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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

PUCO

In the Matter of the 2010 Long-Term Forecast)
Report of Dayton Power and Light Company) Case No. 10-505-EL-FOR
and Related Matters.)

STIPULATION AND RECOMMENDATION

Ohio Administrative Code ("OAC") Section 4901-1-30 provides that any two or more parties to a proceeding before the Public Utilities Commission of Ohio ("PUCO" or "Commission") may enter into a written stipulation covering the issues presented in that proceeding. This Stipulation and Recommendation ("Stipulation") sets forth the understanding of The Dayton Power and Light Company ("DP&L"), the Office of the Ohio Consumers' Counsel ("OCC"), the Ohio Environmental Council ("OEC") and the PUCO Staff¹ (each of whom is a "Signatory Party" and together the "Signatory Parties"). The Signatory Parties recommend that the Commission approve and adopt, as part of its Opinion and Order, this Stipulation which will resolve all of the issues in the above-captioned proceeding.

This Stipulation is a product of lengthy, serious, arm's-length bargaining among the Signatory Parties, which negotiations were undertaken by the Signatory Parties to settle this proceeding and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally. This Stipulation was negotiated among all parties to the proceeding. This Stipulation is supported by adequate data and information; as a package, the

¹ Staff will be considered a party for the purpose of entering into this Stipulation. OAC Sections 4901-1-10(c) and 4901-1-30.

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Stipulation benefits customers and the public interest; represents a reasonable resolution of all issues in this proceeding; violates no regulatory principle or practice; and complies with and promotes the policies and requirements of Ohio Revised Code ("ORC") Chapter 4928. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by parties representing a wide range of interests.

Except for purposes of enforcement of the terms of this Stipulation, this Stipulation, the information and data contained therein or attached and any Commission rulings adopting it, shall not be cited as precedent in any future proceeding for or against any Party or the Commission itself. The Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Party might support or seek, but for this Stipulation in these proceedings or in any other proceeding. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. The Parties agree they will not oppose or argue against any other Party's notice of termination or application for rehearing that seeks to uphold the original, unmodified Joint Stipulation and Recommendation. If, upon rehearing, the

Commission does not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Termination and withdrawal from the Stipulation shall be accomplished by filing a notice with the Commission, including service to all Parties, in this proceeding within thirty days of the Commission's Order or ruling on rehearing as applicable. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of the Stipulation by any other Party.² Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed.

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in the case set forth above concerning DP&L's Long-Term Forecast Report ("LTFR") filed pursuant to OAC §4901:5-3 on April 15, 2010; and

² Any Party has the right, in its sole discretion, to determine what constitutes a "material" change for the purposes of that Party withdrawing from the Stipulation.

WHEREAS, OCC and OEC filed timely interventions in this proceeding that were granted by the Commission; and

WHEREAS, on May 18, 2010, Staff filed a motion requesting that evidentiary and public hearings be held, which motion was granted by Commission order of June 3, 2010; and

WHEREAS, the evidentiary hearing was opened for the purposes of taking appearances and for procedural matters on July 13, 2010; and

WHEREAS, a public hearing was held at the Commission's offices, also on July 13, 2010, which hearing was announced by duly-published newspaper notice (Co. Ex. 1) and no member of the public attended; and

WHEREAS, the parties sought leave that was granted by the Attorney Examiners assigned to the proceeding so as to engage in settlement discussions prior to resuming evidentiary proceedings; and

WHEREAS, the Parties have had the opportunity to propound interrogatories and request the production of documents and DP&L has responded to such interrogatories and requests for production of documents;

Now therefore, it is agreed that:

1. DP&L's LTFR filing of April 15, 2010, substantially complies in all material respects with the requirements of OAC §4901:5-5. As shown on PUCO Form FE-R6, DP&L is capacity deficient starting in Year 0 (2010).

2. The parties further agree that nothing herein shall preclude a party from actively participating in Case No. 10-262-EL-UNC.³

³ *In re the Application of The Dayton Power and Light Company for Approval of a Residential and Small Commercial Renewable Energy Credit Purchase Program Agreement, Case No. 10-262-EL-UNC.*

3. Based on resource planning projections submitted by DP&L pursuant to ORC §4928.143(B)(2)(c), and the provisions of ORC §4928.64(B)(2) that require DP&L to obtain alternative energy resources including solar resources located in Ohio, there is a need for the 1.1 MW solar facility known as Yankee 1, and for additional solar facilities during the LTFR planning period as described herein.

As filed in its April 15 LTFR filing, DP&L proposed a second solar facility of the approximate same size as Yankee 1 such that the Company's Renewable Resources available in 2011 would be 2.3 MW as shown on Form FE-R6. From the time of the April 15, 2010 LTFR filing to the date of this Stipulation, changing market conditions, and sales to standard offer customers, among other factors, have presented the Company with an ability to delay the construction of the second solar facility.

The Company plans to construct additional solar facilities to be on-line in 2012 and expects that the size of that facility or facilities will be approximately 3.9 MW. The need for the 3.9 MW facility or facilities is demonstrated by attachment 1 to this stipulation, which shows how the timing of bringing the 3.9 MW facility or facilities on-line will enable the Company to meet the requirements of ORC §4928.64. The Signatory Parties to this Stipulation agree there is a need for the 3.9 MW facility or facilities.⁴

The Company will continue to monitor changing market conditions, as well as other factors prior to initiating construction in an effort to maintain a least-cost approach to meeting the annual Ohio solar benchmarks contained in SB 221. Plans to build additional solar facilities beyond 2012 will be addressed in the Company's future annual LTFR proceedings.

⁴ OCC reserves the right, in all future proceedings, to contest whether DP&L's need for capacity, as determined under R.C. 4928.143(B)(2)(b) or (c), is appropriately met by the Yankee 1 facility and the construction of the 3.9 MW solar facility or should be met by other means. OCC also reserves the right to contest the appropriateness of granting construction work in progress for these projects and to contest the creation of non-bypassable generation charges associated with these facilities for DP&L generation cost-recovery.

4. In one or more separate PUCO proceedings, the Company will seek recovery of all prudent and reasonable capital and operating costs of the Yankee 1 solar facility and may seek recovery of additional planned solar facilities described above. Nothing in this Stipulation prohibits a party to this Stipulation from participating in any cost recovery proceeding that may be filed at the PUCO related to these facilities.

5. In arm's-length bargaining, the Signatory Parties, who are all capable, knowledgeable parties, have negotiated terms and conditions that, are embodied in this Stipulation. This Stipulation contains the entire Agreement among the Signatory Parties, and embodies a complete settlement of all claims, defenses, issues and objections in these proceedings. The Signatory Parties agree that this Stipulation is in the best interests of the public and of all parties, and urge the Commission to adopt it.

6. DP&L's application shall be deemed to be part of the record of this Case.

7. The Stipulation represents a comprehensive agreement by Parties with diverse interests. It is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through the compromise reflected herein represent fully the objectives of any Signatory Party. This Stipulation is submitted for purposes of this proceeding only and is not deemed binding with respect to related issues that may arise in any other proceeding, except that the findings set forth herein are not to be disputed or re-litigated by any Signatory Party in any subsequent proceeding. As with such stipulations reviewed by the Commission, the willingness of Signatory

Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

8. The Signatory Parties agree to, and intend to support, the reasonableness of this Stipulation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation.

9. The agreement of the Parties reflected in this Stipulation is expressly conditioned upon its acceptance without material modification by the Commission or the Ohio Supreme Court.⁵ If the Commission, either in its initial review or on remand from the Ohio Supreme Court, rejects or modifies all or any part of this Stipulation or imposes additional conditions or requirements upon the Parties, each Party shall have the right, within thirty (30) days of issuance of the Commission's order to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. If, upon rehearing, the Commission does not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation, under such circumstances the Parties to this Stipulation agree not to oppose the termination and withdrawal of the Stipulation by any other Party. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

10. Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to

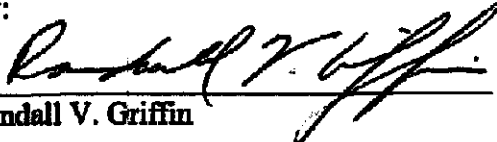
⁵ Any Party has the right, in its sole discretion, to determine what constitutes a "material" change for the purposes of that Party withdrawing from the Stipulation.

achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed.

IN WITNESS THEREOF, the undersigned parties agree to this Stipulation and Recommendation as of this 13th day of January, 2011. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

THE DAYTON POWER AND LIGHT
COMPANY

By:


Randall V. Griffin

OFFICE OF THE OHIO CONSUMERS'
COUNSEL

By:


Richard C. Reese

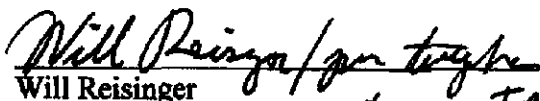
THE STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By:


Thomas W. McNamee

OHIO ENVIRONMENTAL COUNCIL

By:


Will Reisinger
auth: [unclear] - TWR

Attachment 1

DP&L's Solar Requirement and Position through 2012

	2009	2010	2011	2012
Ohio Solar Requirement (MWh or SRECs)	(31)	(797)	(1,713)	(3,314)
Expected production from Yankee (SRECs)		1,167	1,401	1,401
Banked Yankee SRECs (SRECs)			371	59
Adjusted Ohio Solar Position (MWh or SRECs)	(31)	371	59	(1,854)
Allocated SREC Purchases (SRECs)	31	-	-	101
Ohio Solar Ending SREC Position (MWh or SRECs)	-	371	59	(1,753)
Total Capacity Requirement needed to meet respective years short position (MW) <i>assumes a 14% C.F.</i>	-	-	-	1.4
Incremental Capacity Requirement in each respective year (MW) <i>assumes 14% C.F.</i>	-	-	-	1.4

	2009	2010	2011	2012
Non Ohio Solar Requirement (MWh or SRECs)	(234)	(594)	(1,713)	(3,314)
Allocated SREC Purchases (SRECs)	473	617	1,760	241
Non Ohio Solar Ending SREC Position (SRECs)	239	23	47	(3,073)
Total Capacity Requirement needed to meet respective years short position (MW) <i>assumes a 14% C.F.</i>	-	-	-	2.5
Incremental Capacity Requirement in each respective year (MW) <i>assumes 14% C.F.</i>	-	-	-	2.5

	2009	2010	2011	2012
Total Solar (Ohio and Non Ohio) Requirement	(265)	(1,391)	(3,426)	(6,627)
Expected production from Yankee (SRECs)		1,167	1,401	1,401
Banked Yankee RECs (SRECs)			371	59
Adjusted Ohio Solar Position (SRECs)	(265)	(224)	(1,655)	(5,168)
Allocated SREC Purchases (SRECs)	504	617	1,760	342
Total Solar Ending REC Position (MWh or SRECs)	239	393	105	(4826)
Total Capacity Requirement needed to meet respective years	-	-	-	3.9
Incremental Capacity Requirement in each respective year (MW) <i>assumes 14% C.F.</i>	-	-	-	3.9

ASSUMPTIONS

Solar requirements as filed in case 10-490-EL-ACP.

Capacity requirements assume a 14% load factor for solar facilities

SREC purchases are allocated to DP&L based upon DP&L's short position

Ohio Solar Requirement is adjusted in 2009 and 2010 per DP&L's Force Majeure filing

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **Stipulation and Recommendation** was serviced upon the following via U.S. mail postage prepaid and/or electronic mail upon the following:

/s/ Thomas W. McNamee

Thomas W. McNamee
Assistant Attorney General

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