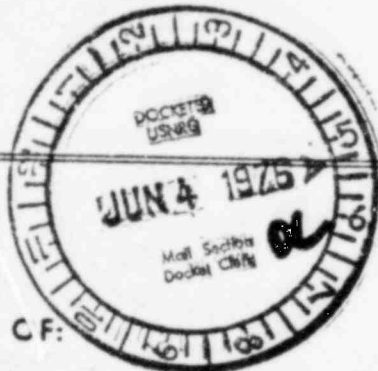


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NUCLEAR REGULATORY COMMISSION



IN THE MATTER OF:

TOLEDO EDISON COMPANY and
CLEVELAND ELECTRIC ILLUMINATING CO.

Docket Nos.

(Davis-Besse Nuclear Power
Station, Units 1, 2 and 3)

50-346A
50-500A
50-501A

and

CLEVELAND ELECTRIC ILLUMINATING CO.
et al.

(Perry Nuclear Power Plant, Units
1 & 2)

50-440A
50-441A

Place - Silver Spring, Maryland

Date - Thursday, June 3, 1976

Pages 11,181 -
11,335

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of	:	
TOLEDO EDISON COMPANY and	:	Docket Nos.
CLEVELAND ELECTRIC ILLUMINATING CO.	:	50-3457
(Davis-Besse Nuclear Power	:	50-550A
Station, Units 1, 2 and 3)	:	50-501A
and	:	50-640A
CLEVELAND ILLUMINATING	:	50-4412
CO., <u>et al.</u>	:	
(Perry Nuclear Power Plant, Units	:	
1 & 2)	:	

First Floor Hearing Room
7915 Eastern Avenue
Silver Spring, Maryland

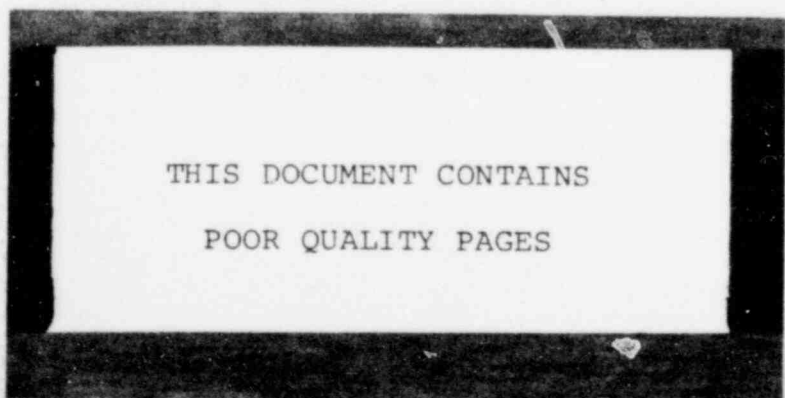
Thursday, June 3, 1976

The hearing in the above-entitled matter was reconvened, pursuant to adjournment, at 9:30 a.m.,

BEFORE:

- Douglas Rigler, Chairman
- John Frysiak, Member (Absent)
- Ivan Smith, Member

APPEARANCES:



THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

22
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24
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C O N T E N T S

1					
2	<u>Witness</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Re-examine</u>
3	Lynn Firestone (assumed)	11,193 (Cont'd.)	11,272	11,330	11,264
4					
5					
6					
7					
8					
9	<u>Exhibits</u>		<u>For Identification</u>		<u>In Evidence</u>
10	Applicants 173(CE) (Attendance Sheet, dated 6-11-73)		11,205		11,335
11					
12	Applicants 174(CE) (letter dated April 24, 1973 from Mr. Williams to Mr. Mansfield.)		11,206		"
13					
14					
15	Applicants 175(CE) (document dated June 11, 1973 with handwritten notations)		11,209		"
16					
17					
18					
19	Applicants 172 (CE)				11,225
20	Applicants 176(CE) (Chart prepared by Mr. Firestone)		11,237		11,232
21					
22	Applicants Exhibit 177(CE) (handwritten notes of Lynn Firestone, Aug. 1, 1975 meeting)		11,251		11,267
23					
24					
25					

C O N T E N T S (Contd)

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<u>Exhibits</u>	<u>For Identification</u>	<u>In Evidence</u>
Applicants Exhibit 170(OE) (typed notes of Mr. Lynn Fixettone at August 1, 1975 meeting.)	11,261	11,257
NRC Exhibit 215 (two page document)	11,281	11,308
DJ Exhibit 614 (Diagram)	11,325	11,327
Applicants Exhibit 179(OE) (Memo from Mr. Kayuha to file dated 7 February 1975)	11,331	11,332

EAK:bw1 1

P R O C E E D I N G S

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2 Whereupon,

3 LYNN FIRESTONE

4 resumed the stand and, having been previously duly sworn,
5 was examined and testified further as follows:

6 DIRECT EXAMINATION (Cont'd)

7 BY MR. STEVEN BERGER:

8 Q Mr. Firestone, when we left last evening, we were
9 looking at Applicants Exhibit 172, and we were discussing
10 the generation presently in service on Ohio Edison's system.11 Had you completed your response as to the
12 inservice generation?

13 A Yes, I did.

14 Q Would you now describe the plants that are expected
15 to go in service, and the size of each of those plants and
16 the expected inservice date of those?

17 A Yes, I will.

18 Again, starting in the upper left corner of the
19 exhibit, there is a plant identified as Davis-Besse, in
20 which there will be three 906 megawatt nuclear units.

21 The first is scheduled to be in service in 1977.

22 The second in 1983 and the third in 1985.

23 Moving on across to the right, there is a plant
24 identified as Erie, in which there will be two 1,200 megawatt
25 nuclear units.

bw2

1 The first will be in service in 1984, and the
2 second to be in service in 1986.

3 Moving on across to roughly the center or right
4 center, there is a plant identified as Perry, in which there
5 will be two 1205 megawatt nuclear units, the first to be
6 in service in 1980 and the second to be in service in 1982.

7 In the lower right-hand portion of the map
8 there is a plant identified as Beaver Valley, in which there
9 will be two 885 megawatt nuclear units.

10 The first is scheduled to be in service some time
11 this year, and the second to be in service in 1981.

12 Very close to that plant, as shown on the map,
13 is the D. B. Mansfield plant, in which there will be
14 three 825 megawatt coal-fueled units.

15 The first went into service just recently.

16 The second is scheduled to go into service
17 in 1977, the third in 1979.

18 I should also mention, as part of the CAPCO
19 capacity program, the number 7 unit at the Sarnis plant is
20 a part of that program and, as I mentioned earlier, is already
21 in service.

22 In addition to that, and not identified on the map,
23 is the Eastlake Number 5 Unit, on the CEI system, which is
24 also a CAPCO plant or CAPCO unit, and which is now in
25 service.

1 Q Continuing to look at Applicants 172,
2 Mr. Firestone, can you describe in terms of circuit miles
3 the transmission system of Ohio Edison?

4 A Very briefly, as shown on this map, there is
5 extensive 138 kV transmission and extensive 345, but not
6 to the same extent as the 138.

7 These two in total constitute 4484 circuit
8 miles in Ohio on the Ohio Edison system, plus 577 circuit
9 miles in Pennsylvania on the Pennsylvania Power System for
10 a total of 5,061 circuit miles.

11 Q In terms of circuit miles and pole miles, what
12 is the extent of Ohio Edison's distribution system?

13 A In terms of pole line miles first, the Ohio
14 Edison system is made up of 18,913 pole line miles, plus
15 4766 on the Pennsylvania Power System, for a total of
16 23,679.

17 In terms of circuit miles, the Ohio Edison
18 portion totals 26,865, plus 5,648 in Pennsylvania Power, for
19 a total of 31,613.

20 Q In terms of square miles, what is the area
21 served by Ohio Edison?

22 A I have the figure for the Ohio Edison System,
23 which includes Pennsylvania Power, and that is 8,985 square
24 miles.

25 Q Mr. Firestone, which lines presently built, under

bw4

1 construction or planned, are lines that were built or
2 planned or are under construction specifically in connection
3 with the Davis-Besse or the Perry Plants?

4 A Well, the line that is indicated on the map
5 in the upper left-hand corner, which on the map appears
6 to originate near the dot identified as West Lorain, and
7 then moves westerly passing under the word "Sandusky," and
8 then terminated in bar, is now in service at 345 kV
9 and was built as a part of the transmission pattern
10 associated with the Davis-Besse Power Plant.

11 In connection with Perry, there are no facilities
12 on the Ohio Edison System now that have been constructed
13 specifically in connection with the Perry Power Plant.

14 I might add that, as of this time, there is
15 no agreed-upon transmission pattern in connection with the
16 Perry Plant.

17 The system planners have developed a transmission
18 pattern, but as of this date, this pattern has not been
19 brought to the CAPCO Executive Board for action.

20 Q Is all of Ohio Edison's transmission system
21 used in connection with all of Ohio Edison's generation,
22 whether that generation be nuclear, fossil or
23 whatever?

24 A The answer to that is, yes, it certainly is in
25 principle, and I think it certainly is in fact, although

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there may be a tag end of a line somewhere that doesn't come to my mind that would be an exception to that.

But, certainly, the transmission system functions as a network of lines.

It is contemplated that one complement the other, and they are used as a network.

So, basically, the answer to your question is, yes.

Q Looking at Applicants Exhibit 172, could you describe or set forth, rather, the interconnections that Ohio Edison has with all other utilities?

A Yes, I will try to cover that. But also, if it is all right, I will try to limit it to an interconnection agreement with a neighboring company.

In many instances, we will have several interconnection points with a neighboring company, but one overriding interconnection agreement, and then several or many facilities' agreements that would cover the individual interconnection.

jonl

3 1 Q Those interconnections would be at varying
2 voltages?

3 A Yes, they would be.

4 Again, on this sheet, I think I can identify
5 what I would call the principal interconnections, those at
6 345 kv or at 138 kv.

7 There are interconnections at other voltages
8 which I won't go into.

9 Starting at perhaps the easiest reference point
10 on the map, the lower left-hand corner, we have an inter-
11 connection between our system and Dayton Power & Light.

12 Prior to today I have run through our
13 interconnection contracts and have attempted to extract the
14 date when the original interconnection arrangement was
15 consummated.

16 In some cases the history goes so far back
17 that I haven't been able to get the original.

18 But, to the best of my knowledge, in this
19 search, in the case of Dayton, our original agreement was
20 in 1949 with them.

21 Moving up from the one with Dayton, there is a
22 line running from the dot identified as Mad River, easterly.
23 That is an interconnection with Columbus and Southern Ohio
24 Electric Company. And that was consummated by an agreement
25 in 1957.

1 Directly north of that there is another inter-
2 connection identified by the little T bar.

3 Unfortunately there is no city name close to
4 that.

5 That also is an interconnection with Columbus and
6 Southern Ohio Electric.

7 I should have said that all of these inter-
8 connections I have described so far are at 138 kv.

9 Moving on up, just above and to the right of the
10 word Marion identified on the map there is another inter-
11 connection. This is between Ohio Edison and Ohio Power.

12 In this case there is a step-down substation,
13 transforming from 345 kv to 138 kv.

14 The 345 kv line is owned by Ohio Power.
15 The step-down facility and consequent interconnection
16 facility is owned by Ohio Edison.

17 There is an interconnection that goes between
18 345 and 138 kv.

19 The earliest contract that I can find with
20 respect to our interconnections with Ohio Power is dated
21 in 1952 although I am sure there are or there were
22 agreements that predated that, going back into, I
23 believe, the early 1900s.

24 Moving upward on the map and to the right
25 there is another interconnection identified just by the

1 City of Mansfield.

2 That is between ourselves and Ohio Power. It
3 operates at 138 kv.

4 Going northerly now and to the left part of
5 the map, there is an interconnection identified
6 under the words Davis Besse.

7 It is between ourselves and the Toledo Edison
8 Company. It operates at 138 kv. And the original contract
9 covering that occurred in 1955.

10 Just below that is the 345 kv line that I
11 mentioned a while ago in connection with transmission from
12 the Davis Besse Power Plant.

13 That, of course, constitutes an interconnection
14 between Ohio Edison and Toledo Edison which was
15 formulated under the CAPCO arrangement and is part of the
16 transmission associated with the Davis Besse Plant.

17 Moving to the East, in the area immediately
18 under the word Edgewater there are two interconnections
19 identified there at 138 kv.

20 These are between our company and Cleveland
21 Electric Illuminating.

22 The original contract covering one of
23 those interconnections was dated 1950 and by supplementing
24 that contract, the second interconnection was provided for.

25 There is also right at that point a 345 kv

1 interconnection shown. Again, it is between Cleveland
2 Electric Illuminating and ourselves.

3 That was consummated as a part of
4 staggered construction, interconnection agreement, our
5 so-called Sammis 7, Avon 9 arrangement. That was in 1965.

6 Moving on across the map, out to the points
7 directly under the word Cleveland, there we have a 345 kv
8 interconnection identified which also was a part of the
9 Sammis 6, Avon 9 arrangement.

10 To the right of that we have two 138 kv inter-
11 connections identified which go back to the 1950 contract
12 I just mentioned.

13 Moving to the right and down somewhat, just
14 to the right of the word Akron, there is a rather
15 unusual interconnection point there in that Ohio
16 Edison has constructed a step-down substation that
17 transforms from 345 kv to 138 kv and that line or that
18 substation is supplied from an interconnection line that
19 exists between Ohio Power and Cleveland Electric Illuminating
20 Company and, in addition to that supply, Ohio Edison has a
21 345 kv line of its own.

22 So that on the 345 kv bus of that substation,
23 that in effect constitutes an interconnection point.

24 The electrical connection through the
25 transformers, transformation into the 138 kv system, that

1 also constitutes an interconnection point.

2 Just below that point and to the left somewhat
3 there is the City of Mason identified on the map. Just to
4 the right of the dot identifying the City of Mason you will
5 see five interconnection points identified at 138 kv.

6 These are with Ohio Power. And, again, they
7 would date back to this date that I mentioned awhile ago.

8 I believe I mentioned 1952 and that some of
9 these interconnections really had their origin in contracts
10 that were consummated way back in the early 1900s.

11 Just below that cluster of interconnections
12 there is another interconnection identified at 345 kv with --
13 again between ourselves and Ohio Power.

14 Moving on across the map to the eastern-most --
15 well, as we pass across the state line, of course, there are
16 transmission connections between Ohio Edison and Pennsylvania
17 Power which could be viewed as interconnections between the
18 two companies.

19 In fact, the two systems have a common
20 transmission system so there are many points where the lines
21 are continuous and pass across the state line.

22 Moving on eastward from that, Pennsylvania Power
23 has interconnections with West Penn Power Company which is
24 one of the companies of the Allegheny Power System.

25 That contract was consummated in 1965.

1 In addition, there are interconnection points
2 between Ohio Edison facilities and --- between Ohio Edison
3 and Duquesne Light facilities and between Penn Power
4 facilities and Duquesne Light facilities, as indicated by
5 the interconnection bars shown at the W. H. Sammis Plant,
6 and there, running southerly from the Mansfield Plant, the
7 345 kv interconnections shown there were consummated as part
8 of the CAPCO planning.

9 Contrary to what I said earlier, there is at
10 least one interconnection between Penn Power and Duquesne
11 Light at 69 kv which I will mention.

12 I believe the original contract covering that
13 is dated 1925.

14 Just below the dot identified as Toronto is
15 another interconnection at 345 kv. This is with the
16 Monongahela Power Company which is one of the subsidiary
17 companies of the Allegheny Power System.

18 The date of the contract covering that inter-
19 connection is 1967.

20 Unless I have inadvertently missed something,
21 that covers our interconnections.

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Q Other than your contracts with your fellow CAPCO members, could you describe generally what the terms and conditions are of the interconnection agreements that you have with non-CAPCO utilities?

A Well, our agreements, as I have indicated, have been consummated over a rather lengthy history.

And the language varies from contract to contract. But they all have a common thread, that we contemplate mutual support and carrying out the actions that would enhance the operating economy of the parties involved and that would enhance the reliability of the systems of the parties involved.

Some of our agreements will incorporate service schedules where specific types of interchanges are contemplated.

Some of the others do not have service schedules, but merely words that describe the types of services that are contemplated.

Such things as short-term power and emergency, economy interchanges and, in effect, any interchange that we and a neighbor might mutually agree to undertake.

It would be covered or could be arranged under our type of interchange contract.

May I have the question back.

(Whereupon, the reporter read the pending question, as requested.)

bw2 1

2 THE WITNESS: If I could back up a moment,
3 just looking at my map here, it occurred to me I did not
4 mention interconnections at 345 kV between the Ohio
5 Edison system and Cleveland Electric Illuminating, which
6 will come into being under our CAPCO arrangement.

7 MR. STEVEN BERGER: Mr. Chairman, that just
8 about concludes the physical description of the Ohio Edison
9 system and the contractual arrangements which it has with
10 surrounding utilities other than CAPCO arrangement, which
11 Mr. Firestone has heretofore testified to.

12 I am about to move on.

13 For purposes of continuity, if there are
14 questions the Board has in regard to the Ohio Edison
15 system, I would be more than happy to have Mr. Firestone
16 treat those at this time.

17 CHAIRMAN RIGLER: The Board has no questions.

18 BY MR. STEVEN BERGER:

19 Q Mr. Firestone, does Ohio Edison, in contracting
20 with its customers, have certain provisions in its
21 contracts dealing with the amount of capacity which would be
22 made available to customers during the periods of time that
23 the contract is in effect?

24 A In the case of certain customers, that is true.
25 Usually, the larger customer or the larger industrial class
of customer, yes, that is true.

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Q What is the purpose for such provisions?

A Primarily, it is an engineering consideration, that such a provision amounts really to a notification provision. It is quite possible for an industrial operation to make a decision to expand its operation which could very easily double or trim the power requirements of the plant.

This sort of thing very likely would require substantial strengthening of the power supply facilities.

Substantial strengthening, of course, very likely would require additional transmission facilities, additional generating capacity, construction of additional facilities.

Of course, the construction of additional facilities involves lead time to generate the plan that is going to be undertaken to acquire the equipment that is necessary for the construction, and then to do the constructing.

So that notification and lead time are the primary motives that lie behind introducing a limit in such a contract.

Q Is there any motive whatsoever in dealing with your customers to keep from them capacity that might be used for purposes of competing with Ohio Edison for loads that are being served by Ohio Edison or might be served by Ohio Edison?

bw41

1 A To my knowledge, there is absolutely none of
2 that. We, of course, are offering service. The more of that
3 service we sell, as far as I know, the better it is for us.

4 Q Mr. Firestone, are you familiar with the question
5 of the amount of capacity that is to be made available
6 to Newton Falls which arose during the negotiations for
7 the establishment of wholesale service to that city?

8 A Yes, I think I'm generally familiar with at
9 least the recent developments in that area.

10 Q How did you become familiar with this?

11 A Well, in the normal course of events, if a
12 prospective user approaches our company with a request
13 for electric service, that would originate in one of our
14 operating divisions. Where one of the sales representatives,
15 perhaps an industrial sales representative or maybe the
16 division manager himself might be involved in a face-to-face
17 conversation with the prospective user.

18 We would attempt to determine from the prospective
19 user what his needs were, what his requirements were.

20 In a case like that, the division person would
21 then initiate a letter to the general office, to one of my
22 people in the power supply planning area, advising that
23 person of the prospective customer and of his requirements,
24 and then the power supply planning person would formulate
25 a plan for accommodating those requirements.

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An extension of transmission facilities might be involved or subtransmission, distribution and so on.

Through that channel -- of course, the power supply planning person works under my supervision, and the more sizable and more important prospective load additions, I'm made aware of those.

Through channels, is how I am involved.

ES5

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6 1 Q Is Newton Falls presently completely isolated from
2 Ohio Edison?

3 A Again my memory is not all that good on dates
4 or exactly where we are at the moment.

5 I think that we are in the process or Newton
6 Falls is in the process of converting from totally isolated
7 operation to totally supplying their needs or taking their
8 needs from the Ohio Edison system.

9 Q When the City of Newton Falls first approached --
10 strike that.

11 When you first became aware of Newton Falls'
12 desire to obtain capacity from Ohio Edison, what was the
13 amount of capacity that was being discussed?

14 A If I could answer that by setting a little back-
15 ground first, it is my recollection that the amount of
16 capacity was roughly 2500 kva and that Newton Falls was in a
17 state of indecision, really, or in the process of trying
18 to formulate a plan and make a decision as to whether they
19 wanted partial service from Ohio Edison with a
20 synchronous interconnection to their system versus buying
21 their entire requirement from Ohio Edison and closing down
22 their own generating facility.

23 Q What is the size of their total load?

24 A I believe it is in the order of 4000 kva.

25 So, at the time we were considering 2500 kva,

1 Newton Falls was contemplating synchronous interconnection
2 with us and limiting the amount of purchased power from us
3 to 2500 kva or they were contemplating separating their
4 facilities somehow and transferring 2500 kva of load on to
5 Ohio Edison facilities and supplying their balance with their
6 own generating facilities.

7 Q When that suggestion was first raised, did you
8 see technical problems with that?

9 A Synchronous interconnection would have dictated
10 a difference in power supply than would nonsynchronous
11 operation.

12 Q Did there come a time when Newton Falls
13 determined that that was not the route they wanted to go?

14 A Yes. And, again, by tracing the sequence of
15 developments from the information flowing to me, I
16 concluded they had, and later they indicated a need of 4000
17 kva, an amount to supply their total load, which
18 indicated, I believe, an intent to close down their
19 generating plant and in effect buy their entire requirement
20 from Ohio Edison under a wholesale contract.

21 Q Was a specific amount of capacity spoken about
22 at that time to you?

23 You had no direct communication with Newton Falls;
24 is that correct?

25 A I personally had not. Contacts were being made

1 to people under my supervision, the power supply planning
2 people.

3 As best I can reconstruct the history at the time
4 Newton Falls was speaking of a 2500 kva requirement
5 Ohio Edison was proposing a service contract to them that
6 set forth a minimum demand of 2500 kva which would have been
7 inserted for rate purposes or for revenue purposes.
8 That would have established a minimum bill.

9 Subsequently when they were speaking of load
10 of 4000 kva, they also were speaking of a transformer to
11 accommodate service from us at 69,000 volts which would step
12 down to their distribution voltage -- they were contemplating
13 a transformer that had a capability of 5000 kva.

14 At that point in time Ohio Edison was preparing
15 a draft contract that incorporated a maximum limit of 5000
16 which was based on the capability of their transformer.

17 Subsequent to that, Newton Falls concluded they
18 would buy a transformer equipped with electric fans which
19 would enhance the cooling of the transformer and would
20 enhance the rating and capability of the transformer to the
21 extent that it could carry 6250 kva.

22 At that point Ohio Edison contemplated a
23 contract with that number in it.

24 To the best of my understanding, that is the
25 current situation.

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CHAIRMAN RIGLER: What did you mean by
contemplated a contract?

THE WITNESS: Perhaps that is a poor choice of
words. I think we have either drafted such a contract or have
consummated such a contract.

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1 Q Mr. Firestone, if Newton Falls wanted to take
2 capacity in excess of 6250 kva, would they have to install
3 a transformer larger than the 5,000 kva transformer with the
4 additional equipment that you just described?

5 A If the contemplated serving this additional
6 load from their distribution voltage, yes, they would.

7 Q Would that involve a substantially greater
8 investment by Newton Falls?

9 A Yes, it would. Either the change out of the
10 present transformer with a larger one or supplementing
11 the present transformer with a companion, perhaps a twin.

12 Then that would constitute a substantial
13 expenditure of money and would also require a substantial
14 amount of time.

15 Q Did it ever come to your attention through the
16 people in your Department or others that Newton Falls
17 was desirous of obtaining capacity in excess of 6250 kva?

18 A It hadn't to day, no.

19 Q If Newton Falls did come to Ohio Edison and
20 ask for capacity in excess of 6250 kva, what would happen?

21 A I would think we would be delighted. We stand ready
22 to serve whatever a prospective customer's requirement might
23 be, provided we were given adequate notice to prepare for
24 serving that load.

25 Q Mr. Firestone are you familiar with the municipal

bw2 1 system of the City of Orrville?

2 A Well, I'm aware that there is such a system.

3 To say I'm familiar with it would be an over-
4 statement.

5 Q Do you recall a meeting in June of 1973 between
6 representatives of Ohio Edison and the municipal system of
7 Orrville.

8 A Yes, I do.

9 Q Were you present at that meeting?

10 A Yes, I was.

11 Q Who else was present at that meeting, as you
12 recall?

13 A Mr. Ray S. Williams, whom I believe was the
14 Director of Utilities for Orrville.

15 Mr. Sam Boline, again, I believe he was the
16 utility's board chairman for the City of Orrville.

17 Mr. Carl F. Back, who was a utilities board
18 member for the City of Orrville, and then a Mr. William M.
19 Lewis and a Richard W. Kraft.

20 Q I see you are reading from a document. Let
21 me mark for identification as Applicants Exhibit 173 (OE)
22 a document which is dated -- I think it says 6-11-73 --
23 which appears to be an attendance sheet, and ask you
24 if this is the document that you are referring to?

25 A Yes.

bw3

1 (Whereupon, the document referred
2 to was marked Applicants Exhibit
3 (OE) 173 for identification.)

4 BY MR. STEVEN BERGER:

5 Q Is this the attendance sheet that was passed
6 around at that meeting?

7 A Yes, it is. These latter two, yes, Mr. Lewis
8 and Mr. Craig Kraft were representatives of an engineering
9 consulting firm retained by Orrville.

10 In addition to the people I have mentioned, there
11 were Ohio Edison representatives at the meeting.

12 In addition to myself, Mr. D. Bruce Mansfield,
13 who was at that time our chief executive, and Mr. John
14 White, who at that time was the executive vice-president
15 of our company.

16 Q What was the purpose of the meeting, Mr. Firestone?

17 A Well, the officials of Orrville had requested
18 the meeting, and they stated that they wished to consummate
19 an interconnection arrangement with someone, and they
20 wanted to discuss the provisions whereby a synchronous
21 138 kV interconnection could be arranged between Ohio
22 Edison and the City of Orrville.

23 Q Let me show you a document I will mark as
24 Applicants Exhibit 174, which is a letter dated April 24,
25 1973, from Mr. Williams to Mr. Mansfield with handwritten
notations on it.

1 (Whereupon, the document
2 referred to was marked
3 Applicants Exhibit 174 (for
4 identification.)

5 BY MR. STEVEN BERGER:

6 Q Have you seen that before?

7 A Yes, i have.

8 Q Are those your handwritten notations?

9 A Yes, they are.

10 Q I see a number 2 with a circl around it.

11 Is that yours?

12 A I'm trying to find the original in my file, and I
13 think that is not my number.

14 The number 2 is on there with a red pencil.
15 The notes in my handwriting are on there with a common
16 lead pencil.

17 I guess I can't explain the origin of the number 2.

18 MR. STEVEN BERGER: Mr. Chairman, I'm prepared
19 to disregard all of the handwritten notations which appear
20 above the "Dear Mr. Mansfield" portion of the letter and
21 will be concentrating on the handwritten notations below.

22 If we can proceed in that fashion.

23 BY MR. STEVEN BERGER;

24 Q Mr. Firestone, are the notes reflected at the
25 bottom of Applicants Exhibit Number 174 the notes that you

bw4 1 took contemporaneous with the meeting that took place on
2 June 11, 1973?

3 A Yes, they are.

4 MS. URBAN: Could you either have the Witness
5 read the notes or will you read the notes?

6 The notes on course are not legible.

7 BY MR. STEVEN BERGER:

8 Q If you would look at the original of the notes
9 and read them into the record.

10 A These notes are rather cryptic and
11 somewhat stale now, but my intent was to record what
12 appeared to me to be rather important observations that were
13 made at the meeting.

14 Alongside the first comment you will see the
15 initials "D.B.M." That would indicate Mr. Mansfield
16 was making the observation. The note says "if OE studies
17 want assurance Orrville is serious."

18 The next entry is identified as being stated
19 by Mr. Williams says "are serious, will have synchronous
20 with someone."

21 The next statement, I don't believe that I
22 identified the sponsor for that one, but there is a
23 question posed there, "para interconnection agreement."

24 And then under that, the entries "emergency
25 power," "short-term power," and the statement "without

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any standby charge."

And then to the right of the note or the words "emergency power," and short-term power," there is a bracket and following that are the words "both in schedules."

Following all of that is a statement "Orrville expects to pay for facilities."

Then the further statement "Value received versus value given."

And then following that "L.F," meaning myself and Mr. Williams were designated as the contacts.

The note is "L.F-Williams equal contacts"

We were designed as the communication channel.

Following that the letter "R/W" indicating right-of-way.

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L.M.?

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8 1 CHAIRMAN RIGLER: Read me the phrase again,
2 value something the value given.

3 THE WITNESS: Value received versus value given.

4 BY MR. STEVEN BERGER:

5 Q Mr. Firestone, do these notes reflect accurately
6 your recollection of the matters discussed at that June 11,
7 1973 meeting?

8 A Yes, they do.

9 Q Do you recall the subject of wheeling ever being
10 raised at that meeting by a representative of the City of
11 Orrville?

12 A No, I do not.

13 Q Or any other person at that meeting?

14 A To the best of my recollection, the subject was
15 not raised or I think that a note would appear here with
16 respect to it.

17 MR. STEVEN BERGER: I will show you a document
18 I will mark as Applicants 175 (OE) dated June 11, 1973 with
19 handwritten notations on it.

20 (The document referred to was marked
21 Applicants Exhibit (OE) 175 for
22 identification.)

23 BY MR. STEVEN BERGER:

24 Q The first handwritten notation is backup for
25 large machines dash 25 mw.

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1 I ask you if you have seen that document before?

2 A Yes, I have seen it before.

3 Q Are those your handwritten notations?

4 A They are.

5 Q When were those notations made?

6 A These notations were made immediately following
7 the meeting, breakup or adjournment of the meeting held on
8 June 11. They represented my reflections on what was said
9 and my attempt to record for my own benefit what was
10 discussed in that we had agreed to move ahead making a
11 study with respect to the possible ways in which a 138 kv
12 interconnection could be established with Mr. Williams and
13 myself being the contacts in carrying out such a study.

14 I recorded this before my memory of the meeting
15 got stale, to record the high points of the meeting.

16 Q Mr. Firestone, did Ohio Edison make an offer to
17 the City of Orrville for a synchronous interconnection at
18 138 kv?

19 A Yes, we did.

20 Q Do you know whether or not Orrville was
21 negotiating with any other utility for the purpose of
22 establishing an interconnection at 138 kv?

23 A Well, I am under the impression that they were in
24 that during the conversations with the Orrville representatives
25 they mentioned that it was their intent to contact Ohio Power

1 and also during the period of our own study, I believe -- I
2 am certain there were statements made to me by our
3 division people and others that they were under the impression
4 Orrville was -- had contacted Ohio Power.

5 I may be wrong, but I think in the local press
6 there were articles indicating that Orrville was talking to
7 Ohio Power.

8 Q Was there a question raised as to the type of
9 facilities that would be necessary in order for Ohio Edison
10 to interconnect with Orrville at 138 kv?

11 A Yes, there were.

12 Q Would you tell us what questions were raised?

13 A Well, in order to establish an interconnection
14 with Orrville at 138 kv, the most feasible plan that Ohio
15 Edison engineers could devise involved extending 138 kv
16 transmission facilities a distance somewhat over six miles,
17 to get from where our nearest existing transmission facilities
18 were located to the point in Orrville where the Orrville
19 facility would be installed -- the receiving facility would
20 be installed.

21 The line from which we would propose
22 to make the extension, the existing line, is a very important
23 link in the Ohio Edison transmission system and if my
24 memory serves me correctly, it runs from a substation of
25 ours near Mazon known as Cloverdale to a substation of

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1 ours north and west of Akron known as Starr.

2 The basic discussion you referred to amounted to
3 the two alternatives, one being to extend just a radial tap
4 from that line to Orrville, the other being to cut into that
5 line and extend a loop, feed over to Orrville and a feed back
6 from Orrville.

7 The first alternate, ending up in what the
8 engineers would describe as a three-terminal line,
9 in that there would have been a transmission line in
10 the configuration of a T with circuit protection at
11 Cloverdale, at Starr and at Orrville, one being between
12 Cloverdale and Orrville and with circuit protection at each
13 terminal, the second circuit being between Orrville and
14 Starr with circuit protection at each terminal.

15 MR. STEVEN BERGER: Off the record for a moment.

16 (Discussion off the record.)

17 BY MR. STEVEN BERGER:

18 Q Mr. Firestone, could you explain to us the two
19 types of connections that were being considered at the time,
20 that is the loop and the tap, by drawing somekind of schematic
21 on the blackboard behind you?

22 A (Witness drawing on blackboard) What I have
23 tried to describe are two transmission patterns. The first
24 at the top of the blackboard here being the three-terminal
25 line in which the existing transmission line that runs between

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1 the Cloverdale substation and the Starr substation, a
2 distance of some perhaps 30 miles is in existence.

3 Then a new line would be attached to that line
4 and extended to Orrville, a distance of a little over 6 miles.

5 And the squares I have indicated here. I have
6 put there to illustrate the fact that there would be
7 oil circuit breakers and protective relays and associated
8 equipment at these three terminals to provide circuit
9 protection to the system.

10 The second plan is at the lower portion of
11 the blackboard here. It has the same points, Starr and
12 Cloverdale.

13 In this event two lines get extended from the
14 tap to Orrville enabling the circuits to be protected
15 in a way that now there is a circuit breaker at Starr and
16 Orrville protecting the line from Starr to Orrville.

17 There is a circuit at Orrville and Cloverdale
18 for protection.

19 This requires more capital investment --

20 MR. REYNOLDS: This being the second plan.

21 THE WITNESS: I will identify the plan at the
22 bottom of the blackboard as the loop plan.

23 The plan at the top of the blackboard is the T tap
24 plan.

25 The loop plan involves more investment, more

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1 capital equipment.

2 As you can see, there is one additional circuit
3 breaker. There is an additional conductor, an additional
4 circuit involved.

5 That perhaps is the negative when one looks at the
6 loop plan versus the T tap.

7 Inasmuch as Orrville contemplated paying for
8 these facilities, they were interested in
9 minimizing the cost, naturally.

10 On the other side of the ledger, this plan
11 affords a higher degree of reliability both to Orrville
12 and to the Ohio Edison system to which the extension would
13 be attached than does the T tap plan.

14 Ohio Edison felt that the difference in
15 reliability was significant enough that Ohio Edison's
16 recommendation was and is the loop supply pattern.

17 MR. REYNOLDS: Mr. Chairman, we would reproduce
18 that on a piece of paper and make it a part of the record
19 so that it will be clear on the record when that part of the
20 transcript is referred to.

21 We will mark it as an exhibit.

22 BY MR. STEVEN BERGER:

23 Q Mr. Firestone, did you become aware of Orrville
24 making a request of Ohio Edison for some kind of standby
25 service until such time as they could obtain a permanent

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1 interconnection at 138 kv?

2 A Yes, I did.

3 Q What position did Ohio Edison take with regard
4 to providing a standby service?

5 A Well, once again it was necessary for the
6 engineers to review the requirement and assess the facilities
7 that would be required to satisfy the requirement which was
8 done. And a proposition was made or an arrangement was
9 held out to Orrville under which we would comply with
10 their requests.

11 Q Was the proposition that was held out to
12 Orrville conditioned upon Orrville selecting Ohio
13 Edison as the entity with which it would interconnect at
14 138 kv?

15 A It was not.

16 Q Just one more question on the loop versus the
17 T tap question.

18 How is it that the loop protects Ohio Edison's
19 reliability to a greater extent than the T tap?

20 A Well, I am going to try to avoid technical jargon.
21 When one gets into the protection of transmission
22 facilities, you quickly move into what to me amounts to
23 "never-never land" with technical jargon.

24 The first and perhaps most obvious difference is
25 that in the T tap plan you now have six miles, the length of

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1 the extension to Orrville added to the mileage that
2 exists between Cloverdale and Starr as an additional
3 unprotected exposure.

4 As additional exposure. Forget the unprotected.

5 If the distance from Cloverdale to Starr is 30
6 miles and the extension is 6, you now have 36 miles of
7 exposure to lightning strike, airplane crash, tornado,
8 such things that might cause this line to go out of service.

9 Of course, such an occurrence would affect the
10 service supplied to Orrville as well as the important link
11 between Cloverdale and Starr.

12 CHAIRMAN RIGLER: You have 42 miles under the
13 loop plan of exposed line, don't you?

14 THE WITNESS: Yes, we do, but we have
15 protection here and here.

16 Let's say this is 20-10. I have forgotten
17 where the tap occurs.

18 Let's say this is 10 and this is 20.

19 This circuit has 16 miles of exposure and this
20 has 26.

21 If this circuit is subject to outage,
22 Orrville is really unaffected in that this supply still
23 remains in service to them.

24 The link through to us is affected, however.

25 In total we have 30 plus 12, 42.

1 On the individual circuits we have 10 plus 6,
2 16, or 20 plus 6.

3 That is one aspect. That is the most obvious.

4 BY MR. STEVEN BERGER:

5 Q With this type of configuration, should some
6 other potential customer come along and require or want to
7 take service, in this area at 138 kv, my relay experts tell
8 me there is no way that this new customer could be tapped on
9 to this circuit, this three-terminal circuit under the
10 T tap plan and achieve an adequate level of circuit protection.
11 Whereas in the loop plan, again, it is possible to attach
12 additional customers or additional loads -- they won't
13 necessarily have to be customers -- they could be step-down
14 substations of Ohio Edison on one or the other of these
15 circuits.

16 CHAIRMAN RIGLER: That would be under T tap
17 arrangement?

18 THE WITNESS: No. The additional load could be
19 put in here and if it is right at the line -- let me back up.

20 The basic problem here under the T tap
21 we are finding is that Orrville has generation connected.
22 So that in effect now somewhere remote from the Cloverdale
23 substation there is a source of generation and somewhere
24 remote from the Starr substation there is a source of
25 generation, and here at Orrville there is a source of

1 generation.

2 If a fault is experienced anywhere on these
3 three sources of generation contributing power flow to
4 that fault, that presents a very difficult situation for
5 engineers to solve in attempting to provide an adequate
6 level of circuit protection.

7 And it is because of the three points of in-feed
8 and the three-terminal line.

9 Over here with the loop plan we have the same
10 points of in-feed, but we are not faced with a three-terminal
11 line.

12 We have lines with breakers on each end and
13 only two possible sources of in-feed for any one line.

14 That's the basic relaying problem.

15 Now, if we put another load in here it could
16 be tapped in and a circuit breaker could be installed there
17 and fuses and so on.

18 There is no source of in-feed.

19 I am thinking of a step-down to a distribution
20 substation or a step-down to an industrial customer that is
21 not a generating customer.

22 Of course, if another load were to be put into
23 this pattern that had an internal generator, that would make
24 the problem more complex.

25 I am thinking of a load coming on now that does

1 not have internal generation with it.

2 Under this pattern it could be attached to either
3 one of these lines and the resulting pattern could operate
4 with a good or an acceptable level of circuit protection
5 and reliability.

6 Whereas under this, the T tap pattern, if an
7 additional load were put on here somewhere then what
8 had been marginal circuit protection originally would
9 become really intolerable circuit protection.

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1 I'm afraid I'm getting into the never-never
2 land that I really didn't want to. But protection people
3 are faced with the problem of trying to on an instant-to-
4 instant basis, make a distinction between normal and
5 abnormal conditions.

6 When abnormal conditions occur these
7 protective devices are supposed to take action in such a way
8 as to preserve the integrity of the electrical service
9 being supplied or to avoid the destruction of some physical
10 facility.

11 On the other side of the coin, when conditions are
12 normal, these protection facilities are supposed to be passive
13 and allow actions to occur as they will.

14 With a configuration like this three-terminal
15 T tap, the zone between normal and abnormal conditions
16 gets to be very marginal or perhaps nonexistent or perhaps
17 even overlap.

18 You find yourself in a situation where normal
19 conditions may cause the protective relays to trip. Conditions
20 are abnormal and initiate undesirable action.

21 Again, I hope I haven't confused you with
22 this.

23 MR. SMITH: Which system is used when Ohio
24 Edison is paying the bill?

25 THE WITNESS: This system;

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MR. STEVEN BERGER: Let the record reflect the witness pointed to the loop.

MP SMITH: Are there situations like that where, in fact, Ohio Edison does, at its own expense, install a loop? Your answer to my first question is the answer to my second question.

THE WITNESS: Situations like that bother me some. Ohio Edison has a very extensive transmission network and we have many, many transmission substations connected to that network. And we have many, many sources of generation as I attempted to describe earlier.

Nine, ten, eleven of our own power plants, the interconnection points appear as power sources by way of generation from other systems.

So that our substations are set up with this loop type of concept and for this very reason. Yes, we have made substantial expenditure in designing this way, rather than the T tap, three-terminal way.

CHAIRMAN RIGLER: Don't you have T Tape three-terminals in your system, as well?

THE WITNESS: I can't think of one where on the T tap there would be a generating source.

Now, there may be what would appear to you to be an exception to that. I think of, in Akron we have a 138 kV supply to the Goodyear Tire and Rubber Company, which

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has internal generation. We operate in synchronism with them.

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We have a bus here which I will call East Akron.
And it has many lines, I have forgotten how many, coming into
it at 138 kV.

Off of this bus is a supply to the Goodyear
Tire and Rubber Company, and they have generation.

This is a radial supply to them, rather than
a loop. Once again you will see the circuit is protected
at each end and does not in configuration constitute this
three-terminal T tap type of configuration.

CHAIRMAN RIGLER: What happens if you construct
a similar bus to the East Akron bus where the Orrville
tap joins the Star-Cloverdale. Can't you put a switch
there and that would save you six miles of line?

THE WITNESS: At the extension of two circuit
breakers. These are \$1- to \$200,000 by the time you get
them installed.

MR. SMITH: Two additional or one additional?

THE WITNESS: If I understood what the Chairman
was suggesting, it would be, in effect, a configuration
like this.

Now, the circuit breaker that exists over
here, six miles away would be a matter of protection
primarily to Orrville.

As far as the Ohio Edison system is concerned
this configuration at the tap point would afford the

1 protection we would want to have to the Cloverdale-Star
2 circuit. So it could be a matter of three additional
3 breakers or two, depending on whether the one at Orrville
4 would be installed or not.

5 From the best protection standpoint three breakers
6 at the tap point would be required.

7 MR. SMITH: You don't have circuit breakers
8 now midway in the line between Clover and Star, do you?

9 THE WITNESS: No, we do not. We serve no load
10 midway. There is nothing attached between those two points.

11 MR. SMITH: You could end up with four circuit
12 breakers between Orrville and Staff and Clover under one of
13 your requirements?

14 THE WITNESS: The loop plan that the company
15 advocated to Orrville to follow required four circuit
16 breakers, two of which are in existence and two new ones.

17 The tap plan which we find unacceptable from a
18 protection standpoint required three breakers, two of
19 which are in existence and one new one at Orrville.

20 The difference in these two plans is one circuit
21 breaker and this additional conductor for approximately
22 six miles.

23 The plan the Chairman was suggesting I thought
24 was under the T tap plan at the T tap point establish in
25 effect an electrical bus at that point and install circuit

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1 breakers for protection.

2 I have tried to sketch that schematically
3 here, saying that here are two additional circuit
4 breakers and perhaps you could consider the third one at the
5 tap point to protect the six-mile tap.

6 Have I answered your question?

7 MR. SMITH: Yes, sir.

8 MR. STEVEN BERGER: I would like to move the
9 admission of Applicants 172, 73, 74, 75.

10 CHAIRMAN RIGLER: Hearing no objection, we will
11 receive Applicants 172, 173, 174 and 175 into evidence.

12 (Whereupon, the documents
13 heretofore marked Applicants
14 exhibits 172, 173, 174 and
15 175 (CEI) were received in
16 evidence.)

17 MR. STEVEN BERGER: Would this be a convenient time
18 to take our break?

19 (Recess.)

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MR. SMITH: I have a few questions on the T tap and the loop, before you go on.

Is this a good time?

MR. STEVEN BERGER: Fine.

MR. SMITH: Mr. Firestone, I believe you testified that the loop method was essential to Ohio Edison to protect the integrity of its system, as well as that of Orrville?

THE WITNESS: Yes.

MR. SMITH: Does that integrity depend upon the circuit breakers?

THE WITNESS: Yes, it does.

MR. SMITH: Are the circuit breakers of the loop system different than those in the T tap?

THE WITNESS: Well, the circuit breakers at Cloverdale and Star would be common in either plan.

And, again, we would propose to work with Orrville on specification of the circuit breaker at their substation to be certain that it was adequate.

In effect, I think the circuit breakers would be the same.

The controlling features would be different.

MR. SMITH: Is there anything generically about

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2 the two types of connections that require different
3 approaches on circuit breakers?

4 THE WITNESS: I think there is not, as far as
5 the breaker itself is concerned.

6 The protective relays that detect abnormal
7 conditions and instruct the circuit breaker what it is to
8 do, would be different.

9 MR. SMITH: While we understand the conclusions
10 you draw, we have been having difficulty in
11 understanding why, when you have the same number of
12 circuit breakers in your T tap system, why you do not,
13 as far as Ohio Edison is concerned arrive at the same
14 protection?

15 THE WITNESS: We are talking now about a T tap
16 plan that has three circuit breakers as compared to a
17 loop plan that has four.

18 MR. HJELMFELT: I'm not able to hear you.

19 THE WITNESS: I'm trying to understand the two
20 situations now, Mr. Smith has in mind.

21 Are you comparing what I have described as
22 the T tap plan which involves three circuit breakers, to
23 what I have described as the loop plan which involves
24 four?

25 MR. SMITH: We had more than one comparison in
mind.

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1 You have just described one of them.

2 THE WITNESS: Perhaps I didn't make it too clear,
3 but with the T tap plan, with three circuit breakers, the
4 relaying equipment that accompanies these breakers must
5 be set in such a way that it is difficulty or impossible
6 under certain conditions to distinguish between normal
7 and abnormal conditions.

8 So, in order to fail-safe, so to speak, to
9 design the system to fail-safe, it is necessary to
10 instruct the relays or have them set as such that they will
11 be conservative.

12 When the electrical conditions approach this
13 zone where abnormal and normal are indistinguishable, under
14 that circumstance you would have the relay set to instruct
15 the circuit breakers to interrupt service.

16 In the loop plan, you would not have that
17 problem.

18 The difference between normal
19 electrical conditions and abnormal would be so great that
20 the relays would have no trouble distinguishing between
21 normal and abnormal.

22 so the degradation of the Ohio Edison System
23 occurs because of that very fact, that with this plan the
24 relays would be set as such that there would be times when
25 this important circuit between Cloverdale and .

1 Staff would be interrupted when it should not be.

2 When the conditions that exist, in fact, are
3 not abnormal. There would be no crisis situation. And that
4 is the type of thing we want to avoid.

5 MR.. SMITH: If you had a single circuit breaker,
6 in addition to the circuit breaker which you now have and
7 the T tap diagram, in close proximity to Orrville, if you
8 had a single additional circuit breaker on the
9 single line, in close proximity to the main line, wouldn't
10 that, as far as Ohio Edison is concerned, give the protection
11 it requires?

12 THE WITNESS: If I located the additional
13 breaker you are thinking of?

14 MR. SMITH: Yes, sir.

15 THE WITNESS: NO, it would not.

16 MR. REYNOLDS: Can we reflect on the record
17 where that is located?

18 MR. SMITH: We now have a diagram that shows the
19 T tap configuration with a circuit breaker in close
20 proximity to the City of Orrville and an additional
21 circuit breaker on the six-mile Orrville line in
22 close proximity to the main Star-Cloverdale line, but on the
23 Orrville six-mile line.

24 THE WITNESS: The basic problem to the
25 man that is attempting to establish a protective system

bw7 1 for this configuration is the fact that under fault
2 conditions, fault current will flow into those fault conditions
3 from the Orrville generator, the Star generator and the
4 Cloverdale generator.

5 The relays that are set at each of those three
6 terminal points have to somehow be compensated to
7 recognize the contribution of fault current that is coming
8 from the other two terminals.

9 This presents a very difficult -- well, it presents
10 a situation where the relaying man must make compromises.

11 Those compromises result in the types of problems
12 I have described which degrade reliability.

13 MR. SMITH: Your answer refers to reliability
14 of the Ohio Edison system and not Orrville.

15 THE WITNESS: It is both. Assuming Orrville
16 is not concerned about the level of reliability of this
17 six-mile tap to them, assume Ohio Edison is not concerned
18 about it, there still would be a degradation of the
19 reliability in the Cloverdale-Star circuit which Ohio Edison
20 feels would be intolerable.

21 MR. STEVEN BERGER: I think this would be
22 an appropriate time to mark the produced version of the
23 schematic drawing as EApplicants Exhibit 176 (OE).
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(Whereupon, the document referred
to was marked Applicants Exhibit
176 (OE) for identification.)

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1 BY MR. STEVEN BERGER:

2 Q Mr. Firestone, are there any other things that
3 you would think should be reflected upon this schematic that
4 is not reflected upon it before I move it into evidence?

5 A Nothing occurs to me.

6 MR. STEVEN BERGER: I would like to move the
7 admission of Applicants 176 into evidence.

8 CHAIRMAN RIGLER: Hearing no objection, we will
9 receive Applicants 176 into evidence.

10 (Applicants Exhibit (OE) 176,
11 previously marked for identification,
12 was received into evidence.)

13 BY MR. STEVEN BERGER:

14 Q Mr. Firestone, have you been involved in the
15 negotiations for the past couple of years between Ohio Edison
16 and the Wholesale Consumers of Ohio Edison?

17 A Yes, I have.

18 Q What was the origin of those negotiations?

19 A They go back to a settlement agreement in
20 connection with a rate increase that Ohio Edison was
21 proposing. A settlement agreement that was arrived at or
22 determined by the FPC in connection with this rate increase
23 application.

24 Q Mr. Firestone, let me show you a document which
25 is in this proceeding NRC Exhibit Number 44 which is power

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1 supply study for Wholesale Consumers of Ohio Edison,
2 prepared by R. W. Beck & Associates and, first, ask you have
3 you seen this document before.

4 A Yes, I have.

5 Q Included in the appendix to that document are
6 certain letters, one of which is a letter from Mr. Emerson
7 Duncan to Mr. White, dated June 18, 1974, with an attachment.

8 I am referring you specifically to the attachment
9 to Mr. Duncan's letter --

10 MR. LESSY: I can't hear you. YOU are between
11 me and the witness.

12 BY MR. STEVEN BERGER:

13 Q Referring you specifically to the attachment
14 to Mr. Duncan's letter, more particularly to the quoted
15 portion on the bottom of page 1, carrying over to page 2,
16 and I ask you if that is more specifically the origins of the
17 negotiations that have been taking place between Ohio Edison
18 and the Wholesale Consumers of Ohio Edison?

19 MR. LESSY: I object to that. It is contradictory
20 to the last question and answer.

21 The question was is that the origin. The last
22 answer was that the origins extend from a previous 1972 rate
23 settlement.

24 CHAIRMAN RIGLER: Off the record.

25 (Discussion off the record.)

1 MR. LESSY: I withdraw the objection.

2 BY MR. STEVEN BERGER:

3 Q Mr. Firestone, do you recognize the quoted
4 portion I have just brought to your attention?

5 A Yes, I do.

6 Q What is it?

7 A It is an excerpt from the FPC settlement
8 agreement or the settlement agreement between OE and the
9 municipal intervenors as set forth in the FPC situation
10 to which I was referring earlier.

11 If I may, I would like to read it as being my
12 understanding of the origin of the study that we undertook
13 in setting the scope of the study.

14 I am quoting now.

15 "The parties will conduct studies and investiga-
16 tions of the engineering, financial and legal feasibility
17 of an arrangement or arrangements under which the municipalities
18 would buy ownership in whole or in part or by special
19 contractual agreement be in a position to participate
20 directly in the output of specific generating capacity."

21 Q Let me stop you right there, Mr. Firestone,
22 and ask you what your understanding is of specific generating
23 capacity as it is used therein.

24 A To designate specific portions of discrete
25 units as being assignable or somehow associated with WCOE,

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1 either by ownership or by special contractual agreement.

2 Q Whose specific units?

3 A Ohio Edison's specific units.

4 "In the event that the studies and
5 investigations show that an arrangement appears to be f
6 feasible and to the mutual advantage of the municipalities
7 and company and if a sufficient number of the municipalities
8 agree to participate in the arrangement Ohio Edison
9 and those interested municipalities will thereupon
10 enter into appropriate agreement therefor and will use
11 their best efforts to put the arrangements into effect."

12 Q Mr. Firestone, when was the -- first let me
13 ask you: had you seen the June 18, 1974 letter from
14 Mr. Duncan to Mr. White prior to any meetings that you
15 attended with WCOE?

16 A Yes, I had; shortly before the initial meeting
17 between Ohio Edison and the WCOE representatives
18 Mr. White distributed copies of that letter and the attachment
19 to certain people within Ohio Edison that he had requested be
20 in attendance at the forthcoming meeting.

21 Q When was the first meeting that took place between
22 WCOE and Ohio Edison?

23 A The first one that I am aware of and the
24 first one I attended was October 7, 1974.

25 Q Who was present at that meeting as best as you

1 can recall?

2 A Well, Emerson Duncan, who was legal counsel,
3 or had been retained by the WCOE group; the chairman of the
4 WCOE committee, who at that time I believe was Chuck Stout
5 from Cuyahoga Falls; various other representatives of the
6 municipal systems; representatives of R. W. Beck &
7 Associates, an engineering firm which had been retained by
8 WCOE; and various representatives of Ohio Edison, myself,
9 John White, Tom Kayuha and others which at the moment I
10 can't recall.

11 Q What was generally discussed at the meeting,
12 Mr. Firestone?

13 A Well, it was principally a get acquainted
14 meeting. We discussed the quotation that I have just read,
15 attempting to set up the lines of communication to the
16 extent we could discuss basic principals that we hoped to
17 achieve through the study.

18 We exchanged a certain amount of information and
19 set a schedule or targets for moving ahead and I believe
20 set a date for a subsequent meeting.

21 Q When was the next meeting that took place between
22 representatives of Ohio Edison and WCOE?

23 A To the best of my recollection, it occurred
24 October 16, 1974.

25 MR. LESSY: Could we ask the witness what he is

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1 referring to?

2 MR. STEVEN BERGER: Certainly.

3 THE WITNESS: I have a sheet of paper before
4 me on which I have tabulated the chronology of events as best
5 I can from my file in that I am not certain I participated
6 in or had knowledge of every conversation or every meeting
7 that may have occurred between an Ohio Edison representative
8 and a WCOE representative.

9 But I am reading from a chronology of the
10 meetings of which I do have knowledge.

11 MR. LESSY: Would counsel for Ohio Edison
12 be willing to make that file available to us before we
13 cross-examine the witness?

14 MR. STEVEN BERGER: You will get the chronology
15 set forth on the piece of paper Mr. Firestone is reading
16 from.

17 MR. LESSY: I would like to request the file.
18 I think similar information was provided to Mr. Berger and
19 others at request during the direct cases of the government.

20 MR. PERI: In what instance?

21 MR. STEVEN BERGER: All he is referring to is a
22 single sheet of paper which is a chronological list of
23 meetings that he has.

24 As far as what he has in the way of files, if he
25 refers to anything further on his direct examination I would

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1 be happy to have that provided to Mr. Lessy.

2 Right now, certainly, if Mr. Lessy wants the
3 chronology, he can have it.

4 CHAIRMAN RIGLER: The problem is it is already
5 apparent that the witness has refreshed his recollection by
6 reference to materials in that file.

7 Therefore, I think it is appropriate that the other
8 parties know specifically what he has consulted.

9 MR. STEVEN BERGER: I believe the file has been
10 turned over in any event, Mr. Rigler.

11 CHAIRMAN RIGLER: I assume the file consists of
12 materials which were made available during the discovery
13 process but that still doesn't jump the hurdle of which
14 specific materials the witness used in preparation of his
15 testimony and the other side is entitled to know
16 specifically which written materials the witness used to
17 refresh his recollection and to assist him in the
18 preparation of his testimony.

19 MR. REYNOLDS: I would submit, your Honor, that
20 that is a perfectly legitimate line of cross-examination.

21 If they wish to go into it, they can, and on the
22 basis of the answer they can obtain whatever material
23 is relevant to the answer.

24 At this juncture I would suggest
25 it is premature.

1 over the material he consulted or reviewed with respect to
2 the preparation of his testimony.

3 MR. REYNOLDS: With respect to this matter?

4 CHAIRMAN RIGLER: Yes.

5 MR. CHARNO: Before we go on --

6 CHAIRMAN RIGLER: Let's have one spokesman now.

7 MR. CHARNO: His testimony today.

8 CHAIRMAN RIGLER: No. The WCOE testimony.

9 MR. REYNOLDS: That is what I meant.

10 BY MR. STEVEN BERGER:

11 Q Mr. Firestone, I think we are at that point
12 in the chronology and I asked you what meeting was the
13 first meeting you are aware of that took place after the
14 initial meeting between WCOE and Ohio Edison.

15 A There was a meeting on October 16, 1974 which
16 I did not attend, but individuals under my supervision
17 did attend.

18 I believe the purpose of that meeting was
19 primarily to exchange factual and technical information
20 between representatives of R. W. Beck and Ohio Edison
21 representatives in furtherance of the study.

22 Q What was the next meeting that took place after
23 the October 16, 1974 meeting?

24 A December 10, 1974.

25 Q Were you present at that meeting?

1 A No, I was not.

2 Q What was the --

3 A The purpose of that meeting was similar to the
4 previous meeting, exchange of data, clarification of
5 understanding as to what pieces of data meant and so on.

6 Q What was the next meeting that took place after
7 the December 10 meeting?

8 A January 14, 1975. A meeting that I did
9 attend.

10 Again, there was discussion of the basis for
11 the study and the concepts.

12 As I recall, there was a great amount of
13 discussion on the incorporation of a load shedding scheme
14 of some kind or another.

15 Q Who else was present at that meeting? Were
16 there representatives from the Beck firm?

17 A I am sure there were representatives of the
18 Beck firm. But without going to a record of the meeting
19 I can't recall individuals.

20 I am sure there were representatives of the
21 Beck firm, the engineering representatives of Ohio Edison,
22 operating representatives of Ohio Edison.

23 A To your knowledge at the meeting we have been
24 talking about in addition to the October 7, 1974 meeting,
25 were there representatives from WCOE other than the Beck firm

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1 as well present at these meetings?

2 A If you will give me a moment, perhaps I can
3 find the attendance sheet and tell you exactly who is there.

4 MR. LESSY: I would like the record to show the
5 witness is now consulting within that file on his desk.

6 THE WITNESS: We are speaking of the January 14
7 meeting.

8 BY MR. STEVEN BERGER:

9 Q January 14 meeting, yes.

10 A From Ohio Edison there was Tom Kayuha, John
11 White, Lynn Firestone, D. E. Wooldridge, Bruno
12 Kospoti, Joe Herestly, Harry G. Dreis, and from WCOE there
13 was William H. Lyren, R. O. Eichen, C. O. Stout. From R. W.
14 Beck & Associates there was Joe Herz, William V. Cheeseman,
15 and from Duncan, Allen & Mitchell there was Dorothy
16 Burakries and Emerson Duncan.

17 Q And other than the load shedding as you
18 discussed, what other matters were generally discussed at
19 that meeting?

20 A The cost information and the schedule information
21 with respect to CAPCO units, certain load information, two
22 or three alternates regarding WCOE participation, time
23 schedule to run probability analysis, basis for allocation
24 between WCOE and OE, participation in baseload units greater
25 than the immediate need.

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1 Q What was the next meeting that took place
2 between WCOE and Ohio Edison?

3 A February 11, 1975.

4 Q Were you present at that meeting?

5 A Yes, I was.

6 Q Did you make a proposal to WCOE at that meeting?

7 A Yes, I did.

8 Q Was this the first proposal that was made by
9 Ohio Edison?

10 A Yes, it was in that it was the first time that
11 a fairly comprehensive package of concepts had been molded
12 together to constitute a proposal and it was presented
13 orally at this particular meeting.

14 Q Was it intended that what was set forth as a
15 proposal at this meeting would be an expression of the
16 policies of Ohio Edison?

17 A No, that wouldn't be the case. It was a
18 proposal.

19 Q Could you outline for us what the proposal was?

20 A It was a plan whereby WCOE could participate
21 through ownership in portions of the Ohio Edison shares of
22 CAPCO units and over a period of time make a transition from
23 being a totally wholesale customer of Ohio Edison to a
24 total self-generating entity.

25 And during this interim there would be a mixture

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1 of supply to WCOE members by way of wholesale service
2 intermingled with supply to them by way of capacity and
3 energy from their ownership shares in portions of Ohio
4 Edison shares of CAPCO units.

5 Q Mr. Firestone, would you take another look at
6 NRC 44 which is the Beck study and again to the
7 appendix and find a letter dated February 28, 1975
8 from yourself to Messrs. Duncan, Cheeseman and let me ask
9 you if that adequately sets forth the -- your recollection
10 of the proposal you made to WCOE on February 11, 1975.

11 A What was the date of that letter again?

12 Q February 28, 1975.

13 A Can you help me about where it is located in
14 this?

15 What was the question again?

16 Q Is that the letter you sent to Messrs. Duncan
17 and Cheeseman?

18 A Yes, it is.

19 Q Does that adequately reflect the
20 proposal you made to WCOE on February 11, 1975 at the meeting
21 we have been discussing?

22 A The letter sets forth in writing, yes, the
23 proposal I had made orally earlier.

24 Q Did WCOE ever respond to that proposal?

25 A Not formally by way of written communication.

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1 There was limited discussion of it at the
2 meeting where I made the proposal orally and then there was
3 limited discussion of it at a meeting subsequent to their
4 receipt of this letter.

5 Q Was their response favorable, unfavorable;
6 what was their response?

7 A Somewhat -- certainly noncommittal.

8 There was an expression of interest as to
9 further understanding of some of the concepts and there were
10 expressions of problems or difficulty in accepting certain
11 of the concepts.

12 Q What was the next meeting that took place
13 between WCOE and representatives of Ohio Edison after the
14 February 11, 1975 meeting?

15 A March 12, 1975.

16 Q Did you attend that meeting?

17 A Yes, I did.

18 Q What generally was discussed at that meeting to
19 the best of your recollection?

20 A Well, there was a fair amount of discussion of
21 the proposal that was contained in the letter that we were
22 just talking about.

23 Q From March 12, 1975 -- strike that.

24 What was the next meeting that took place between
25 the representatives of Ohio Edison and WCOE after the

1 March 12, 1975 meeting?

2 A I am sorry. What was the question again?

3 Q The next meeting that took place after March 12,
4 1975.

5 MR. LESSY: I am going to ask that the witness
6 be asked to testify after refreshing his present recollection
7 if he doesn't have one without the use of a writing.

8 Then, if the witness needs use of a writing, he
9 will be testifying from refreshing his recollection.

10 The counsel is asking the questions and then
11 the witness looks at his file and answers. That will not be
12 clear on the record.

13 If he uses a writing to refresh his recollection
14 he should testify without the use of the writing first and
15 then we can make it clear on the record that he is testifying
16 on the basis of past recollection recorded.

17 CHAIRMAN RIGLER: I think that is a reasonable
18 request.

19 BY MR. STEVEN BERGER:

20 Q Mr. Firestone, do you have a recollection of the
21 meeting that took place after March 12, 1975 between Ohio
22 Edison and representatives of WCOE?

23 A Yes, I do. There was a meeting, or the next
24 meeting was August 1 of '75.

25 I hesitated on stating that in that there were

1 two dates earlier than 8/1/75 that were established
2 and subsequently cancelled.

3 Q Prior to that August 1, '75 meeting, did Ohio
4 Edison make another proposal to WCOE different than the
5 proposal that was made at the February 11, '75 meeting?

6 A There was a second proposal made subsequent to
7 the February meeting, but not prior to the August 1 meeting.

8 Q There was a second proposal made by Ohio Edison?

9 A By Ohio Edison.

10 Q Was that made in a meeting with WCOE or by
11 correspondence?

12 A It was made by correspondence, again a letter of
13 mine dated June 17.

14 Q Again looking at NRC Exhibit Number 44, is that
15 the letter dated June 17, '75 from yourself to
16 Messrs. Cheeseman, Duncan and Stout?

17 A Yes, that is the letter.

18 Q Could you explain what prompted the proposal and
19 what the proposal actually was?

20 A Well, following the discussion of our first
21 proposal it was my impression that there were certain elements
22 of it that WCOE was not particularly receptive to.

23 We at Ohio Edison discovered in attempting to
24 implement the concepts using reliability computations and
25 computer calculations and so on that the implementation

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1 Now, they are asking what it is he is referring
2 to in his testimony to assist him in testifying.

3 He has given his explanation and they are
4 entitled to that.

5 On cross-examination, if they want to probe the
6 area you suggest, we have no problem with that and then if
7 they want the material he used in preparation for his
8 testimony we will make that available.

9 The suggestion we start turning over files
10 at this stage without that kind of foundation gets us back to
11 an extensive type of discovery when we have turned all of
12 this over to them already.

13 MS. URBAN: Mr. Chairman, the Department joins
14 in the Staff's request that the documents in the file be
15 made available over the lunch hour.

16 We will add that a substantial delay would
17 arise if we have to sit there on cross-examination and go
18 through it one by one.

19 MR. REYNOLDS: I have no problem if we interrupt
20 the direct to ask the question what he relied on.

21 To say they want the file, I don't know what
22 they are talking about.

23 If they want the material he relied on in
24 preparation for his testimony, fine.

25 CHAIRMAN RIGLER: During the lunch hour, turn

1 of those concepts involved a great deal of complex
2 mathematics and took us beyond really the level of
3 simplicity that I think was necessary to implement a workable
4 program.

5 So, proposition two, or the second proposal
6 was formulated with the primary purpose of really providing
7 to the WCOE people a solution to their requests or a program
8 that would accommodate their requests and yet would involve
9 processes and principals that were relatively simple to
10 understand and to implement.

11 Q Were your concerns with regard to your own
12 commitments to CAPCO a basic concern of yours throughout the
13 WCOE negotiations?

14 A Yes, they certainly were.

15 The load growth -- the present growth and the
16 growth on that load that is contemplated with WCOE is a part
17 of the system load that Ohio Edison contemplated supplying
18 through the period of the present capital capacity planning.

19 That period now extends through 1986.

20 So that whatever program that was developed in
21 connection with accommodating WCOE had to be a program that
22 did not cause Ohio Edison to violate its commitments to the
23 CAPCO members.

24 Such commitments predating the present WCOE or
25 the then present WCOE study.

1 Q Was the proposal set forth in the June 17, 1975
2 letter to Messrs. Cheeseman, Duncan and Stout an expression
3 of policy by Ohio Edison?

4 A Again, it was a proposal for their consideration.

5 Q Was a meeting established for the purpose of
6 discussing the proposal set forth in the June 17, 1975 letter?

7 A We had -- we are coming back now to the August 1
8 we talked about earlier.

9 I am somewhat hazy on this, but we had a meeting
10 set for early in June, I believe June 12, at which time I
11 proposed or I was prepared to present to the WCOE represent-
12 atives what we are now describing as Ohio Edison's second
13 proposal.

14 It was my intent to explain that to them
15 verbally and give them a written description.

16 For some reason I can't recall, but at the request
17 of the WCOE people that meeting was deferred like a month.

18 In view of that I initiated my letter that you
19 are referring to, the June 17 letter, in order to get my
20 thoughts into their hands quickly and in advance of the
21 forthcoming meeting.

22 Subsequent to that, the meeting which had been
23 deferred roughly a month was deferred further and finally was
24 held on the August 1 date.

25 Q Prior to the August 1 date did you receive

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NRC Exhibit Number 44 which is the Beck study?

A Yes, I did. I received a copy of it. I believe it was directed to Mr. White of our company, but a week or ten days prior to the August 1 meeting, as I recall, I received a copy of the Beck study.

S16
bwl

1 Q Did you expect that the Beck Study was going to be
2 a matter of discussion at the August 1975 meeting?

3 A Yes, I did.

4 Q Did you expect that the proposal you had made in your
5 letter of June 17, 1975, would also be a matter of discussion
6 at the August 1, 1975 meeting?

7 A Yes, I did.

8 MR. STEVEN BERGER: I would like to have
9 marked as Applicants Exhibit 177 (OE) and 178 (OE), first
10 177 being typewritten notes of Mr. Firestone at the
11 August 1, '75 meeting -- handwritten notes of Mr. Firestone
12 at the August 1, 1975, meeting, and we have had the
13 notes reproduced in typewritten form.

14 And I would like to have that marked as Exhibit
15 178.

16 (The documents referred to
17 were marked Applicants
18 Exhibits 177 and 178 (OE) for
19 identification.)

20 BY MR. STEVEN BERGER:

21 Q Looking at Applicants 177, are those the
22 notes you took during the August 1, 1975, meeting?

23 A They are.

24 Q Do they accurately reflect your recollection
25 of the matters discussed at that meeting.

bw2

1 A They do.

2 Q How was the August 1, 1975 meeting left, in
3 terms of where the parties could go from there.

4 A Shortly after we left by the door -- we agreed,
5 Ohio Edison stated that we could accept the concept and
6 in the framework of the plan that was being proposed or
7 being recommended by R.W. Beck, and we would sit down with
8 WCOE and their representatives to work out the detail
9 of implementing such a plan with the burden being left with
10 WCOE to draft a letter of intent defining the
11 makeup of WCOE, that is the members and so on, and to
12 set forth what we thought at that point we had agreed to,
13 up to that point.

14 Q Was the R. W. Beck study prepared for WCOE,
15 a joint study in which Ohio Edison participated on a joint
16 basis?

17 A I have to give a somewhat qualified answer to that.
18 I think a yes and no type of answer. In the purest
19 sense, it was not a joint study, in that to me, a joint
20 study in the purest sense would be one where the representatives
21 of the various interested parties would get together and,
22 while they were together, would work on the study and
23 mutually work out the final plan and the recommendations
24 that accompanied the plan.

25 That was not the case with the Beck Study.

bw3

1 However, the Beck Study does incorporate
2 certain facts and certain information which was obtained
3 from Ohio Edison and during the course of the development
4 of the Beck Study, the Beck representatives did orally
5 convey to the Ohio Edison representatives that such a
6 study was being made, and they described, as I recall, some
7 of the concepts that they proposed would be incorporated
8 in the Beck Study.

9 So, to that extent, we did -- we, Ohio
10 Edison, did participate in it.

11 MR. LESSY: Would the reporter read back the
12 answer, please?

13 (Whereupon, the reporter read the
14 answer, as requested.)

15 BY MR. BERGER:

16 Q Mr. Firestone, are the load projections for
17 the members of WCOE which are reflected in the Beck Study
18 the product of Ohio Edison or the product of WCOE?

19 A They are certainly not the product of Ohio
20 Edison, and I'm under the impression they are the product of
21 WCOE.

22 Q Was your June 17, 1975, proposal made on behalf
23 of Ohio Edison to WCOE discussed in any way at the
24 August 1, 1975 meeting?

25 A I think in a very limited sense.

1 Q In what sense?

2 A The focus, as I recall, was primarily on the
3 Beck, and consideration of it and discussion of it with
4 occasional reference on the part of Ohio Edison representatives
5 as to what do you think of the Ohio Edison proposal.

6 I'm hazy as to the direct response.

7 Evidently, my recollection is that the
8 response was they didn't think much of it, in that little
9 or no discussion was held of it.

10 MR. PERI: We will need a moment.

11 (Pause.)

12 MR. STEVEN BERGER: Your Honor, with the
13 limitation of the extent to which Mr. Firestone may have
14 to reappear in these proceedings, as a result of the
15 deferred cross-examination of Mr. Lewis involving the
16 Orrville matter, I have no further questions at this time.

17 I would like to move in Applicants 177 and
18 178.

19 MR. LESSY: With respect to that motion to
20 move those into evidence, I would like to ask a question
21 or two of Mr. Firestone on voir dire with respect to those
22 notes.

23 VOIR DIRE EXAMINATION

24 BY MR. LESSY:

25 Q Did you take those notes as a secretary would

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1 to record virtually everything that transpired, or did
2 you just record those matters of interest to you?

3 A I was not acting as a secretary for the meeting.
4 I was recording what I thought were significant points,
5 in that I had been up to this meeting playing a lead role
6 for Ohio Edison in carrying forward the engineering
7 and planning study that was involved.

8 I felt it was very important to that activity
9 for me to record the high points, as they occurred at the
10 meeting.

11 That is what I attempted to do.

12 Q There were points you didn't record; is that
13 correct, if you just recorded the high point?

14 A I did not record every word, obviously, that
15 was said.

16 If some point was made that I did not consider
17 a high point, I did not record it.

18 Q You would be in a position to explain omissions
19 from your notes or differences between your notes and
20 other notes from that meeting?

21 A I'm in a position to explain my own notes,
22 I don't know that I'm in a position to explain
23 anybody else's notes.

24 MR. LESSY: I object to 177 and 178; based on the
25 voir dire examination, they are incomplete documents.

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They do not represent complete notes of the meeting.

1 CHAIRMAN RIGLER: It is clear from his
2 testimony that they reflect what Mr. Firestone considered
3 the high point.

4 The objection is overruled.

5 Absent any other objection, we will receive 177
6 and 178 into evidence.

7 (Applicants Exhibits (OE)177 and (OE)178,
8 previously marked for identification,
9 were received into evidence.)

10 CHAIRMAN RIGLER: I have one question which maybe
11 I will get out of the way before the other parties go
12 forward.

13 In referring to the 1974 meeting -- or, at any
14 rate, a meeting prior to your February 25, '75 letter you
15 made mention of discussion among other points of participation
16 in baseload units greater than the immediate need.

17 Do you recall that?

18 THE WITNESS: Yes, sir.

19 CHAIRMAN RIGLER: What was that discussion?

20 THE WITNESS: The WCOE representatives, as I
21 recall, at some point or another expressed an interest
22 in perhaps acquiring ownership in Ohio Edison portions of
23 CAPCO units.

24 There were one or two such units that would be
25 equivalent to the entire composite WCOE load.

1 The WCOE load being, as I recall, roughly 200
2 megawatts.

3 They were wondering about a plan whereby they
4 might own 200 megawatts in a specific unit or perhaps a
5 large amount in two or three units.

6 We explored really the feasibility of a plan
7 like that with the conclusion that such large amounts of
8 ownership on the part of WCOE and OE portions of CAPCO
9 units would very likely result in Ohio Edison then
10 being unable to fulfill its obligations under the CAPCO
11 agreements. And, therefore, it was an unworkable concept.

12 CHAIRMAN RIGLER: Did Ohio Edison reject this
13 concept?

14 MR. STEVEN BERGER: Can I have that question back
15 again?

16 CHAIRMAN RIGLER: Did Ohio Edison reject this
17 concept?

18 THE WITNESS: There was no rejection of it as a
19 principal, but in fact there was rejection of it in that none
20 of us knew how to implement such a principal in a way that
21 would not render Ohio Edison unable to fulfill its
22 commitments under the CAPCO agreements.

23 CHAIRMAN RIGLER: You have just described a
24 plan whereby the WCOE group would acquire generation
25 capacity in a limited number of units to satisfy its present

1 need but when you spoke earlier you said greater than the
2 immediate need and that really was the focus of my question.

3 THE WITNESS: Well, I think my response goes to
4 the immediate need, if immediate need is interpreted to mean
5 the entire 200 megawatts of WCOE load.

6 Do I understand your question?

7 CHAIRMAN RIGLER: My question is based on the
8 notes I made when you were testifying.

9 You spoke of discussing participation in base
10 load units in amounts greater than the immediate need.

11 Even assuming the immediate need would pick up
12 the whole 200 mw load, I wonder if there was discussion
13 of the WCOE group acquiring even more capacity.

14 THE WITNESS: I think not, and perhaps I
15 misspoke with respect to immediate need. Perhaps immediate
16 load growth would have been more appropriate there.

17 Our conversations, as I recall, dealt only with
18 the present WCOE composite load and the contemplated growth
19 of that load.

20 CHAIRMAN RIGLER: Well, were they asking for
21 capacity that would enable them to satisfy not only their
22 present load but the contemplated load growth?

23 THE WITNESS: Yes, they were.

24 CHAIRMAN RIGLER: Did they have projections as
25 to what the load growth would be?

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THE WITNESS: Yes, they did.

CHAIRMAN RIGLER: Was this a range of values or was this a relatively precise figure?

THE WITNESS: As I recall -- and I think we could substantiate this from the Beck study -- there was a set of precise figures that were the agreed-upon composite load forecast that was used as a basis for their study.

CHAIRMAN RIGLER: And the participation they were requesting would satisfy not only their immediate load but also provide for their projected load growth?

THE WITNESS: That's right.

CHAIRMAN RIGLER: Is there cross-examination?

MR. REYNOLDS: Yes, there is.

MR. STEVEN BERGER: Excuse me one second, Mr. Chairman.

1 MR. STEVEN BERGER: Can I have Mr. Firestone's
2 last answer read back?

3 (Whereupon, the reporter read the portion of the
4 record, as requested.)

5 DIRECT EXAMINATION (Cont'd)

6 BY MR. STEVEN BERGER:

7 Q When you said there was an agreed-upon
8 composite load forecast, agreed-upon by whom, were you
9 speaking about at that time?

10 A By the individual constituents of WCOE.

11 Again, I'm not certain how the composite load
12 forecast was formulated. I'm speculating that each
13 WCOE participant made a forecast of his anticipated growth
14 and then the Beck Associates combined these individual
15 forecasts and that resulted in the composite forecast and,
16 if the individuals were going to undertake a joint
17 capacity program, it would seem to me that they would all be
18 interested in the forecast that their partners were making,
19 as well as their own forecast.

20 Therefore, that would be a matter of agreement
21 among the WCOE constituents.

22 MR. STEVEN BERGER: Thank you.

23 Thank you very much.

24 MR. REYNOLDS: I guess I'm next. Or I'm
25 first, whatever.

CROSS-EXAMINATION

BY MR. REYNOLDS:

Q Mr. Firestone, looking at your notes set forth in Applicants Exhibits 177 and 178, I noticed that there are references here of statements to the effect that Mr. Stout is not in a position to speak for the City of Cuyahoga Falls. Apparently there is no decision on the Beck Report by the different members of WCOE, and that there has to be a plan to review the WCOE deal every time OE goes in for a wholesale rate or at least annually.

What type of an organization was this WCOE group?

MR. LESSY: I'm going to object.

I think Mr. Reynolds should pinpoint the speaker and the statement he is referring to.

At least one of those statements is a comment by Ohio Edison with respect to those notes.

He can't summarize one, two, three, if he is going to point to something in the notes, let's all take a look at it.

MR. REYNOLDS: I don't know that the sponsor of the comment is pertinent to the question.

BY MR. REYNOLDS:

Q What kind of group or organization was WCOE?

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1 CHAIRMAN RIGLER: We will disregard the first
2 part of the question and allow him to ask the question as
3 presently posed.

4 THE WITNESS: It is my impression that it is
5 fairly loose, a rather loose banding together of the
6 representatives of the various municipals who have retained
7 a legal firm to represent them in negotiating with Ohio
8 Edison and who have retained an engineering firm to assist
9 them in furtherance of a study.

10 We, Ohio Edison, have always been somewhat
11 interested as to the contractual arrangement that
12 may exist among them.

13 To the best of my knowledge we, Ohio Edison,
14 have never seen such a document. I certainly have not
15 seen any document that sets forth what contractual arrange-
16 ment, if any, may exist among the representatives of WCOE.

17 BY MR. REYNOLDS:

18 Q I take it from looking at page 2 of your notes
19 that as of, I guess, it is the third and fourth reference
20 from the top, as of August 1, 1975, there was no such
21 contractual arrangement.

22 Is that a correct understanding of the note?

23 Q That is the interpretation I would place on that.

24 One of the Ohio Edison representatives,
25 Mr. Spetreno, our general counsel, placed a question

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1 to the WCOE representatives as to whether they envision
2 one contract, meaning one contract between WCOE and Ohio
3 Edison or whether they envision or whether they envision
4 more contracts, perhaps 20, meaning individual contracts
5 between Ohio Edison and each of the WCOE participants.

6 The response from Mr. Duncan, the WCOE counsel,
7 indicates that they are thinking of an organization or
8 an agency, and he recited some expectations, but did not
9 recite anything that was in existence as of that date.

10 Q And you indicated that since that date you had
11 no knowledge that there has been any further formalizing,
12 if you will, of this group or organization?

13 A That is correct.

14 Q When we were talking earlier, when you were
15 testifying about a WCOE proposal or a response by WCOE to
16 certain suggestions of Ohio Edison, what did you mean -- what
17 exactly did you have in mind, when you were talking about
18 a WCOE proposal?

19 Was it contemplated that the --

20 A The WCOE proposal that I referred to was
21 incorporated in the Beck Study.

22 The Beck study, as I think everyone knows, contains
23 six alternative plans, and then one of the plans has an
24 alternate plan on it.

25 At the August 1 meeting, Ohio Edison was interested

1 to know whether the Beck Study had been adopted by WCOE
2 and that if it or any one of the proposals contained
3 in it constituted a proposal that WCOE was making to
4 Ohio Edison.

5 The indications were that WCOE had not formally
6 adopted the Beck Study.

7 In fact, they indicated there was some
8 disagreement among the parties with respect to it.

9 They indicated that there was not on that date
10 a WCOE proposal, but for the purposes of the conversation
11 that was about to take place, Ohio Edison should consider
12 that one of the plans in the Beck Study would be subsequently
13 approved by WCOE and would become their proposal. And
14 our conversation moved ahead on that basis.

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1 Q Has Ohio Edison received any indication that all
2 of the members of WCOE have adopted the proposal suggested
3 by the Beck study?

4 A To my knowledge Ohio Edison has not.

5 Q Is the -- what has been referred to as a letter
6 of intent that is to be forthcoming, is that the
7 indication to Ohio Edison that all of the members of
8 WCOE have finally reached some agreement on the Beck
9 proposal?

10 A As I recall the drafting of a letter of intent
11 was suggested by two individuals. I believe Mr. Cheeseman
12 of the R. W. Beck & Associates and then later picked up by
13 Mr. Stout who either was or previously had been the chairman
14 of the WCOE group, that a letter of intent should be drafted.

15 Somewhere in the conversation Ohio Edison
16 indicated that -- indicated a willingness to work with WCOE
17 in the drafting of a letter of intent and that we thought it
18 would be important to have that letter of intent indicate the
19 makeup of WCOE, structure, organization and so on, among
20 other things.

21 Q Looking at page 2, in the middle of the page
22 there seems to be a conversation relating to the
23 wheeling of power initiated by Mayor Quirk, following on
24 with several participants.

25 Mr. Cheeseman was the principal of R. W. Beck

1 involved with this discussion; is that right?

2 A That is my understanding.

3 Q Mr. Cheeseman indicated, as I read your notes,
4 that the recommended alternative eliminated the need
5 to wheel power from outside sources.

6 Would you explain to me what your understanding
7 was of his comments in that regard?

8 A Well, the alternate which Cheeseman seemed to
9 favor and which I believe he and the Seck Associates were
10 recommending as being the preferred alternate was such
11 that there was no need to provide for a wheeling service as
12 a part of that arrangement.

13 When the question came up about wheeling
14 Cheeseman made that observation, and my notes record that
15 fact.

16 Q What I am really getting to is why was it
17 he concluded there was no need for wheeling in view of the
18 alternative suggested?

19 A His recommended proposal in my judgment really
20 turns out to be not one in which WCOE members end up
21 participating in ownership of shares of the Ohio Edison
22 ownership in CAPCO units, but it turns out to be a rate
23 making procedure, whereby procedures are established under
24 which the price of providing wholesale service to the
25 SCOE members would be determined.

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2 So, to me, as an engineer, if additions
3 continued to be made on the Ohio Edison system just as they
4 had been made in the past, recognizing the WCOE load and the
5 growth of it would impose a requirement on the generating
6 resources that Ohio Edison provided.

7 And, of course, it is necessary to transport
8 power from those generating resources to the points of
9 consumption, some of those being the WCOE loads. Which,
10 again, is exactly the same situation which prevails under
11 a wholesale delivery of power.

12 From the engineering standpoint, the Cheeseman
13 proposal appears to be precisely the same as the existing
14 situation that we would be planning for in the way of
15 producing generation and transmission facilities and,
16 of course, the rate that is charged for providing that service
17 recognizes the costs that are incurred in providing
18 generation and transmission facilities.

19 So the entire package of services that are
20 necessary are contemplated in the Cheeseman proposal and
21 wheeling is not a part of the proposal and there is no need
22 for it to be a part.

23 MR. REYNOLDS: That is all for now.

24 MR. LESSY: Mr. Chairman, in light of the fact
25 that we think it would be beneficial for the parties other
than Applicant to examine a copy of the files, we have

1 requested and in light of the fact that certain testimony,
2 although factual, was technical in nature, I would like
3 opportunity to consult with our engineer on it.

4 We would like to request we reconvene at
5 2:00 o'clock for cross-examination.

6 MR. STEVEN BERGER: Mr. Firestone has a 5:50
7 plane tonight.

8 MR. LESSY: IF we can get through the documents
9 before, we will knock on the door. Maybe we can.

10 But I would like to reserve the time
11 to eat and review the file.

12 It will take some time to xerox it.

13 THE WITNESS: A good part of this would be in
14 the appendix to the Beck study exhibit you handed me.

15 I suppose half the bundle of papers.

16 (Whereupon, at 12:30 p.m., hearing in the above-
17 entitled matter was recessed, to reconvene at 2:05 p.m.,
18 this same day.)

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1 AFTERNOON SESSION

2 (2:05 p.m.)

3 Whereupon,

4 LYNN FIRESTONE

5 resumed the stand as a witness and, having been previously
6 duly sworn, was examined and testified further as follows:

7 CROSS-EXAMINATION (Continued)

8 BY MR. LESSY:

9 Q Do you recall in a question from the Chairman
10 as to whether or not the question of whether WCOE members
11 would be able to purchase more power from baseload units,
12 more power in excess of their existing or projected needs --
13 do you recall that question?

14 A Yes, I do.

15 Q My question to you is: do you recall any
16 discussions with WCOE wherein Ohio Edison told WCOE that
17 if WCOE, participated in baseload units in an amount
18 greater than their individual needs that WCOE members would
19 be required to sell that excess back to Ohio Edison?

20 A No, I do not.

21 Q I would like you to refer in your notebook to
22 the -- your handwritten minutes of the January 14, 1975
23 meeting.24 MR. STEVEN BERGER: Mr. Chairman, Mr. Firestone
25 has his notes. Mr. Lessy has made copies of them. Can we

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1 have copies if Mr. Lessy has them?

2 MR. LESSY: That is exactly what we are doing,
3 Mr. Berger.

4 MR. BERGER: Thank you.

5 MR. LESSY: I am distributing a two-page
6 document that we ask to be identified as NRC 215.

7 Actually the xeroxing is backward. The first
8 sheet would be the attendance sheet of the meeting and the
9 second sheet should be a set of notes.

10 Will the witness get a copy of what is
11 being distributed?

12 (The document referred to was marked
13 Exhibit NRC 215 for identification.)

14 CHAIRMAN RIGLER: Did you put numbers on them?

15 MR. LESSY: No. It is NRC 215.

16 CHAIRMAN RIGLER: You want both of these
17 documents together to be given one exhibit number.

18 MR. LESSY: Yes, sir.

19 BY MR. LESSY:

20 Q With respect to the notes, Mr. Firestone, Item 5,
21 Number 2 thereunder, I would ask that you read that and
22 ask if that refreshes your recollection as to whether or not
23 Ohio Edison conveyed to WCOE the requirement that if there
24 was participation in baseload units greater than the
25 individual needs of the WCOE members that they would be

1 required to sell that excess back to Ohio Edison?

2 A First, reading the Item Number 2 under Item 5,
3 the Item says participation in baseload units greater than
4 immediate need, own and sell back to OE.

5 I am sorry to say that doesn't really refresh
6 my memory as to the context in which that was said nor
7 as to who said it.

8 Q Do you have any independent recollection of that
9 1/14/75 meeting?

10 A As I look over these notes, that calls back
11 to mind the general subject matter that was discussed.

12 I can't say sitting here now I have a vivid
13 recollection of precisely what happened at that meeting.

14 Q Can you testify with certainty that Ohio
15 Edison did not tell WCOE at that meeting that any purchase
16 of excess from the baseload units would have to be sold back
17 to Ohio Edison?

18 A I suspect that at that meeting and at other
19 meetings I made statements to the WCOE people that any plan
20 that we developed to achieve their objectives would be one
21 in which the reliability of the Ohio Edison system and its
22 associated reliability commitments to the CAPCO partners
23 could not be degraded and that if portions of Ohio Edison
24 capacity greater than those necessary to serve the WCOE
25 load would be involved and would be exported from CAPCO that

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1 would degrade the overall reliability and that would in
2 itself violate Ohio Edison's obligations and commitments
3 under the CAPCO agreements.

4 I think I on several occasions made statements
5 along that line.

6 MR. SMITH: Mr. Lessy, I think there is a basis
7 for some confusion that had better be cleared up now.

8 You read to Mr. Firestone Item Number 2 under 5
9 as being participation in baseload units greater than
10 individual needs and he has read it to be immediate needs
11 which is the way I read it.

12 I think there could be a big difference between
13 them.

14 MR. LESSY: If I said individual I misspoke and
15 it is immediate.

16 It is i-m-m-e-d according to my reading.

17 BY MR. LESSY:

18 Q Mr. Firestone, were you in attendance at any
19 of the meetings between wholesale customers of Ohio
20 Edison and the Ohio Edison Company which occurred in the
21 late summer of 1972 and in September of 1972 with respect to
22 the 1972 rate filing and the problems as a result thereof?

23 A I have no recollection of being in attendance
24 at any such meetings, so I think that I was not.

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1 Q Have you ever seen a letter from Mr. Stout
2 to Mr. White dated August 11, 1972, in which Mr. Stout
3 requested of Ohio Edison, asked Ohio Edison a number of
4 questions concerning power supply with respect to some of
5 its wholesale customers?

6 A I have no specific knowledge or recollection
7 of such a letter.

8 Q Now, with respect to the relationship between
9 WCOE and Ohio Edison, in terms of implementation of the
10 settlement agreement from the '72 rate filing, you are
11 aware, are you not, that Ohio Edison has said that they
12 did not want or it did not want third party wheeling
13 to be included within the confines of the study?

14 A Again, I'm not aware of any such statement.

15 Q Were you -- you were present, I believe at the
16 October '74 meeting between WCOE and Ohio Edison?

17 A Yes, I was.

18 Q I would ask that you take a look at
19 your handwritten notes of the 10-7-74 meeting,
20 to refresh your recollection as to whether or
21 not Ohio Edison took a position with respect to transmission
22 services or wheeling as being -- as to whether or not it
23 should be included within the study.

24 MR. STEVEN BERGER: Are you going to
25 distribute those too?

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1 MR. LESSY: I don't have a copy of those.

2 We can distribute those later. I thought I did.

3 MR. STEVEN BERGER: Do you mind if I look on with
4 the witness?

5 MR. LESSY: Why don't you look at mine?

6 MR. REYNOLDS: Is there a question pending?

7 MR. LESSY: Yes.

8 BY MR. LESSY:

9 Q Do those notes refresh your recollection as to
10 whether or not the subject of wheeling was discussed?

11 A Those notes again are somewhat cryptic statements
12 of my observations of the meeting. I notice here
13 that one statement is made, "no wheeling study."

14 It is my recollection that the subject of wheeling
15 came up and that Ohio Edison people pointed out under the
16 terms of the FPC settlement agreement, it wasn't necessary
17 to consider wheeling in order to implement the terms of
18 that agreement and that both parties, both WCOE and OE
19 concurred it was not necessary to address wheeling.

20 Therefore, it would not be addressed.

21 Q Do you remember the discussion of whether or
22 not Ohio Edison would finance the municipals participation
23 that was included within the agenda of that meeting?

24 A I seem to remember that that subject was discussed
25 at some meeting. It may well have been at this one.

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1 Q Without looking at your notes first, do you
2 have a recollection as to whether or not that you included?

3 A At this meeting?

4 Q Yes, sir.

5 A Without looking at my notes, no, I don't have
6 any recollection.

7 Q All right. Now refresh your recollection.

8 A I don't see any item here that would indicate
9 that OE financing municipal participation was discussed.

10 Q Do you remember whether or not the
11 subject of whether or not the municipals could pick and
12 choose participation in particular units was discussed
13 at that meeting first from your present recollection?

14 A Well, there is a statement here, "participation
15 in single unit versus pieces of many units."

16 That indicates that that subject was put on
17 the table for consideration.

18 I don't know if that means the same thing
19 as the pick and choose. Early on in the
20 conversations I had with WCOE, again, I tried to stress
21 that the capacity plan that was in place, that OE was
22 a party to, carried with it obligations and that whatever
23 it was that we tried to develop to accommodate the WCOE
24 objectives that that plan must be compatible with the
25 obligations that OE already had undertaken in connection

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1 with CAPCO which, I think, ties in with the participation
2 in single units versus many units question.

3 I don't recall whether it got discussed at
4 this meeting.

5 I rather think it did not, other than just someone
6 made the point that this area was worthy of study,
7 participation in a single unit or few units versus many units.

8 Q If I told you, Mr. White testified that, in fact,
9 at the '74 meeting that he indicated that the third party
10 wheeling was not to be included within the study and that
11 he rejected the concept of bank -- of Ohio Edison serving
12 as a bank financing agent for the municipals and further
13 it was reaffirmed that the wholesale customers would not
14 be free to pick and choose units, would that be helpful
15 to refresh your recollection as to what occurred at that
16 time?

17 MR. REYNOLDS: I object to that question.
18 If Mr. Lessy wants to represent Mr. White so testified,
19 he can then ask if it refreshes his recollection.

20 If he is going to ask it in the hypothetical
21 form he asked it, I think it is an objectionable question.

22 If he wants to refer to testimony and indicates
23 that somebody so testified and ask if he agrees, I have
24 no problem with that.

25 But to put it in a hypothetical context is
an improper way to test somebody's recollection.

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1 CHAIRMAN RIGLER: Did you want to rephrase it?

2 MR. LESSY: I will be happy to try.

3 BY MR. LESSY:

4 Q Mr. White testified, I believe, that with
5 respect to the '74 meeting that third-party wheeling was
6 not to be included, that banking in terms of financing by
7 the Ohio Edison of the municipals' participation was not
8 included and that the municipals would not be free to pick
9 and choose participation in a particular unit, based on my
10 representations that he so testified. Does that refresh your
11 recollection?

12 MR. REYNOLDS: I would like a transcript
13 reference, please, so I can show the witness the testimony.

14 MR. LESSY: That would take some time. I would
15 be happy to provide it.

16 MR. STEVEN BERGER: I would like to
17 speed the thing along.

18 I have a problem with the characteristics of
19 Mr. White's testimony, particularly the fact he said that
20 Mr. White said that things were not to be included.

21 I think Mr. White testified in terms of what was
22 in the contemplation of the parties at the time they signed
23 the memorandum of understanding at the time they signed the
24 settlement agreement.

25 I think there is another way of going about this

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1 and perhaps if Mr. Lessy could rephrase it or show --

2 CHAIRMAN RIGLER: How do you suggest he rephrase
3 it?

4 MR. STEVEN BERGER: If he has a transcript page,
5 he can show it to him.

6 CHAIRMAN RIGLER: He doesn't. That is the
7 problem. We can take time for the transcript search or we
8 can permit the question in its present form.

9 MR. REYNOLDS: I would like to ask for the
10 purpose. Are we trying to impeach Mr. White or Mr. Firestone
11 and, if neither, we have a witness who testified as to what
12 has gone on at a meeting.

13 We have another witness who testified he has
14 no clear recollection.

15 Unless we have a basis for going through this,
16 I question what we are getting at.

17 CHAIRMAN RIGLER: If that is an objection, it is
18 overruled.

19 MR. REYNOLDS: It is not an objection. If we
20 are going to test recollection, I would like to show him
21 the testimony and ask him to recall on the basis of
22 what was testified to.

23 If there is no purpose, then I wonder why we
24 are taking everybody's time to do it.

25 MR. LESSY: If we want to take five minutes, I

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1 can put my hand on it right away.

2 CHAIRMAN RIGLER: We will take five minutes.

3 (Recess.)

4 MR. LESSY: What does the Board prefer, a
5 transcript reference or to show it to the witness or read
6 it to the witness?

7 I am reading from 9759 in answer to a question
8 I testified -- line 17 through 21.

9 "I testified yesterday, Mr. Lessy, at the
10 meetings between ourselves and WCOE I said that I thought
11 that third-party wheeling, since that is the term we have
12 come to use, was not included within the memorandum of
13 agreement which we had previously entered into with WCOE."

14 "Question: Now, you also told them, using your
15 terms, that the concept of Ohio Edison financing or serving
16 as a banker was not included within the memorandum of
17 agreement that you had concluded with WCOE?

18 "Answer:" -- on 9760, line 1 -- "Yes, sir.

19 "Question: In the same context you indicated
20 by your testimony yesterday that WCOE would not be free to
21 pick and choose units. Wasn't that also true?"

22 That is a long answer. Let's see if I can just
23 exact this.

24 MR. STEVEN BERGER: Can I show the witness?

25 CHAIRMAN RIGLER: Let the record reflect that

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1 the witness is being furnished a copy of the White testimony
2 which appears at page 9760.

3 (Document handed to the witness by
4 Mr. Steven Berger.)

5 BY MR. LESSY:

6 Q Now, does the testimony I read to you and the
7 testimony that you read to yourself in the long answer which
8 I appreciate because I just came back from my office,
9 refresh your recollection as to what occurred with respect
10 to -- in the 10/74 meeting between WCOE and Beck and Ohio
11 Edison?

12 A No, it does not.

13 Q Do you recall any discussions at the meetings that
14 you attended as to whether or not if any of the generating
15 customers, municipal customers of WCOE, of Ohio Edison, had
16 any excess capacity as to whether or not Ohio Edison
17 would be willing to deliver that excess capacity
18 over its transmission system to another wholesale customer
19 of Ohio Edison?

20 A Yes, in a vague sort of way. In that the WCOE
21 group, as I understand it, or understood it at the time, was
22 made up entirely of wholesale customers of Ohio Edison
23 without generation of their own.

24 They were contemplating that perhaps additional
25 parties would want to join WCOE and I believe the Newton Falls

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1 system and the Oberlin system specifically were the
2 parties that they had in mind and these systems were isolated
3 entities and did have generation of their own and the
4 question was raised as to could they be accommodated in the
5 WCOE group.

6 It is my recollection that to really put that
7 particular question and problem on the shelf, in that we
8 set out to work out concepts under which the objectives of
9 the wholesale only group of WCOE participants could be
10 accommodated and having succeeded in that, then we would
11 modify those principals or supplement them as necessary
12 to incorporate these generating entities.

13 Throughout our study there was an element of
14 uncertainty as to just who it was that comprised WCOE
15 and just what objectives they were striving to achieve.

16 Q Is it your testimony that Ohio Edison
17 did not convey to WCOE and its representatives, engineering
18 representatives, R. W. Beck, that in the context of the
19 study this wheeling out of surplus power could not be
20 included.

21 A I think that it was our representation to
22 WCOE that we, Ohio Edison and our engineers, would endeavor
23 to find a program whereby WCOE could participate in generating
24 capacity of its own -- ownership in generating capacity of its
25 own coming from Ohio Edison's ownership in APCO unit and

1 that as a part of that program transmission services would
2 be necessary and would be provided to allow this capacity
3 to get from where it was located to the customers of WCOE.
4 That if a program were put together that was successful in
5 accomplishing that, it shouldn't be too difficult to modify
6 that program such as to accommodate a situation like
7 Newton Falls and Oberlin in which additional generation
8 over and above portions of CAPCO units would be involved
9 and additional transmission requirements would be imposed.

10 But, again, hopefully the same principles
11 embodied in the basic plan would accommodate this additional
12 problem.

13 I think we asserted that we, Ohio Edison, saw
14 nothing insurmountable in that, suggested we put it on the
15 shelf until we had resolved the basic framework of
16 rules, and then go back to that question.

17 CHAIRMAN RIGLER: I am not sure that is fully
18 responsive to the question as I remember the question.

19 THE WITNESS: Maybe not. May I have the
20 question again?

21 (Whereupon, the reporter read from the record
22 as requested.)

23 THE WITNESS: It seems to me there are a
24 couple of double negatives in that.

25 I think -- it is my recollection that Ohio

1 Edison did not preclude the possibility of incorporating
2 the Newton Falls and Oberlin generation and providing for the
3 exportation of any surplus, any current surplus from those
4 systems to other participants in WCOE.

5 Precisely how that could be accomplished was
6 never addressed.

7 CHAIRMAN RIGLER: Maybe I am having a problem
8 because your question was in the context of the study.

9 MR. LESSY: Yes, sir.

10 CHAIRMAN RIGLER: Would the concept of wheeling
11 out to non-members of the WCOE group be included within the
12 concept of the study or not?

13 THE WITNESS: My recollection, or in my judgment
14 it would not.

15 The memorandum of understanding contemplated
16 an arrangement between Ohio Edison and its wholesale
17 customers whereby WCOE could participate in portions of
18 generating capacity, baseload units under Ohio Edison owner-
19 ship.

20 It said nothing about transactions to and
21 from third parties. So that was outside of the scope of the
22 study that we undertook.

23 MR. LESSY: Would you read that answer back,
24 please?

25 (Whereupon, the reporter read from the record

1 as requested.)

2 BY MR. LESSY:

3 Q And you told that -- your last answer is what
4 I mean by that -- to WCOE and Beck, didn't you?

5 A I have no specific recollection of making
6 a statement exactly as you have said, but I think that I
7 made statements to them along the line of the answer I gave
8 just a moment ago, that the study undertook was a study
9 between two parties, the Wholesale Customers of Ohio
10 Edison and Ohio Edison and contemplated transactions
11 between those two.

12 Q You also told them, by that I mean Beck and
13 WCOE, in the context of the study and also in the context
14 of the existing wholesale consumers, that the study would
15 have to contemplate those customers purchasing all of their
16 power, all of their requirements from Ohio Edison, didn't
17 you?

18 MR. CHARNO: Could I have that question back?

19 (Whereupon, the reporter read from the record
20 as requested.)

21 MR. STEVEN BERGER: What is meant by in the
22 context of the existing wholesale consumers? In the context
23 of the study and in the context of the existing wholesale
24 consumers is included in the question.

25 I don't know we are discussing any meetings

1 that took place other than in the context of the study.

2 If Mr. Lessy is referring to discussions that
3 took place in that context, I would like it rephrased in
4 those terms.

5 MR. LESSY: All right.

6 BY MR. LESSY:

7 Q Didn't you also tell R. W. Beck and WCOE,
8 Mr. Firestone, that in the consideration and planning of a
9 new power supply arrangement for WCOE that they, that is
10 WCOE, would have to purchase all of their power from Ohio
11 Edison?

12 A I have no recollection of ever making such a
13 statement.

14 Q If within the context of the study, third-party
15 power couldn't be wheeled in and if wheeling within from
16 the excess power could not be wheeled out and if they
17 could not buy more than their existing needs, isn't that the
18 equivalent of saying that all of the power had to be purchased
19 by WCOE?

20 MR. REYNOLDS: I will object to that question.

21 I have no idea what the reference of excess power
22 is at all in the context of that question.

23 MR. LESSY: That refers to the notes we discussed
24 at this beginning of this afternoon's session.

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1 MR. REYNOLDS: My problem and it is going
2 through this whole line, the question is that Mr. Lessy's
3 questions are assuming that the existing wholesale customers
4 of Ohio Edison have some surplus power.

5 By definition, if they are full requirements
6 customers, and there are no self-generating entities in the
7 WCOE group, how can you assume surplus power?

8 I don't know where the surplus is coming
9 from and, therefore, I don't understand his questions which
10 seem to embrace a notion of surplus power in the context
11 of these discussions.

12 At least it is confusing me, and I think it is
13 leading to some confusion in terms of what the answers are
14 and what the questions are.

15 MR. LESSY: If we can read the
16 question back, I thought it was capable of being answered.

17 (Whereupon, the reporter read the pending
18 question, as requested.)

19 MR. LESSY: In the context of the study?

20 MR. REYNOLDS: Same objection.

21 CHAIRMAN RIGLER: You may answer.

22 THE WITNESS: Your hypothetical is incompatible
23 with the context of the study.

24 The context of the study contemplated an
25 arrangement wherebt the wholesale customers would participate

bw2 1 in shares of Ohio Edison capacity.

2 It did not contemplate transactions to and from third
3 parties.

4 We never undertook to study that at all.
5 You set up a hypothetical totally outside the context
6 of the study.

7 CHAIRMAN RIGLER: Mr. Firestone, as I understood
8 you a minute ago, you told Mr. Lossy that you had never
9 told the WCOE group that it had to purchase all of its
10 power from Ohio Edison; is that correct?

11 THE WITNESS: I think that is correct.
12 That is what I said.

13 I have no recollection.

14 CHAIRMAN RIGLER: When you say purchase power
15 from Ohio Edison, you were including the unit participation
16 included within the Beck proposal, were you not,
17 which would come out of the OE share of those units?

18 THE WITNESS: Well, I had in mind the power that
19 the WCOE entities deliver to their customers. To my knowledge
20 I have never asserted to them that they had to acquire
21 all of that power from Ohio Edison under any arrangement
22 whatsoever.

23 CHAIRMAN RIGLER: Suppose they took Beck
24 Alternative One in which they were to receive some capacity
25 from some of the CAPCO generating units which capacity

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1 would come out of the OE share, in that case were they
2 required to buy any additional power they needed from OE?

3 THE WITNESS: I'm sorry, Mr. Chairman. I'm
4 tuned in, I guess, to the Beck Study.

5 The only alternative that I studied in any
6 depth, and I had in mind is the one I thought the
7 Beck people were advocating, which is what I describe
8 as One-A where WCOE would advance money to Ohio Edison
9 and in exchange for that a wholesale rate would be
10 devised for supplying service to WCOE, in which
11 facilities, generating facilities equivalent to the amount
12 of money they had advanced to us would be excluded from
13 the rate base for developing the rate.

14 Is that the proposal?

15 CHAIRMAN RIGLER: Yes.

16 THE WITNESS: Under that proposal, as I understand
17 it, WCOE would have no claim whatever on any generating
18 facility that Ohio Edison owns.

19 Ohio Edison would continue to supply the
20 requirement, all of the requirement whatever they may be
21 of the WCOE systems and render a bill for that service.

22 And that capacity and energy would come from
23 all of the resources under Ohio Edison control.

24 CHAIRMAN RIGLER: In that case WCOE would become
25 a full requirements customer.

1 THE WITNESS: Well, they would continue to
2 be.

3 Again, maybe I'm the only one that sees it
4 this way as an engineer.

5 As of now, WCOE has no generation resource of
6 its own.

7 All of the requirements of their customers
8 originate in generation facilities that are under the
9 ownership or the control of Ohio Edison.

10 Under the Beck proposal One-A, precisely
11 the same arrangement would exist.

12 As I understand it, that is their proposal.
13 It says nothing about providing some of WCOE requirements
14 from generating capacity resources, other than those under
15 Ohio Edison's control.

16 So the proposal is silent on that.

17 There is no need for us to respond or to address
18 that question. Therefore, we didn't.

19 CHAIRMAN RIGLER: You are confusing me.
20 Didn't you make a proposal to the WCOE group which would
21 involve their ownership participation in certain CAPCO
22 units?

23 THE WITNESS: Yes, we made two. If we could just
24 consider the second, which was more complete, and I think
25 simpler, Ohio Edison made a proposal to them whereby
WCOE would have ownership in specific units, and they would

bw5 1 pay costs associated with those units, have title to
2 specific portions.

3 But our proposal then-- excuse me, go ahead.
4 Our proposal carried with it a requirement that the Ohio
5 Edison system would operate those units just as though
6 WCOE did not have ownership in them.

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1 CHAIRMAN RIGLER: Didn't you also require that
2 WCOE not buy power from anyone else?

3 MR. REYNOLDS: You mean propose. You said
4 require.

5 CHAIRMAN RIGLER: Require in its proposal.

6 THE WITNESS: Again I think our
7 proposal was silent on that.

8 We have consideration in the proposals that Ohio
9 Edison was making and in our thinking that the Ohio Edison
10 capacity expansion program is now committed through the
11 period 1986 and the provision to supply the WCOE loads was
12 a factor in developing that capacity expansion program
13 and committing it. So that anything that now would be done
14 to upset that fact impinges on the Ohio Edison
15 obligations within CAPCO, so I tried to prevent that from
16 happening.

17 Now, any capacity arrangement that we would
18 want to consider beyond 1986 whereby WCOE would want to
19 receive power from capacity resources other than those under
20 Ohio Edison control, or the converse, is a matter that would
21 require study and was still open and I believe is not
22 addressed in the proposal that I made.

23 CHAIRMAN RIGLER: Would you take a look at your
24 letter of February 28, 1975 to Mr. Duncan and Mr. Chessman
25 which is Exhibit -- the appendix to NRC Exhibit 447

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1 Do you have that?

2 THE WITNESS: Yes, I do.

3 CHAIRMAN RIGLER: If I turn to page 2 we find
4 first a discussion of the ownership participation and then we
5 come to paragraph 3 under that discussion and it says the
6 balance of the WCOE load which is not supplied from WCOE
7 generation would be supplied from the OE system.

8 THE WITNESS: Well, under this proposal, under
9 both proposals in fact, we were trying to work from a
10 present situation of total wholesale supply from OE resources
11 to WCOE customers to a position where WCOE would have
12 generation facilities under its ownership sufficient to
13 supply --

14 CHAIRMAN RIGLER: I understand that. But isn't
15 it correct that in part of your proposal the WCOE group
16 was required to purchase its entire generation from OE or
17 through an ownership participation which in turn came out of
18 the OE share of CAPCO?

19 THE WITNESS: Well, the proposal certainly
20 contemplated that.

21 I don't know that we ever stated that as a
22 condition. That point never came up as something that should
23 be considered.

24 BY MR. LESSY:

25 Q Focusing on the August 1, '75 WCOE-Ohio Edison

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1 meeting, Mr. Firestone, do you recall Mr. Stout staying on
2 behalf of WCOE that the way that he wanted to go was the
3 prepayment or LA plan in terms of the Beck alternatives?

4 First I would like an answer from your recollection
5 and, if not, we will look at the notes.

6 A There was some discussion about the Beck
7 proposal and whether it truly represented the WCOE
8 proposal or was a WCOE proposal and whether the participants
9 in WCOE all supported or endorsed the Beck proposal.

10 My recollection is that it was stated to us
11 that the WCOE members had not as of that time considered in
12 concert the Beck proposal and therefore WCOE could not
13 state at that time that they were all in accord in supporting
14 the Beck report, nor in offering Beck's proposal LA as
15 being the WCOE proposal.

16 Someone said, and it may have been Stout, that
17 he had a problem with the Beck proposal.

18 If I can go to my notes, I think I can identify
19 the individual that said he had a problem.

20 Q Before you do that, I would like you to answer
21 my question or be clear as to your answer.

22 Do you have any recollection whether Mr. Stout
23 said, speaking for himself he wanted to go on the LA method?

24 A I guess the extent of my recollection is that one
25 of the WCOE participants said he had a problem with the Beck

1 1A proposal and I think that might have been Stout.

2 Q Then go to your notes.

3 A I can't identify how Stout stood on that.

4 Q Now, your notes do identify that Stout opened
5 the meeting and said that it was proposed that we discuss
6 the Beck study which is now complete and turn the meeting
7 over to Ohio Edison?

8 A Excuse me. I just looked where you mentioned.
9 There is a reference to Stout. It is tricky in that it is
10 the second entry under John R. White.

11 He raises the question has WCOE accepted any of
12 the proposal. Stout responds no, not yet. For himself
13 has some problem with consultants' recommendation.

14 That is what I had in mind and it is somewhat
15 ambiguous as to whether it is 1A, 5 or 6, or what
16 recommendation it refers to.

17 Q Do you recall Mr. Stout saying at that meeting
18 that he viewed the committee's task, WCOE committee's task
19 to develop alternatives which are mutually agreeable to
20 Ohio Edison so that a recommendation could be made to all
21 of WCOE?

22 Again from your independent -- independently,
23 first, of your notes.

24 A Well, the WCOE people and Stout particularly
25 were pressing to get the Ohio Edison reaction to the Beck

1 report and I believe to get some official statement from us
2 as to whether or not it was acceptable or not acceptable.

3 As a preliminary step to WCOE presenting the
4 Beck report to the SCOE membership, then pressing them for
5 consolidation offer for jelling on the plan of action.

6 It is my recollection he felt having a plan in
7 hand that was acceptable to Ohio Edison would enhance his
8 posture then in trying to get concurrence or agreement on
9 a common plan of action for WCOE to follow.

10 Q Now, with respect to Mr. Cheeseman's remarks that
11 Mr. Reynolds examined you on about wheeling, didn't
12 Mr. Cheeseman say at that point that the study didn't
13 include wheeling because Ohio Edison had indicated in the
14 October '74 meeting that wheeling was not to be included
15 within the context of the study?

16 A That is not my recollection.

17 Mr. Cheeseman gratuitously or voluntarily spoke
18 up when the subject came up at this particular meeting that
19 the program that Beck was recommending, so-called 1A program,
20 did not contemplate wheeling.

21 Wheeling was not involved as an integral part of
22 that program and therefore it was unnecessary to talk about
23 wheeling.

24 Q Do you recall whether or not Mr. Duncan said that
25 as Mr. White said at the first meeting Ohio Edison did not

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1 want to consider wheeling in the context of the study and
2 we wanted to agree at a mutually acceptable study and
3 therefore wheeling is not included in the power supply
4 study?

5 A I have a recollection that at some meeting
6 Duncan made such a statement. It may have been at this
7 one.

8 If I may look at my notes, I will try to
9 confirm that or deny it.

10 I can find no reference in my notes of the 8/1/75
11 meeting where Duncan made such a statement.

12 Q But you recall he may have made such a statement?

13 A Throughout the meetings, yes, at various times,
14 and at various meetings, the question of wheeling came up,
15 starting with meeting number one. And the Ohio Edison
16 position always was that the matter of wheeling was outside
17 of the scope of the study as it was stated in the FPC
18 agreement and as we developed plans, the ones that justified
19 serious consideration were such that wheeling was not
20 involved and every now and then someone would raise the
21 question of wheeling and someone else would once again point
22 out that there was no need to consider wheeling.

23 Now, at this 8/1/75 meeting Mr. Stout did
24 make quite a statement with respect to the subject of
25 wheeling and asserted he wanted to discuss it at some

1 point in time, but not as a part of the agenda for this
2 meeting.

3 MR. LESSY: I would like to move into evidence
4 before I go too much further NRC Exhibit 215 which is the
5 two-page document, the agenda sheet from the 1/14/75 meeting
6 and Mr. Firestone's notes.

7 CHAIRMAN RICLER: Hearing no objection, we will
8 receive NRC 215 into evidence.

9 (Exhibit NRC 215, previously marked for
10 identification, was received
11 into evidence.)

12 BY MR. LESSY:

13 Q Do you recall at the October '75 meetings --
14 August '75 meeting that Mr. White said he preferred to
15 deal separately with the WCOE members rather than deal with
16 them as a group?

17 A No, I don't recall that.

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1 Q Did you say with respect to the Newton Falls
2 request for an interconnection that Ohio Edison undertook
3 a study of the interconnection, of the possible interconnection?

4 A I'm not certain now the exact words I used, but in
5 connection with that we undertook to study alternate
6 power supply patterns that might be worthy of consideration
7 in connection with their request.

8 Q So you did prepare a study?

9 A Well, a study to the extent that we made
10 simple sketches similar to what I put on the blackboard
11 here, showing the new facilities that might be required,
12 approximate length of a additional transmission line,
13 switching facilities and so on, so that we could make
14 some rough estimate of the cost that could be anticipated
15 to construct these additional facilities.

16 Q Do you know how long it took to make those
17 sketches or perform that study?

18 MR. STEVEN BERGER: I indulged Mr. Lessy a question
19 or two on this. As to Newton Falls on the line on
20 direct was as to the amount of capacity to be made
21 available. The question of expansion of the facility and how
22 that would be arranged or paid for, was not something
23 covered in Mr. Firestone's direct examination.

24 MR. LESSY: I'm not going into how it
25 will be arranged or paid for.

CHAIRMAN RIGLER: I'm about to cut you off.

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1 I will hear one or two more questions, but
2 I think the objection is well-founded.

3 THE WITNESS: No, I don't know specifically
4 how long it took.

5 BY MR. LESSY:

6 Q Do you know, generally, approximately how long
7 it may have taken?

8 A Well, I have a group of engineers that are
9 performing "studies" like this as a matter of daily routine.
10 They may work on power supply requests for Newton Falls,
11 part of a day and then a similar request for someone else
12 part of a day.

13 If an individual could get right at it and
14 had all of the information at hand that he would need,
15 it wouldn't take him very long, perhaps a half a day.

16 In the practical case, though, he normally
17 doesn't have all of the information he needs.

18 It is necessary to know the right-of-way
19 that is going to be required, where it is, the difficulty
20 that may be encountered in securing right-of-way, the type
21 of line to be conducted, the protective scheme requirements
22 that are peculiar to that particular installation.

23 So these details have to be pinned down and
24 it may be a matter of days or weeks before all of this
25 information can be enhanced to enable one man to put it all

bw3 1 together.

2 Q If I told you from the time of Mr. Craig's,
3 on behalf of Newton Falls, formal request for interconnection
4 service to the time he received an official draft contract,
5 it took a year and a half, then you would tell me
6 based on what you just testified that that year and a
7 half was not caused by your department, that is,
8 engineering studies?

9 MR. STEVEN BERGER: I object, your Honor.

10 CHAIRMAN RIGLER: Sustained.

11 BY MR. LESSY:

12 Q Did you state that the capability of your
13 East Palestine generating station was 12
14 megawatts?

15 A I don't remember, to tell you the truth.
16 If I can refer to some of my notes, again, I will
17 answer that.

18 A Yes, I did.

19 Q What is the smallest unit at that station?

20 A I'm guessing now. I think it is one megawatt.

21 Q Is Ohio Edison given credit for that generati
22 generating unit with respect to its CAPCO credited
23 capacity?

24 A Again, I'm guessing, somewhat, but I think
25 currently that Ohio Edison is not.

bw4 1 Q Why is that?

2 A Well, it is a capacity resource of Ohio Edison's
3 that came into being after the present obligations and
4 commitments had been firmed up and, therefore, was not
5 recognized in the parcelling out of CAPCO responsibilities.

6 In addition to that, we in CAPCO have rules
7 that make it necessary for one of the parties to perform
8 certain tests on capacity and certify it to the other
9 parties, that this equipment, in fact, does have the
10 capability that is ascribed to it.

11 At this moment I can't tell you whether these
12 tests have been performed and such certification is being
13 achieved with the CAPCO partners or not.

14 Q Would the crediting of that generation unit
15 have anything to do with its size under the CAPCO
16 credited capacity?

17 A In principle, it would have nothing whatever
18 to do with it.

19 Q While discussing the transmission line exposure
20 with respect to the Orrville interconnection you indicated
21 that the six-mile T tap would increase the exposure from
22 30 miles to 36 miles. Would this decrease the
23 reliability by a factor of 36 to 30?

24 A I have no idea.

25 Q Would a 72-mile line -- would you expect it

1 to decrease or increase the reliability?

2 A Increasing the exposure to hazard would indicate
3 to me that you could expect a decrease in reliability.

4 Q Why is that?

5 A I think the words speak for themselves.

6 If you increase the exposure to hazard, to
7 unreliability, you increase the reliability.

8 MR. CHARNO: Could I have the answer back?

9 (Whereupon, the reporter read from the
10 record, as requested)

11 THE WITNESS: You increase the unreliability
12 or you decrease the reliability.

13 MR. CHARNO: Thank you.

14 BY MR. LESSY:

15 Q If you increase the line by six miles, you
16 increase the exposure to hazard by six miles?

17 A Intuitively that sounds right, but you
18 can't make that conclusion. The location
19 of the line is a significant factor. A line located close to
20 a highly travelled, high-speed type of highway may be
21 subject to problems from drunk drivers, for instance.
22 Whereas a line located on a private right-of-way back
23 through farm fields is not subjected to that kind of
24 hazard.
25

1 BY MR. LESSY:

2 Q With respect to the loop plant, how would
3 Ohio Edison's reliability be improved as compared with
4 the plant?

5 MR. STEVEN BERGER: Mr. Rigler, I know on
6 cross-examination, Mr. Lessy has wide latitude, but asking
7 a question like that, as open-ended as it is, after the
8 explanation that Mr. Firestone gave this morning, I do
9 think the hour the way it is, if he has a place he wants
10 to go in this regard, it should be more specific than
11 that.

12 CHAIRMAN RIGLER: I think so.

13 He is going to rephrase the question, because
14 I believe an identical question was asked by Mr. Smith
15 earlier this morning.

16 BY MR. LESSY: With respect to Ohio Edison's
17 system, or any other system, to your knowledge, could you
18 point to any situation where the loop plan would be
19 more reliable than the T plan?

20 MR. STEVEN BERGER: I don't think that is much
21 better, Mr. Chairman.

22 CHAIRMAN RIGLER: I will let him try that one.

23 THE WITNESS: In any situation of this type,
24 the basic problem the T plan presents as compared to the
25 loop plan is the marginal ability or inability of the

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protective system to distinguish between normal and abnormal conditions.

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When you are faced with that kind of situation, it is necessary for the designer of the protective system to design that system in a conservative fashion so tht if the system is going to misoperate or malfunction, it would be in a direction to interrupt facilities, when conditions were normal, but approaching the abnormal.

To the extent that that happens, that degrades the reliability and that is the problem of the T tap, three-terminal line, it will exist every time and in every application where you find it, and the loop supply corrects it.

Q Can you be any more specific than that with respect to a particular type of volt or with respect to this particular line?

MR. REYNOLDS: Objection.

THE WITNESS: I guess I don't really understand your question. Can you be more specific in how you want me to be more specific?

I thought I had described the problem and the correction of it.

BY MR. LESSY:

Q Can you point to a place where a fault would occur and explain your answer specifically with respect

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1 to that?

2 A WELL, I have taken the liberty of making some
3 assumptions as to the distances involved in my sketch
4 here and the specifics of the matter would depend on the
5 exact distances involved in the three legs of the three-
6 terminal line, on the exact impedances of the circuits
7 involved, on the contributions from the
8 various rating sources and as specific as I can be, I
9 can tell you there are zones on the line in that three-
10 terminal configuration where if line-to-line faults occur
11 or line-to-ground faults occur, it would get into this problem
12 where the fault current that flows as far as the protective
13 scheme is concerned, is barely distinguishable from the
14 normal situation, when the normal current is flowing.

15
16 MR. LESSY: I think that concludes staff
17 examination.

18 CHAIRMAN RIGLER: Let's be back at 25 past.

19 (Recess.)
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1 BY MS. URBAN:

2 Q Mr. Firestone, you stated that Ohio Edison had
3 interconnections with the following Ohio utilities: Dayton
4 Power & Light, Columbus and Southern Ohio Edison, Ohio Power,
5 Toledo Edison, CEI; is that correct?

6 A I think it is, yes.

7 Q Are there any other Ohio utilities adjacent to
8 Ohio Edison?

9 A I think there are not.

10 Q Referring to the East Palestine generating
11 station, will Ohio Edison in the future get CAPCO credit
12 for those units?

13 A The future isn't entirely clear, I am sure you
14 are aware.

15 Ohio Edison will be making economic and operating
16 evaluations of the matter of continuing to operate
17 East Palestine versus not operating it.

18 I am certain that one of the factors in that
19 decision would be whether Ohio Edison would get Capco credit
20 or whether we would not.

21 If we would not, it is almost a forgone conclusion
22 the economics would speak for shutting it down.

23 Assuming credit would be given, the economics
24 would very likely speak for continuing to operate it and I
25 am speculating now.

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1 Q What is the smallest unit on your system for
2 which you get CAPCO credit?

3 A I think that it would be a diesel unit installed
4 at either our -- we have diesel units installed at both
5 Berger and Sammis and these units are made up of ganging
6 together small increments.

7 I am hazy on this but I think the basic
8 increment is two megawatts.

9 At Berger we have three of these together
10 totaling six, and at Sammis we have five or six of them
11 together totalling ten or eleven.

12 But the basic increment is two megawatts
13 which would be the smallest, absent the installation at
14 East Palestine.

15 I think there is a 1000 kilowatt or 1 megawatt
16 unit there that is probably the smallest unit now on the
17 Ohio Edison system.

18 Q The two megawatts unit to which you are just
19 referring, you are given CAPCO credit for those units?

20 A Absolutely.

21 Q Do any of your retail industrial customers
22 resell power?

23 A Any of our retail industrial customers resell
24 power?

25 Q Yes. Do they?

1 A Not to my knowledge, no.

2 Q You were referring to Newton Falls in your
3 testimony and you stated that if Newton Falls wanted
4 to expand its capacity it might have to add another
5 transformer; is that correct?

6 A If it wanted to increase its ability to
7 receive power from Ohio Edison, yes, that's correct.

8 Q IF Newton Falls put in a second transformer,
9 would they get conjunctive billing?

10 A I am afraid I don't understand what conjunctive
11 billing is.

12 Q Do you have any idea what conjunctive
13 billing is at all?

14 A No.

15 Q Would they be billed as if they had one
16 delivery point?

17 A Well, if they installed a second transformer
18 alongside the first transformer and took service from us
19 through a single unified set of metering equipment, then the
20 amount of energy that flowed through the individual trans-
21 former would be of no interest to us.

22 The amount that flowed through the meter would
23 be treated as one account and billed as such.

24 If they were to install a second delivery point
25 and request service from us at a second delivery point, then

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1 we would not combine these two as one account. We would
2 treat them as separate accounts.

3 Of course, there would be additional investment
4 required to accommodate the second delivery point.

5 Q If they did put in the second transformer next to
6 the first transformer, would Ohio Edison be the one who
7 made the decision as to whether to install one or two
8 metering units?

9 A I guess if the transformer were to sit -- the
10 second to sit immediately adjacent to the first, the
11 economics of the substation would dictate treating the
12 substation as a single entity.

13 So I think Newton Falls motivation would be to
14 treat it as one and the Ohio Edison motivation would be to
15 treat it as one and, again, the single meter installation
16 would be less costly than the two.

17 Q Referring to the June 11, 1973 meeting with
18 Orrville, do you recall how long that meeting was?

19 A June 11, 1973 meeting with Orrville? No, I don't
20 recall. I suspect it was rather brief in that my notes were
21 not very copious.

22 Q Rather -- would you define rather brief as being
23 less than one hour?

24 A No. Half a day, I would say.

25

1 Q Your notes don't purport to record everything that
2 was said at that meeting, do they?

3 A No, they do not.

4 Q We had or there was some discussion concerning
5 the August 1, 1975, meeting between Ohio Edison and WCOE.

6 Is it your testimony that at that meeting
7 Mr. Cheseman said that third party wheeling was not
8 necessary to effectuate the proposal that he, Mr. Cheseman,
9 made?

10 A Essentially, that is right.

11 I don't know that he described the proposal as
12 Mr. Cheseman's proposal.

13 It was the R. W. Beck proposal and he was
14 their spokesman, and it is my understanding that the R. W.
15 Beck recommendation was the plan referred to as One-A, and
16 he so said.

17 Q And he said that wheeling was not necessary
18 to effectuate that proposal?

19 A Yes, he did.

20 Q Could you refer to Applicants Exhibit 176,
21 which is the drawing that was made of your blackboard
22 drawing. Referring to what has been labeled as II.
23 Would there actually be a break in the line between the Star
24 and Cloverdale stations?

25 A Well, at the point where the loop or the

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1 two circuits would run from the tap point west to
2 Orrville, at that point, yes, there would actually be a
3 break in the line, so that now there would be two circuits
4 established. One between Cloverdale and Orrville and
5 a second between Orrville and Star.

6 Q So then, energy flowing between Star and
7 Cloverdale would have to go through the Orrville station?

8 A Would have to go by way of the Orrville
9 substation, that is right.

10 Q How far from the receptive substations are the
11 sources of generation at Star and at Cloverdale?

12 A Both substations, Star and Cloverdale are very
13 important hubs in the Ohio Edison transmission network.
14 So there are transmission paths by which any of the
15 generation of Ohio Edison could find itself flowing past
16 either of those two substations.

17 Neither one is a generating plant.

18 Q How far is the nearest generating plants
19 from those substations respectively?

20 A Well, in terms of miles, the Gorge Power
21 Plant, which is in Akron, electrically speaking and
22 with respect to Star, it could be Sammis or West Lorain in
23 that they have 345 kV transmission connections directly
24 to Star.

25 With respect to Cloverdale, it is an important

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hub that is connected to the 138 kV and, electrically speaking, I would hate to hazard a guess as to which plant appears the closest to Cloverdale.

Q Do you have any idea how far -- strike that.

Do you have any idea how many miles of transmission line are between those generation facilities which you just described, and either the Star or the Cloverdale substation, whichever one is closer?

A The major power stations at Sarnis, Toronto, Beaver Valley and Mansfield, are in the order of 70 to 80 miles from Star.

The R. E. Berger Station which is connected tightly, electrically, to Cloverdale, is in the order of 125 miles from Cloverdale.

Q Isn't it possible that the availability and existence of Orrville's generation would add stability and reliability to OE Star-Cloverdale circuit under diagram 2?

A If it were connected into the network in a reliable and proper way and to the extent the plant is operated in a reliable fashion, yes, it would.

Q Doesn't the situation depicted in Diagram 2 increase the reliability of Ohio Edison Star-Cloverdale circuit as compared with that circuit without an interconnection with Orrville?

bw4 1 A Again, answering that without some careful
2 study may be risky.

3 As you pointed out awhile ago, the transmission
4 exposure has been increased by the addition of 12 miles of
5 length.

6 The power flow now moving from Cloverdale
7 to Scar or ce versa, has to go by way of the Orrville
8 bus, which introduces an additional 12 miles.

9 That is a negative when it comes to increasing
10 the reliability.

11 To the extent that the generation is there that is
12 positive.

13 Although I think it is a very miniscule
14 positive in the context of the overall strength
15 and reliability of the existing system.

16 Q In that situation, though, don't you get two
17 shorter lines with the resultant decrease in exposure,
18 as opposed to one longer line?

19 A Each of the resulting two lines is shorter
20 than the total.

21 That is certain.

22 If instead of the Orrville generating
23 plant, we had the Bruce Mansfield Plant on that bus,
24 then you would have a point.

25 MS. URBAN: I would like to have marked for
identification as DJ-614, a diagram that we have drawn.

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Have you been handed that diagram?

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THE WITNESS: Yes.

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(Whereupon, the document

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referred to was marked as

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DJ Exhibit 614 for

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identification.)

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32 1 BY MS. URBAN:

2 Q You see on this diagram where we have marked
3 additional load?

4 A Yes, I do.

5 Q What would happen to that load if the line
6 between Cloverdale and Starr went out at the spot we
7 have marked with X?

8 A The supply to that load would be interrupted.

9 Q Now, turning to again Applicants 176 and
10 Diagram Number 2, assume on that diagram that the line
11 goes out at approximately the same spot that we have marked
12 as X on our diagram, DJ 614, what in that case would happen
13 to the additional load?

14 A It would see a momentary electrical pulse, but
15 service would be continued to be furnished to the load.

16 MR. HJELMFELT: Can I have that back?

17 (Whereupon, the reporter read from the record as
18 requested.)

19 BY MS. URBAN:

20 Q Did Ohio Edison offer to bear a portion of the
21 cost of the interconnection between Orrville and Ohio
22 Edison under Case 2?

23 A I am hazy on the proposals or propositions that
24 were held out to Orrville, but I think that Ohio Edison
25 made a proposition that Ohio Edison would construct, own and

1 operate the extension that is described here, but that
2 we would expect Orrville to bear all costs associated with
3 those facilities.

4 MS. URBAN: Thank you.

5 We have no further questions.

6 I would like to move into evidence DJ 614.

7 CHAIRMAN RIGLER: Hearing no objection, we will
8 receive 614 into evidence.

9 Exhibit DJ 614, previously marked
10 for identification, was received
11 into evidence.)

12 BY MR. LUJELMFELT:

13 Q Mr. Firestone, referring to what has been marked
14 as Applicants 178, which is the typed copy of your minute
15 of the August 1, 1975 meeting, and looking at page 2, about
16 the fifth speaker, Mr. Wilson, the note is plan to relook
17 at WCOZ deal every time OZ goes in for wholesale rate
18 increase.

19 Would you state what that note means?

20 A I will try to state what it means to me.

21 The 1A proposition that Beck was advocating,
22 as I understood it, amounts to at a given point in time or
23 initially making an inventory of the generating and
24 transmission facilities that were properly allocable to
25 supplying the load requirements of the WCOE customers.

1 Once that inventory would be made, somehow a
2 cost or value would be assigned to those facilities and then
3 WCOE would transfer money to Ohio Edison in that amount,
4 which they described as a prepayment.

5 Again, the logic, as I understood it, would be
6 that then in determining or fixing a wholesale rate for
7 supply to the WCOE customers, the facilities equivalent to
8 this amount of money that had been passed on to Ohio
9 Edison would be excluded from the basis for establishing
10 that rate.

11 From time to time following the initial deposit
12 it was contemplated that once again we would look at the
13 facilities devoted to providing this service and WCOE would
14 make additional deposits to keep current with the facilities
15 that were described.

16 I believe that it is a requirement when Ohio
17 Edison makes a -- sets a rate for this type of service that
18 it has to receive FPC approval.

19 So that any time Ohio Edison would undertake
20 to adjust the wholesale rate and apply to FPC for such an
21 adjustment, that Mr. Wilson was asking the question
22 that in that event would WCOE expect that we, OE, and
23 WCOE, would relook at this procedure, the WCOE deal, as I
24 refer to it here -- he raised that question and the
25 response from Cheeseman is, yes, he would visualize that; in

1 fact he would visualize an annual relook of the dealing.

2 Q When they are talking about relooking at the deal
3 their are talking about the finance, the cost question; is
4 that correct?

5 A That is my understanding. Presumably the two
6 of them were talking to one another and they understood
7 what they were talking about.

8 Q Does Ohio Edison have any generation that cannot
9 be stepped up to 345 kv?

10 A Well --

11 Q With present facilities?

12 A Yes, we do. We have generation that is put on
13 a transmission system at a voltage other than 345, yes.

14 Q And could you tell me which generating plants
15 that generation is located at?

16 A Well, if I can refer to my map again, the
17 Mad River generation, West Lo ain, Edgewater, Gorge, Berger,
18 Toronto, part of Sammis, Niles, Newcastle, East Palestine,
19 and Norwalk.

20 Q Now, would it be true that with respect to the
21 Sammis generation that their 345 kv step-up facilities are
22 in place?

23 A There are seven units at Sammis. The first two
24 are connected to 138 kv and the remaining five are connected
25 at 345.

1 Q Do you have any generating units that are not
2 stepped up to 138?

3 A Yes.

4 Q Which ones are those?

5 A Mad River, Gorge, Norwalk, East Palestine, and
6 that is it.

7 Q What would they be stepped up to?

8 A Well, Mad River has various voltages from its
9 plant, as I recall 12 kv, 34.5 and 69.

10 Gorge feeds into a 23 kv system.

11 Norwalk, I am not sure, either 4 kv or 12.47. I
12 think it is 4 kv.

13 East Palestine feeds into a distribution
14 voltage -- again I am not sure what it is.

15 I might also say the Newcastle plant, while it
16 does feed into 138, it does have extensive transmission
17 away from the plant at 69 kv.

18 MR. HJELMFELT: I have no other questions.

19 REDIRECT EXAMINATION

20 BY MR. STEVEN BERGER:

21 Q Mr. Firestone, would you take a look at NRC
22 Staff Exhibit 215 which are your notes of the January '75
23 meeting and focusing in on -- January 14, '75 meeting.

24 A Thank you. Yes, I have them.

25 Q And you recall that there was some discussion

1 over Items 1, 2, 3, under 5 on page 1 of NRC Staff Exhibit
2 215?

3 A Yes, I do.

4 Q Can you identify for us the person who made the
5 statements reflected in Items 1, 2, 3?

6 A No, I cannot.

7 MR. STEVEN BERGER: I would like to mark for
8 identification a memorandum dated February 7, 1975
9 from Mr. Kayuha to file and the subject is wholesale
10 customers of Ohio Edison, and I would like Mr. Firestone
11 to take a look at that.

12 Let's identify this memorandum dated
13 February 7, 1975 from Mr. Kayuha to file as Applicant's
14 Exhibit 179.

15 (The document referred to was marked
16 Applicants Exhibit (OE) 179
17 for identification.)

18 MR. STEVEN BERGER: Let me state while the
19 parties are reading it over that I know at the top it says
20 on January 15, 1975.

21 I am really not sure at this point whether the
22 meeting in question took place on January 15 or January 14,
23 but I have every reason to believe that Applicants 179 and
24 NRC Staff Exhibit 215 are both making reference to the same
25 meeting.

1 THE WITNESS: I have read it.

2 BY MR. STEVEN BERGER:

3 Q Referring to page 2, Mr. Firestone, and more
4 specifically paragraph 4 on page 2, which contain the
5 enumerated Items 1 through 3, does that refresh your
6 recollection as to who made the statement with regard to
7 participation in Ohio Edison units by WCOE and if they took
8 a portion greater than their presently existing needs that
9 they would in turn make the excess available back to Ohio
10 Edison?

11 A Well, from Mr. Kayuha's memorandum it would seem
12 that Mr. Cheeseman made those comments.

13 Q Do you have an independent recollection of
14 Mr. Cheeseman having made it now that you have been shown
15 this document?

16 A No, I am afraid I don't.

17 MR. STEVEN BERGER: I would like to move
18 Applicants 179 into evidence, Mr. Chairman.

19 CHAIRMAN RIGLER: Hearing no objection, we will
20 receive 179 into evidence.

21 (Applicants Exhibit (OE) 179,
22 previously marked for identification,
23 was received into evidence.)

24 BY MR. STEVEN BERGER:

25 Q Mr. Firestone, during the time that the WCOE

1 negotiations have been going on, at any point in
2 time during the negotiations was it ever indicated by
3 any representative of WCOE or by R. W. Beck & Associates
4 that the WCOE either on a partial or on a full requirements
5 basis was going to be looking to anybody other than OE for
6 their requirements?

7 A To the best of my recollection, it was not.

8 Q On a wholesale basis?

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1 A The scope of the study that we undertook was con-
2 fined to supplying the WCOE entire requirement, either by
3 way of wholesale contract or by way of WCOE ownership in
4 portions of Ohio Edison-owned capacity or some combination
5 fo the two.

6 Q Was it ever indicated that WCOE either on a
7 unit power basis, on a participation basis was interested
8 in participating in generating units of another utility?

9 A No, it was not.

10 MR. STEVEN BERGER: I have no further questions
11 for Mr. Firestone, your Honor.

12 REXCROSS EXAMINATION

13 BY MR. REYNOLDS:

14 Q Mr. Firestone, going back for a minute
15 to the drawings on the board, if we were to add a breaker
16 at the base of the T, as suggested by Mr. Smith, in the
17 T tap drawing, would that change in any way the
18 sensitivity of the relaying mechanism?

19 A No, it would not.

20 Q You would, therefore, still have the same
21 problem with respect to the registering of an abnormal
22 situation in a normal condition or at least that
23 same potential problem; is that correct?

24 A That is correct.

25 The addition of such a breaker would isolate

1 the additional six miles of exposure from the Cloverdale-
2 Star circuit, which would be good from the standpoint
3 of reliability of the Cloverdale-Star circuit.

4 It would do nothing do alleviate the
5 problem of the inability of the relays to distinguish
6 between normal and abnormal conditions on the
7 Star-Cloverdale circuit, which is the basic problem that
8 prevented us from being able to accept the T tap
9 plan.

10 MR. LESSY: No questions.

11 CHAIRMAN RIGLER: Thank you, Mr. Firestone.

(Witness excused.)

12 CHAIRMAN RIGLER: Let's go off the record for
13 a minute.

(Discussion off the record.)

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15 (Whereupon at 4:05 p.m., the hearing was
16 adjourned, to be reconvened at 2:30 p.m., on Monday,
17 June 14, 1976.

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