

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|--|---|------------------------|
| In the Matter of the Application of |) | Case No. 12-426-EL-SSO |
| The Dayton Power and Light Company for |) | |
| Approval of Its Market Rate Offer |) | |
| |) | |
| In the Matter of the Application of |) | Case No. 12-427-EL-ATA |
| The Dayton Power and Light Company for |) | |
| Approval of Revised Tariffs |) | |
| |) | |
| In the Matter of the Application of |) | Case No. 12-428-EL-AAM |
| The Dayton Power and Light Company for |) | |
| Approval of Certain Accounting Authority |) | |
| |) | |
| In the Matter of the Application of |) | Case No. 12-429-EL-WVR |
| The Dayton Power and Light Company for |) | |
| the Waiver of Certain Commission Rules |) | |
| |) | |
| In the Matter of the Application of |) | Case No. 12-672-EL-RDR |
| The Dayton Power and Light Company |) | |
| to Establish Tariff Riders |) | |

BRIEF OF INTERVENOR HONDA OF AMERICA MFG., INC.

M. Anthony Long (Counsel of Record)
Senior Assistant Counsel (0037784)
Honda of America Mfg., Inc.
24000 Honda Parkway
Marysville, OH 43040
Tel.: (937)644-6645
Fax: (937)644-6583
tony_long@ham.honda.com

Honda of America Mfg., Inc. (“Honda”), as an intervening party in the above captioned case, hereby submits this brief to the Public Utilities Commission of Ohio (“Commission”) for consideration in the Commission’s deliberation of the Electric Security Plan (“ESP”) application filed by the Dayton Power & Light Company (“DP&L”). Honda respectfully requests that the Commission carefully analyze DP&L’s proposed Service Stability Rider (“SSR”) and its ramifications on companies such as Honda who help to create jobs and drive Ohio’s economy in a positive direction. Honda requests that the Commission consider setting the SSR at the current amount of the RSC charge and structure the SSR as a demand charge.

I. Honda’s Presence In Ohio Is A Positive Driver For Ohio’s Economy.

Honda’s Ohio subsidiaries currently employ approximately 13,700 people in Ohio per publicly available statistics published by Honda.¹ This statistic does not include the numerous employees of Honda’s Ohio-based parts suppliers and service providers.

Honda began manufacturing automobiles in Ohio in 1982. Since then, Honda has manufactured approximately 15 million automobiles, 18 million automobile engines, and 14 million transmissions in Ohio. Honda has invested more than \$8 billion in its Ohio facilities including \$4.4 billion dollars in its Marysville plants, \$1.2 billion dollars in its East Liberty plant, \$1.8 billion dollars in its Anna plant, and \$528 million dollars in its transmission plant at Russells Point.

Honda also has infused money into the local economies in which its plants are located, as well as the communities where its employees reside. In a recent 10TV Columbus news story about Honda’s community involvement, it was noted that Honda has provided donations of

¹ <http://www.hondainamerica.com/>

approximately \$80 million to assist these communities.² Additionally, Honda purchased \$9.2 billion in parts from its Ohio based suppliers in 2012. Over the period between 2008 and 2012, Honda purchased \$34 billion in parts from Ohio suppliers.

Honda takes tremendous pride in its employees. These resolute Ohioans come to work each day with a passion to assemble high quality products that are distributed across the globe. Honda also takes tremendous pride in its suppliers and service providers, all of whom are necessary partners in Honda's quest to build high quality products. Honda is also proud to have committed the aforementioned investments in Ohio's economy, and is proud to be a partner and corporate citizen to this State.

II. A Significant Increase In Honda's Electricity Bills Will Negatively Impact Honda's Business Flow.

Honda's products are created with tremendous thought and involve very complex design and assembly processes. Honda's business flow, however, is quite simple. Honda spends an amount certain to produce each product that leaves Honda's manufacturing plants. If Honda's electricity expenditures for its plants increase, and especially if that increase is dramatic, Honda's price per unit to produce each product will undoubtedly increase as well. The relationship is a direct one.

The impacts of this potential price per unit increase are possibly far-reaching. Honda would be faced with the possibility of making the cost increase fit into existing budgets. Such a cost increase would also require Honda to assess its current level of community involvement, potentially impacting local economies, which in turn would have an impact on the statewide economy.

² <http://www.10tv.com/content/stories/2013/04/24/wbns-10tv-news-presents-honda-drives-jobs.html>

III. DP&L Has Not Proven Its Need For The SSR.

A core dispute between the parties in this case is whether DP&L should receive the SSR, and in what annual amount if so. DP&L contends that the SSR is necessary to ensure that DP&L maintains its financial integrity. However, after a lengthy hearing, DP&L's witnesses failed to clearly establish that DP&L's financial integrity was in jeopardy, and thus failed to establish its need for the SSR.

A. DP&L Witness Jackson Is The Gatekeeper To The SSR And If His Calculations Are Incorrect Then DP&L's Argument For The SSR Fails.

DP&L witness Chambers testifies as to the sum necessary to maintain DP&L's financial integrity and hence sets the value for the SSR. However, the values and variables utilized by witness Chambers to derive the SSR sum were provided to witness Chambers by DP&L witness Jackson. The following question and answer from the hearing prove this to be true:

Q: Mr. Jackson, would you agree that your testimony provides the statistical foundation for William Chambers' testimony?

A: Yes.

(Trans. Volume I, p.155, lines 12-15)

Therefore, if DP&L witness Jackson's calculations are incorrect, so then is DP&L witness Chambers' calculation of return on equity/financial integrity, and the SSR. After a lengthy examination of witness Jackson by the intervenors, flaws in witness Jackson's calculations were exposed. They include:

- An admission by witness Jackson that once generation is transferred there is no need for DP&L, based upon its distribution and transmission charges, to have a financial integrity concern. (Trans. Volume I, p.151, lines 3-9).

- Testimony from witness Jackson that revenues are excluded from CLJ Exhibit 2. (Trans. Volume I, p.153).
- Testimony by witness Jackson that expenses are excluded from CLJ Exhibit 2. (Trans. Volume I, p.154).
- Testimony from witness Jackson that he failed to include cost savings in CLJ Exhibit 2 (Trans. Volume I, p.215).

DP&L witness Jackson's calculations appear to be incomplete and faulty, and if the Commission agrees with this assessment, then witness Chambers' findings are also faulty and DP&L has failed to prove its need for the SSR. To note, Commission Staff witness Mahmud also relied upon DP&L witnesses Jackson and Chambers in determining that DP&L should be given the SSR in a range that is very close to that SSR value proposed by DP&L. (Mahmud Testimony, pp. 3-5). Therefore, Commission Staff witness Mahmud's testimony must also be questioned.

B. Honda Agrees With Ohio Energy Group Witness Kollen As To Potential Allocation Structure Of SSR.

In the event that the Commission decides to provide DP&L with the SSR, Honda sides squarely with the position of the Ohio Energy Group (OEG) that the SSR should be structured as a demand charge. Specifically, OEG witness Kollen argues, and Honda agrees, that the SSR should be allocated to rate classes using a 1 CP production demand allocator because the SSR revenues represent recovery of demand related production costs. (Kollen Testimony, p.5).

C. Honda Only Wants What Is Fair For All Parties.

Honda only wants what is fair for all of the parties involved in this case. This includes, of course, Honda itself and its many thousand employees. Honda has always had an excellent relationship with DP&L, and expects to retain that relationship going forward. If the

Commission finds that DP&L does in fact require an SSR to maintain its financial integrity, then Honda would fully respect that decision.

However, if the Commission makes the decision to provide DP&L with an SSR, then Honda respectfully requests that the Commission do everything in its power so that Honda's manufacturing cost is not significantly affected by a major rate increase. Specifically, Honda requests that the Commission consider leaving the SSR at the current RSC charge and as already stated, structure the allocation such that the SSR is a demand charge. Obviously, the lower the SSR, the less impact it will have on Honda's manufacturing cost.

Respectfully Submitted,

/s/ M. Anthony Long

M. Anthony Long (Counsel of Record)

Senior Assistant Counsel (0037784)

Honda of America Mfg., Inc.

24000 Honda Parkway

Marysville, OH 43040

Tel.: (937)644-6645

Fax: (937)644-6583

tony_long@ham.honda.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Post-Hearing Brief was served upon all parties of record by electronic mail this 20th day of May, 2013.

/s/ M. Anthony Long

M. Anthony Long
Senior Assistant Counsel
Honda of America Mfg., Inc.
tony_long@ham.honda.com

Service List

Judi L. Sobecki
Dayton Power and Light Company
1065 Woodman Drive
Dayton, Ohio 45432
judi.sobecki@dplinc.com

Charles J. Faruki
Jeffrey Sharkey
Faruki Ireland & Cox, P.L.L.
500 Courthouse Plaza, SW
Dayton, Ohio 45402
cfaruki@ficlaw.com
ishakey@ficlaw.com

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
dboehm@BKLawfirm.com
mkurtz@BKLawfirm.com
jkyler@BKLawfirm.com

Melissa R. Yost
Maureen R. Grady
Office of the Consumers' Counsel
10 W. Broad Street, 18th Floor
Columbus, Ohio 43215-3485
yost@occ.state.oh.us
grady@occ.state.oh.us
berger@occ.state.oh.us

Samuel C. Randazzo
Frank P. Darr
Matthew R. Pritchard
Joseph E. Olikier
McNees Wallace & Nurick
Fifth Third Center, Suite 1700
21 East State Street
Columbus, Ohio 43215-4228
jolikder@mwncmh.com
sam@mwncmh.com
fdarr@mwncmh.com
mpritchard@mwncmh.com

James F. Lang
N. Trevor Alexander
Calfee, Halter & Griswold LLP
1400 Key Bank Center
800 Superior Avenue
Cleveland, Ohio 44104
jlang@calfee.com
talexander@calfee.com

M. Howard Petricoff
Vorys, Sater, Seymour and Pease
52 East Gay Street
PO Box 1008
Columbus, Ohio 43216-1008
mhpetricoff@vorys.com
smhoward@vorys.com

Richard L. Sites
Ohio Hospital Association
155 East Broad Street 15th Floor
Columbus, Ohio 43215-3620
ricks@ohanet.org

Amy B. Spiller
Jeanne Kingery
Duke Energy Retail
Duke Energy Commercial
Management
139 East Fourth Street 1303-Main
Cincinnati, Ohio 45201-0960
Amy.Spiller@duke-energy.com
Jeanne.kingery@duke-energy.com

Mark Hayden
First Energy Corp.
76 South Main Street
Akron, Ohio 43308-1890
haydenm@firstenergycorp.com

Anthony Long
Honda of America Mfg., Inc.
24000 Honda Parkway
Marysville, Ohio 43040
Tony_long@ham.honda.com
asim_haque@ham.honda.com

Matthew W. Warnock
Thomas Siwo
Bricker & Eckler
100 South Third Street
Columbus, Ohio 43215-4291
warnock@bricker.com
tsiwo@bricker.com

Thomas J. O'Brien
Bricker & Eckler
100 South Third Street
Columbus, Ohio 43215-4291
tobrien@bricker.com

Elizabeth Watts
Rocco D'Ascenzo
Duke Energy Ohio
139 East Fourth Street 1303 Main
Cincinnati, Ohio 45201-0960
elizabeth.watts@duke-energy.com
rocco.dascenzo@duke-energy.com

Jay E. Jadwin
AEPSC
155 Nationwide Blvd., Suite 500
Columbus, Ohio 43215
jejadwin@aep.com

Robert A. McMahon
Eberly McMahon LLC
2321 Kemper Lane, Suite 100
Cincinnati, Ohio 45206
bmcMahon@emh-law.com

Sandy I-ru Grace
Exelon Business Services
101 Constitution Ave. NW
Washington DC 20001
Sandy.grace@exeloncorp.com

Jesse A. Rodriguez
Exelon Generation Company
300 Exelon Way
Kennett Square, Pennsylvania
Jesse.rodriquez@exeloncorp.com

Werner Margard
Thomas McNamee
Devin Parram
Attorney General Public Utilities
180 E. Broad Street, 9th Floor
Columbus, Ohio 43215-3793
Werner.Margard@puc.state.oh.us
Thomas.McNamee@puc.state.oh.us
Devin.parram@puc.state.oh.us

Kimberly W. Boyko
Joel E. Sechler
Mallory M. Mohler
Carpenter Lipps & Leland
280 North High Street
Columbus, Ohio 43215
boyko@carpenterlipps.com
sechler@carpenterlipps.com

Vincent Parisi
Matthew White
Interstate Gas Supply, Inc.
6100 Emerald Parkway
Dublin, Ohio 43016
vparisi@igsenergy.com
mwhite@igsenergy.com

Christopher L. Miller
Gregory H. Dunn
Chris Michael
Ice Miller LLP
250 West Street
Columbus, Ohio 43215
Christopher.miller@icemiller.com
Gregory.dunn@icemiller.com
Chris.michael@icemiller.com

Bill C. Wells
Christopher C. Thompson
Bldg. 266 Area A
Wright Patterson AFB, Ohio 45433
Bill.wells@wpafb.af.mil
Chris.thompson.2@tyndall.af.mil

Mark A. Whitt
Andrew J. Campbell
Gregory L. Williams
Whitt Sturtevant LLP
88 East Broad Street, Suite 1590
Columbus, Ohio 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
Williams@whitt-sturtevant.com

Matthew J. Satterwhite
Steven T. Nourse
AEPSC
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
mjsatterwhite@aep.com
stnourse@aep.com

Mark S. Yurick
Zachery D. Kravitz
Taft Stettinius & Hollister, LLP
65 E. State Street
Columbus, Ohio 43215
myurick@taftlaw.com
zkravitz@taftlaw.com

Gregory J. Poulos
Enernoc, Inc.
471 E. Broad Street, Suite 1520
Columbus, Ohio 43215
gpoulos@enemoc.com

Trent A. Dougherty
Cathryn Loucas
Ohio Environmental Council
1207 Grandview Avenue, Suite 201
trent@theoeg.org
cathy@theoeg.org

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45840
Telephone: (419) 425-8860
FAX: (419) 425-8862
cmooney@ohiopartners.org

Ellis Jacobs
Counsel for Edgemont Neighborhood Coalition
Advocates for Basic Legal Equality, Inc.
130 W. Second Street, Suite 700 East
Dayton, Ohio 45402
Telephone: (937) 535-4419
FAX: (937) 535-4600
ejacobs@ablelaw.org

Allison Haedt
Jones Day
PO Box 165017
Columbus, Ohio 43216
aehaedt@jonesday.com

Robert Ukeiley
435 R Chesnut Street, Suite 1
Berea, KY 40403
rukeiley@iqc.org

Mary W. Christensen
Christensen Law Office
8760 Orion Place, Suite 300
Columbus, Ohio 43240
mchristensen@columbus.law.org

Steven M. Sherman
Joshua D. Hague
Grant E. Chapman
Krieg DeVault, LLP
One Indiana Square Suite 2800
Indianapolis, Indiana 46204
ssherman@kdlegal.com
gchapman@kdlegal.com
ihague@kdlegal.com

David J. Fein
Cynthia Brady
550 W. Washington Blvd. Suite 300
Chicago, Illinois 60661
David.fein@constellation.com
Cynthia.brady@constellation.com

Scott C. Solberg
Eimer Stahl LLP
224 South Michigan Ave., Suite 1100
Chicago, Illinois 60604
ssolberg@eimerstahl.com

David A. Kutik
Jones Day
901 Lakeshore Avenue
Cleveland, Ohio 44114
dakutik@jonesday.com

Matthew R. Cox
4145 St. Theresa Blvd.
Avon, Ohio 44011
matt@matthewcoxlaw.com

Joseph Clark
Direct Energy Services
6641 North High Street Suite 200
Worthington, Ohio 43085
joseph.clark@directenergy.com

Carolyn S. Flahive
Stephanie M. Chmiel
Philip B. Sineneng
Michael L. Dillard
Thompson & Hine LLP
41 South High Street, Suite 1700
Columbus, Ohio 43215
Carolyn.Flahive@thompsonhine.com
Stephanie.Chmiel@thompsonhine.com
Philip.Sineneng@thompsonhine.com
Michael.Dillard@thompsonhine.com

Tasha Hamilton
Constellation Energy Group, Inc.
111 Market Place, Suite. 500
Baltimore, Maryland 21202
tasha.hamilton@constellation.com

Stephen Bennet
State Government Affairs
300 Exelon Way
Kennett Square, Pennsylvania 19348
Stephen.bennet@exeloncorp.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/20/2013 5:19:46 PM

in

Case No(s). 12-0426-EL-SSO, 12-0427-EL-ATA, 12-0672-EL-RDR, 12-0429-EL-WVR, 12-0428-EL-AAM

Summary: Brief Post-Hearing Brief electronically filed by Mr. M. Anthony Long on behalf of Honda of America Mfg., Inc.