

1. Q. Please state your name, employer, and business address.

A. My name is Gregory C. Scheck. I am employed by the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215.

2. Q. What is your current position at the Commission?

A. I am a Utilities Specialist 3 in the Energy Efficiency and Renewables Division of the Energy Efficiency and Environment Department. I am responsible for analyzing issues and providing recommendations pertaining to energy efficiency, demand response, peak demand reductions, advanced metering infrastructure, and smart grid issues.

3. Q. What are your qualifications as they relate to your testimony in this proceeding?

A. I have worked at the Commission since 1985 in various capacities. I have spent most of that time reviewing and evaluating demand forecasts, energy efficiency and demand side management applications, and advanced metering issues.

4. Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my pre-filed testimony is to address certain assumptions made by the Company in evaluating its energy efficiency and peak demand

reduction programs and a few other programmatic issues.

5. Q. What issues do you have regarding the Company's Energy Efficiency Portfolio Plan?

A. I have a few issues, but they are mostly minor in nature. The issues that I have relate to the Company's development and use of avoided cost assumptions and programs that the Company offered in its original ESP filing that they are currently not offering.

6. Q. What is your understanding as to how the Company developed its avoided capacity costs to perform its peak demand reduction analysis?

A. It is my understanding that the Company used a \$/MW/day capacity charge that was a result of PJM's RPM auction at that time to develop its marginal capacity costs for the next three years. These costs would be appropriate if the Company intends to purchase its marginal capacity through the PJM RPM auction process. Otherwise, if the Company intends to meet its future capacity obligations by building power plants, then the appropriate avoided capacity costs would be those costs related to the Company building a new power plant and putting those costs into base rates. Based on the Company's 2010 Long Term Forecast Report filed at the Commission, Form FE-R1, the Company is already in a capacity shortage situation and has purchased 400 MW of capacity for the 2010-2012 period, consistent with PJM's 3-year advance commitment requirement to fill this need.

7. Q. What is your understanding of how the Company developed its marginal energy costs to perform its energy efficiency measure and program analyses?

A. From my understanding, the Company used PJM's marginal energy costs to evaluate its energy efficiency measures and programs. This is an acceptable approach, if the Company is purchasing its marginal energy from the PJM market. Currently, the Company sells most, if not all, of its generation output to PJM and buys back what it needs at market prices to serve its SSO customers. Otherwise, the Company should use the marginal energy costs from its marginal generating unit(s) to evaluate its energy efficiency measures and programs.

8. Q. Should the Company be using the SSO price it is charging to its SSO customers as its avoided costs?

A. No, because DP&L's SSO price should reflect what was approved by the Commission in its most recent rate case. Base rates are predicated on historical average imbedded costs, not an electric utility's marginal costs of generating or purchasing power.

9. Q. In the Company's original and updated ESP filings, it listed a number of Energy Efficiency and Peak Demand Reduction Programs that it intended on deploying to meet its annual benchmarks. Are there any energy efficiency or peak demand reduction programs that the Company currently does not offer that were a part of its ESP case?

A. Yes, the Company no longer offers the following programs at the present time:

- a. Residential Appliance Rebates
- b. Residential Direct Load Control
- c. Residential Time-of-Use Pricing
- d. Residential Peak-Time Rebate Pricing
- e. Home Energy Displays
- f. Non-Residential Direct Load Control
- g. Non-Residential Time-of-Use Pricing

10. Q. Why doesn't the Company offer these programs?

A. According to paragraph 4. a. of the stipulation in Case No. 08-1094-EL-SSO:

"Energy Efficiency and Peak Demand Reduction programs that are not dependent upon AMI will not be included in the Company's business case analyses and will go forward immediately."

Therefore, by exclusion, one can infer that there are energy efficiency and peak demand programs that the Company was not going to proceed with until its supplemental application regarding its AMI and Smart Grid business cases was approved by the Commission post September 1, 2009. According to the Company, these other energy efficiency and peak demand reduction programs were dependent upon an advanced metering infrastructure and a smart grid deployment.


11. Q. Are these the same programs listed in your answer to question 9?
- A. Yes, except for the residential appliance rebates. The Company previously requested the Staff to have the funds originally approved for this program moved to the appliance recycling program, which the Staff agreed to in both July 2009 and July 2010. These requests for the transfer of funds were also made known to the collaborative members. To my knowledge, no party objected to these changes.
12. Q. Why (in your understanding) didn't the Company go forward with the appliance rebate program?
- A. It is my understanding that there was no interest demonstrated by any third party to administrate the program. It is likely that there may have not been enough funds to attract a third party administrator, since the program was only funded for approximately \$120,000/year.
13. Q. Has the Commission opined regarding the Company's supplemental AMI and smart grid business case filings made last September 1, 2009?
- A. No.
14. Q. With respect to the other programs that you listed in your response to question 9, could the Company proceed to implement these programs without an advanced metering and smart grid infrastructure deployment?
- A. Yes, but to a certain extent, a fully deployed digital advanced metering system paired with a two-way communications system would, in the longer

term, make these type of investments likely more cost-effective. The Company could certainly offer a simple time-of-use rate to customers with an electro-mechanical interval meter, but newer, more advanced technologies are available. Purchasing many of these types of meters that may quickly become obsolete would not, in my opinion, be wise. Until the Commission renders an opinion regarding the Company's supplemental AMI and smart grid applications, I would agree that the Company should not go forward with the time-of-use pricing, peak time rebate pricing, and home energy displays.

15. Q. Could the Company proceed with a direct load control program for both residential and non-residential customers?
- A. Yes, but it is more likely that such a direct load program would be more cost-effective with a single-way communication system. This would be the recommended course of action, if the Company does not receive approval of its proposed AMI and Smartgrid business plans.
16. Q. Do have any opinion regarding the residential appliance rebate program?
- A. Yes. I think the Company should consider increasing the funding for this program to see if will attract any third-party administrators. Obviously, the Company should reevaluate the program for preliminary total resource cost-effectiveness if it increases the program funding and potentially increased participation levels from the previous program evaluation.
16. Q. Does this conclude your testimony?
- A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **Motion for an Extension of Time to File Testimony and Request for Expedited Ruling**, submitted on behalf of the Staff of the *Public Utilities Commission of Ohio*, was served via electronic mail upon the parties listed below this 13th day of December, 2010.


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