

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

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

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

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

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**POST HEARING BRIEF OF  
THE OMA ENERGY GROUP**

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**I. INTRODUCTION**

The purpose of this case is to determine the default or Standard Service Offer (“SSO”) pricing for customers who do not shop in the service territory of The Dayton Power and Light Company (“DP&L”), for a term beginning January 1, 2013 through December 31, 2017. The OMA Energy Group (“OMAEG”) intervened in this proceeding to protect the interests of manufacturers, which of most significance, includes the price, stability, and availability of electricity.

## **II. BACKGROUND**

This case dates back to March 30, 2013, when DP&L filed an application to establish a SSO in the form of a market rate offer (“MRO”). The reaction to DP&L’s initial application was tepid at best. Meanwhile, DP&L initiated settlement negotiations with interested parties, spanning several months. Without providing explanation, DP&L subsequently withdrew its MRO on September 7, 2012. On October 5, 2012, DP&L filed an electric security plan (“ESP”) application, which among other items, sought an annual service stability rider (“SSR”) amount of \$120 million. DP&L is currently receiving a \$73 million annual rate stabilization charge (“RSC”). Further, on December 12, 2012, DP&L filed its ESP application in which it seeks approval of a nonbypassable, annual SSR amount of \$137.5 million, which would replace DP&L’s existing RSC. The OMAEG’s decision not to address every issue involved in this proceeding does not serve as support of a position advocated by DP&L or any other intervening party.

## **III. DISCUSSION**

The OMAEG opposes DP&L’s proposal of implementing a nonbypassable, annual SSR amount of \$137.5 million. DP&L claims that it needs this amount in order to maintain its financial integrity, but DP&L’s financial performance in recent years demonstrates that DP&L should not receive additional, guaranteed revenues. Further, it is unjustifiable to provide DP&L with a guaranteed revenue stream based upon DP&L’s projection, which has been a moving targeting, based upon the filings in this proceeding.

DP&L's SSR does not comply with Ohio's policy of ensuring the availability of reasonably priced retail electric service.<sup>1</sup> As a result, ratepayers are at risk of bearing the burden of DP&L's request. Of particular importance, the financial impact on manufacturers will vary, based upon customer service level, such as secondary or primary. However, all manufacturers will see exorbitant price increases in the RSC/SSR charge. For example, based upon the OMAEG's evaluation of a sample group of manufacturers, if DP&L receives a \$137.5 million annual SSR, then members will experience increases of at least forty-eight percent (48%), and in some cases, increases of up to fifty-eight percent (58%). To be specific, one member would experience an increase of \$16,752 annually. These calculations are provided in more detail in the attached chart as Exhibit 1.

The OMAEG has members that are longstanding customers of DP&L. Unfortunately, DP&L is requesting more than an eighty-eight percent (88%) overall increase, which will be passed on to these longstanding customers. It is extremely difficult for Ohio businesses, particularly manufacturers, to compete with electricity increases of this size. Unlike what DP&L is proposing to do, manufacturers, whether they compete domestically or globally, are unable to pass these types of increases on to their customers. As found in a recent evaluation of electricity markets, an increase in the industrial electricity price by one (1) cent per kilowatt-hour is highly likely to decrease average manufacturing productivity by \$2,527 of annual gross state product per employee.<sup>2</sup> Job-creating manufacturers locate where the all-in least cost of doing

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<sup>1</sup> R.C. 4928.02(A).

<sup>2</sup> Dr. Iryna Lendel et al., *Moving Ohio Manufacturing Forward: Competitive Electricity Pricing*. Page ii. (2013). [http://www.urban.csuohio.edu/publications/center/center\\_for\\_economic\\_development/CSU\\_MovingOhioMnfForward\\_2013.pdf](http://www.urban.csuohio.edu/publications/center/center_for_economic_development/CSU_MovingOhioMnfForward_2013.pdf).

business exists. In Ohio, where we have a long legacy of manufacturing, it is especially important that government play its appropriate role in contributing to a competitive least-cost environment. Therefore, DP&L's unreasonable request should be rejected.

#### **IV. CONCLUSION**

For the reasons stated above, the OMAEG respectfully requests that the Commission reject DP&L's unreasonable request for an annual \$137.5 million SSR.

Respectfully submitted on behalf of the  
OMA ENERGY GROUP



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**OMA Energy Group – Exhibit 1**  
**Case No. 12-426-EL-SSO**

**Secondary and Primary Customer Classes:**

Rate Class	Peak kW	Annual kWh	December 2012 RSC Charge	Proposed SSR Charge	Difference	% Change	Annual Impact
Secondary	363	1,141,038	\$547	\$823	\$276	51%	\$3,312
Secondary	574	2,300,427	\$989	\$1,469	\$480	48%	\$5,760
Secondary	1,500	10,292,887	\$2,918	\$4,314	\$1,396	48%	\$16,752

Rate Class	Peak kW	Annual kWh	December 2012 RSC Charge	Proposed SSR Charge	Difference	% Change	Annual Impact
Primary	548	1,895,882	\$892	\$1,406	\$514	58%	\$6,168
Primary	797	3,963,180	\$1,408	\$2,162	\$755	54%	\$9,060
Primary	1,610	9,297,948	\$2,756	\$4,128	\$1,371	50%	\$16,452

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing post hearing brief was served upon the parties of record listed below this 20<sup>th</sup> day of May 2013 via electronic mail.



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Summary: Text Post Hearing Brief of The OMA Energy Group electronically filed by Teresa Orahoud on behalf of J. Thomas Siwo for OMA Energy Group