

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton Power and Light Company for Approval of its Electric Security Plan.	:	Case No. 12-426-EL-SSO
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.	:	Case No. 12-427-EL-ATA
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority.	:	Case No. 12-428-EL-AAM
	:	
In the Matter of the Application of The Dayton Power and Light Company for the Waiver of Certain Commission Rules.	:	Case No. 12-429-EL-WVR
	:	
In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders.	:	Case No. 12-672-EL-RDR
	:	

**PREFILED TESTIMONY  
OF  
RAYMOND W. STROM  
EFFICIENCY AND RENEWABLES DIVISION  
ENERGY AND ENVIRONMENT DEPARTMENT  
PUBLIC UTILITIES COMMISSION OF OHIO**

**Staff Exhibit \_\_\_\_\_**

**March 11, 2013**

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

2 A. My name is Raymond W. Strom. My business address is 180 East Broad  
3 Street, Columbus, Ohio, 43215.  
4

5 2. Q. By whom are you employed and what is your position?

6 A. I am employed by the Public Utilities Commission of Ohio as a Public  
7 Utilities Administrator 3, in the Efficiency and Renewables Division of the  
8 Energy and Environment Department.  
9

10 3. Q. Please summarize your educational background.

11 A. I have earned B.S. and M.S. degrees from Ohio University, both in the bio-  
12 logical/environmental sciences. I have also earned a Master of Business  
13 Administration degree from Capital University.  
14

15 4. Q. Please summarize your work experience.

16 A. Prior to my employment with the PUCO, I was employed as a chemist, a  
17 laboratory technician, a graduate teaching assistant, a research technician  
18 and a quality control coordinator for various organizations. In 1987, I  
19 joined the staff of the Public Utilities Commission of Ohio as Supervisor of  
20 the Electric Fuel Component Section. In 1992, I was promoted to Public  
21 Utility Administrator 1. Starting in 1999, I served as a Public Utility  
22 Administrator 2 in the Facilities, Siting and Environmental Analysis Divi-

1 sion. In October of 2009 I was promoted to Chief of the Efficiency and  
2 Renewables Division.

3  
4 5. Q. Have you testified in prior proceedings before the Commission?

5 A. Yes. I have testified in several cases before the Commission.

6  
7 6. Q. What is the purpose of your testimony?

8 A. The purpose of my testimony is to present Staff's suggested revisions to the  
9 Company's competitive bidding process proposals.

10  
11 7. Q. In its comments submitted on April 27, 2012, in this case, Staff presented  
12 various concerns that it had about the competitive bidding process that had  
13 been submitted in the Company's initial proposal. Have these concerns  
14 been addressed by the Company in its revised competitive bidding process  
15 proposal, submitted on October 5, 2012?

16 A. In general, yes, they have. In its comments, Staff identified concerns it had  
17 about the lack of a load cap, the ability to change auction managers,  
18 inclusion of renewable energy requirements in the auction product, and  
19 clarity of competitive bidding costs to be included in the reconciliation  
20 rider. In its revised filing, the Company has made revisions to these areas  
21 that addressed the concerns presented by Staff. Further, Staff had  
22 recommended that a process for approving potential modifications to the

1 competitive bidding process should be developed prior to initial  
2 implementation of the competitive bidding process plan. Although the  
3 Company has indicated that its proposed competitive bidding process can  
4 be modified during the term of the ESP, a process for such modifications  
5 has not been presented. Also, Staff had noted in its comments that the  
6 Company's competitive bidding process website was not yet functional, so  
7 it had not been possible to evaluate the quality of the data presented on the  
8 website. As of the time of filing this testimony, the website has still not yet  
9 become functional, so the inability to evaluate the quality of the data on the  
10 website remains.

11  
12 Additionally, I note that the Company's current proposal appears not to  
13 provide for the Commission to make an independent determination about  
14 whether or not to accept the results of the auctions held pursuant the  
15 competitive bidding process. As described in the Company's plan, the  
16 determination is to be limited to the Commission's consideration of three  
17 very basic requirements, or as directed by the auction manager and/or the  
18 Commission's consultant in their reports to the Commission. I believe that  
19 it would be more appropriate for the competitive bidding process plan to  
20 indicate that these inputs should be used by the Commission in making its  
21 decision on whether or not to accept the auction results, but that the  
22 decision ultimately should rest with the Commission.

1 8. Q. Does Staff have further modifications to recommend to the competitive  
2 bidding process recommended by the Company?

3 A. Yes. Staff witness Choueiki is recommending that the electric security plan  
4 be limited to a three year period. This limitation necessitates modifications  
5 to the blending percentages and delivery time periods for the standard  
6 service offer supply that is to be obtained pursuant to the competitive  
7 bidding process that has been proposed by the Company. In order to  
8 accommodate the revised term of the electric security plan, and accomplish  
9 the transition to 100% market over the three year term, I recommend the  
10 auction schedule presented in Exhibit RWS-1. This revised auction  
11 schedule has a benefit of accelerating the move toward market pricing, with  
12 higher percentages of market pricing at earlier times during the term of the  
13 ESP. This will help assure that SSO ratepayers will receive a greater  
14 proportion of the benefits of the lower market pricing earlier in the ESP  
15 than under the schedule proposed by the Company.

16  
17 Additionally, the competitive bidding process proposed by the Company  
18 appears to allow DP&L to participate in its own auction. I am concerned  
19 that DP&L's participation could have a negative impact on participation of  
20 other potential bidders. This is because of the potential perception by other  
21 bidders that they would be bidding against subsidized generation resources,  
22 because of revenue that DP&L would receive through the Service Stability

1 Rider (SSR). Robust participation is an important factor for the success of  
2 the auction. Therefore, I recommend that DP&L not be permitted to  
3 participate in the auction while the SSR is in place.  
4

5 9. Q. Doe this conclude your testimony?

6 A. Yes, it does. However, I reserve the right to submit supplemental testi-  
7 mony as described herein, as new information subsequently becomes avail-  
8 able or in response to positions taken by other parties.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Raymond W. Strom, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the parties listed below, this 11<sup>th</sup> day of March, 2013.

/s/ Thomas W. McNamee

**Thomas W. McNamee**  
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## Exhibit RWS-1

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**Summary: Testimony electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO**