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Date of Hearing: March 22, 2013

Case No. 12-426-EL-SSO, et al. - Volume V

PUCO Case Captions:

In the Matter of the Application of The Dayton Power and Light Company for Approval of its Market Rate Offer. 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 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

List of exhibits being filed:

OCC Exhibits 15, 17, and 17A

IEU-Ohio Exhibits 22 and 27

RESA Exhibits 1 and 3

Reporter's Signature: Maria DiPaolo Jones

Submitted by Armstrong & Okey, Inc.: \_\_\_\_\_

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Application of The Dayton :  
Power and Light Company : Case No. 12-426-EL-SS0  
for Approval of its :  
Electric Security Plan. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-427-EL-ATA  
for Approval of Revised :  
Tariffs. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-428-EL-AAM  
for Approval of Certain :  
Accounting Authority. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-429-EL-WVR  
for the Waiver of Certain :  
Commission Rules. :

In the Matter of the :  
Application of the Dayton : Case No. 12-672-EL-RDR  
Power and Light Company :  
to Establish Tariff Riders:

- - -

PROCEEDINGS

before Mr. Gregory A. Price and Mr. Bryce A.  
McKenney, Hearing Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-C,  
Columbus, Ohio, called at 9:00 a.m. on Friday,  
March 22, 2013.

VOLUME V

- - -

**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION OF OHIO**  
  
**THE DAYTON POWER AND LIGHT COMPANY**

**CASE NO. 12-426-EL-SSO**

**CASE NO. 12-427-EL-ATA**

**CASE NO. 12-428-EL-AAM**

**CASE NO. 12-429-EL-WVR**

**CASE NO. 12-672-EL-RDR**

**ELECTRIC SECURITY PLAN (ESP)**  
**SECOND REVISED DIRECT TESTIMONY**  
**OF DONA R. SEGER-LAWSON**

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

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

ELECTRIC SECURITY PLAN (ESP)  
SECOND REVISED TESTIMONY OF  
DONA R. SEGER-LAWSON

ON BEHALF OF  
THE DAYTON POWER AND LIGHT COMPANY

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1    **I.    INTRODUCTION**

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

3    A.    My name is Dona R. Seger-Lawson. My business address is 1065 Woodman Drive,  
4           Dayton, Ohio 45432.

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

6    A.    I am employed by The Dayton Power and Light Company ("DP&L" or "Dayton" or  
7           the "Company") as Director, Regulatory Operations.

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

9    A.    I received a Bachelor of Science degree in Business Administration with majors in  
10          Finance and Management from Wright State University in Dayton, Ohio in 1992. I  
11          earned a Masters in Business Administration with a Finance Administration  
12          concentration also from Wright State University in August of 1997. I have been  
13          employed by DP&L in the Regulatory Operations division since 1992.

14   **Q.    How long have you been Director of Regulatory Operations?**

15   A.    I assumed my present position on August 25, 2002. Prior to that time, I held various  
16          positions in the Rates/Pricing Services/Regulatory Operations division, my most  
17          recent prior position being that of Manager, Regulatory Operations, beginning in  
18          February 2001.

19   **Q.    What are your responsibilities in your current position?**

1 A. I have overall responsibility for all base rate development, for both retail and  
2 wholesale electric rates. I am responsible for evaluating regulatory and legislative  
3 initiatives, and ~~commission~~ Commission orders that impact the Company's retail and  
4 wholesale rates and overall regulatory operations.

5 Q. Have you previously provided testimony before the Public Utilities Commission  
6 of Ohio ("PUCO" or the "Commission")?

7 A. Yes. I have sponsored testimony in Case No. 99-220-GA-GCR; Case No. 00-220-  
8 GA-GCR; DP&L's Electric Transition Plan Case, No. 99-1687-EL-ETP; DP&L's  
9 Extension of the Market Development Period Case, No. 02-2779-EL-ATA; in  
10 Opposition to the Complaints in Case Nos. 03-2405-EL-CSS, and 04-85-EL-CSS; in  
11 the Company's Rate Stabilization Period Case, No. 05-276-EL-AIR, and in the  
12 Company's Electric Security Plan ~~filing~~ Case, No. 08-1094-EL-SSO.

13 **II. PURPOSE OF TESTIMONY**

14 Q. What are the purposes of your testimony in this proceeding?

15 A. The purposes of my testimony are to support the Company's current rates, the Rate  
16 Blending Plan, the Request for Waivers, the placeholder for the Alternative Energy  
17 Rider-Nonbypassable (AER-N), the competitive retail enhancements and any impacts  
18 of the Company's plan on government aggregation efforts. I am sponsoring Schedules  
19 1, 1A, and 1B, Schedule 2 and 2B, Schedules 3, 4, 6, Schedule 7, and Schedule 8. I  
20 also support the changes to Tariff Sheet Nos. G10 – G18, and the implementation of  
21 Tariff Sheet No. G31.

1    **III.    BACKGROUND**

2    **Q.    Are you generally familiar with Ohio SB 221?**

3    A.    Yes. Among other points, I understand that under Ohio SB 221, utilities are permitted  
4           to file either a Market Rate Offer (MRO) under Ohio Revised Code §4928.142, or an  
5           Electric Security Plan (ESP) under Ohio Revised Code §4928.143.

6    **Q.    How were DP&L's current Standard Service Offer (SSO) rates established?**

7    A.    DP&L filed an Electric Security Plan (ESP) on October 10, 2008 in Case No. 08-  
8           1094-EL-SSO. The Commission issued an Opinion and Order in that case on June 24,  
9           2009 approving DP&L's ESP. DP&L's current ESP rates went into effect in July  
10          2009.

11 | **Q.    Are any of DP&L's current rates ~~scheduled~~required to expire as of December 31,**  
12          **2012?**

13    A.    No. DP&L's current rate plan, like other rate plans before it, established rates for a  
14          period of time. Specifically, Paragraph 1 of the ESP Stipulation reached in Case No.  
15          08-1094-EL-SSO states "the parties agree to extend DP&L's current rate plan through  
16          December 31, 2012 except as expressly modified herein." The remainder of the ESP  
17          Stipulation further states that certain rates will be charged through December 31,  
18          2012. The ESP Stipulation does not state that any charge will be set to zero on  
19 |          January 1, 2013. -Neither does the ESP Stipulation say that DP&L agrees not to  
20          request to implement new or to continue existing rates for the period beginning  
21          January 1, 2013.

1    **Q.    Under which methodology did DP&L choose to implement SSO rates through**  
2       **this filing?**

3    A.    DP&L filed this ESP case under ORC §4928.143, and therefore has put forth its filing  
4       under the provisions of the ESP section of the Ohio Revised Code.

5    **Q.    Why is DP&L proposing to procure a portion of SSO load through a competitive**  
6       **bid?**

7    A.    DP&L has been monitoring SSO cases as they have come before the ~~Public Utilities~~  
8       ~~Commission of Ohio~~. Every Ohio electric utility that has had an SSO case ruled on by  
9       the PUCO in the last 2 years has had all or some portion of the load required to be  
10       procured through a competitive bidding process. Although the ESP provisions of the  
11       Ohio Revised Code do not discuss competitive bid processes, DP&L believes that the  
12       current state policy is to establish standard offer rates through some form of  
13       competitive bid.

14   **Q.    What type of ~~waiver is~~waivers are the Company seeking?**

15   A.    As specified in the Company's application, DP&L is seeking a waiver of Ohio  
16       Administrative Code (OAC) §4901:1-35-03(C)(9)(b)-), certain information required  
17       by OAC §4901:1-36-03 and OAC § 4901:1-36-04(B).

18   **Q.    Please explain the waiver request for OAC §4901:1-35-03(C)(9)(b).**

19   A.    While DP&L is seeking a placeholder for a nonbypassable charge relating to new  
20       generation that was used and useful after January 1, 2009, it is proposing to file cost



1 support and full justification for that charge in a separate filing that will be made  
2 within six months of a final Commission order in this case.

3 **Q. Has the Commission granted similar requests?**

4 A. Yes, the Commission permitted AEP in its SSO Case No. 11-346-EL-SSO, to have a  
5 placeholder tariff for cost recovery of its Turning Point Solar project. On page 24 of  
6 the August 8, 2012 order in that case, AEP was directed to address all of the statutory  
7 requirements in a future proceeding but was granted the authority to establish the  
8 Generation Resource Rider (GRR) at a rate initially set at zero. DP&L is seeking the  
9 ability to file in a future proceeding its cost support and legal arguments to set its non-  
10 bypassable cost recovery mechanism for the Yankee Solar Generating Facility.

11 **Q. Please explain the waiver requests relating to the Transmission Cost Recovery**  
12 **Rider (TCRR).**

13 A. The Appendix to OAC §4901:1-36-03 requires Schedules B-4, B-5, D-1, D-2, D-3 and  
14 D-3a...z to be filed as part of a Transmission Cost Recovery Rider (TCRR)  
15 application. These schedules require historical data (costs, revenues, typical bills,  
16 reconciliation amounts) to be filed. This information does not exist for DP&L's  
17 proposed newly established rider TCRR-N. Secondly, OAC § 4901:1-36-04(B)  
18 requires that a transmission cost recovery rider be avoidable by all customers who  
19 chose alternative generation suppliers. DP&L is seeking authority to split the TCRR  
20 requirements into bypassable and non-bypassable components, and DP&L thus  
21 requests a waiver of the requirement that all TCRR components be avoidable. Finally,

1 DP&L requests a one-month delay in the Commission April 15, 2009 Order in Case  
2 No. 08-777-EL-ORD, which directs that DP&L file its annual TCRR True-up  
3 application no later than February 15 for rates effective May 1. This adjustment will  
4 allow DP&L to file its annual application by March 15 for rates effective June 1,  
5 which will better align with the PJM delivery year.

6 **IV. ESP RATE BLENDING PLAN**

7 **Q. Please explain DP&L's ESP Rate Blending Plan.**

8 A. DP&L's Rate Blending Plan can be found in Book I of this filing. The Company's  
9 Rate Blending Plan describes all changes to DP&L's ~~standard service offer (SSO)~~ SSO  
10 rates and DP&L's plan to procure a portion of the SSO load through a competitive  
11 bidding process. The competitive bidding price will be blended with DP&L's  
12 ~~standard service offer~~ existing SSO rates to arrive at a new ESP SSO. Some of the  
13 rates that make up DP&L's most recent ~~standard service offer~~ SSO price are fixed and  
14 do not change. Those rates will simply be adjusted downward by the portion of the  
15 SSO load that is part of the Competitive Bidding Process ("CBP"). Other rates/riders  
16 are rate "trackers" ~~or that~~ are adjusted up or down for changes in actual costs and  
17 revenues recovered through the rate. It is DP&L's intent that those rates will remain  
18 in their current form to the extent possible, but the underlying costs recovered through  
19 those rates should decrease over time as more of the SSO load is bid out.

20 **Q. What is the overall impact of the Company's ESP Rate Blending Plan?**

21 A. DP&L's ESP Rate Blending Plan is expected to result in a slight rate ~~decrease~~ increase

1 for SSO residential customers that consume 1000 kilowatt hours (kWh) or more a  
2 month, and a total bill decrease of ~~2—60~~3% for most non-residential SSO tariff  
3 classes. Although the amount of the increase or decrease will ultimately depend upon  
4 the results of the CBP,<sup>1</sup> using a placeholder for the CBP result, DP&L's estimate is  
5 that proposed rates will result in a per-bill increase for a typical residential customer  
6 that uses 750 kWh of electricity a month by ~~\$0.97~~2.81, or ~~0.87~~2.61% from current  
7 rates for the first period. Most non-residential customers should experience between  
8 20 and 63% rate decrease from current standard service offer rates in the first year of  
9 the Rate Blending Plan. Most tariff classes are expected to experience SSO rate  
10 decreases for periods 2 through 5 as market prices are blended into current rates.

11 **Q. What is the expected revenue impact to the Company?**

12 A. DP&L's standard offer generation revenues will decrease overall as a result of this  
13 filing by approximately \$5246 M per year for the first year, as a portion of DP&L's  
14 SSO load will be sourced through a competitive bid and other adjustments were made  
15 to the SSO generation rates. As more SSO supply is sourced through the CBP, DP&L  
16 will continue to experience a decrease in SSO generation revenues each year  
17 throughout the blending period. DP&L's retail transmission rates will increase as a  
18 retail nonbypassable transmission charge will be implemented; however this revenue  
19 is offset slightly by a decrease in wholesale transmission revenues from Competitive  
20 Retail Electric Service (CRES) Providers operating in DP&L's service territory.

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<sup>1</sup> According to DP&L's ESP plan, the first Competitive Bidding Process will take place 8 weeks after a Commission order is issued in this case.

1 DP&L is seeking a rate increase relating to its nonbypassable charge of approximately  
2 \$4765 M per year.

3 **Q. Are all rates that are currently in effect impacted by the ESP Rate Blending**  
4 **Plan?**

5 **A.** No. Several rates or riders that relate to distribution service are not affected by the  
6 ESP Rate Blending Plan. Those rates are:

- 7 1. Energy Efficiency Rider
- 8 2. Economic Development Rider
- 9 3. Universal Service Fund Rider
- 10 4. Excise Tax Rider

11 These rates will remain in their current form and may be trued-up periodically based  
12 on how these rates are currently implemented.

13 **Q. Which of DP&L's current rates/riders are part of the Blended SSO rate?**

14 **A.** The following rates/riders are part of the Blended SSO rate:

- 15 1. Base Generation Rates
- 16 2. FUEL Rider
- 17 3. Reliability Pricing Model (RPM) Rider
- 18 4. Transmission Cost Recovery Rider - Bypassable (TCRR-B)

19 **Q. Which rates are fixed, and thus simply decrease by the percentage of load that is**  
20 **served through the competitive bidding process?**

A. DP&L's base generation rates are fixed. Through this filing DP&L has merged its environmental investment rider into the base generation rates. The base generation rates as proposed in Tariff Sheet Nos. G10 – G18 of this filing reflect the percentage of load that will be supplied by DP&L. In other words, the base generation rate for the period beginning January 1, 2013 and going through May 31, 2014 is designed to reflect 90% of DP&L's base generation rate and environmental investment rider as those charges are in place as of March 1, 2012. The base generation rate will be reduced for each period during the ESP by the percentage of load supplied by the utility. Since the CBP is designed to coincide with the PJM auction year starting in 2014, beginning June 1<sup>st</sup>, 2014, and for every subsequent June through 2017, the blending mix will shift from ESP to ~~CB~~competitive bid (CB) in increments of 30%. On June 1, 2016, one hundred percent of the SSO will be procured through the CBP. The periods and the corresponding blend percent are summarized in the table below:

Period	ESP %	CB %
January '13 – May '14	90%	10%
June '14 – May '15	60%	40%
June '15 – May '16	30%	70%
Beginning June '16	0%	100%

**Q. Which of the rates/riders that are part of the Blended SSO rate are “trackers” and will continue to be trued-up through the ESP blending period?**

A. The FUEL rider, RPM Rider and TCRR are currently trackers and will continue to be trued-up during the ESP blending period. We expect that the level of these charges

1 will decrease over time, since the underlying supply costs should decrease as the  
2 percentage of load that is bid out increases.

3 **Q. Is DP&L proposing any adjustments to current rates?**

4 A. Yes. The Company is proposing four changes to rates to implement the ESP blending  
5 plan. First, DP&L is proposing to split the TCRR into bypassable and non-bypassable  
6 rates. This split is explained in more detail by Company Witness Claire Hale.  
7 Second, through this filing, the Company plans to merge the Environmental  
8 Investment Rider (EIR) into base generation rates. Third, the Company plans to  
9 phase-out the maximum charge provisions contained in current Generation tariffs.  
10 The plan to phase-out of the maximum charge provision is explained in more detail by  
11 Company Witness Nathan Parke. Finally, the Company plans to move from its current  
12 FUEL methodology to a system average cost methodology. This policy change is  
13 supported by Company Witness Teresa Marrinan.

14 **Q. Are there any new rates included in DP&L's ESP Rate Blending Plan?**

15 A. Yes. There will be six new rates to implement the ESP Rate Blending Plan. First, to  
16 implement the results of the CBP, there will be a new ~~Competitive Bidding~~ ("CB")  
17 Rate that will charge customers for the portion of the SSO load that is procured  
18 through the auction process. This rate has been designed to keep the Company's  
19 current rate structure to the extent practical. This ~~rate~~ CB Rate is supported by  
20 Company Witness Emily Rabb- (whose testimony I have adopted in its entirety).

1 Second, the costs of energy, capacity, and market-based TCRR costs will not likely  
2 match dollar for dollar the revenue recovered from customers through the CB Rate.  
3 Thus the Company plans to implement the Competitive Bid True-up (CBT)  
4 ~~rider~~Rider. This rate could be positive or negative depending upon the difference  
5 between the costs associated with procuring the competitive bidding product and the  
6 revenues collected. This CBT Rider is supported by Company Witness Nathan Parke.  
7  
8 Third, the Company is seeking authority to implement a non-bypassable Service  
9 Stability Rider (SSR) which is sponsored by Company Witness Bill Chambers.  
10  
11 Fourth, the costs of conducting the CBP, the costs of implementing the competitive  
12 retail enhancements and any remaining over or under-collection in the true-up trackers  
13 at the end of the blending period will be included in a new Reconciliation Rider  
14 (“RR”). This charge is supported by Company Witness Emily Rabb, (whose  
15 testimony I have adopted in its entirety).  
16  
17 Fifth, the Company is seeking approval of a switching tracker that will be  
18 implemented January 1, 2013 and begin recovery January 1, 2014. This charge is  
19 supported by Company Witness Craig Jackson and is discussed in further detail below.  
20  
21 Finally, the Company is proposing a new Alternative Energy Rider – Nonbypassable  
(AER-N) as a placeholder to recover costs the Company has incurred from building  
and operating a solar generation array known as Yankee Solar Generating Facility.  
The Company plans to make a subsequent filing to cost justify that rate.

21 Q. Has the Company eliminated any rates?

1     A.     Yes, the Company is proposing to eliminate its Rate Stabilization Charge (RSC)  
2           effective January 1, 2013.

3     **Q.     How will the “tracker” rates be trued-up?**

4     A.     DP&L’s current FUEL rider is designed to be trued-up based on a seasonal quarter  
5           basis, meaning the rate changes March 1, June 1, September 1, and December 1. The  
6           Company plans to implement all of the tracker riders (FUEL, TCRR-B, RPM, and  
7           CBT) on a consistent schedule to minimize the number of times the standard service  
8           offer rates will be modified throughout the calendar year. The initial tracker riders  
9           will be set via filings ~~on December 1~~ made one month prior to the effective date of this  
10          rate plan that will set the rates ~~for the period January 1, 2013 through May 31, 2013.~~  
11          The next set of tracker filings will be submitted on or before May 1, 2013 with a  
12          requested implementation date of June 1, 2013. The May 1 filing will true up actual  
13          costs through March 31, 2012. A graph of the true-up schedule can be found in  
14          Appendix C of this filing.

15    **Q.     What happens at the end of the rate blending period?**

16    A.     The Company plans to remove any under- or over-recovery from the “tracker” rates  
17           that are in effect as of the time the SSO load is procured by 100% through the CBP,  
18           and place those amounts into a Reconciliation Rider that would recover any rates that  
19           are the residual effect of the previous rate structure. The Reconciliation Rider is  
20           addressed in detail by Company Witness Emily Rabb- (whose testimony I have  
21           adopted in its entirety).



**V. COMPETITIVE RETAIL ENHANCEMENTS**

**Q. Please describe the competitive retail enhancements the Company plans to implement.**

**A.** In an effort to further promote the policy of the state to encourage competition, the Company plans to implement six projects that will improve the interaction of CRES Providers with DP&L to ensure a smoother customer choice administrative process. Specifically, the Company plans to implement the following modifications to its Customer Service System (CSS), Electronic Data Interchange (EDI) systems, and Information Technology (IT) systems:

1. Eliminate the minimum stay and return to firm provisions in its generation tariffs.
2. Implement a web-based portal such that CRES Providers can obtain DP&L customer information in more usable and manageable fashion.
3. Implement an auto-cancel feature to our Bill-Ready billing function, such that when DP&L cancels its usage and related charges, it will also cancel the supplier usage and related charges on the customer's bill. This change will eliminate customer confusion and will ensure that customer payments are posted to valid charges.
4. Remove the enrollment verification that requires a CRES Provider to have the first four characters of the customer name on the account as well as the correct account number.
5. Support DP&L's response to Historical Interval (HI) usage data requests via EDI.

1           6. Provide CRES Providers with a standardized sync list on a monthly basis to ensure  
2           that the Company has identified the correct accounts that are served by each CRES  
3           Provider.

4   **Q.     What is the forecasted cost of these projects?**

5   A.     DP&L anticipates that these enhancements will require DP&L to incur approximately  
6           \$2.5 million in capital improvements to its CSS, EDI, and IT systems.

7   **Q.     What is the timing associated with implementing these enhancements?**

8   A.     DP&L is working on a schedule for these projects because several of the projects will  
9           take a significant amount of planning, programming and administrative  
10          implementation. Assuming that the Commission approves rate recovery of these  
11          projects, the Company plans to implement most, if not all of these enhancements  
12          within 24 months of rate approval.

13 **Q.     How and when does the Company plan to recover these costs?**

14 A.     Through this filing DP&L seeks the authority to recover a revenue requirement based  
15          on the implementation costs of these projects through the quarterly adjusted  
16          Reconciliation Rider. Assuming that the Commission approves DP&L's ESP as filed,  
17          the Company will begin implementation of these competitive enhancements, and once  
18          a given project is used and useful, the Company will place that project ~~into~~into service  
19          and will file for cost recovery in the next quarterly Reconciliation Rider filing.

1   **Q.     Does the Company or its shareholders benefit from these competitive retail**  
2       **enhancements?**

3   **A.     No. Neither the Company nor its shareholders benefit from these system**  
4       **enhancements. Most of the projects listed above will improve the administrative**  
5       **processes of CRES Providers operating in DP&L's service territory.**

6   **VI.     ALTERNATIVE ENERGY RIDER – NONBYPASSABLE (AER-N)**

7   **Q.     Ohio Revised Code §4928.143 (B)(2)(c) states that a utility may seek:**

8       **“The establishment of a nonbypassable surcharge for the life of an electric**  
9       **generating facility that is owned or operated by the electric distribution utility,**  
10      **was sourced through a competitive bid process subject to any such rules as the**  
11      **commission adopts under division (B)(2)(b) of this section, and is newly used and**  
12      **useful on or after January 1, 2009, which surcharge shall cover all costs of the**  
13      **utility specified in the application, excluding costs recovered through a surcharge**  
14      **under division (B)(2)(b) of this section. However, no surcharge shall be**  
15      **authorized unless the commission first determines in the proceeding that there is**  
16      **need for the facility based on resource planning projections submitted by the**  
17      **electric distribution utility.**

18      **Does DP&L's Yankee Solar Generating Facility meet all of those requirements?**

19   **A.     Yes. That facility was: 1) owned or operated by the utility, 2) sourced through a**  
20       **competitive bid process, 3) newly used and useful on or after January 1, 2009, and 4)**  
21       **found by the Commission to be needed as a result of the resource planning process.**

1    **Q.    Did the Commission find there was a need for the Yankee Solar Generating**  
2    **Facility?**

3    A.    Yes. On April 14, 2010 the Commission issued an order in Case No. 10-505-EL-FOR  
4           (DP&L's Long-term Forecast Report), and stated in part at Finding 11 "[t]here is a  
5           need for a 1.1 MW solar generation facility, known as Yankee 1."

6    **Q.    Is the Company seeking a non-bypassable charge for the life of the Yankee Solar**  
7    **Generating Facility?**

8    A.    Yes. The Company is seeking authority for a placeholder tariff for the Alternative  
9           Energy Rider – Non-bypassable (AER-N) in Tariff Sheet No. G31 and asking for the  
10          rate to be initially set to zero.

11   **Q.    When will the Company file its cost support for this AER-N?**

12   A.    DP&L plans to file its cost support for the AER-N within six months of the  
13          Commission order approving the Company's ESP filed in this case.

14   **VII.   SWITCHING TRACKER**

15   **Q.    Can you describe the Company's plans to implement a switching tracker?**

16   A.    Yes, as supported by Company Witness Craig Jackson, the Company plans to  
17          implement a switching tracker that would defer for later recovery from customers the  
18          difference between the ~~current~~ level of switching as of the initial ESP filing date (62%  
19          of retail load) and the actual level of switching.

1    **Q.    For this purpose, how will the Company measure the level of switching?**

2    A.    Each month, DP&L will compare the actual monthly switching rate to the August 30,  
3    2012 switching rate reflected in Workpaper 8 pages 5 and 6 ~~by tariff class~~, as a  
4    percentage of distribution sales. The percentage of additional switching occurring  
5    after August 30, 2012 will be multiplied by distribution load contained on Workpaper  
6    8 page 1 and 2 and will equal the quantity of additional switched load in megawatt  
7    hours (MWh) subject to the switching tracker.

8    **Q.    What will be used to calculate the cost of the switching tracker?**

9    A.    The costs subject to the switching tracker will equal the difference between the  
10    Blended SSO rate and the CB rate in effect ~~based on tariff class~~. That difference ~~(\$/is~~  
11    calculated as dollars per MWh) (\$/MWh) and multiplied by the quantity of additional  
12    switched load in MWh and will be the amount that will be included in the switching  
13    tracker regulatory asset account for the month.

14   **Q.    How does the Company propose to recover the switching tracker?**

15   A.    The Company seeks to recover the balance from all customers beginning January 1,  
16   2014 until the deferral balance plus carrying costs are at a zero balance.

17   **VIII. OTHER**

18   **Q.    Why did DP&L select Charles River Associates to manage the Competitive**  
19   **Bidding Process (CBP) for DP&L?**

1     A.     Charles River Associates (CRA) has significant experience managing commodity  
2            auctions and specifically managing electric power auctions in Ohio. CRA has worked  
3            with the PUCO in administering and conducting the structured procurement auctions  
4            for both FirstEnergy's Ohio electric distribution utilities and Duke Energy Ohio. It  
5            was a logical business choice for DP&L to select CRA to manage DP&L's CBP since  
6            this will be the first experience DP&L will have in conducting such an auction.

7     **Q.     Is DP&L opposed to choosing a different auction manager for future power**  
8            **auctions?**

9     A.     No, DP&L is not opposed to choosing a different auction manager in the future. The  
10            Company suggests an RFP process be used in the future to select the CBP auction  
11            manager. DP&L and the PUCO have issued RFPs in the past to select a FUEL auditor  
12            and such a process could be used for the CBP auction manager. DP&L as well as the  
13            PUCO and interested stakeholders have an interest in making sure the CBP auction  
14            manager is qualified and experienced in conducting such an auction.

15    **Q.     Does DP&L have an Operational Support Plan that was approved by the PUCO?**

16    A.     Yes. DP&L filed in 99-1987-EL-ETP its original Operational Support Plan. That  
17            plan was approved by PUCO order dated September 21, 2000. Since that time,  
18            DP&L's ~~operational support plan~~ Operational Support Plan has been carried out in the  
19            form of the Company's Alternative Generation Supplier Coordination Tariff, Tariff  
20            Sheet No. G8. DP&L's Tariff Sheet No. G8 governs the relationship between DP&L  
21            and CRES Providers who are doing business in DP&L's service territory.

1    **Q.    Is DP&L proposing to modify its Tariff Sheet No. G8, and therefore its**  
2       **Operational Support Plan, through this filing?**

3    A.    No. DP&L is not ~~supporting~~requesting any changes to the Company's Tariff Sheet  
4       No. G8.

5    **Q.    Ohio Administrative Code §4901:1-35-03(C)(6) and (7) require the utility to**  
6       **discuss how its ESP plan impacts governmental aggregation programs. How**  
7       **does DP&L's plan address governmental aggregation programs?**

8    A.    DP&L's ESP plan does not provide disincentives for municipal corporations or  
9       townships to implement governmental aggregation programs. DP&L has had a  
10       number of communities pass ballot issues allowing them to implement opt out  
11       governmental aggregation programs, and has several communities that have moved  
12       forward with government aggregation efforts in 2012. There is nothing in DP&L's  
13       ESP plan that would provide disincentives for governmental aggregation programs to  
14       go forward with their plans to aggregate.

15   **Q.    Do you adopt the testimony of Company Witness Emily Rabb?**

16   A.    Yes. Ms. Rabb is on maternity leave and will not be available to testify on the topics  
17       covered by her original testimony at the February 11 hearing date; therefore I am  
18       adopting her testimony as filed on October 5, 2012.

19   **IX.    SCHEDULES AND WORKPAPERS**

20   **Q.    What is contained on Schedules 1 and 1A?**

1 A. Schedule 1 contains a summary of DP&L's rates that are part of the blending process,  
2 while Schedule 1A contains a listing of all of DP&L's rates that are in effect as of  
3 September 1, 2012.

4 **Q. Have you changed anything on Schedules 1 and 1A?**

5 **A. Yes, current rates were updated to reflect rates as of December 1, 2012. Specifically,**  
6 **the FUEL rider and the Economic Development Rider were both updated to reflect**  
7 **rates that are currently in effect.**

8 **Q. What is contained on Schedule 1B?**

9 A. Schedule 1B shows the revenues that are generated by the current rates that are part of  
10 the blending process being applied to forecasted SSO billing determinants.

11 **Q. What is the source of the forecasted SSO billing determinants?**

12 A. The forecasted SSO billing determinants can be found on Workpaper 8 and are  
13 supported by Company Witness Aldyn Hoekstra.

14 **Q. Please explain what information is provided on Schedule 2.**

15 A. Schedule 2 contains a summary of the changes that were made to the current rates that  
16 are subject to the blending process. The change to each rate/rider is supported by its  
17 own separate Schedule or short series of Schedules and sponsored by various  
18 Company witnesses.

19 **Q. Are you sponsoring Schedule 2B? If so, what does it contain?**



1     A.     Yes. Schedule 2B shows that aside from adding the EIR rate to the base generation  
2           rates, the Company is not proposing any other adjustments to its base generation rates.

3     **Q.     What is contained on Schedule 3?**

4     A.     Schedule 3 contains a summary of the rates that are part of the blending process after  
5           the adjustments are made.

6     **Q.     How are these rates calculated?**

7     A.     The rates contained on Schedule 3 are the sum of the rates contained on Schedule 1  
8           and the rates contained on Schedule 2.

9     **Q.     What is contained on Schedule 4?**

10    A.     Schedule 4 shows the adjusted rates from Schedule 3 multiplied by the percentage of  
11           SSO load supplied by the utility, or the ESP percentage for the period. There is a  
12           separate page for each period during the ESP.

13    **Q.     Why does Schedule 4, pages 4 and 5 contain rates that are all zero?**

14    A.     Pages 4 and 5 are for periods 4 and 5. These pages show that starting June 2016 the  
15           blending process is complete at that time. Thus, the generation rates for SSO load will  
16           be 100% CB and 0% ESP for periods 4 and 5 during the ESP.

17    **Q.     What is contained on Schedule 5 and how did it change from the October 5, 2012**  
18           **filing?**

1 | A. Schedule 5 depicts a projection of the CBP results and shows how those prices would  
2 | be blended over the rate blending period. Although the expected CBP results did not  
3 | change, the CB rate changed as a result of a change in demand billing determinants for  
4 | the secondary, primary, primary-substation, and high voltage tariff classes and updates  
5 | to the fuel rate.

6 | **Q. What is contained on Schedule 6?**

7 | A. Schedule 6 shows the Blended SSO rates that will be in effect during each of the five  
8 | periods during the ESP plan. This schedule takes the ESP rates contained on Schedule  
9 | 4 and blends them with the CB rate that is contained on Schedule 5 based on the ESP  
10 | to CB percentages. In other words, column C shows the SSO rate that would be in  
11 | effect January 1, 2013 through May 31, 2014, assuming the CBP results in the rate  
12 | that was used in Schedule 5 for illustrative purposes.

13 | **Q. What is contained on Schedule 7?**

14 | A. Schedule 7 shows a summary of SSO rates that are not part of the blending process.  
15 | SSO rates that are not part of the blending process are: 1) the Reconciliation Rider,  
16 | (RR), 2) the Competitive Bid True-up (CBT) Rider, 3) the Transmission Cost  
17 | Recovery Rider - Non-bypassable (TCRR-N<sub>r</sub>), 4) the Service Stability Rider (SSR), 5)  
18 | the Alternative Energy Rider (AER), and 6) the Alternative Energy Rider –  
19 | Nonbypassable (AER-N).

20 | **Q. Please describe Schedule 8.**

1    A.    Schedule 8 shows the revenues associated from this ESP plan. Some of the revenues  
2           are based on distribution billing determinants and others are based on SSO billing  
3           determinants. Not all revenues contained on Schedule 8 are DP&L revenues.

4    **Q.    Can one compare the current revenues contained on Schedule 1B to revenues**  
5           **contained on Schedule 8 and draw any relevant conclusions about the impact of**  
6           **this filing on DP&L revenues?**

7    A.    No. The revenues contained on Schedule 1B reflect what DP&L revenues would be if  
8           current rates are applied to current billing determinants. The revenues contained on  
9           Schedule 8 are projected revenues under the ESP plan; however there are several  
10          things that make the Schedule 8 revenues not comparable to Schedule 1B revenues.  
11          First, the transmission revenues reflected on Schedule 8 are applied to distribution  
12          level billing determinants (where the transmission revenues on Schedule 1 are applied  
13          only to SSO billing determinants). This difference is because the majority of TCRR  
14          costs are moving from bypassable to non-bypassable charges. Second, the revenues  
15          on Schedule 8 associated with the ~~competitive-bidding~~CB rate do not reflect DP&L  
16          revenues but instead are revenues that will be provided to the winning bidders of the  
17          CBP. Finally, the revenues associated with the ~~Reconciliation Rider~~RR on Schedule 8  
18          are to recover new costs associated with implementing the CBP and the competitive  
19          retail enhancements.

20   **Q.    What is the impact of this plan on DP&L's generation revenues?**

1 | A. DP&L's generation revenues decrease by approximately \$5246 M as shown on  
2 | Workpaper 8.1 page 1.

3 | **Q. What is the impact of this plan on DP&L's transmission revenues?**

4 | A. The impact on transmission revenues can be found on Workpaper 8.1 page 2. As  
5 | DP&L is proposing to implement a non-bypassable TCRR-N to recover the majority  
6 | of its transmission costs, DP&L's current transmission revenues shift from wholesale  
7 | revenues received from CRES Providers to retail revenues received from retail  
8 | customers through the TCRR-N. Current transmission revenues cannot readily be  
9 | compared to proposed transmission revenues because of this change.

10 | **X. TARIFFS**

11 | **Q. What is contained on Tariff Sheet Nos. G10 – G18?**

12 | A. Tariff Sheet Nos. G10 – G18 contain DP&L's Base Generation rates. These rates are  
13 | the ESP rates that will be phased out as part of the CBP. These rates are the sum of  
14 | base generation rates and EIR rates that are in place today, as phased out per the ESP  
15 | percentage.

16 | **Q. Why are they contained on their own tariff sheets?**

17 | A. DP&L's base generation rates have historically been provided on their own separate  
18 | tariff sheets by tariff class. DP&L contemplated rolling into one single rate, all of the  
19 | rate/rider components that are part of the blending process; however, we decided  
20 | against doing so, because there are several components that make up the Blended SSO

1 rate that are still subject to true-up. It is easier administratively to track and true-up  
2 revenues collected ~~verses~~versus expenses by rate/rider if each rate/rider continues to  
3 be separately stated. Therefore, we separately stated each rate/rider that is part of the  
4 Blended SSO rate.

5 **Q. What is contained on Tariff Sheet No. G31?**

6 A. Tariff Sheet No. G31 is the placeholder tariff for DP&L's Alternative Energy Rider –  
7 Nonbypassable (AER-N). This rate will be initially set at zero and the Company plans  
8 to file cost support to establish this charge within 6 months of Commission order  
9 approving the Company's ESP filing in this case.

10 **Q. Are DP&L's Distribution Tariffs impacted by any proposal the Company has**  
11 **made in this filing?**

12 A. Yes. DP&L's Distribution Tariffs may be impacted by the new riders that DP&L has  
13 proposed in this filing. Distribution tariffs are also impacted by DP&L's proposal to  
14 phase-out the maximum charge provision.

15 **Q. Did DP&L file its proposed changes to the Distribution Tariffs?**

16 A. No. Including all the Distribution Tariff in this filing would make the filing  
17 unnecessarily voluminous. Once an order is issued in this case, DP&L anticipates that  
18 the Commission will give DP&L an opportunity to file proposed tariffs to implement  
19 the order. For example, assuming the Commission's order approves the maximum  
20 charge phase-out plan, DP&L would file Distribution tariffs in redline form to

1       implement that provision. Likewise, the Distribution tariffs currently list all riders that  
2       apply to customers taking distribution service from the Company. That list of riders  
3       would have to be modified assuming the Commission approves any new riders  
4       proposed in this case such as the Reconciliation Rider, the SSR and the AER-N.

5   **Q.     Did DP&L file its proposed changes to Tariff Sheets Nos. G7, G8, and G9?**

6   A.     No. The only changes the Company is proposing to those Tariffs is to remove the  
7       minimum stay and return to firm tariff provisions and add the new generation riders.  
8       Assuming the Commission approves the Company's proposal, the Company will re-  
9       file those tariffs in redline form showing exactly what provisions have changed.

10 **XI.    CONCLUSION**

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

12 A.     Yes, it does.

OCC 17

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

- - - - -x

In the Matter of the : Case No.  
Application of The Dayton : 12-426-EL-SSO  
Power and Light Company for :  
Approval of Its Electric :  
Security Plan :

- - - - -x

In the Matter of the : Case No.  
Application of The Dayton : 12-427-EL-ATA  
Power and Light Company for :  
Approval of Revised Tariffs :

- - - - -x

In the Matter of the : Case No.  
Application of The Dayton : 12-428-EL-AAM  
Power and Light Company for :  
Approval of Certain :  
Accounting Authority :

- - - - -x

(Caption continued on following page.)

Deposition of JAMES WILSON

Bethesda, Maryland

Monday, March 11, 2013, 9:37 a.m.

Reported By: Lee Bursten, RMR, CRR

1 (Caption continued from preceding page.)

2 - - - - -x

3 In the Matter of the : Case No.

4 Application of The Dayton : 12-429-EL-WVR

5 Power and Light Company for :

6 the Waiver of Certain :

7 Commission Rules :

8 - - - - -x

9 In the Matter of the : Case No.

10 Application of The Dayton : 12-672-EL-RDR

11 Power and Light Company to :

12 Establish Tariff Riders :

13 - - - - -x

14 Deposition of JAMES WILSON, held at the  
15 offices of:

16 WILSON ENERGY ECONOMICS

17 4800 Hampden Lane

18 Suite 200

19 Bethesda, Maryland 20814

20 (240) 482-3737

21 Pursuant to Notice, before Lee Bursten,

22 Registered Merit Reporter, Certified Realtime

23 Reporter, and Notary Public in and for the State of

24 Maryland, who officiated in administering the oath to

25 the witness.



1 A P P E A R A N C E S

2 ON BEHALF OF THE DAYTON POWER AND LIGHT COMPANY:

3 JEFFREY S. SHARKEY, ESQUIRE

4 FARUKI IRELAND & COX PLL

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8 (937) 227-3700

9 (Present via telephone)

10

11 ON BEHALF OF THE STAFF OF THE PUBLIC UTILITIES

12 COMMISSION OF OHIO:

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21

22

23

24

25

C O N T E N T S

EXAMINATION OF JAMES WILSON

PAGE

By Mr. Sharkey

5

E X H I B I T S

(None marked)

1 P R O C E E D I N G S

2 JAMES WILSON,

3 having been duly sworn, testified as follows:

4 EXAMINATION BY COUNSEL FOR

5 THE DAYTON POWER AND LIGHT COMPANY

6 BY MR. SHARKEY:

7 Q Mr. Wilson, as I believe you know, my name  
8 is Jeff Sharkey, and I represent Dayton Power and  
9 Light Company in this matter. Can you state your  
10 name for the record, please?

11 A James F. Wilson.

12 Q Do you have with you testimony that you  
13 filed in this matter?

14 A Yes, I do.

15 Q And that testimony reflects you're a  
16 principal of Wilson Energy Economics, correct?

17 A Correct.

18 Q What is the nature of Wilson Energy  
19 Economics's business?

20 A I'm a consultant, and I'm doing business as  
21 Wilson Energy Economics. I'm independent.

22 Q Are there any other persons in Wilson  
23 Energy Economics besides yourself?

24 A No.

25 Q And how long has Wilson Energy Economics

1     been an operating business?

2           A       Since October 2009.

3           Q       Okay. And then during all of that time  
4     you've been operating as a consultant?

5           A       Yes.

6           Q       What did you do before 2009?

7           A       I was a principal at LECG.

8           Q       What's LECG?

9           A       A consulting firm.

10          Q       And did it similarly provide consulting  
11     relating to electrical utility related issues?

12          A       Yes. LECG Consultants were involved in  
13     many industries. But yes, my work has always been  
14     primarily in the energy industry.

15          Q       Okay. On page 2 you mention that you  
16     testified in two other PUCO cases.

17          A       Yes.

18          Q       What was the first one about, the 12/30  
19     EL-SSO case, which was the First Energy case?

20          A       Yes, that was First Energy's 2009  
21     application for a market rate offer.

22          Q       Okay. And what opinions did you sponsor?

23          A       I don't recall the details. I know it had  
24     to do with some aspects of their proposed market rate  
25     offer.

1 Q Okay. And I'm sorry, you're talking about  
2 the 2009 case there, First Energy's application for a  
3 market rate offer?

4 A Yes.

5 Q And you also testified in a 2012 case  
6 relating to First Energy?

7 A Yes.

8 Q Do you recall what the subject of your  
9 testimony in the 2012 case was?

10 A Yes. I recall one aspect of it was the  
11 duration of the contracts for the competitive bidding  
12 process.

13 Q Okay. And on both of those occasions were  
14 you testifying on behalf of OCC?

15 A That's correct.

16 Q Let me step back. Do you do work in other  
17 jurisdictions besides Ohio where you're submitting  
18 testimony?

19 A Yes.

20 Q And is that work done purely on behalf of  
21 residential advocates like OCC?

22 A No.

23 Q Can you give me a general sense of, say,  
24 projects you've been working on this year that are --  
25 I'll start the question from the beginning. Can you

1 describe for me generally the nature of the projects  
2 you've been working on this year, just to get a sense  
3 of what work you're doing?

4 A I'm working one project having to do with  
5 natural gas storage.

6 Q Who are you representing there?

7 A A group of parties, including shippers.  
8 I'm working another project having to do with gas  
9 distribution incentive mechanisms.

10 Q Who are you representing there?

11 A Consumer advocate.

12 Q Okay.

13 A I'm working another project for G&G, a  
14 public power entity, generation and transmission  
15 co-op.

16 Q And who are you representing? Are you  
17 representing the co-op there?

18 A I'm consulting to the co-op, yes.

19 Q Can you describe for me the materials that  
20 you read before you submitted your testimony?

21 A I reviewed the second revised application  
22 and some of the testimony relevant to the questions  
23 that I addressed, Ms. Marrinan's testimony. And to  
24 an extent I followed her numbers through Ms. Rabb and  
25 Mr. Malinak's testimony. I reviewed auction reports

1 that are cited in my testimony. I reviewed part of  
2 the Senate bill that I referred to.

3 I also asked for and reviewed forward  
4 prices.

5 Q The forward prices that you referred to,  
6 were those received from the Dayton Power and Light  
7 Company, or were they other forward prices?

8 A OCC subscribes to a service.

9 Q Okay. You mentioned that you reviewed Jeff  
10 Malinak's testimony. I don't remember seeing his  
11 testimony cited in your testimony, but correct me if  
12 I'm wrong.

13 A I thought that was where I saw the actual  
14 blending of the two rates. Yes. On page 7, answer  
15 11.

16 Q Okay. Thank you for correcting me. Your  
17 testimony sponsors the opinion that DP&L should move  
18 immediately to 100 percent competitive bidding; is  
19 that right?

20 A Yes.

21 Q Sorry, Mr. Wilson. Because we're on the  
22 phone, I can't tell if you're looking for something  
23 on your papers. Are you going to be responding to my  
24 question?

25 A I responded yes.

1 Q Oh. That would explain the long silence,  
2 because I didn't hear that. Thank you. And you  
3 understand that that is a more rapid rate than is  
4 available under the MRO statute?

5 A No, I'm not aware of.

6 Q Did you -- strike that. Are you aware of  
7 the differences between an ESP and an MRO?

8 A Just in broad terms. I'm not aware of all  
9 the details, no.

10 Q Okay. What distinctions between those  
11 two -- what distinctions between an ESP and an MRO  
12 are you familiar with?

13 A I'm not going to speculate on that. I  
14 don't have any particular ones I can describe at this  
15 time, no.

16 Q Okay. Do you agree that the Public  
17 Utilities Commission of Ohio, in setting rates and  
18 establishing rate plans, should consider the  
19 interests of consumers, the utility, and third  
20 parties?

21 A I'll agree.

22 Q Okay. Do you agree that a utility's  
23 ability to provide stable service is important to  
24 consumers?

25 A Yes.



1           Q       Sorry, there's paper shuffling. I thought  
2 I heard you say yes. Can you confirm that?

3           A       I did say yes.

4           Q       Okay. And do you agree that a utility's  
5 ability to maintain financial integrity is similarly  
6 important to consumers?

7           A       Yes.

8           Q       It's true, isn't it, that you do not  
9 sponsor any testimony regarding the effect of your  
10 proposal upon DP&L's ability to maintain stable  
11 service?

12          A       That's correct.

13          Q       And you don't sponsor any testimony  
14 regarding whether the effect of your proposal would  
15 affect DP&L's ability to maintain its financial  
16 integrity, right?

17          A       Correct.

18          Q       Do you believe that a more rapid  
19 movement -- strike that. Your testimony identifies  
20 certain price benefits to customers if DP&L were to  
21 move more rapidly to a 100 percent competitive  
22 bidding, right?

23          A       Correct.

24          Q       Do you believe that in addition to those  
25 specific price benefits that you identify, that there

1 are nonquantifiable benefits associated with a more  
2 rapid move to 100 percent competitive bidding?

3 A That's a rather vague question, but I think  
4 almost anything can be quantified. I guess I can  
5 answer yes.

6 Q Just to be clear, when you say anything can  
7 be quantified, some things are easier to quantify,  
8 like price differences; and other things can be quite  
9 difficult to quantify, is that right?

10 A I agree.

11 Q And, for example, do you believe that the  
12 more rapid transition to competitive bidding would  
13 promote the business climate within Dayton Power and  
14 Light Company's service territory?

15 A Promote the business climate? I believe it  
16 would enhance the competitiveness of the retail  
17 market.

18 Q And it would enhance the competitiveness of  
19 the retail market beyond merely lowering the price;  
20 is that right?

21 A Yes.

22 Q And that's a benefit of a more rapid move  
23 to competition that would be very difficult to  
24 quantify?

25 A Yes.

1           Q       I think the answer to this question is  
2       pretty clear from your earlier answer, but it's true,  
3       isn't it, that you don't sponsor any testimony on  
4       whether DP&L's ESP is more favorable in the aggregate  
5       than an MRO?

6           A       Yes.

7           Q       At any time were you asked to conduct any  
8       analysis to determine whether DP&L's ESP is more  
9       favorable than an MRO?

10          A       No.

11          Q       Did you read Jeff Malinak's testimony, the  
12       portion of it addressing his opinion that an ESP is  
13       in fact more favorable than an MRO?

14          A       No.

15          Q       Give me just a moment here, Mr. Wilson.  
16       You cite on page 4 of your testimony, answer 7, the  
17       Duke and First Energy auctions.

18          A       Yes.

19          Q       Did you consider -- strike that. First of  
20       all, did you review the Commission's decision in the  
21       AEP ESP proceeding?

22          A       I've reviewed parts of it, yes.

23          Q       Did you review the parts of it that address  
24       the competitive bidding percentages that the  
25       Commission approved for AEP?

1           A       I think I did at one time, yes.

2           Q       And are you aware that the Commission  
3 approved an ESP for AEP that did not transition to  
4 100 percent competitive bidding in year one?

5           A       Yes.

6           Q       Why didn't you address the AEP decision in  
7 your testimony?

8                   MS. YOST: I'm going to object. To the  
9 extent that answer involves the provision of  
10 information which is protected by attorney-client  
11 privilege, I'm going to instruct you not to answer.  
12 BY MR. SHARKEY:

13          Q       Can you answer that question without  
14 revealing communications between yourself and  
15 Ms. Yost?

16          A       In that question I noted that two other  
17 utilities were transitioning very rapidly, and AEP  
18 was slower. It was not -- it was not notable with  
19 regard to the question of other utilities that are  
20 transitioning more quickly.

21          Q       Do you have an understanding that DP&L has  
22 made requests for certain charges in this case that  
23 are intended to allow DP&L to maintain its financial  
24 integrity?

25          A       Yes.

1 Q And you don't have -- strike that. You  
2 don't sponsor any testimony suggesting that DP&L's  
3 requests for those charges are unreasonable or  
4 unfounded, correct?

5 A Correct.

6 Q Would you agree with me that your proposal  
7 for 100 percent competitive bidding in year one would  
8 be expected to adversely affect DP&L's financial  
9 integrity?

10 A I haven't evaluated that.

11 Q Would you agree it would be expected to  
12 affect DP&L's revenue and profitability?

13 A That would seem to be -- to reasonably  
14 follow. But I haven't evaluated that.

15 Q Do you believe -- actually, strike that.  
16 The Duke auction that you referred to in your  
17 testimony, do you know if that was a result of a  
18 stipulation that was entered into in the Duke case?

19 A I don't recall specifically, no.

20 Q The First Energy auction that you referred  
21 to in your testimony, do you know if it was First  
22 Energy's proposal to have 100 percent competitive  
23 bidding?

24 A I don't recall, no.

25 MR. SHARKEY: Mr. Wilson, that is all the

1 questions that I have for you. Can we go off the  
2 record?

3 (Discussion off the record.)

4 MS. YOST: If the company does order a copy  
5 of the deposition transcript, Lee, I would ask that I  
6 be the person to receive that.

7 MR. SHARKEY: Lee, just so we're clear,  
8 DP&L will order a copy of the transcript, and we  
9 would like it to be e-mailed to me by close of  
10 business Thursday. And I know that Mr. Wilson has  
11 certain rights to review the transcript. I don't  
12 know if you would make that available to him in  
13 Bethesda, Maryland or not. Melissa, I'm not sure if  
14 you're ordering the transcript or not.

15 MS. YOST: Not at this time. Mr. Wilson  
16 does assert his right to read and make any and all  
17 necessary corrections. If one can be provided to him  
18 for his review, how do you go about doing that?

19 THE REPORTER: We can send Mr. Wilson a  
20 copy to review. But, Ms. Yost, I'm still confused as  
21 to whether you are actually ordering a copy or not.  
22 Are you ordering a copy for yourself?

23 MS. YOST: No.

24 (Signature having not been waived, the  
25 deposition of JAMES WILSON was concluded at 9:58 a.m.)

## 1 ACKNOWLEDGEMENT OF DEPONENT

2 I, JAMES WILSON, do hereby acknowledge that  
3 I have read and examined the foregoing testimony, and  
4 the same is a true, correct and complete  
5 transcription of the testimony given by me, and any  
6 corrections appear on the attached Errata sheet  
7 signed by me.

8  
9  
10 (DATE)

(SIGNATURE)

## 1 CERTIFICATE OF SHORTHAND REPORTER-NOTARY PUBLIC

2 I, Lee Bursten, the officer before whom the  
3 foregoing deposition was taken, do hereby certify  
4 that the foregoing transcript is a true and correct  
5 record of the testimony given; that said testimony  
6 was taken by me stenographically and thereafter  
7 reduced to typewriting under my direction; and that I  
8 am neither counsel for, related to, nor employed by  
9 any of the parties to this case and have no interest,  
10 financial or otherwise, in its outcome.

11 IN WITNESS WHEREOF, I have hereunto set my  
12 hand and affixed my notarial seal this 14th day of  
13 March, 2013.

14 My commission expires April 23, 2013.

15  
16  
17  
18 \_\_\_\_\_  
19 LEE BURSTEN

20 NOTARY PUBLIC IN AND FOR

21 THE STATE OF MARYLAND  
22  
23  
24  
25



Page 19

## 1 E R R A T A S H E E T

2 IN RE: Application of The Dayton Power and  
3 Light Company

4 RETURN BY: \_\_\_\_\_

5 PAGE LINE CORRECTION AND REASON

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25 (DATE) (SIGNATURE)

Page 20

## E R R A T A      S H E E T      C O N T I N U E D

IN RE:      Application of The Dayton Power and  
              Light Company

RETURN BY: \_\_\_\_\_

PAGE	LINE	CORRECTION AND REASON
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Country	Year	Population (millions)	Urban population (millions)	Urban population (%)	Population density (per sq km)	Population density (per sq mile)
Algeria	1990	10.0	4.0	40.0	100	260
Algeria	2000	11.0	5.0	45.5	100	260
Algeria	2010	12.0	6.0	50.0	100	260
Algeria	2020	13.0	7.0	53.8	100	260
Algeria	2030	14.0	8.0	57.1	100	260
Algeria	2040	15.0	9.0	60.0	100	260
Algeria	2050	16.0	10.0	62.5	100	260
Algeria	2060	17.0	11.0	64.7	100	260
Algeria	2070	18.0	12.0	66.7	100	260
Algeria	2080	19.0	13.0	68.4	100	260
Algeria	2090	20.0	14.0	70.0	100	260
Algeria	2100	21.0	15.0	71.4	100	260
Algeria	2110	22.0	16.0	72.7	100	260
Algeria	2120	23.0	17.0	73.9	100	260
Algeria	2130	24.0	18.0	75.0	100	260
Algeria	2140	25.0	19.0	76.0	100	260
Algeria	2150	26.0	20.0	76.9	100	260
Algeria	2160	27.0	21.0	77.8	100	260
Algeria	2170	28.0	22.0	78.6	100	260
Algeria	2180	29.0	23.0	79.3	100	260
Algeria	2190	30.0	24.0	80.0	100	260
Algeria	2200	31.0	25.0	80.6	100	260
Algeria	2210	32.0	26.0	81.3	100	260
Algeria	2220	33.0	27.0	81.8	100	260
Algeria	2230	34.0	28.0	82.4	100	260
Algeria	2240	35.0	29.0	82.9	100	260
Algeria	2250	36.0	30.0	83.3	100	260
Algeria	2260	37.0	31.0	83.8	100	260
Algeria	2270	38.0	32.0	84.2	100	260
Algeria	2280	39.0	33.0	84.6	100	260
Algeria	2290	40.0	34.0	85.0	100	260
Algeria	2300	41.0	35.0	85.4	100	260
Algeria	2310	42.0	36.0	85.7	100	260
Algeria	2320	43.0	37.0	86.0	100	260
Algeria	2330	44.0	38.0	86.4	100	260
Algeria	2340	45.0	39.0	86.7	100	260
Algeria	2350	46.0	40.0	87.0	100	260
Algeria	2360	47.0	41.0	87.2	100	260
Algeria	2370	48.0	42.0	87.5	100	260
Algeria	2380	49.0	43.0	87.8	100	260
Algeria	2390	50.0	44.0	88.0	100	260
Algeria	2400	51.0	45.0	88.2	100	260
Algeria	2410	52.0	46.0	88.5	100	260
Algeria	2420	53.0	47.0	88.7	100	260
Algeria	2430	54.0	48.0	88.9	100	260
Algeria	2440	55.0	49.0	89.1	100	260
Algeria	2450	56.0	50.0	89.3	100	260
Algeria	2460	57.0	51.0	89.5	100	260
Algeria	2470	58.0	52.0	89.7	100	260
Algeria	2480	59.0	53.0	89.8	100	260
Algeria	2490	60.0	54.0	90.0	100	260
Algeria	2500	61.0	55.0	90.2	100	260
Algeria	2510	62.0	56.0	90.3	100	260
Algeria	2520	63.0	57.0	90.5	100	260
Algeria	2					

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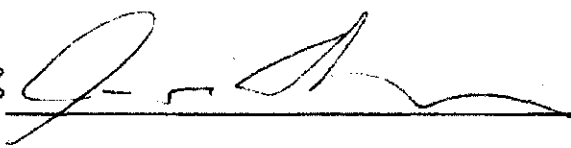
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OCC 17A

ACKNOWLEDGEMENT OF DEPONENT

I, JAMES WILSON, do hereby acknowledge that I have read and examined the foregoing testimony, and the same is a true, correct and complete transcription of the testimony given by me, and any corrections appear on the attached Errata sheet signed by me.

March 15, 2013   
(DATE) (SIGNATURE)

Page 19

## E R R A T A     S H E E T

IN RE:     Application of The Dayton Power and  
Light Company

RETURN BY: \_\_\_\_\_

PAGE	LINE	CORRECTION AND REASON
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Month 15 2013		
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IEU 22

IEU-Ohio Ex. 22

The Dayton Power and Light Company  
Case No. 13-004-EL-RDR  
Summary of Projected Jurisdictional Net Costs  
January 2012 - April 2014  
(Revenue)/Expense in \$

Schedule B-1  
Page 1 of 1

Date: Actual and Forecasted  
Type of Filing: Original  
Work Paper Reference No(s): WPB-1

Line (A)	Description (B)	Demand/Expense (C)	Forecasted Cycle Total Mar 13-Apr 14 (D)		Projected Reconciliation Jan 12-Apr 13 (E)		Total Costs/Revenues Jan 12-Apr 14 (F) = (D) + (E)	
			Schedule C-1, Page 2 Col (f)		Schedule C-3b Col (c)			
<b>Transmission Cost Recovery Rider (TCRR) Components</b>								
1	Transmission Enhancement Charges (RTEP) Charge	Demand - 1 CP	\$ 1,855,158	\$	\$	\$ 1,855,158	\$	
2	Incremental Capacity Transfer Rights Credit	Demand - 1 CP	\$ (97,783)	\$	\$	\$ (97,783)	\$	
3	Reactive Supply and Voltage Control from Gen Sources Charge	Reactive Demand	\$ 1,691,828	\$	\$	\$ 1,691,828	\$	
4	Regulation Charge	Energy	\$ 1,141,280	\$	\$	\$ 1,141,280	\$	
5	DA Scheduling Reserves Charge	Energy	\$ 298,961	\$	\$	\$ 298,961	\$	
6	Synchronized (Spinning) Reserves Charge	Energy	\$ 9,828	\$	\$	\$ 9,828	\$	
7	Non-Synchronized Reserves Charge	Energy	\$	\$	\$	\$	\$	
8	Operating Reserves- Generation Deviation Charge	Energy	\$ 89,308	\$	\$	\$ 89,308	\$	
9	Operating Reserves- Load Deviation Charge	Energy	\$ 1,780,108	\$	\$	\$ 1,780,108	\$	
10	GT Lost Opportunity Cost Allocation Credit	Energy	\$ (828)	\$	\$	\$ (828)	\$	
11	RTO Start-Up Cost Recovery - AEP zone Charge	Demand - 1 CP	\$ 107	\$	\$	\$ 107	\$	
12	Synchronous Condensing Charge	Reactive Demand	\$ 501	\$	\$	\$ 501	\$	
13	Black Start Service Charge	Demand - 12 CP	\$ 43,318	\$	\$	\$ 43,318	\$	
14	PJM Annual Membership Fee	Energy	\$ 820	\$	\$	\$ 820	\$	
15	TO Scheduling System Control and Dispatch Service Charge	Energy	\$ 248,096	\$	\$	\$ 248,096	\$	
16	NERC/RFC Charges	Energy	\$ 71,285	\$	\$	\$ 71,285	\$	
17	PJM Default Charges	Energy	\$	\$	\$	\$	\$	
18	Transmission Congestion Charge/Credit	Energy	\$ 95,835	\$	\$	\$ 95,835	\$	
19	Transmission Losses Charge/Credit	Demand - 1 CP	\$ 3,779,017	\$	\$	\$ 3,779,017	\$	
20	Firm PTP Transmission Service Credit	Energy	\$	\$	\$	\$	\$	
21	Non-Firm PTP Transmission Service Charge	Demand - 1 CP	\$ (23,955)	\$	\$	\$ (23,955)	\$	
22	Non-Firm PTP Transmission Service Credit	Demand - 1 CP	\$ 9,719,068	\$	\$	\$ 9,719,068	\$	
23	Network Integration Transmission Service Charge	Energy	\$ 24,833	\$	\$	\$ 24,833	\$	
24	FTT Auction Charge/Credit	Demand - 1 CP	\$ (418,334)	\$	\$	\$ (418,334)	\$	
25	ARR Auction Credit	Demand - 1 CP	\$ 43,528	\$	\$	\$ 43,528	\$	
26	Expansion Cost Recovery Charges (ECRC)	Energy	\$ 902,735	\$	\$	\$ 902,735	\$	
27	PJM Scheduling System Control and Dispatch Service (Admin Fee)	Energy	\$ 11,708	\$	\$	\$ 11,708	\$	
28	Michigan-Ontario Interface PARS Charge	Energy	\$	\$	\$	\$	\$	
29	Reactive Services Charge	Energy	\$	\$	\$	\$	\$	
30	Other Supporting Facilities Charge	Energy	\$	\$	\$	\$	\$	
31	Real-Time Economic Load Response Charge	Energy	\$	\$	\$	\$	\$	
32	Emergency Load Response Charge	Energy	\$	\$	\$	\$	\$	
33	SubTotal		\$ 21,285,717	\$ 8,411,809	\$	\$ 29,697,526	\$	
34	TCRR Deferral carrying costs		\$ 289,995	\$	\$	\$ 289,995	\$	
35	SubTotal		\$ 21,575,711	\$ 8,411,809	\$	\$ 20,987,121	\$	
36	Gross Revenue Conversion Factor (WPB-1)		1,003	1,003		1,003		
37	Total TCRR including carrying costs (Line 35 + Line 36)		\$ 21,940,037	\$ 8,437,048	\$	\$ 30,077,082	\$	
<b>Reliability Pricing Model (RPM) Rider</b>								
38	RPM Auction Charge/Credit	Demand - 5 CP	\$ (4,262,146)	\$	\$	\$ (4,262,146)	\$	
39	Locational Reliability Charge	Demand - 5 CP	\$ 8,284,958	\$	\$	\$ 8,284,958	\$	
40	DR & ILR Compliance Penalty Credit	Demand - 5 CP	\$	\$	\$	\$	\$	
41	Capacity Resource Deficiency Credit	Demand - 5 CP	\$	\$	\$	\$	\$	
42	Generation Resource Ruling Test Credit	Demand - 5 CP	\$	\$	\$	\$	\$	
43	Peak Hour Period Availability Charge/Credit	Demand - 5 CP	\$	\$	\$	\$	\$	
44	Load Management Test Failure Credit	Demand - 5 CP	\$	\$	\$	\$	\$	
45	SubTotal		\$ 4,022,811	\$ 1,070,501	\$	\$ 5,093,311	\$	
46	PJM RPM Deferral carrying costs		\$ 43,437	\$	\$	\$ 43,437	\$	
47	SubTotal		\$ 4,066,248	\$ 1,070,501	\$	\$ 5,136,748	\$	
48	Gross Revenue Conversion Factor (WPB-1)		1,003	1,003		1,003		
49	Total PJM RPM Rider including carrying costs (Line 40 + Line 51)		\$ 4,078,446	\$ 1,073,712	\$	\$ 5,152,159	\$	



# STAFF REPORT OF INVESTIGATION

In the Matter of the Application of )  
 The Dayton Power and Light Company )  
 for Authority to Amend its Filed Tariffs )  
 to Increase the Rates and Charges for )  
 Electric Service. )

Case No. 91-414-EL-AIR

**RECEIVED**

NOV 12 1991

DOCKETING DIVISION  
PUBLIC UTILITIES COMMISSION OF OHIO

**THE  
PUBLIC UTILITIES  
COMMISSION OF OHIO**

**Equal Opportunity Employer**

## Residential Customer Cost Determination

Inasmuch as costs occur as a result of customers connected to the utility's system, regardless of usage, Staff believes it appropriate that such costs should be represented in the design or structure of rates. In previous proceedings, Staff has utilized an approach which requires little or no judgment with respect to customer related expenses and which is minimally compensatory with respect to these costs. Table 11 shows the Staff's method for determining the Residential customer charge.

### Exhibit A

#### Residential Customer Cost Assignment (\$000)

##### Plant Accounts

<u>Account Number</u>	<u>Account Title</u>	<u>Account Balance</u>
369	Services	\$ 26,067
370	Meters	<u>10,401</u>
	Total Customer Related Distribution Plant	<u>\$ 36,468</u>

##### Expense Accounts

<u>Account Number</u>	<u>Account Title</u>	<u>Account Balance</u>
586	Meters	\$ 1,075
587	Customer Installation	1,687
597	Maintenance of Meters	72
901	Supervision (Customer Acct.)	0
902	Meter Reading	1,721
903	Customer Records, Collection	8,548
907	Supervision (Cust. Ser. & Coll.)	0
908	Customer Assistance	10,274
909	Information and Instruction	<u>373</u>
	Total Customer Related Expenses	<u>\$ 23,750</u>

##### Customer Related Distribution Plant

Carrying Cost (36,468 * 26.52%)	9,671
Plus: Customer Related Expenses	<u>23,750</u>
Total Customer Cost/Year	33,421
Number of Customer Bills/Year	4,917
Customer Cost/Bill	\$ 6.80

THE DAYTON POWER AND LIGHT COMPANY  
 MacGregor Park  
 1065 Woodman Dr.  
 Dayton, Ohio 45432

Second Revised Sheet No. D31  
 Cancels  
 First Revised Sheet No. D31  
 Page 1 of 2

P.U.C.O. No. 17  
 ELECTRIC DISTRIBUTION SERVICE  
 BILLING COST RECOVERY RIDER

The Billing Cost Recovery Rider shall be assessed on a bills rendered basis at the rate stated below as such charge coincides with the Customer's Voltage Level of Service.

CHARGES:

Residential		
Energy Charge (0-750 kWh)	\$0.0010477	/ kWh
Energy Charge (over 750 kWh)	\$0.0008905	/ kWh
Residential Heating – Rate A		
Energy Charge (0-750 kWh)	\$0.0010477	/ kWh
Energy Charge (over 750 kWh) Summer	\$0.0008905	/ kWh
Energy Charge (over 750 kWh) Winter	\$0.0006116	/ kWh
Residential Heating – Rate B		
Energy Charge (0-750 kWh)	\$0.0010477	/ kWh
Energy Charge (over 750 kWh) Summer	\$0.0008905	/ kWh
Energy Charge (over 750 kWh) Winter	\$0.0002997	/ kWh
Secondary		
Energy Charge (0-1,500 kWh)	\$0.0014344	/ kWh
Energy Charge (1,501 – 125,000 kWh)	\$0.0003027	/ kWh
Energy Charge (over 125,000 kWh)	\$0.0002114	/ kWh
Max Charge	\$0.0032130	/ kWh
Primary		
Energy Charge	\$0.0000042	/ kWh
Max Charge	\$0.0000757	/ kWh
Primary-Substation		
Energy Charge	\$0.0000029	/ kWh
High Voltage		
Energy Charge	\$0.0000044	/ kWh
Private Outdoor Lighting		
7,000 Lumens Mercury	\$0.0496138	/ lamp/month
21,000 Lumens Mercury	\$0.1018736	/ lamp/month
2,500 Lumens Incandescent	\$0.0423371	/ lamp/month
7,000 Lumens Fluorescent	\$0.0436601	/ lamp/month
4,000 Lumens Post Top Mercury	\$0.0284452	/ lamp/month

Filed pursuant to the Opinion and Order in Case No. 05-792-EL-ATA dated March 1, 2006 of the Public Utilities Commission of Ohio.

Issued March 1, 2006

Effective March 2, 2006

Issued by  
 JAMES V. MAHONEY, President and Chief Executive Officer



THE DAYTON POWER AND LIGHT COMPANY  
MacGregor Park  
1065 Woodman Dr.  
Dayton, Ohio 45432

Second Revised Sheet No. D31  
Cancels  
First Revised Sheet No. D31  
Page 2 of 2

P.U.C.O. No. 17  
ELECTRIC DISTRIBUTION SERVICE  
BILLING COST RECOVERY RIDER

CHARGES: (Continued)

School	\$0.0000904	/ kWh
Street Lighting	\$0.0000315	/ kWh

The Billing Cost Recovery Rider shall be assessed until the Company's expenses including billing system modification, auditing costs, and carrying charges are recovered.

---

Filed pursuant to the Opinion and Order in Case No. 05-792-EL-ATA dated March 1, 2006 of the Public Utilities Commission of Ohio.

Issued March 1, 2006

Effective March 2, 2006

Issued by  
JAMES V. MAHONEY, President and Chief Executive Officer