BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Verification of the Energy Efficiency and Peak Demand Reductions Achieved by the Electric Distribution Utilities Pursuant to Section 4928.66, Revised Code	)))))	Case No. 13-1027-EL-UNC

REPLY COMMENTS OF THE DAYTON POWER & LIGHT COMPANY ON THE REPORT OF OHIO INDEPENDENT EVALUATOR ON THE ANNUAL VERIFICATION OF THE ENERGY EFFICIENCY AND PEAK DEMAND REDUCTIONS ACHIEVED BY THE ELECTRIC DISTRIBUTION UTILITIES

For its reply comments, The Dayton Power and Light Company ("DP&L" or "the Company") seeks to respond to two issues discussed in detail by the Environmental Law and Policy Center, Ohio Environmental Council, Sierra Club, and Natural Resources Defense Council ("the Parties") in their joint comments. DP&L's responses to these issues appear below:

Free Ridership, Net Impacts

In their joint comments, the Parties make the argument that, "In order to ensure that the utilities' programs generate savings, the evaluators need to examine net savings that take into account free ridership – not just gross savings." As a result of the Commission's August 7, 2013 Finding and Order in Case No. 12-665-EL-UNC, in which Evergreen made an effort in its report to address the concern of free ridership, this point is now moot. In that order the Commission stated that:

> The Commission agrees that Evergreen's efforts to develop a standard free ridership question battery and scoring algorithm are premature, as we have not indicated that net savings should be evaluated. Accordingly, the gross savings methodology should continue to be employed for purposes of determining the electric utilities' compliance with Section 4928.66, Revised Code.

DP&L agrees with the Commission that the gross savings methodology should be the one employed for purposes of compliance with O.R.C § 4928.66. Gross savings are determined by calculating the savings that can be attributed to energy efficient measures installed by customers. In order to employ the net savings methodology, an additional level of assumptions related to free ridership and spillover effects must be placed on top of the calculated gross savings. As Evergreen itself admits, "measuring free ridership is a complex process."[1] Beyond the complexity, it also requires that customers use imperfect memories to answer hypothetical questions as to what they would have done differently under different circumstances. Therefore, DP&L believes that compliance should be based on what occurred, not what might have occurred if circumstances had been different.

DP&L agrees with the Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company and Duke Energy Ohio's comments regarding net impacts and the free ridership issue. The Commission has since ruled on the issues presented above and therefore the issue has been settled.

Independent Cost-effectiveness Analysis

The Parties in their joint comments argue that Evergreen should provide its own analysis of program costs and benefits in order to better evaluate each utility's programs. In the comments, the Parties maintain that because of inconsistencies among the utilities' annual status reports, interested parties have difficulties quantifying actual costs and benefits of energy efficiency programs. The Parties opine that "the PUCO should direct the Independent Evaluator to conduct a comprehensive cost-effectiveness analysis." DP&L's evaluation's provider, Cadmus, currently performs a comprehensive cost-effectiveness study, which should be considered an independent calculation of program cost-effectiveness. Even using the same

[1] Report of the Ohio Independent Evaluator prepared by Evergreen Economics, page 71.

metrics in reporting on cost-effectiveness, two separate evaluators will likely produce varying numbers, based on the model those numbers are being derived from. The Commission should not require Evergreen to conduct a second cost-effectiveness analysis, as there has been no evidence of the need for a duplicative effort or that the cost of such a second analysis would provide any benefit to customers.

Conclusion

DP&L appreciates the opportunity to reply to comments on the Independent Evaluator's report and looks forward to being an active participant in additional discussions in the future.

Respectfully submitted,

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Summary: Reply Comments of the Dayton Power and Light Company, electronically filed by Mr. Tyler A. Teuscher on behalf of The Dayton Power and Light Company