

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 13-833-EL-POR

TESTIMONY OF
EMILY W. RABB
IN SUPPORT OF THE STIPULATION
AND RECOMMENDATION

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

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
EMILY W. RABB
ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY
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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Emily W. Rabb. My business address is 1065 Woodman Drive, Dayton, Ohio 45432.

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

A. I am employed by The Dayton Power and Light Company ("DP&L" or "Company") as Supervisor of Regulatory Operations.

Q. How long have you been in your present position?

A. I assumed my present position in December 2010. Prior to this position, I was an Accountant II in the Accounting Policy and External Reporting department for DP&L, beginning in May 2008. From December 2009 to December 2010, I was responsible for Regulatory accounting for DP&L.

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

A. Yes. I received a Bachelor of Science degree in Business Administration with a major in Accounting from the Ohio State University in 2004, and am a Certified Public Accountant. From 2005 to 2008, I was employed as a Senior Accountant for Deloitte & Touche.

Q. What are your responsibilities in your current position and to whom do you report?

A. In my current position, I am responsible for various assignments relating to the development of retail electric rates, evaluating regulatory and legislative initiatives and

regulatory commission orders that impact the Company's rates and overall regulatory operations. I report to the Director of Regulatory Operations.

Q. Have you previously provided testimony before the Public Utilities Commission of Ohio ("PUCO" or the "Commission"), any other state commission or the Federal Energy Regulatory Commission ("FERC")?

A. Yes. I sponsored written testimony before the PUCO in the Company's Energy Efficiency Portfolio Case No. 09-1986-EL-POR. I also sponsored testimony before the PUCO in DP&L's Standard Service Offer Case, Case No. 12-426-EL-SSO, which was subsequently adopted by Company Witness Dona Seger-Lawson.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of this testimony?

A. The purpose of my testimony is to discuss and support the reasonableness of the Stipulation and Recommendation ("Stipulation") entered into by DP&L and the Signatory Parties. The Signatory Parties recommend that the Commission approve the Stipulation filed in this matter on October 2, 2013 and issue its Opinion and Order in accordance with the recommendations made in the Stipulation because it is the product of serious negotiations among knowledgeable parties, it benefits customers and the public interest, and it does not violate any important regulatory principle or practice.

Q. Why should the Commission approve this Stipulation?

A. As demonstrated below, the Commission should approve the Stipulation because it represents a fair and reasonable resolution to the issues raised in this case concerning DP&L's second energy efficiency and peak demand reduction program portfolio plan

43 (“Program Portfolio”) filed pursuant to Section 4901:1-39-04 of the Ohio Administrative
44 Code (“O.A.C”) on April 15, 2013.

45 **III. STIPULATION SUMMARY**

46 **Q. Please identify the Signatory Parties to the Stipulation.**

47 A. In addition to the PUCO Staff (“Staff”), thirteen parties intervened in this proceeding.
48 These parties reflect a diverse set of interests and represent customers in DP&L’s service
49 territory. The Signatory Parties, which include twelve of the thirteen intervening parties,
50 are DP&L, Staff, the Office of the Ohio Consumers’ Counsel (“OCC”), the Ohio
51 Environmental Council (“OEC”), Industrial Energy Users – Ohio (“IEU-Ohio”),
52 Environmental Law & Policy Center (“ELPC”), Ohio Partners for Affordable Energy
53 (“OPAE”), Ohio Advanced Energy Economy, Ohio Manufacturers Association Energy
54 Group (“OMAEG”), Ohio Hospital Association (“OHA”), Ohio Energy Group (“OEG”),
55 EMC Development Company, Inc. (“EMC”), People Working Cooperatively, Inc.
56 (“PWC”), and Enernoc, Inc. Although Sierra Club is not currently a signatory party, it
57 has represented that it supports the Stipulation and is planning to join as a signatory party
58 upon approval from its national chapter.

59 **Q. Can you please describe the principle terms of the Stipulation?**

60 A. Yes. The Stipulation provides that the Company’s portfolio of energy efficiency and peak
61 demand reduction programs should be adopted and approved by the Commission. The
62 Stipulation also recommends approval of the incentive mechanism proposed in DP&L’s
63 application, with the qualification that the benefits recovered by DP&L under the shared
64 savings incentive mechanism will be capped at \$4.5 million per year, on an after-tax basis,
65 over the three year term. The Stipulating Parties further agree DP&L’s lost revenues will
66 not exceed \$72 million over the seven year period ending December 31, 2015 as

established in Case No. 08-1094-EL-SSO. Lost revenues and program costs will continue to be recovered through DP&L's Energy Efficiency Rider ("EER") and shared savings will likewise be recovered through the EER. The Stipulation also recommends an updated non-residential rate design using a combination of distribution revenue and kWh sales to allocate EER costs among tariff classes.

The Stipulation contains a proposal that the Company will bid at least 75% of the eligible Program Portfolio megawatts ("MW") into PJM Base Residual Auctions ("BRAs") occurring during the term of the 2013-2015 Program Portfolio. Further, DP&L will bid projected MW (equal to at least 50% of the eligible 2015 plan year MW) from the 2016 program year into each PJM BRA occurring during the term of the Program Portfolio plan. The net proceeds from the PJM auctions will be shared between DP&L and DP&L's Customers with 80% of the net auction proceeds credited to DP&L's Customers.

Finally, the Stipulation contains various provisions that provide numerous benefits to DP&L customers, such as expansion of the existing Government Audit program to include all Commercial & Industrial customer classes, incentives for LED lighting, ongoing exploration into combined heat and power and waste energy recovery, and additional weatherization and energy efficiency services to low income customers.

IV. COMMISSION'S CRITERIA FOR EVALUATING STIPULATIONS

Q. What criteria does this Commission use to evaluate and approve a Stipulation and Recommendation?

A. The Commission has applied in the past, and should use in considering this Stipulation, the following three regulatory criteria to evaluate and approve a stipulation: First, is the Stipulation a product of serious bargaining among capable, knowledgeable parties?

91 Second, taken as a package, does the Stipulation benefit ratepayers and the public
92 interest? Third, does the Stipulation violate any important regulatory principle or
93 practice?

94 **Q. Does this Stipulation meet those criteria used by the Commission to evaluate and**
95 **approve a Stipulation and Recommendation?**

96 A. Yes, this Stipulation does meet the criteria applied by the Commission in past
97 proceedings.

98 **Q. Turning to the first criterion, was the Stipulation the product of serious bargaining**
99 **among capable, knowledgeable parties?**

100 A. Yes. All Parties to the Stipulation were represented by experienced, knowledgeable
101 counsel, most of whom have appeared before the Commission in numerous other
102 proceedings, and all of whom are experienced negotiators and are knowledgeable about
103 the subject matter at issue. All Signatory Parties have participated in numerous
104 proceedings before the Commission, are knowledgeable in regulatory matters and
105 represent a broad range of interests. All Parties were invited to participate in settlement
106 discussions regarding the Stipulation. All parties, which participated in numerous
107 meetings, telephone conversations and email exchanges leading to the Stipulation, were
108 provided drafts of the Stipulation and given the opportunity to further engage in frequent
109 settlement discussions with DP&L throughout the process. The issues in the case were
110 discussed in great detail over the course of several months. Therefore, the Stipulation
111 represents a product of serious bargaining among capable, knowledgeable parties.

112 **Q. Turning now to the second criterion, does this Stipulation benefit the customers and**
113 **public interest?**

114 A. Yes. The Stipulation benefits DP&L customers and the public interest. This Stipulation
115 provides DP&L's residential and non-residential customers with energy efficiency and
116 peak demand reduction programs which encourage and promote energy savings by
117 providing incentives for lowering customer energy consumption and demand, which in
118 turn will lower their electric bills. Further, customers and other interest- groups will
119 benefit from the continuation of DP&L's energy efficiency collaborative, which has a
120 history of positive reception from participants. Interested parties will also benefit from
121 the incentives provided to DP&L to encourage DP&L's continued robust portfolio
122 implementation. In addition, as described above the Stipulation provides additional
123 programs and incentives for customers such as incentives for LED lighting, ongoing
124 exploration into combined heat and power and waste energy recovery, and additional
125 weatherization and energy efficiency services to low income customers, while at the same
126 time advancing state policy to encourage energy efficiency and peak demand reduction.

127 **Q. With respect to the third criterion, does the Stipulation violate any important**
128 **regulatory principle or practice?**

129 A. No. Based on my experience, direct participation in all aspects of this proceeding, and
130 review of the Stipulation, I believe it complies with all relevant and important regulatory
131 practices and principles. The application is consistent with Commission rules and is
132 designed to comply in all material respects with the requirements of O.A.C. §4901:1-39-
133 04. The Stipulation recommends approval of DP&L's comprehensive Energy Efficiency
134 and Demand Reduction program portfolio, which includes a range of programs that
135 encourage innovation and market access for cost-effective energy efficiency and peak
136 demand reduction for all customer classes, and which are designed to achieve the
137 statutory benchmarks for peak demand reduction and meet or exceed the statutory

138 benchmarks for energy efficiency. Therefore, the Stipulation does not violate any
139 important regulatory principle or practice.

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

141 **A.** Yes, it does.

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Summary: Testimony The Dayton Power and Light Company Testimony of Emily W. Rabb in Support of the Stipulation and Recommendation electronically filed by Mrs. Karen M Boman on behalf of Sobecki, Judi L. Ms.