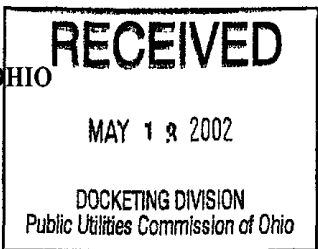


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BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO



In the Matter of the Commission's Review of its)
Electric Service and Safety Standards, the)
Electric Interconnection Standards, and the)
Electric Reliability, Safety and Customer)
Service Standards Enforcement at Chapters)
4901:1-10, 4901:1-22 and 4901:1-23 of the)
Ohio Administrative Code)

Case No.: 02-564-EL-ORD

REPLY COMMENTS OF
THE DAYTON POWER AND LIGHT COMPANY

The Dayton Power and Light Company ("DP&L") in response to comments filed by other parties in the above captioned proceeding hereby files the following reply comments:

I. 4901:1-10-08 Emergency Plans, et al

DP&L agrees with Monongahela Power's suggestion that the Electric Distribution Utilities ("EDU") emergency plan should not be submitted to the Commission in light of security issues since September, 11, 2001. These plans are available for audit at the EDU's offices by Commission staff.

II. 4901:1-10-09 Minimum Customer Service Levels

DP&L strongly disagrees with Ohio Consumers' Counsel's ("OCC") recommendation of additional reporting requirements. The OCC recommends quarterly reporting on a variety of statistics related to minimum customer service levels. DP&L objects that this adds to the already significant reporting burden with no clear benefit. The proposed rules as drafted are not "minimum service" standards, but rather "premium" or "world class service" levels and there is a significantly higher cost for that level of service. OCC's suggestions for further reporting and quicker actions taken to resolve perceived service quality issues will further amplify the cost of providing this "world class service."

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DP&L's distribution rates are frozen through 2006 and current rates do not reflect this "premium" level of service contemplated by the proposed rules.

The OCC argues that the proposed rule, which requires EDU's to report up to 30 days after missing a goal for a single calendar month, is inadequate to protect customers against rapid degradation of service. This argument is clearly flawed. At a minimum, several months of data should be considered before a trend can be established. The suggestion that swift action must be taken in order to avoid further deterioration of service is alarmist and may result in an unnecessary and inappropriate response.

III. 4901:1-10-10 Distribution System Reliability

DP&L disagrees with OCC's suggestion that the EDU must report to the Commission each time it experiences a service interruption for one hour or longer, affecting at least 2,500 customers between the hours of 8:00 AM and 8:00 PM or any time temperatures are 85 degrees or above. The performance indices currently reported under this rule are industry standard measures. These indices are calculated using all outage data with the exception of "major events". Peak loading periods are not excluded from the calculations. There is no "averaging" of on-peak and off-peak periods as suggested in the OCC comments. If a utility experiences a significant problem during a peak period, this will likely be reported separately under either Rule 7 or Rule 10 as a major event. Otherwise, reliability performance during peak loading periods is included in the overall system performance indices and poor performance during peak will be reflected in the indices.

The IEEE P1366 "Trial Use Guide for Electric Power Distribution Reliability Indices" contains numerous measures for distribution system reliability and is generally accepted as the industry standard. This document contains no provision for special reporting of performance during peak periods because the existing indices are adequate measures of reliability and any serious problems

encountered during peak would be reported separately. Any new requirement to report on reliability during peak periods is redundant. Additionally, creation of a new performance index for peak loading periods would be problematic due to the myriad of definitions one might choose to designate a peak loading period.

The OCC recommends individual reporting of outages of one hour or longer affecting 2,500 or more customers during specified periods. A typical distribution circuit serves more than 2,500 customers and any unplanned circuit lockout requires time for crews to visually patrol the circuit before switching can safely begin. DP&L will not compromise safety in an effort to minimize outage duration based on an arbitrary and unjustifiable reporting guideline. If this suggestion becomes part of the rules, it is likely that nearly every circuit lockout will be individually reported. This would increase the volume of data reported to the point where it will be difficult to sort out truly significant outage events from routine events. Furthermore, circuit reliability is already closely monitored under Rule 11 which requires EDU's to report semi-annually on the least reliable 4% of distribution circuits and take corrective action when necessary.

The OCC recommends that the review of EDU's distribution system and circuit reliability should be conducted publicly. DP&L strongly objects to this recommendation on the basis that the reported information is easily subject to misinterpretation. It is difficult for someone unfamiliar with the industry to understand fundamental differences from one EDU to the next or even from one distribution circuit to the next. Making such information available publicly will almost certainly result in inappropriate comparison and incorrect conclusions. Further, this information is proprietary and public disclosure of this information may provide vendors that DP&L utilizes to perform maintenance on its system with information that could result in higher contract costs to the EDU which could lead to higher future distribution costs for all retail customers.

IV. 4901:1-10-14 Deposits

DP&L disagrees with OCC's recommendation that there should be deferred payment plan options for deposits. As stated in DP&L's initial comments, a delinquent residential account cannot be disconnected for nonpayment until more than 70 days of service has been rendered (greater than 80 days with additional winter notifications). Since the current deposit limit provides coverage for only the first approximately 40 days of this exposure, accounts which pose a threat of default are always severely under-secured. Allowing the customer to pay the deposit in equal installments over the first three months of service as OCC suggests would greatly increase EDU's exposure, defeating the underlying purpose of charging a deposit. If the customer fails to pay the first and second bill and the second installment of the deposit, the EDU only has one-third of the deposit for over two months of service, which is obviously inadequate to cover the cost. Further, the EDU is still not able to disconnect service at this point, and therefore continues to provide service for which it will not be paid. OCC's deposit suggestions will increase the EDU's uncollectible expense and will increase distribution rates to all retail customers.

The Commission should not only disregard OCC's comments, but increase the deposit the EDU is allowed to collect to 2 times the average monthly usage on all classes of accounts.

V. 4901:1-10-17 Payment schedule and disconnection procedures for nonpayment by nonresidential customers

DP&L disagrees with WPS Energy that the EDU should be required to place a statement on its disconnection notice that the customer should contact the CRES if they have paid the CRES charges. This will be extremely confusing for customers since the EDU is already required to clearly display the following statement on the disconnection notice: "failure to pay charges for CRES services may result in loss of those products and services; and failure to pay charges for CRES service may result in

cancellation of the customer's contract with the CRES provider, and return the customer to the EDU's standard offer generation." It is unlikely that the customer would be receiving a disconnection notice from the EDU and have already paid the CRES provider's charges under the existing posting priority scenario because the EDU is paid first. However, this situation may become more common if the Commission adopts one of the proposed posting priorities where the CRES provider is paid first.

VI. 4901:1-10-21 Customer Complaints, Slamming Complaints, and Complaint-handling procedures (B)(3)

OCC suggests that the EDU should be required to provide a status report within three business days to the customer and OCC when investigating a complaint referred to the EDU by the OCC. OCC may be the largest consumer advocate in the state, but it is not the only one and is not entitled to preferential treatment. In addition, the customer has already contacted the OCC once and if the customer is not satisfied with the outcome of the situation it can call OCC back or contact the PUCO.

VII. 4901:1-10-21 Customer Complaints, Slamming Complaints, and Complaint-handling procedures (B)(23)

DP&L disagrees with WPS Energy's suggestion that the price to compare should require disclosure of how the price to compare was determined and/or upon what it is based. The Commission should not consider this proposed revision if WPS Energy is suggesting that the EDU put a formula and a narrative explanation how the per kWh price was determined. This level of detail is neither relevant nor necessary. It will serve to increase customer confusion and will increase billing costs of the EDU. Moreover, it is the CRES provider's duty and opportunity to explain how its offering fares against the "price to compare".

Currently DP&L provides a per kWh price and a dollar amount that a new supplier must offer the customer in order to save money for the same usage that appears in the bills. The bill message also

directs the customer to the Ohio Electric Choice web site where the customer can get more information. The message that DP&L provides takes 5 lines on the bill and to require the information that WPS Energy is suggesting would create a three page bill which will increase postage costs, and ultimately result in higher distribution costs for all ratepayers.

VIII. 4901:1-10-21 Customer Complaints, Slamming Complaints, and Complaint-handling procedures (H)(3)

DP&L disagrees with WPS Energy's recommendation that this rule should provide a means through which the CRES provider may appeal and or question the EDU's alleged incremental costs for performing a corrective switch for a slammed customer. DP&L believes this is unnecessary because a complaint process is already in place under 4905.26 O.R.C.

IX. 4901:1-10-22 EDU customer billing and payments

At page 14 of its comments, OCC suggests language that would require each EDU to provide customers with alternative payment methods that are available by "check, by credit card, internet payment . . ." First, it is unclear what the OCC defines as "internet payment" and how that might be different than a credit card payment. If such internet payment would require an EDU to set up appropriate website and security systems to allow customers to pay their bill on line, DP&L is opposed to such a requirement as it would be costly to implement and may increase the EDUs liability if the payment information is somehow gleaned from the internet. Second, it is inappropriate for the Commission to adopt rules that will require EDUs to offer payment arrangements that they do not currently offer, when such payment options will increase the EDUs costs during a time of frozen distribution rates.

Further, OCC suggests that such offer of payment options should not result in customers being charged more than two-times the cost of a first-class postage stamp for the processing of these

payments. Neither the EDUs, nor this Commission, can control the charges assessed by credit card companies for the use of credit cards for payment of goods and services. DP&L's research shows that the charges assessed by a credit card company is approximately 2%¹ of the cost of the product or service. If an average residential bill is \$68 per month, this fee would be approximately \$1.36, which is twice as high as 2 times the cost of a first class postage stamp at today's rates. The EDU should not be required to absorb the difference between a real cost that the credit card company is assessing and an arbitrary guideline of what someone believes to be a reasonable charge. DP&L's distribution rates are frozen through the end of 2006 and it cannot absorb increased costs of offering credit card payments without proper reflection of this increased costs in rates. Further, customers that use credit cards for payments should pay for the true cost of this service, it should not be socialized, and assessed to all customers through future distribution rates.

VII. 4901:1-10-24 Consumer Safeguards and Information (E)(2)

DP&L agrees with CG&E and AEP's proposed amendment that the EDU can not disclose a customer's social security number without the customer's written consent except when such disclosure is needed for programs funded by Universal Service Fund, and for programs designed to assist the EDU's credit and collection activities, when disclosure is requested by law enforcement or when disclosure is ordered by the commission or other governmental court or agency. DP&L recommends that the Commission modify the rule to allow for the above stated exceptions to allow the EDU to disclose a customer's social security number.

¹ Mastercard and Visa, the most widely used credit cards assess 1.79% of the purchase price to the vendor that accepts the credit card for payment.

VIII. 4901:1-10-26 Annual System Improvement Plan Report (B)(3)(f)(iv) & (v)

DP&L concurs with FirstEnergy that the proposed amendments to these rules should be deleted. This information is reported in the Long-Term Forecast Reports submitted to the Commission on an annual basis by the EDUs.

IX. 4901:1-10-29 Coordination with CRES Providers (C)

At page 2 of its comments, MidAmerican suggests that the CRES provider shall remit payments within 2 business days of the customer payment to the EDU, and likewise the EDU will remit payments to the CRES provider within 2 business days. The Commission should summarily reject this suggested language. An EDU would not be able to comply with 4901:1-10-22(E) if a CRES provider who is performing consolidated billing and a customer is subject to disconnection. At a minimum, if the Commission is compelled to adopt the proposed revision, the CRES provider should be required to notify the EDU immediately that payment has been received.

Additionally, it is between the EDU and the CRES to work out when payments will be received by the non-billing party. As discussed at length in the OSPO working group in relation to purchase of receivables, this was a highly debated timeline. The Commission should not establish a hard and fast rule for when payments are received by the non-billing party as it will impact the financial balance of the billing agreement between the two parties.

X. 4901:1-10-29 Coordination with CRES Providers (E)

DP&L disagrees with WPS Energy's suggestion that meter identification numbers be included in the pre-enrollment data the EDU provides to the CRES. Currently, the EDU passes on a "dummy" meter number in the pre-enrollment data. WPS states that without the actual meter identification

number, supplying the customer's historic usage information becomes a problem. DP&L is unclear how an actual meter identification number will help the CRES provide historic usage information. DP&L is able to provide historic usage information based on a number of criteria including customer name, address, phone number, etc. The Commission should reject WPS Energy's suggestions.

XI. 4901:1-10-29 Coordination with CRES Providers (H)(2)

DP&L disagrees with WPS Energy's recommendation that the EDU be required to notify customers returning to standard service offer that the customer must pay amounts owed to the CRES provider. The EDU is not a collection agent for the CRES provider. If the EDU is providing collection and remittance services for the CRES, this requirement is more appropriate in a contract between the EDU and the CRES.

XII. 4901:1-10-29 Coordination with CRES Providers (I)

DP&L disagrees with WPS Energy's recommendation that upon a customer's enrollment in PIPP the EDU shall pay the CRES provider the customer's current and past due charges. WPS Energy is incorrect in stating that the EDU "will be made whole through the normal PIPP recovery process." There is currently no provision in the agreements between the Ohio Department of Development (ODOD) and the EDU that would allow the EDU to recover Pre-PIPP costs associated with service the customer received from a CRES provider prior to qualifying for PIPP. The EDU should not be a collection and remittance agent for the CRES for its PIPP customers. If a CRES provider believes it should be reimbursed for Pre-PIPP costs from the ODOD, through the Universal Service Fund (USF) rider, it should bring that issue to the ODOD on its own accord. As stated in FirstEnergy's Initial Comments, the problems with this approach are numerous including that the PIPP Program was set up to avoid disconnection of customer and an amount owed to a CRES Provider cannot cause

disconnection. The USF Riders and process associated therewith have not been designed for this situation, and it is inconsistent with 4928.51 O.R.C. The Commission should reject WPS Energy's proposed amendment to the rules.

DP&L also disagrees with OCC's proposed amendment that a customer should not be required to pay a switching fee for returning to standard service offer because of PIPP eligibility. The EDU's are incurring costs by switching these customers and should be compensated for the switch either by the customer or the ODOD.

XIII. 4901:1-10-33 Consolidated Billing (C)(5)

DP&L disagrees with WPS Energy's interpretation of the budgeted bill amount. If DP&L is performing consolidated billing and the customer is on budget billing, the budget bill amount will contain generation charges and it should be consolidated. As stated in DP&L's initial comments separately establishing budget bill amounts for CRES Provider charges and EDU charges is cumbersome, inefficient, and irrelevant. A budget billing program is a service provided to customers by the billing party, to allow customers to plan for and budget for monthly payments for utility bills. If WPS Energy is concerned about customer confusion regarding a budget bill amount on a consolidated bill or does not want to offer budget billing for generation charges then WPS has the option to dual bill.

XIV. 4901:1-10-33 Consolidated Billing (G)

DP&L agrees with OCC that the payment posting priorities should be such that the EDU charges are credited first to minimize the number of accounts that are disconnected for non-payment. However, DP&L disagrees with OCC's suggested wording for this section of the rules.

At page 17 of its comments, OCC suggests that CRES Providers implement a policy whereby customers are dropped, or returned to the EDU's standard service offer, quickly when the CRES

provider realizes that the customer becomes past due. This is not the preferred solution to minimizing the number of disconnected accounts, but instead will serve to increase the cost of standard offer service to all customers. If CRES Providers are concerned about large unpaid account balances, they should be evaluating their targeted customer base before signing customers to competitive generation service contracts or require deposits. CRES Providers have the ability to perform credit evaluations on potential customers, just as any other service provider operating in a competitive market. If they perform such credit checks, they can choose not to serve customers with poor payment history, and therefore minimize the unpaid CRES arrearage balance they may incur. Returning the customer to the EDU's standard offer service for failure to pay will exacerbate the minimum stay issue, and make it more important for the Commission to quickly resolve the alternatives to minimum stay issues that are currently being debated in Case Nos. 00-813-EL-EDI, 01-1817-EL-ATA, 01-1938-EL-ATA, 01-2053-EL-ATA, 01-2097-EL-ATA, 01-2098-EL-ATA, 01-2677-EL-ATA, 01-2678-EL-ATA, 01-2679-EL-ATA.

At page 18, of OCC's comments, it is suggested that the payment posting priority pay "Past due regulated charges" first. It is unclear how "regulated charges" are defined. Specifically it is unclear if the EDU's charges for standard offer service, EDU deposit requirements, EDU late payment fees, EDU returned check charges are all considered "regulated charges." In addition, DP&L suggests if the EDU is purchasing the receivables from the CRES provider then those charges become "regulated charges" and are subject to disconnection. Further, at suggested item (b) OCC's comments state that current EDU distribution and transmission charges be credited second. This suggested language fails to recognize generation or standard offer charges. Thus, the Commission should reject OCC's suggested language and implement the following policy for payment posting priorities:

(G) Payment Posting Priorities:

(1) Any payment made on a customer account shall be credited in the following order:

- (a) EDU deposits
- (b) Past due EDU charges
- (c) Current EDU charges
- (d) Past due CRES provider charges
- (e) Current CRES provider charges
- (f) Other Past due and current non-tariffed charges

(2) There are no exceptions to the above payment posting priority.

(3) As each payment is posted, each category above will be paid in full before posting to the next category. Payments will be posted within each category to the oldest arrearages first.

(4) A budget billing payment will be paid to the non-billing party in accordance with the billing agreement between the EDU and the CRES provider.

XV. 4901:1-10-33 Consolidated Billing (G)

WPS Energy states that the proposed change in posting priorities are an improvement over the existing posting priorities where the EDU is paid first. WPS Energy fails to consider the numerous problems that the proposed change in posting priorities will create. As stated in DP&L's Initial Comments, to implement what is proposed in the rules as drafted will lead to additional customer disconnects, and poor customer service by both the EDU and the CRES provider. It is in all parties' (EDU's, CRES Provider's, and the customer's) interest to continue service and avoid disconnection. The Commission should consider all of the implications before making such a sweeping change in payment posting priorities. It not only affects customer service quality, it can impact the cash flows of the EDU, which could lead to higher financing costs, and ultimately higher distribution rates for all customers.

Further, as proposed the payment posting priorities do not specify that the oldest arrears are paid first. If the Commission does not see through the flaws of the currently proposed payment posting priorities, it must at least specify that charges will be credited in accordance with the age of the outstanding charge. In other words, within the proposed policy as currently drafted, the Commission must clarify that if a customer account has 60 day old charges for both CRES and EDU, and 30 day old charges for both the CRES and EDU, when a payment is made, it should be credited to the CRES 60 day charges, then EDU 60 day charges, before it is credited against CRES 30 day old charges, and then EDU 30 day old charges. As drafted one could imply that all CRES past due charges are paid before any EDU past due charges are paid, which would even further exacerbate the number of accounts that are disconnected for non-payment of EDU charges. Again, DP&L does not support the proposed change in payment posting priorities. Contrary to WPS Energy, DP&L does not believe that this change is critical to the long-term viability of the competitive market in Ohio, but will instead defeat the Commissions goals by increasing the number of accounts that are disconnected for non-payment and will serve to increase future distribution costs to all ratepayers.

XVI. 4901:1-10-33 Consolidated Billing (H)

MidAmerican's concept for "clean-slate billing" appears to have merit. However, DP&L believes that this should be addressed in the consolidated billing agreement between the EDU and the CRES. The Commission should not issue a policy statement before this option is more fully explored.

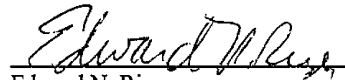
XVII. General Comments

OCC throughout its comments suggests repeatedly that the EDU should be required to inform customers of OCC's contact information. Currently, DP&L lists OCC's phone number, address and web site address on its bills and will provide this information when the customer asks. However, if required by the rules the EDU would be subject to spurious non-compliance complaints. OCC's suggestion is elevating this matter to some sort of "Miranda" rights issue. Thus, the Commission should summarily reject OCC's suggestions to require the EDU notify customers of their right to contact OCC.

CONCLUSION

DP&L appreciates the opportunity to submit these reply comments on Staff's Proposed Rules.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of The Dayton Power and Light Company's Reply Comments were served by First Class U.S. Mail, postage prepaid, this ____ day of May, 2002 upon the following:

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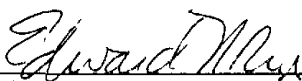
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