

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

**THE DAYTON POWER AND LIGHT COMPANY
CASE NO. 10-505-EL-FOR**

**IN THE MATTER OF THE 2010 LONG-TERM FORECAST REPORT
AND RELATED MATTERS OF
THE DAYTON POWER AND LIGHT COMPANY**

**DIRECT TESTIMONY
OF HERTZEL SHAMASH
IN SUPPORT OF THE STIPULATION**

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ☐ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ☐ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ☒ **OTHER**

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8 **ON BEHALF OF**
9 **THE DAYTON POWER AND LIGHT COMPANY**
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11 **I. INTRODUCTION**

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

13 A. My name is Hertzelt Shamash. My business address is 1065 Woodman Drive,
14 Dayton, Ohio 45432.

15 **Q. By whom and in what capacity are you employed?**

16 A. I am employed by The Dayton Power and Light Company ("DP&L" or "Dayton"
17 or the "Company") as Director, Resource Planning. Among other responsibilities, I am
18 responsible for preparing the Company's long-term forecasts, including the supervision of
19 internal and external personnel who may be assisting me.

20 **Q. Will you describe briefly your educational and business background?**

21 A. I have a B.S. in Electrical Engineering, as well as an M.S. in Electrical
22 Engineering, with a power systems focus. I have over 30 years of experience in the
23 electric utility industry, with broad background in all aspects of the business, including
24 generation, transmission, distribution, integrated resource planning, sales forecasting,
25 Regional Transmission Organizations (RTOs), regulatory compliance with Public Utilities
26 Commission of Ohio ("PUCO") mandates, power siting, Federal Energy Regulatory

Commission (“FERC”) provisions and regulations, ReliabilityFirst Corporation (“RFC”), North American Electric Reliability Corporation (“NERC”) regulations, financial/strategic analysis, financial investments, contract negotiation and oversight, and management of inter-company issues. I have previously filed testimony in various FERC and PUCO proceedings.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of this testimony?

A. The purpose of my testimony is to discuss and support the reasonableness of the Stipulation and Recommendation ("Stipulation") entered into by DP&L and several parties to resolve the issues in this case. The Signatory Parties who represent a diverse set of interests include DP&L, the Office of the Ohio Consumer’s Counsel (“OCC”), the Ohio Environmental Council (“OEC”) and PUCO Staff (“Staff”). The Signatory Parties recommend that the Commission approve the Stipulation filed in this matter on January 14, 2011 and issue its Opinion and Order in accordance with the recommendations made in the Stipulation because it is the product of serious negotiations among knowledgeable parties, it benefits customers and the public interest, and it does not violate any important regulatory principle or practice.

III. STIPULATION SUMMARY

Q. Can you please summarize the main provisions of the Long-Term Forecast Report?

A. Yes. DP&L filed its Long-Term Forecast Report on April 15, 2010, consistent with the requirements of the Commission. The Report itself consists of four major

1 sections: 1) a section on Forecast Report Requirements which included a summary of the
2 report and discussion of special subject areas, and load forecast documentation; 2) an
3 Electric Transmission Forecast, including data regarding DP&L's current and planned
4 transmission system; 3) an Electric Distribution Forecast, including data regarding
5 DP&L's current and planned distribution system; and 4) a Resource Plan, including data
6 and a discussion of DP&L's current and planned generation resources to meet projected
7 customer demands. Within the Resource Plan, information was also provided on future
8 environmental considerations and DP&L's plans to construct solar generation facilities.

9 **Q. Can you please summarize the main provisions of the Stipulation?**

10 A. Yes. This Stipulation represents a resolution of all issues among the intervening
11 parties. Pursuant to the Stipulation, it is agreed that DP&L's Long Term Forecast Report
12 substantially complies in all material respects with the requirements of Ohio
13 Administrative Code ("OAC") §4901:5-5 and that, as shown on DP&L's submitted
14 PUCO Form FE-56, DP&L is capacity deficient starting in Year 0 (2010).

15 The Stipulation further states that the resource planning projections submitted by
16 DP&L establish a need for the 1.1 MW Yankee 1 solar facility that is now in-service and
17 for additional solar facilities during the planning period. In the Stipulation, the plan to
18 install an additional 3.9 MW of solar facilities was identified. The Company committed
19 to monitoring changing market conditions and other factors prior to initiating construction
20 of the additional solar facilities.

21 The Stipulation does not request a change in rates at this time to recover costs of
22 Yankee 1 or the additional solar facilities. Paragraph 4 of the Stipulation notes that
23 DP&L will seek recovery through a separately filed proceeding. A footnote in the
24 Stipulation sets forth a reservation by the OCC to contest whether DP&L's need for

1 capacity is appropriately met by the installation of Yankee 1 and the additional solar
2 facilities. OCC further reserved rights to contest in a later proceeding whether DP&L
3 should receive construction work in progress for these projects and to contest the creation
4 of any proposed non-bypassable generation charge associated with these facilities.

5 The remainder of the Stipulation contains standard language common to many
6 stipulations before the Commission, including provisions that the Signatory parties will
7 support the Stipulation before the Commission, and have rights to withdraw if the
8 Commission makes material modifications to the Stipulation.

10 **IV. COMMISSION'S CRITERIA FOR EVALUATING STIPULATIONS**

11 **Q. What criteria does this Commission use to evaluate and approve a Stipulation and**
12 **Recommendation?**

13 A. The Commission has applied in the past, and should use in considering this
14 Stipulation, the following three regulatory criteria to evaluate and approve a stipulation:
15 First, is the Stipulation a product of serious bargaining among capable, knowledgeable
16 parties? Second, taken as a package, does the Stipulation benefit ratepayers and the
17 public interest? Third, does the Stipulation violate any important regulatory principle or
18 practice?

19 **Q. Does this Stipulation meet those criteria used by the Commission to evaluate and**
20 **approve a Stipulation and Recommendation?**

21 A. Yes, this Stipulation does meet the criteria applied by the Commission in past
22 proceedings.

23 **Q. Turning to the first criterion, was the Stipulation the product of serious bargaining**
24 **among capable, knowledgeable parties?**

1 A. Yes. All Parties to the Stipulation were represented by experienced,
2 knowledgeable counsel, who are experienced negotiators and are knowledgeable about the
3 subject matter at issue. All Parties, including the Signatory Parties, have participated in
4 numerous proceedings before the Commission and are knowledgeable in regulatory
5 matters. All parties were provided drafts of the Stipulation and given the opportunity to
6 further engage in settlement discussions with DP&L. The issues in the case were
7 discussed in great detail over the course of several months. All negotiations were
8 conducted at arm's length and countless hours were devoted to the negotiating process
9 which produced the Stipulation. Therefore, the Stipulation represents a product of serious
10 bargaining among capable, knowledgeable parties.

11 **Q. Turning now to the second criterion, does this Stipulation benefit the customers and**
12 **public interest?**

13 A. Yes. In my view, the public interest in a proceeding to review a Long-Term
14 Forecast Report is to ensure that the Commission, its Staff, and other interested parties are
15 made aware of the Company's plans to meet its customers' needs over the planning period
16 in the areas of generation, transmission, and distribution service. That public interest has
17 been served through the review that has taken place.

18 **Q. With respect to the third criterion, does the Stipulation violate any important**
19 **regulatory principle or practice?**

20 A. No. The Stipulation does not violate any important regulatory practice or
21 principle.

22 **Q. Does this conclude your testimony?**

23 A. Yes, it does.

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Summary: Testimony Testimony of Hertzal Shamash in Support of Stipulation electronically filed by Mr. Randall V Griffin on behalf of The Dayton Power and Light Company