BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The	)	
Dayton Power and Light Company for	)	Case No. 12-1832-EL-ESS
Establishing New Reliability Standards.	)	

REPLY COMMENTS OF THE DAYTON POWER AND LIGHT COMPANY

I. Introduction

The Dayton Power and Light Company ("DP&L" or the "Company") hereby submits comments in reply to comments filed November 20, 2012, by the Office of the Consumers' Counsel (OCC) and by Staff on November 30, 2012.

Staff makes specific proposals for establishing reliability standards for DP&L. In contrast, the OCC makes no such proposals, but instead focuses on alleged deficiencies of DP&L's application filed on June 29, 2012.

II. Reply to Staff's Comments

A. <u>DP&L agrees with Staff's comment that the Company should utilize the term "Reliability Standards" to be consistent with Section 4901:1-10-10(B) OAC.</u>

Staff identified that DP&L's use of the term "Reliability Targets" was not consistent with the Ohio Administrative Code and recommended that the Company use the term "Reliability Standards". DP&L agrees with Staff and will use the term "Reliability Standards" going forward. DP&L would like to note that the Company is serious when taking measures to meet its Reliability Standards.

B. <u>DP&L agrees with Staff's comment that the Company should administer quarterly Reliability Surveys.</u>

Staff recommended that DP&L administer future surveys in four quarterly sessions in order to avoid potential seasonal bias. As Staff noted in its comments, DP&L commits to conducting future surveys in accordance with Staff's guidelines including administering four quarterly surveys. DP&L further notes that because Staff has continued oversight and has previously required that it approve the questions within a survey prior to it being issued, our commitment here is conditioned on timely Staff review and comment.

C. DP&L accepts Staff's proposed CAIDI Standard without agreeing to the computational method.

Staff's comments propose a three year historical average with a 10 percent adder as the methodology to set DP&L's reliability standards. Staff proposes a CAIDI of 125.04. DP&L notes that the computational method used contains fewer data points and with weather fluctuations, may leave the Company susceptible to variations outside of the bandwidth prescribed by Staff. Due to this premise, DP&L prefers the 5 year average with the 10% adder. In DP&L's view, a 3 year average with a 10% adder is overly susceptible to violations due to random variations in weather. If a formula is to be approved, DP&L would seek either a 5 year average with a 10% adder or a 3 year average with a 20% adder. In the absence of a formula and as a "black-box" settlement number, however, DP&L can accept Staff's proposed CAIDI value of 125.04 minutes.

D. DP&L proposes a compromise to Staff's proposed SAIFI Standard.

DP&L expresses concern with Staff's proposed SAIFI standard of .88. Staff's proposed SAIFI standard represents an approximate 18% drop from DP&L's current SAIFI standard of 1.07, which is significant. Part of Staff's rationale for its proposal is founded on a misrepresentation of the Company's move to a five year vegetation management program cycle. DP&L notes that the Company's 5 year vegetation management cycle did not begin until 2010 and therefore, could not have been a factor in the Company's 2009 reliability performance. DP&L wants to ensure that if the Company misses its SAIFI standard that it is due to performance and not a statistical variation. For this reason, DP&L recommends either a 5 year average with 10% adder or a 3 year average with a 20% adder to establish its SAIFI standard.

III. Reply to OCC's Comments

A. <u>A Hearing is unnecessary</u>

The OCC has requested a hearing and claims DP&L's application is deficient in several areas. First, DP&L notes that Staff did not recommend a hearing within its comments filed on November 30, 2012. Further, DP&L respectfully submits that it is highly likely that it will be able to reach some agreement with Staff and perhaps OCC on the appropriate reliability standards for DP&L. DP&L respectfully submits that scheduling a hearing at this time would be premature.

B. <u>DP&L followed regulations prescribed by Section 4901:1-10-10 OAC</u>

The OCC contends at page 5 of its comments that DP&L only considered historical system performance when justifying its reliability standards and the Company did not address all factors including; system design, technological advancements, service area geography, and the customer survey. DP&L notes that while OCC may be unhappy with the length or quality of DP&L's presentation with respect to those factors, DP&L did fully comply with Section 4901:1-10-10 OAC and did specifically address all such factors including, system design, historical system performance, technological advancements, and service area geography within Section V of the Company's application. Further, DP&L addresses the results of the customer survey in Section IV of the application and specifically how the Company's reliability performance is in alignment with customer expectations.

The OCC also contends that DP&L did not provide the OCC the opportunity to review the draft survey as required by the Stipulation approved in the Company's prior reliability case. This is factually in error. DP&L provided the draft survey to the OCC in an email in June of 2011.

Complaints by the OCC regarding workpapers have been fully addressed through discovery and, to DP&L's knowledge, OCC has been provided with every piece of data and information that they have requested.

C. <u>If OCC's proposal is to establish standards based solely on average historical levels, the Commission should reject OCC's proposal.</u>

OCC, in several places within its comments, suggests that DP&L's proposed standards are too lax because they are above historical average levels. OCC does not actually state that they are proposing reliability standards at or below the historical average levels, but that appears to be their position.

If that indeed is the position that OCC is taking, the Commission should reject it summarily. Since an average itself is developed from numbers that, by definition, are above and below the average, such an approach would virtually guarantee that the Company would fail a standard half the time simply due to fluctuations caused by weather even if there were no changes in the Company's efforts to maintain reliable service. To DP&L's knowledge, the Commission has never established a regulatory standard that would be routinely failed due to factors largely outside the utility's control, such as the effects of weather on outages.

IV. Future Review

Section 4901:1-10-10(B)(7) OAC permits the utility to revise its authorized standards by filing for approval its revisions and supporting justification for such revisions with the Commission, unless otherwise ordered by the Commission, legal director, deputy legal director, or attorney examiner. DP&L recommends that any future review of its reliability standards should occur if 1) the Commission orders a new proceeding or, 2) if the Company approaches the Commission with an application.

V. Conclusion

For the foregoing reasons and those set forth within the Company's Application, The Dayton Power and Light Company respectfully requests that the Commission: 1) approve Staff's proposed CAIDI standard of 125.04 minutes; 2) find that the Company's methodology of 3 years with a 20% adder to account for annual variations in weather is appropriate for SAIFI; and 3) deny OCC's request for a hearing.

Respectfully submitted,

Randall V. Griffin
Attorney for the Dayton Power and Light Company
1065 Woodman Drive
Dayton, OH 45432
Telephone: (937) 259-7221
Facsimile: (937) 259-7178
Email: Randal.Griffin@dplinc.com