

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
The Dayton Power and Light Company for a)	Case No. 09-1986-EL-POR
Finding that DP&L has Satisfied Program)	
Portfolio Filing Requirements.)	

STIPULATION AND RECOMMENDATION

Ohio Administrative Code ("O.A.C.") 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, including Exhibit A, entitled "Energy Efficiency Programs Offered to Customers of the Dayton Power & Light Company" (collectively, "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").² 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 Signatory 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,

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

² The Industrial Energy Users-Ohio ("IEU-Ohio"), was granted intervention in this proceeding by Entry dated December 9, 2010. While not a signatory to this Stipulation, IEU-Ohio has indicated it will not oppose the Stipulation.

the 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 ("O.R.C.") 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 Signatory Party or the Commission itself. The Signatory 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 Signatory 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 Signatory 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 Signatory 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 Signatory Parties agree they will not oppose or argue against any other Signatory Party's notice of termination or application for rehearing that seeks to uphold the original, unmodified Stipulation. If, upon rehearing, the Commission does not adopt the Stipulation in its entirety and without material

modification, any Signatory 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 Signatory Parties, in this proceeding within thirty days of the Commission's Order or ruling on rehearing as applicable. Other Signatory Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of the Stipulation by any other Signatory Party.³ 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 Signatory Party wishing to terminate agrees to work in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Signatory 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 Signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Signatory 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 Signatory Parties believe that the agreements herein represent a fair and reasonable resolution to the issues raised in the case set forth above concerning DP&L's first energy efficiency and peak demand reduction program portfolio plan as approved by the Commission by Opinion and Order dated June 24, 2009 in Case No. 08-1094-EL-SSO and filed

³ Any Signatory 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.

pursuant to O.A.C. §4901:1-39-04 on December 23, 2009 and as supplemented by its Notice of filing supplement to application filed and docketed on July 15, 2010 and July 16, 2010 (“Program Portfolio”); and

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

WHEREAS, on October 25, 2010 a procedural schedule was entered which, among other things, set an evidentiary hearing to commence on December 14, 2010, and instructed that DP&L publish legal notice of the scheduled hearing in a newspaper of general circulation in each county in the Company’s service territory; and

WHEREAS, proof of publication of notice of the evidentiary hearing was filed by DP&L on December 13, 2010; and

WHEREAS, the evidentiary hearing was opened for the purposes of taking appearances and for procedural matters on December 14, 2010, and no member of the public attended; and

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

Now therefore, for the purpose of resolving all issues raised in this proceeding, the Signatory Parties stipulate, agree and recommend as follows:

1. DP&L’s Program Portfolio as approved by the Commission by Opinion and Order dated June 24, 2009 in Case No. 08-1094-EL-SSO and as supplemented by this Stipulation substantially complies in all material respects with the requirements of O.A.C. §4901:1-39-04. As such, DP&L’s updated program portfolio plan will be due April 15, 2013 in accordance with O.A.C. §4901: 1-39-04.

2. A list of the programs in DP&L's Program Portfolio currently available to DP&L's residential and non-residential customers as of the date of filing this Stipulation is attached hereto as Exhibit A. Any differences between the currently available programs and the programs proposed in the DP&L's Electric Security Plan in Case No. 08-1094-EL-SSO are also explained in Exhibit A.

3. DP&L will provide a comprehensive evaluation of the cost-effectiveness and feasibility of developing a joint gas and electric home performance program with Vectren Energy Delivery of Ohio for potential inclusion in DP&L's updated energy efficiency and peak demand reduction program portfolio plan to be filed by April 15, 2013, and will present findings and conclusions from DP&L's evaluation to the Energy Efficiency Collaborative ("Collaborative") formed pursuant to paragraph 11 of the Stipulation and Recommendation approved in Case No. 08-1094-EL-SSO⁴ at one of the Collaborative's regularly scheduled meetings taking place prior to the end of calendar year 2011. If DP&L's evaluation, including input and review from Collaborative members, reveals the home performance program to be cost-effective and feasible, DP&L may ask for Commission approval to implement the home performance program prior to DP&L's April 15, 2013 updated program portfolio plan filing.

4. DP&L will provide a comprehensive evaluation of the feasibility of developing a shared savings incentive structure for over-compliance with annual energy efficiency and peak demand reduction benchmarks for potential inclusion in DP&L's updated energy efficiency and peak demand reduction program portfolio plan to be filed by April 15, 2013. OEC will present its proposal concerning a potential shared savings incentive structure to the Collaborative prior to the end of calendar year 2011. DP&L agrees to evaluate the shared savings incentive structure

⁴ *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan*, Case No. 08-1094-EL-SSO, *et al.*

and present its evaluation to the Collaborative at the next Collaborative meeting following the OEC presentation.

5. DP&L will provide a comprehensive evaluation of the cost-effectiveness and feasibility of increasing the funding for its residential appliance rebate program in an effort to make the program more attractive to third-party implementers. The increase in funding will be evaluated for potential inclusion in DP&L's updated energy efficiency and peak demand reduction program portfolio plan to be filed by April 15, 2013, and DP&L will present findings and conclusions from DP&L's evaluation to the Collaborative at one of the Collaborative's regularly scheduled meetings taking place prior to the end of calendar year 2011. If DP&L's evaluation, including input and review by Collaborative members, reveals a funding increase for the residential appliance rebate program to be cost-effective and feasible, DP&L may ask for Commission approval to implement the program changes before the next quarterly Collaborative meeting.

6. DP&L will provide a comprehensive evaluation of the cost-effectiveness and feasibility (and compatibility with a future deployment of smart meters) of developing a direct load control program using a single-way communication system for potential inclusion in DP&L's updated energy efficiency and peak demand reduction program portfolio plan to be filed by April 15, 2013, and will present findings and conclusions from DP&L's evaluation at a regularly scheduled meeting of the Collaborative taking place prior to the end of calendar year 2012.

7. 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.

8. DP&L's application filed December 23, 2009 and supplements to its application filed July 15, 2010 and July 16, 2010 shall be deemed to be part of the record of this Case.

9. 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.

10. 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.

11. The agreement of the Signatory 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 Signatory Parties, each Signatory 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 Signatory Party may terminate and withdraw from the Stipulation, under such circumstances the Signatory Parties to this Stipulation agree not to oppose the termination and withdrawal of the Stipulation by any other Signatory Party. Other Signatory Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of the Stipulation by any other Signatory Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

12. Prior to the filing of such a notice, the Signatory Party wishing to terminate agrees to work in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Signatory 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 Signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Signatory Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the

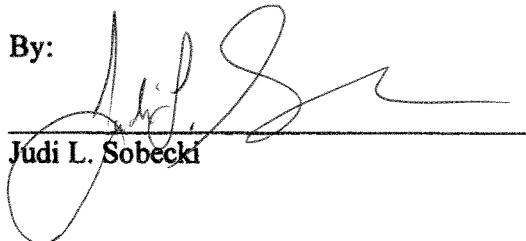
⁵ Any Signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for the purposes of that party withdrawing from the Stipulation.

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 as of this 21st day of March, 2011. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

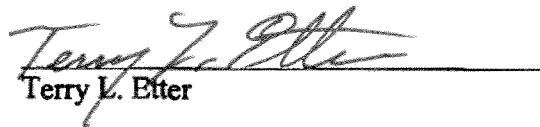
THE DAYTON POWER AND LIGHT
COMPANY

By:


Judi L. Sobecki

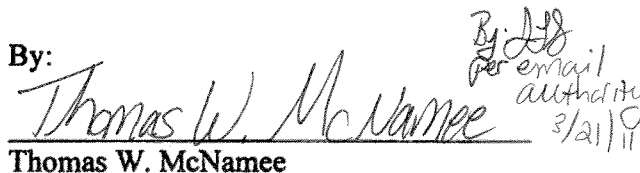
OFFICE OF THE OHIO CONSUMERS'
COUNSEL

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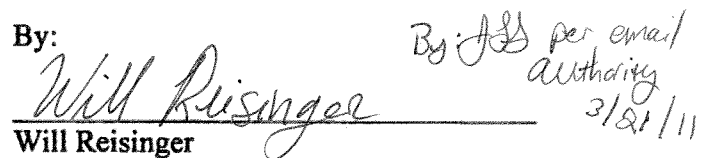

Terry L. Etter

THE STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By:


Thomas W. McNamee

By:


Will Reisinger

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Stipulation and Recommendation has been served via electronic mail upon the following counsel of record, this _____ day of March, 2011.

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Judi L. Sobecki

**ENERGY EFFICIENCY PROGRAMS OFFERED TO CUSTOMERS OF THE DAYTON
POWER AND LIGHT COMPANY**

PROGRAMS CURRENTLY BEING IMPLEMENTED

The following programs are being implemented by DP&L and were included in Book Two of its Electric Security Plan, as modified by the Stipulation filed on February 24, 2009, and approved by the Commission on June 24, 2009, Case No. 08-1094-EL-SSO.

Residential Lighting

This program is designed to increase the number of Energy Star qualified compact fluorescent lamp (CFL) bulbs sold by providing incentives to decrease consumer costs. The program will also increase consumer awareness and acceptance of energy-efficient lighting technology. The program will have an educational component to promote use, and proper disposal of, CFL bulbs.

Residential HVAC Diagnostic & Tune-Up

This program is designed to obtain energy and demand savings by increasing the efficiency of residential central air conditioners and heat pumps. Under this program, DP&L will pay a portion of the cost of specific diagnostic and tune-up services performed by HVAC contractors that are certified by a third party to perform such tune-ups. Among other points, the tune-up will verify the unit's refrigerant charge and air flow.

Residential HVAC Rebates

This program provides a rebate to qualifying customers that serves to pay a portion of a new, efficient HVAC unit.

Residential Appliance Recycling

The program is designed to promote the retirement and recycling of inefficient appliances from households by offering a turn-in incentive for working equipment as well as information and education on the cost of keeping an inefficient unit in operation. DP&L will also fund the removal and arrange the appropriate recycling for the inefficient units. DP&L may revise the list of eligible appliances based on current market conditions, technology developments and program implementation experience.

Residential Low-Income Affordability

Low-income electric customers meeting the program guidelines may undergo an energy audit where the auditor will review the energy efficiency of the home and provide feedback on areas of improvement. The expected types of solutions include efficient lighting; refrigerator, freezer and/or window A/C replacements; HVAC tune-ups and/or replacements, caulking, insulation and education. The cost of the efficiency solutions funded through this program can be a maximum for any single family home of \$5,000, and a multi-family home of \$50,000. For efficiency purposes, this program may be implemented through local community agencies in concert with already existing weatherization programs.

Education/Awareness Building/Market Transformation Activities

This program will use education and outreach through various outlets as well as energy efficiency tools and information on the Company's website to educate customers, community leaders and children. The education and outreach activities will be targeted to schools, government leaders, civic organizations and local media. Significant enhancements will be made to the Company's website and will feature tools for conserving energy, as well as detailed information on DP&L's programs and participating channel partners. School children may be

reached by delivering programs through existing educational organizations such as The Ohio Energy Project.

Non-Residential Prescriptive Rebates

The Non-Residential Prescriptive Rebates program is designed to provide a simple set of solutions for non-residential customers that wish to become more energy efficient. The initial set of solutions and corresponding incentive rebates represents proven products that provide energy savings over the standard products in each category. The rebate listing will be available on DP&L's website and will be updated periodically to account for new and improving technologies.

Non-Residential Custom Rebates

This program provides financial assistance to non-residential customers to support implementation of efficiency opportunities available for new equipment purchases, facility modernization and industrial process improvements that are not covered by the prescriptive program. The incentive will be calculated based on expected demand and energy savings. As an optional part of the program, DP&L will establish an audit program to assist in the evaluation of energy efficiency opportunities.

PROGRAMS NOT CURRENTLY BEING IMPLEMENTED

The following program was listed in Book Two of DP&L's Electric Security Plan, Case No. 08-1094-EL-SSO, but is currently not being implemented by DP&L.

Residential Appliance Rebates

This program would increase the sales of energy-efficient products such as Energy-Star qualified ceiling fans, room air conditioners, dishwashers, freezers and dehumidifiers through rebates. In 2008, DP&L issued request for proposals (RFP) to vendors for the appliance rebate program. Based on feedback from potential vendors, it was determined that the initial filed budgets for the appliance rebate program were relatively small, and as such, it would be difficult to implement an effective program. Instead, with the approval of PUCO Staff and notification to the energy efficiency collaborative, the appliance rebate budget was transferred to the appliance recycling program for both 2009 and 2010.

On January 5, 2011, the Commission approved the withdrawal of DP&L's advanced metering infrastructure/smart grid portion of its Electric Security Plan, Case No. 08-1094-EL-SSO. Due to the withdrawal of the plan, the following programs that were dependent on the advanced metering infrastructure/smart-grid technology are not currently being implemented:

- Residential Direct Load Control
- Residential Time-of-Use Pricing
- Residential Peak Time Rebate Pricing
- Non-Residential Direct Load Control
- Non-Residential Time-of-Use Pricing
- Home Energy Display

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in

Case No(s). 09-1986-EL-POR

Summary: Stipulation and Recommendation filed on behalf of The Dayton Power and Light Company by J. Sobecki, Office of the Ohio Consumers' Counsel by T. Etter, PUCO Staff T. McNamee and Ohio Environmental Council W. Reisinger, electronically filed by Mrs. Irda Hoxha Hinders on behalf of The Dayton Power and Light Company