

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 15-928-EL-UNC

TESTIMONY OF
ERIC R. BROWN
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
ERIC R. BROWN
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 Eric R. Brown. My business address is 1065 Woodman Drive, Dayton, Ohio
4 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 the
7 "Company") as a Rate Analyst in the Regulatory Operations department.

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

9 A. I received a Bachelor of Business Administration degree from the University of Hawaii at
10 Hilo in 2008. I am currently pursuing a Master of Business Administration degree from
11 Cleveland State University, where I plan to graduate in May 2016. I have been employed
12 by DP&L in the Regulatory Operations department since 2009.

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

14 A. In my current position, I am responsible for assisting in the development, analysis,
15 revision, and administration of the Company's tariff schedules, rate designs, and policies.
16 I am responsible for evaluating regulatory and legislative initiatives, and commission
17 orders that impact the Company's retail and wholesale rates and overall regulatory
18 operations. I report to the Manager of Regulatory Operations.

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

21 A. Yes. I have sponsored testimony before the PUCO in the Company's CBT Rider Case
22 No. 14-563-EL-RDR.

23 **II. PURPOSE OF TESTIMONY**

24 **Q. What is the purpose of this testimony?**

25 A. The purpose of my testimony is to discuss and support the reasonableness of the
26 Stipulation and Recommendation ("Stipulation") entered into by DP&L and the PUCO
27 Staff ("Staff") (collectively the "Signatory Parties"). The Commission should approve the
28 Stipulation filed in this matter on September 9, 2015 and issue its Opinion and Order in
29 accordance with the recommendations made in the Stipulation because the Stipulation is
30 the product of serious negotiations among knowledgeable parties, it benefits customers
31 and the public interest, and it does not violate any important regulatory principle.

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

33 A. Yes. The Stipulation provides that the Company has calculated its earned return on equity
34 for 2014, as adjusted by specific items contemplated by the Commission in Case No.
35 09-786-EL-UNC, to be 9.4 percent. The Signatory Parties stipulate, and recommend that
36 the Commission find that such returns do not constitute significantly excessive earnings
37 for DP&L with respect to DP&L's ESP in 2014.

38 **Q. Why should the Commission approve this Stipulation?**

39 A. As demonstrated below, the Commission should approve the Stipulation because it
40 represents a fair and reasonable resolution to the issues raised in the Company's
41 Application and accompanying materials filed May 15, 2015, and Supplemental and
42 accompanying materials filed May 28, 2015, concerning DP&L's determination that
43 significantly excessive earnings in 2014 did not occur.

III. 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? Second, taken as a package, does the Stipulation benefit ratepayers and the public interest? Third, does the Stipulation violate any important regulatory principle?

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

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

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

A. Yes. No party has moved to intervene in this proceeding. In negotiations leading to the Stipulation, DP&L and Staff were represented by experienced, knowledgeable counsel, who have appeared before the Commission in numerous other proceedings, and are experienced negotiators and are knowledgeable about the subject matter at issue. The Signatory Parties have participated in numerous proceedings before the Commission, are knowledgeable in regulatory matters and represent a broad range of interests. Therefore, the Stipulation represents a product of serious bargaining among capable, knowledgeable parties.

66 **Q. Turning to the second criterion, does this Stipulation benefit the customers and**
67 **public interest?**

68 A. Yes. The Stipulation benefits DP&L customers and the public interest. This Stipulation
69 provides benefits to the public by allowing for a speedy and fair resolution of the case,
70 and avoids an unnecessary hearing when it is undisputed that DP&L's earnings are not
71 excessive.

72 **Q. With respect to the third criterion, does the Stipulation violate any important**
73 **regulatory principle?**

74 A. No. The Stipulation complies with all relevant and important regulatory practices and
75 principles. The Stipulation is consistent with Commission rules and is designed to
76 comply in all material respects with the requirements of Ohio Rev. Code § 4928.143(F).
77 Therefore, the Stipulation does not violate any important regulatory principle.

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

79 A. Yes, it does.

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Summary: Testimony of Eric R. Brown in Support of the Stipulation and Recommendation electronically filed by Eric R Brown on behalf of The Dayton Power and Light Company