Chemicals, Inc.	Cincinnati Gas & Electric Co.	Rate design, interruptible rates.

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<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/91	P-880286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Evaluation of appropriate avoided capacity costs - QF projects.
1/92	C-913424	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Industrial interruptible rate.
6/92	92-02-19	CT	Connecticut Industrial Energy Consumers	Yankee Gas Co.	Rate design.
8/92	2437	NM	New Mexico Industrial Intervenors	Public Service Co. of New Mexico	Cost-of-service.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cost-of-service, rate design, energy cost rate.
9/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
10/92	M-00920312 C-007	PA	The GPU Industrial Intervenors	Pennsylvania Electric Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
12/92	U-17949	LA	Louisiana Public Service Commission Staff	South Central Bell Co.	Management audit.
12/92	R-00922378	PA	Armco Advanced Materials Co. The WPP Industrial Intervenors	West Penn Power Co.	Cost-of-service, rate design, energy cost rate, SO <sub>2</sub> allowance rate treatment.
1/93	8487	MD	The Maryland Industrial Group	Baltimore Gas & Electric Co.	Electric cost-of-service and rate design, gas rate design (flexible rates).
2/93	E002/GR-92-1185	MN	North Star Steel Co. Praxair, Inc.	Northern States Power Co.	Interruptible rates.
4/93	EC92 21000 ER92-806-000 (Rebuttal)	Federal Energy Regulatory Commission	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy agreement.	Merger of GSU into Entergy System; impact on system
7/93	93-0114-E-C	WV	Airco Gases	Monongahela Power Co.	Interruptible rates.

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**Expert Testimony Appearances  
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<b>Date</b>	<b>Case</b>	<b>Jurisdiction</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
8/93	930759-EG	FL	Florida Industrial Power Users' Group	Generic - Electric Utilities	Cost recovery and allocation of DSM costs.
9/93	M-009 30406	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Ratemaking treatment of off-system sales revenues.
11/93	346	KY	Kentucky Industrial Utility Customers	Generic - Gas Utilities	Allocation of gas pipeline transition costs - FERC Order 636.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Nuclear plant prudence, forecasting, excess capacity.
4/94	E-015/ GR-94-001	MN	Large Power Intervenor	Minnesota Power Co.	Cost allocation, rate design, rate phase-in plan.
5/94	U-20178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Analysis of least cost integrated resource plan and demand-side management program.
7/94	R-00942986	PA	Armco, Inc.; West Penn Power Industrial Intervenor	West Penn Power Co.	Cost-of-service, allocation of rate increase, rate design, emission allowance sales, and operations and maintenance expense.
7/94	94-0035- E-42T	WV	West Virginia Energy Users Group	Monongahela Power Co.	Cost-of-service, allocation of rate increase, and rate design.
8/94	EC94 13-000	Federal Energy Regulatory Commission	Louisiana Public Service Commission	Gulf States Utilities/Entergy	Analysis of extended reserve shutdown units and violation of system agreement by Entergy.
9/94	R-00943 081 R-00943 081C0001	PA	Lehigh Valley Power Committee	Pennsylvania Public Utility Commission	Analysis of interruptible rate terms and conditions, availability.
9/94	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Evaluation of appropriate avoided cost rate.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements.
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Proposals to address competition in telecommunication markets.

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As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
11/94	EC94-7-000 ER94-898-000	FERC	Louisiana Public Service Commission	El Paso Electric and Central and Southwest	Merger economics, transmission equalization hold harmless proposals.
2/95	941-430EG	CO	CF&I Steel, L.P.	Public Service Company of Colorado	Interruptible rates, cost-of-service.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Cost-of-service, allocation of rate increase, rate design, interruptible rates.
6/95	C-00913424 C-00946104	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Interruptible rates.
8/95	ER95-112 -000	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Open Access Transmission Tariffs - Wholesale.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Company	Nuclear decommissioning, revenue requirements, capital structure.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	System Energy Resources, Inc.	Nuclear decommissioning, revenue requirements.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear decommissioning and cost of debt capital, capital structure.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Retail competition issues.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Revenue requirement analysis.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Elec. Co., Potomac Elec. Power Co., Constellation Energy Co.	Ratemaking issues associated with a Merger.
8/96	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.

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**J. KENNEDY AND ASSOCIATES, INC.**

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As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
2/97	R-973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Competitive restructuring policy issues, stranded cost, transition charges.
6/97	Civil Action No. 94-11474	US Bankruptcy Court Middle District of Louisiana	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Confirmation of reorganization plan; analysis of rate paths produced by competing plans.
6/97	R-973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Retail competition issues, rate unbundling, stranded cost analysis.
6/97	8738	MD	Maryland Industrial Group	Generic	Retail competition issues
7/97	R-973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big River Electric Corp.	Analysis of cost of service issues - Big Rivers Restructuring Plan
10/97	R-974008	PA	Metropolitan Edison Industrial Users	Metropolitan Edison Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	R-974009	PA	Pennsylvania Electric Industrial Customer	Pennsylvania Electric Co.	Retail competition issues, rate unbundling, stranded cost analysis.
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
11/97	P-971265	PA	Philadelphia Area Industrial Energy Users Group	Enron Energy Services Power, Inc./ PECO Energy	Analysis of Retail Restructuring Proposal.
12/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Retail competition issues, rate unbundling, stranded cost analysis.
12/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
3/98 (Allocated Stranded Cost Issues)	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Retail competition, stranded cost quantification.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
3/98	U-22092		Louisiana Public Service Commission	Gulf States Utilities, Inc.	Stranded cost quantification, restructuring issues.
9/98	U-17735		Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Revenue requirements analysis, weather normalization.
12/98	8794	MD	Maryland Industrial Group and Millennium Inorganic Chemicals Inc.	Baltimore Gas and Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
5/99 (Cross- 40-000 Answering Testimony)	EC-98-	FERC	Louisiana Public Service Commission	American Electric Power Co. & Central South West Corp.	Merger issues related to market power mitigation proposals.
5/99 (Response Testimony)	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Performance based regulation, settlement proposal issues, cross-subsidies between electric gas services.
6/99	98-0452	WV	West Virginia Energy Users Group	Appalachian Power, Monongahela Power, & Potomac Edison Companies	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	99-03-35	CT	Connecticut Industrial \Energy Consumers	United Illuminating Company	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	Adversary Proceeding No. 98-1065	U.S. Bankruptcy Court	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Motion to dissolve preliminary injunction.
7/99	99-03-06	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
12/99	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Ananlysi of Proposed Contract Rates, Market Rates.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
03/00	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Evaluation of Cooperative Power Contract Elections
03/00	99-1658-EL-ETP	OH	AK Steel Corporation	Cincinnati Gas & Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
08/00	98-0452 E-GI	WVA	West Virginia Energy Users Group	Appalachian Power Co. American Electric Co.	Electric utility restructuring rate unbundling.
08/00	00-1050 E-T 00-1051-E-T	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Electric utility restructuring rate unbundling.
10/00	SOAH 473-00-1020 PUC 2234	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU, Inc.	Electric utility restructuring rate unbundling.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, revenue requirements.
12/00	EL00-66-000 & ER00-2854 EL95-33-002	LA	Louisiana Public Service Commission	Entergy Services Inc.	Inter-Company System Agreement: Modifications for retail competition, interruptible load.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Addressing Contested Issues	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional Business Separation - Texas Restructuring Plan
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Test year revenue forecast.
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning requirements transmission revenues.
11/01	U-25965	LA	Louisiana Public Service Commission	Generic	Independent Transmission Company ("Transco"). RTO rate design.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design, resource planning and demand side management.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
06/02	U-25965	LA	Louisiana Public Service Commission	Entergy Gulf States Entergy Louisiana	RTO Issues
07/02	U-21453	LA	Louisiana Public Service Commission	SWEPCO, AEP	Jurisdictional Business Sep. - Texas Restructuring Plan.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services Inc. and the Entergy Operating Companies	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
11/02	02S-315EG	CO	CF&I Steel & Climax Molybdenum Co.	Public Service Co. of Colorado	Fuel Adjustment Clause
01/03	U-17735	LA	Louisiana Public Service Commission	Louisiana Coops	Contract Issues
02/03	02S-594E	CO	Cripple Creek and Victor Gold Mining Co.	Aquila, Inc.	Revenue requirements, purchased power.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Weather normalization, power purchase expenses, System Agreement expenses.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Tariff MSS-4.
11/03	ER03-583-000 ER03-583-001 ER03-583-002  ER03-681-000, ER03-681-001  ER03-682-000, ER03-682-001 ER03-682-002	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P. and Entergy Power, Inc.	Evaluation of Wholesale Purchased Power Contracts.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Evaluation of Wholesale Purchased Power Contracts.
01/04	E-01345-03-0437	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation rate design.
02/04	00032071	PA	Duquesne Industrial Intervenors	Duquesne Light Company	Provider of last resort issues.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
03/04	03A-436E	CO	CF&I Steel, LP and Climax Molybdenum	Public Service Company of Colorado	Purchased Power Adjustment Clause.
04/04	2003-00433 2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service Rate Design
0-6/04	03S-539E	CO	Cripple Creek, Victor Gold Mining Co., Goodrich Corp., Holcim (U.S.), Inc., and The Trane Co.	Aquila, Inc.	Cost of Service, Rate Design Interruptible Rates
06/04	R-00049255	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
10/04	04S-164E	CO	CF&I Steel Company, Climax Mines	Public Service Company of Colorado	Cost of service, rate design, Interruptible Rates.
03/05	Case No. KY 2004-00426 Case No. 2004-00421		Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
07/05	U-28155	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Independent Coordinator of Transmission – Cost/Benefit
09/05	Case Nos. WVA 05-0402-E-CN 05-0750-E-PC		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Environmental cost recovery, Securitization, Financing Order
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses. Congestion Cost Recovery Mechanism
03/06	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Transmission Prudence Investigation
06/06	R-00061346 C0001-0005	PA	Duquesne Industrial Intervenors & IECPA	Duquesne Light Co.	Cost of Service, Rate Design, Transmission Service Charge, Tariff Issues
06/06	R-00061366 R-00061367 P-00062213		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer	Metropolitan Edison Co. Pennsylvania Electric Co.	Generation Rate Cap, Transmission Service Charge, Cost of Service, Rate Design, Tariff Issues

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
	P-00062214		Alliance		
07/06	U-22092 Sub-J	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.
07/06	Case No. KY 2006-00130 Case No. 2006-00129		Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
08/06	Case No. VA PUE-2006-00065		Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Incr, Off-System Sales margin rate treatment
09/06	E-01345A- 05-0816	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation, cost of service, rate design.
11/06	Doc. No. CT 97-01-15RE02		Connecticut Industrial Energy Consumers	Connecticut Light & Power United Illuminating	Rate unbundling issues.
01/07	Case No. WV 06-0960-E-42T		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Implementation of FERC Decision Jurisdictional & Rate Class Allocation
05/07	Case No. OH 07-63-EL-UNC		Ohio Energy Group	Ohio Power, Columbus Southern Power	Environmental Surcharge Rate Design
05/07	R-00049255 PA Remand		PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
06/07	R-00072155 PA		PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues.
07/07	Doc. No. CO 07F-037E		Gateway Canyons LLC	Grand Valley Power Coop.	Distribution Line Cost Allocation
09/07	Doc. No. WI 05-UR-103		Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
11/07	ER07-682-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Schedule MSS-3. Cost functionalization issues.
1/08	Doc. No. WY 20000-277-ER-07		Cimarex Energy Company	Rocky Mountain Power (PacifiCorp)	Vintage Pricing, Marginal Cost Pricing Projected Test Year
1/08	Case No. OH 07-551		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Class Cost of Service, Rate Restructuring, Apportionment of Revenue Increase to

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**J. KENNEDY AND ASSOCIATES, INC.**



**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
2/08	ER07-956	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Rate Schedules Entergy's Compliance Filing System Agreement Bandwidth Calculations.
2/08	Doc No. P-00072342	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Default Service Plan issues.
3/08	Doc No. E-01933A-05-0650	AZ	Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design
05/08	08-0278 E-GI	WV	West Virginia Energy Users Group	Appalachian Power Co. American Electric Power Co.	Expanded Net Energy Cost "ENEC" Analysis.
6/08	Case No. 08-124-EL-ATA	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Recovery of Deferred Fuel Cost
7/08	Docket No. 07-035-93	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Rate Design
08/08	Doc. No. 6680-UR-116	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Doc. No. 6690-UR-119	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Case No. 08-936-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Competitive Solicitation
09/08	Case No. 08-935-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
09/08	Case No. 08-917-EL-SSO 08-918-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Provider of Last Resort Rate Plan
10/08	2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
11/08	08-1511 E-GI	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
11/08	M-2008-2036188, M-2008-2036197	PA	Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Transmission Service Charge
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
01/09	E-01345A-08-0172	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
02/09	2008-00409	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
5/09	PUE-2009-00018	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Transmission Cost Recovery Rider
5/09	09-0177-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost "ENEC" Analysis
6/09	PUE-2009-00016	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
6/09	PUE-2009-00038	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider
7/09	080677-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
8/09	U-20925 (RRF 2004)	LA	Louisiana Public Service Commission Staff	Entergy Louisiana LLC	Interruptible Rate Refund Settlement
9/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Energy Cost Rate issues
9/09	Doc. No. 05-UR-104	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
9/09	Doc. No. 6680-UR-117	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
10/09	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Allocation of Rev Increase
10/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Cost of Service, Rate Design
11/09	PUE-2009-00019	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Cost of Service, Rate Design
11/09	09-1485 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
12/09	Case No. 09-906-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/09	ER09-1224	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
12/09	Case No. PUE-2009-00030	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Increase, Rate Design
2/10	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Rate Design
3/10	Case No. 09-1352-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
3/10	E015/ GR-09-1151	MN	Large Power Intervenors	Minnesota Power Co.	Cost of Service, rate design
4/10	EL09-61	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to off-system sales
4/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses.
4/10	2009-00548 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
7/10	R-2010-2161575	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Company	Cost of Service, Rate Design
09/10	2010-00167	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
09/10	10M-245E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Economic Impact of Clean Air Act
11/10	10-0699-E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design, Transmission Rider
11/10	Doc. No. 4220-UR-116	WI	Wisconsin Industrial Energy Group, Inc.	Northern States Power Co. Wisconsin	Cost of Service, rate design
12/10	10A-554EG	CO	CF&I Steel Company Climax Molybdenum	Public Service Company	Demand Side Management Issues
12/10	10-2586-EL-SSO	OH	Ohio Energy Group	Duke Energy Ohio	Provider of Last Resort Rate Plan Electric Security Plan
3/11	20000-384-ER-10	WY	Wyoming Industrial Energy Consumers	Rocky Mountain Power Wyoming	Electric Cost of Service, Revenue Apportionment, Rate Design

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**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of May 2012**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
5/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
6/11	Docket No. 10-035-124	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
6/11	PUE-2011-00045	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
07/11	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Entergy System Agreement - Successor Agreement, Revisions, RTO Day 2 Market Issues
07/11	Case Nos. 11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Electric Security Rate Plan, Provider of Last Resort Issues
08/11	PUE-2011-00034	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Rate Recovery of RPS Costs
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co. Kentucky Utilities Company	Environmental Cost Recovery
09/11	Case Nos. 11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Electric Security Rate Plan, Stipulation Support Testimony
10/11	11-0452 E-P-T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Energy Efficiency/Demand Reduction Cost Recovery
11/11	11-1274 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
11/11	E-01345A-11-0224	AZ	Kroger Company	Arizona Public Service Co.	Decoupling
12/11	E-01345A-11-0224	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
3/12	Case No. 2011-00401	KY	Kentucky Industrial Utility Consumers	Kentucky Power Company	Environmental Cost Recovery
4/12	2011-00036 Rehearing Case	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
5/12	2011-346 2011-348	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan Interruptible Rate Issues

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**J. KENNEDY AND ASSOCIATES, INC.**

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**PETITION OF  
KINGSPORT POWER COMPANY**

**Docket No. 12-00012**

**For approval of Demand Response Program  
And Associated Demand Response Tariffs on behalf of  
Kingsport Power Company d/b/a AEP Appalachian Power**

**PETITION OF  
EASTMAN CHEMICAL COMPANY  
AND AIR PRODUCTS AND CHEMICALS, INC.**

**Docket No. 12-00026**

**For expedited review to allow certain end-use customers  
of Kingsport Power Company to participate in PJM  
Interconnection Demand Response programs**

**EXHIBIT \_\_ (SJB-2)  
OF  
STEPHEN J. BARON**

**ON BEHALF OF  
EASTMAN CHEMICAL COMPANY  
AND  
AIR PRODUCTS AND CHEMICALS, INC.**



# Load Response Activity Report March 2012

**James McAnany**  
**PJM Demand Side Response**  
**March 16, 2012**

Delivery Year 2011-2012 Active Participants in PJM Load Response Program:  
as of 3/8/2012 (page 1 of 2)

Baron Exhibit (SJB-2)  
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State	Zone	EDC	Economic Program Sites MW	Emergency Energy Only Sites MW	Emergency ILR Sites MW	Emergency DR Sites MW	Emergency Total MW		
DC	PEPCO	PEPCO	4	8.6	169	74.3	8	15.8	90.0
DE	DPL	DEMERC			23	9.1	1	0.3	9.4
DE	DPL	DOVDE			7	8.5			8.5
DE	DPL	DPL	33	143.0	134	104.6	7	5.9	110.5
DE	DPL	ODEC	2	0.3	5	2.9	1	0.2	3.0
IL	COMED	BATAV			1	0.5			0.5
IL	COMED	COMED	741	286.7	2,115	1,581.4	63	36.8	1,618.2
IL	COMED	IMEAA1			2	46.3			46.3
IN	AEP	AEPSCCT			1	0.0	24	216.9	216.9
IN	AEP	HEREC			1	14.4			14.4
IN	AEP	WVSDI			1	23.1			23.1
KY	DEOK	DEK					29	40.9	40.9
MD	APS	AETSAP	7	27.5	137	90.6	29	4.7	95.3
MD	APS	AETSHG			4	2.3	2	0.7	3.1
MD	BGE	BC	65	529.4	661	449.7	129	521.5	971.2
MD	DPL	DPL	5	3.1	141	52.3	24	23.1	75.3
MD	DPL	EASTON			1	1.4	2	0.9	2.3
MD	DPL	ODEC	1	0.5	16	7.9	5	1.3	9.2
MD	PEPCO	PEPCO	8	1.5	390	105.4	16	76.3	181.7
MD	PEPCO	SMECO	28	5.2	61	12.6	29	28.0	40.6
MI	AEP	AEPSCCT			4	9.0	2	2.1	11.0
NC	DOM	DOMEDC			5	93.8			93.8
NJ	AECO	AE	37	16.0	217	84.3	1	0.1	84.4
NJ	AECO	VMEU	4	2.3	11	5.4	3	2.5	8.0
NJ	JCPL	AECI			1	0.3			0.3
NJ	JCPL	JCBGS	28	92.5	407	204.5	10	5.6	210.1
NJ	PSEG	PSEG	107	59.9	958	385.7	31	28.5	414.2
NJ	RECO	RECO			14	6.4			6.4
NY	PENELEC	PaElec			1	0.4			0.4
OH	AEP	AEPCCCL			9	21.1			21.1
OH	AEP	AEPSCCT	41	12.2	636	626.7	103	227.6	854.3
OH	AEP	AMPO			53	154.4	5	6.2	160.7
OH	AEP	BUCK			4	38.7			38.7
OH	ATSI	AMPO					32	299.5	299.5
OH	ATSI	CPP					16	79.3	79.3
OH	ATSI	OEEDC	1	3.0			530	811.2	811.2
OH	DAY	AMPO			17	44.4			44.4
OH	DAY	BUCK	0	0.0	1	3.4			3.4
OH	DAY	DAYEDC	14	7.2	239	171.0	2	0.5	171.5



Baron Exhibit (SJB-2)  
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# Delivery Year 2011-2012 Active Participants in PJM Load Response Program: as of 3/8/2012 (page 2 of 2)



State	Zone	EDC	Economic Program Sites	MW	Emergency Energy Only Sites	MW	Emergency ILR Sites	MW	Emergency DR Sites	MW	Emergency Total MW
OH	DEOK	AMPO							1	28.0	28.0
OH	DEOK	DEOHIO							193	229.5	229.5
PA	APS	AECI						2.7			2.7
PA	APS	AETSAP	208	59.3				479.6			479.6
PA	APS	CHBDTE						2.2			2.2
PA	ATSI	PAPWR	10	75.9							
PA	DUQ	DLCO	24	54.5							
PA	METED	AECI						1.6			1.6
PA	METED	MeEd	91	81.7				241.7			241.7
PA	PECO	PE	403	182.4				572.8			572.8
PA	PENELEC	AECI						17.0			17.0
PA	PENELEC	PaElec	157	90.3				357.6			357.6
PA	PENELEC	WELLSB						0.1			0.1
PA	PPL	AMPO						2.6			2.6
PA	PPL	CTZEL						4.2			4.2
PA	PPL	PPL	324	278.6				716.4			716.4
PA	PPL	UGLUI	2	1.9				10.7			10.7
TN	AEP	AEPSC						13.0			13.0
VA	AEP	AEPSC	6	59.1				279.7			279.7
VA	AEP	AMPO						25.6			25.6
VA	APS	AETSAP						2.2			2.2
VA	APS	AMPO						1.0			1.0
VA	APS	ODEC						44.9			44.9
VA	DOM	CVEC						1.5			1.5
VA	DOM	DOMEDC	82	78.0				715.8			715.8
VA	DOM	DOMVME						99.5			99.5
VA	DOM	NVEC	5	43.2				27.1			27.1
VA	DOM	ODEC	1	67.0				88.4			88.4
VA	DPL	ODEC						2.0			2.0
WV	AEP	AEPSC	25	59.7				296.9			296.9
WV	AEP	APWVP						6.3			6.3
WV	APS	AETSAP	12	52.9				282.5			282.5
<b>Total</b>			<b>2,476</b>	<b>2,384</b>	<b>0</b>	<b>0</b>	<b>12,534</b>	<b>8,731</b>	<b>1,865</b>	<b>3,091</b>	<b>11,821</b>

Note:

- 1) Data as of 03/08/2012.
- 2) Emergency MW are in ICAP.
- 3) Residential Direct Load Control (DLC) registrations reported as one site not a total number of end use customers in that program.



**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**PETITION OF  
KINGSPORT POWER COMPANY**

**Docket No. 12-00012**

**For approval of Demand Response Program  
And Associated Demand Response Tariffs on behalf of  
Kingsport Power Company d/b/a AEP Appalachian Power**

**PETITION OF  
EASTMAN CHEMICAL COMPANY  
AND AIR PRODUCTS AND CHEMICALS, INC.**

**Docket No. 12-00026**

**For expedited review to allow certain end-use customers  
of Kingsport Power Company to participate in PJM  
Interconnection Demand Response programs**

**EXHIBIT \_\_ (SJB-3)  
OF  
STEPHEN J. BARON**

**ON BEHALF OF  
EASTMAN CHEMICAL COMPANY  
AND  
AIR PRODUCTS AND CHEMICALS, INC.**



### 11.2.1 Preliminary Unforced Capacity Obligation

PJM will notify the Electric Distribution Company (EDC) that an election of the FRR Alternative was made by an LSE in their zone within two business days of the receipt of the written election notification.

An approved FRR Service Area will become a defined "area" within a zone in the eRPM system.

Only one LSE shall be responsible for serving the entire load in an FRR Service Area.

The Electric Distribution Company (EDC) is responsible for allocating the Zonal Weather Normalized Summer Peak for the summer four years prior to the Delivery Year and providing to PJM a Base Obligation Peak Load allocation for the FRR Service Area(s) in their zone within five business days of the receipt of notice of an FRR Service Area within their zone.

The Preliminary Daily Unforced Capacity Obligation of an LSE serving load in an FRR Service Area in a zone equals the LSE's Base Obligation Peak Load in the zone/area \* the Base Zonal FRR Scaling Factor \* the Forecast Pool Requirement.

The Base Zonal FRR Scaling Factor is equal to Preliminary Zonal Peak Load Forecast divided by the Zonal Weather Normalized Summer Peak for the summer four years prior to the Delivery Year.<sup>19</sup> The Base Zonal FRR Scaling Factor is posted by February 1 three years prior to the Delivery Year.

The EDC is responsible for allocating the Zonal Weather Normalized Summer Peak for the summer one year prior to the Delivery Year and providing to PJM a Final Obligation Peak Load allocation for the FRR Service Area(s) in their zone by December 31 prior to the start of the Delivery Year.<sup>20</sup>

The Final Zonal FRR Scaling Factor is equal to Final Zonal Peak Load Forecast divided by the Zonal Weather Normalized Summer Peak for the summer one year prior to the Delivery Year. The Final FRR Zonal Scaling Factor is posted by PJM by February 1 prior to the Delivery Year.

The following parameters used in the determination of FRR load obligations are determined in accordance with Section 2 of this manual: Preliminary and Final Zonal Peak Load Forecasts, Zonal Weather Normalized Summer Peaks, Forecast Pool Requirement (FPR), Installed Reserve Margin (IRM), and Pool-wide Average EFORD.

### 11.2.2 Treatment of Non-Zone Load

Treatment of Non-Zone Load is similar to the treatment under RPM. The FRR Alternative is available to an LSE serving Non-Zone Load if the LSE meets the eligibility and election requirements of the FRR Alternative.

<sup>19</sup> For the 2007/2008 – 2010/2011 Delivery Years, the Base Zonal FRR Scaling Factor is equal to the Preliminary Zonal Peak Load Forecast divided by the Zonal Weather Normalized Summer Peak for the 2006 Summer period.

<sup>20</sup> For the 2007/2008-2010/2011 Delivery Years, the Base Obligation Peak Load is based on the FRR Service Area's allocation of the 2006 Weather Normalized Summer Peak.



**Locational Price Adder** – an addition to the marginal value of unforced capacity within an LDA as necessary to reflect the price of resources required to relieve the applicable binding locational constraints.

**Locational Reliability Charge** – Fee applied to each LSE that serves load in PJM during the delivery year. Equal to the LSEs Daily Unforced Capacity Obligation multiplied by the applicable Final Zonal Capacity Price.

**Nested LDAs** – when an aggregate of Zones, a Zone and its sub-zones are constrained LDAs, the LDAs are referred to as “Nested”. When LDAs are nested, the Zonal CTR calculations include allocation of CTRs from RTO to aggregate of Zones as well as CTRs from aggregate of Zones to the Zone.

**Net Energy & Ancillary Services (E&AS) Offset** – is used to offset the value of Cost of New Entry (CONE) to determine the net value of CONE. This value is calculated using the historical averages of Energy & Ancillary Services revenue data for a reference combustion turbine. During the first three Delivery Years (2007/08, 2008/09, 2009/10), the E&AS Offset is calculated using a historical average of the six most recent calendar years. In the subsequent Delivery Years E&AS Offset is calculated using a historical average of the three most recent calendar years.

**New Entry Pricing** – is an incentive provided to a Planned Generation Resource where the size of the new entry is significant relative to the size of the LDA and there is a potential for the clearing price to drop when all offer prices including that of the new entry are capped. This allows Planned Generation Resources to recover the amount of its cost of entry-based offer for up to two additional consecutive years, under certain conditions, and to set the clearing price of all resources within that LDA for all three years.

**Nominated DR Value** – the nominated value of a Demand Resource or ILR Resource is the value of the maximum load reduction and the process to determine this value is consistent with the process for the determination of the capacity obligation for the customer. Therefore, the maximum load reduction for each resource is adjusted to include system losses.

**Non-Retail Behind the Meter Generation** – Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, and electric distribution companies to serve load.

**Non-Zone Load** – the load that is located outside of the PJM Region served by a PJM Load Serving Entity using PJM internal resources. Non-Zone Load is included in the load of the Zone from which the load is served.

**Obligation Peak Load** – the summation of the weather normalized coincident summer peaks for the previous summer of the end-users for which the Party was responsible on that billing day.

**Office of the Interconnection** – the employees and agents of PJM Interconnection, L.L.C., subject to the supervision and oversight of the PJM board.

**Partial Requirements Service** – wholesale service to supply a specified portion, but not all, of the power needs of a LSE to serve end-users within the PJM Region that are not satisfied by its own generating facilities.