**Before**

**The Public Utilities Commission of Ohio**

In the Matter of the Application of )

The Dayton Power and Light Company ) Case No. 13-2420-EL-UNC

for Authority to Transfer or Sell Its )

Generation Assets. )

**Joint Reply of**

**Industrial Energy Users-Ohio**

**and**

**The Office of the Ohio Consumers’ Counsel**

Samuel C. Randazzo

(Counsel of Record)

(Reg. No. 0016386)

Frank P. Darr (Reg. No. 0025469)

Matthew R. Pritchard

(Reg. No. 0088070)

McNees Wallace & Nurick LLC

21 East State Street, 17TH Floor

Columbus, OH 43215

Telephone: (614) 469-8000

Telecopier: (614) 469-4653

[sam@mwncmh.com](mailto:sam@mwncmh.com)

(willing to accept service by e-mail)

[fdarr@mwncmh.com](mailto:fdarr@mwncmh.com)

(willing to accept service by e-mail)

mpritchard@mwncmh.com

(willing to accept service by e-mail)

**Attorneys for Industrial Energy Users-Ohio**

OHIO CONSUMER’S COUNSEL

Bruce J. Weston

Edmund “Tad” Berger

(Counsel of Record)

Maureen R. Grady

Assistant Consumers’ Counsel

Office of the Ohio Consumers' Counsel

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

Telephone: (614) 466-9567 - Grady

Telephone: (614) 466-1292 – Berger

Edmund.berger@occ.ohio.gov

Maureen.grady@occ.ohio.gov

**Attorneys for the Office of the Ohio Consumers’ Counsel**

**June 23, 2014**

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This case involves the Public Utilities Commission of Ohio’s ("Commission") determination of whether The Dayton Power and Light Company’s (“DP&L”) proposal to divest its generation is just, reasonable and in the public interest (as required by the Ohio Revised Code and the Commission’s rules.) The Commission’s rules further provide that the Commission will set the matter for a hearing if an application, on its face, does not appear to be just, reasonable, or in the public interest. Pursuant to Rule 4901-1-12(B)(2), Ohio Administrative Code (“O.A.C.”), Industrial Energy Users-Ohio (“IEU-Ohio”) and the Office of the Ohio Consumers’ Counsel (“OCC”) hereby file this Joint Reply to the Memorandum In Opposition to the Motion for Hearing by DP&L (“Memo Contra”).

As discussed herein, and in more detail in the Joint Motion for Hearing filed by IEU-Ohio and OCC on May 30, 2014 and through comments and reply comments previously filed in this proceeding by IEU-Ohio and OCC,[[1]](#footnote-1) DP&L’s Amended Supplemental Application is unjust, unreasonable, not in the public interest, and would divest the Commission of jurisdiction over DP&L’s generating assets. Accordingly, Section 4928.17, Revised Code, and Rule 4901:1-37-09(D), O.A.C., require that the matter be set for a hearing.

In its Memo Contra, DP&L argues that “a hearing would waste the Commission’s time and resources because DP&L does not know the information that IEU-Ohio and OCC seek.”[[2]](#footnote-2) DP&L’s admission that the Amended Supplemental Application is lacking in specific details regarding its proposed asset transfer or sale demonstrates that the Amended Supplemental Application is, on its face, not just, reasonable, or in the public interest. Accordingly, Ohio law and the Commission’s rules require that the matter be set for hearing.

DP&L’s argument should also be rejected because DP&L bears the burden of demonstrating that its corporate separation plan is just, reasonable, and in the public interest.[[3]](#footnote-3) The Amended Supplemental Application, on its face, fails to meet this burden and, therefore, DP&L should be required to submit evidence at a hearing to satisfy its burden of demonstrating that its corporate separation plan is just, reasonable and in the public interest.

Further, DP&L’s argument that it “does not know the information that IEU-Ohio and OCC seek”[[4]](#footnote-4) should be rejected because it is contradicted by its application seeking approval to sell one of its generating units (East Bend Unit 2) to Duke Energy Kentucky, Inc., in Case No. 14-1084-EL-UNC.[[5]](#footnote-5) Despite its claim in its Memo Contra that it lacked any knowledge of a potential sale price of its generating assets, three days before DP&L filed the Memo Contra in this proceeding, DP&L’s East Bend Application provides the expected sale price and other terms and conditions regarding its proposed divestiture of the East Bend Unit. DP&L further asserts in the East Bend Application that the final agreement with Duke Energy Kentucky was entered into as of May 15, 2014. At least in regard to the transfer of its interest in East Bend, DP&L’s assertion that the information is unknown is contradicted by its own statements.

This is also not the first instance of DP&L’s “fluid” and inconsistent position regarding the divestiture of its generating assets. DP&L has previously claimed that an asset divestiture could not be accomplished before September 15, 2016,[[6]](#footnote-6) only to later assert that the assets could be divested possibly by the end of 2014. As the East Bend Application also demonstrates, DP&L’s initial assertion that a divestiture could not occur before September 15, 2016, is not correct.

DP&L also argues that the Joint Motion for Hearing should be denied because the Commission is not required to hold a hearing inasmuch as the Commission may waive the hearing requirement in Rule 4901:1-37-09(D), O.A.C. In reliance, DP&L references the Commission’s approval of the corporate separation plans of Ohio Power Company (“AEP-Ohio”) and Duke Energy Ohio, Inc. (“Duke”), the latter of which was approved by a stipulation. Initially, DP&L’s reliance on the stipulation regarding Duke’s corporate separation plan is inappropriate as the stipulation states it is not precedential: “[t]his Stipulation is submitted for purposes of these proceedings only, and neither this Stipulation nor any Commission Order considering this Stipulation shall be deemed binding in any other proceeding nor shall this Stipulation or any such Order be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation.”[[7]](#footnote-7) In any event, reliance upon that stipulation and the Commission’s approval of AEP-Ohio’s corporate separation plan is irrelevant here because DP&L proposes numerous terms and conditions not contained in Duke’s stipulation, such as DP&L’s request to charge customers for all of DP&L’s costs associated with transferring the generating assets and DP&L’s request to saddle customers with future environmental remediation costs.

Additionally, although the Commission’s rules provide that the Commission may, for good cause shown, waive any requirement in Chapter 4901:1-37, O.A.C., other than a requirement mandated by statute, DP&L cannot show good cause for such a waiver and a hearing is, in this instance, required by statute.[[8]](#footnote-8) Initially, as discussed in the comments and reply comments filed in this proceeding by IEU-Ohio and OCC, and as discussed in the Joint Motion for Hearing, the terms and conditions proposed by DP&L in the Amended Supplemental Application are unlawful and unreasonable. Further, Section 4928.17, Revised Code, requires that the Commission find that the Amended Supplemental Application is in the public interest before it may approve the plan and Section 4903.09, Revised Code, further requires the Commission to make findings of fact based upon record evidence in all contested cases. Accordingly, a waiver of the hearing requirement contained in Rule 4901:1-27-09(D), O.A.C., is not appropriate here.

Although IEU-Ohio and OCC intend to file additional comments regarding the Amended Supplemental Application requested by the Attorney Examiner on June 30, 2014, the Commission already has sufficient information before it to find that DP&L’s Amended Supplemental Application, on its face, is unjust, unreasonable, and not in the public interest. Because the Amended Supplemental Application is, on its face, not just, reasonable, or in the public interest, the Commission should set this matter for a hearing.

Respectfully submitted,

*/s/ Matthew R. Pritchard*

Samuel C. Randazzo (Counsel of Record) (Reg. No. 0016386)

Frank P. Darr (Reg. No. 0025469)

Matthew R. Pritchard (Reg. No. 0088070)

McNees Wallace & Nurick LLC

21 East State Street, 17TH Floor

Columbus, OH 43215

Telephone: (614) 469-8000

Telecopier: (614) 469-4653

[sam@mwncmh.com](mailto:sam@mwncmh.com)

(willing to accept service by e-mail)

[fdarr@mwncmh.com](mailto:fdarr@mwncmh.com)

(willing to accept service by e-mail)

mpritchard@mwncmh.com

(willing to accept service by e-mail)

**Attorneys for Industrial Energy Users-Ohio**

OHIO CONSUMERS’ COUNSEL

Bruce J. Weston

*/s/ Edmund “Tad” Berger*

Edmund “Tad” Berger (Counsel of Record)

Maureen R. Grady

Assistant Consumers’ Counsel

Office of the Ohio Consumers' Counsel

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

Telephone: (614) 466-9567 - Grady

Telephone: (614) 466-1292 – Berger

Edmund.berger@occ.ohio.gov

Maureen.grady@occ.ohio.gov

**Attorneys for the Office of the Ohio Consumers’ Counsel**

**CERTIFICATE OF SERVICE**

In Accordance with Rule 4901-1-05, Ohio Administrative Code, "The PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties." In addition, I hereby certify that a service copy of the foregoing *Joint Reply of Industrial Energy Users-Ohio and The Office of the Ohio Consumers' Counsel* was sent by, or on behalf of, the undersigned counsel for IEU-Ohio to the following parties of record this 23rd day of June 2014, *via* electronic transmission.

/s/ Matthew R. Pritchard

Matthew R. Pritchard

Judi L. Sobecki

The Dayton Power & Light Company

1065 Woodman Drive

Dayton, Ohio 45432

judi.sobecki@dplinc.com

Charles J. Faruki

Jeffrey S. Sharkey

Faruki Ireland & Cox P.L.L.

500 Courthouse Plaza, S.W.

10 North Ludlow Street

Dayton, Ohio 45402

cfaruki@ficlaw.com

jsharkey@ficlaw.com

**On Behalf of The Dayton Power and Light Company**

Bruce J. Weston

Edmund Berger

Maureen R. Grady

Assistant Consumers’ Counsel

Office of the Ohio Consumers’ Counsel

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

edmund.berger@occ.ohio.gov

maureen.grady@occ.ohio.gov

**On Behalf of the Office of the Ohio Consumers’ Counsel**

Kimberly W. Bojko

Mallory M. Mohler

Carpenter Lipps & Leland LLP

280 Plaza, Suite 1300

280 North High Street

Columbus, Ohio 43215

Bojko@carpenterlipps.com

Mohler@carpenterlipps.com

**Oh Behalf of Ohio Manufacturers’ Association Energy Group**

Rocco D'Ascenzo

Duke Energy Ohio, Inc.

139 East Fourth Street – 1303 Main

Cincinnati, Ohio 45202

Rocco.d'ascenzo@duke-energy.com

**On Behalf of Duke Energy Ohio, Inc.**

David F. Boehm

Michael L. Kurtz

Jody Kyler Cohn

Boehm, Kurtz & Lowry

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

dboehm@bkllawfirm.com

mkurtz@bkllawfirm.com

jkylercohn@bkllawfirm.com

**On Behalf of Ohio Energy Group**

Mark A. Whitt

Andrew J. Campbell

Gregory L. Williams

Whitt Sturtevant LLP

88 East Broad Street

Columbus, Ohio 43215

whit@whitt-sturtevant.com

Campbell@whitt-sturtevant.com

Williams@whitt-sturtevant.com

Vincent Parisi

Lawrence Friedeman

Matthew White

Interstate Gas Supply, Inc.

6100 Emerald Parkway

Dublin, Ohio 43016

vparisi@igsenergy.com

lfriedeman@igsenergy.com

mswhite@igsenergy.com

**On Behalf of Interstate Gas Supply, Inc.**

Mark A. Hayden

FirstEnergy Service Company

76 South Main Street

Akron, OH 44308

haydenm@firstenergycorp.com

James F. Lang

N. Trevor Alexander

Calfee, Halter & Griswold LLP

The Calfee Building

1405 East Sixth Street

Cleveland, OH 44114

jlang@calfee.com

talexander@calfee.com

**On Behalf of FirstEnergy Solutions Corp.**

M. Howard Petricoff

Gretchen L. Petrucci

Vorys, Sater, Seymour and Pease LLP

52 E. Gay Street

Columbus, OH 43216-1008

mhpetricoff@vorys.com

glpetrucci@vorys.com

**On Behalf of the Retail Energy Supply Association**

Colleen L. Mooney

Ohio Partners for Affordable Energy

231 West Lima Street

P.O. Box 1793

Findlay, OH 45840

cmooney@ohiopartners.org

**On Behalf of Ohio Partners for Affordable Energy**

Anne M. Vogel

American Electric Power Service Corporation

155 W. Nationwide Blvd., Suite 500

Columbus, Ohio 43215

amvogel@aep.com

**On Behalf of AEP Generation Resources, Inc.**

Christopher A. Walker (Reg. No. 0040696)

Van Kley & Walker, LLC

137 N. Main St., Suite 316

Dayton, Ohio 45402

cwalker@vankleywalker.com

**On Behalf of the City of Miamisburg**

Joseph M. Clark (Counsel of Record)

Direct Energy

21 East State Street, 19th Floor

Columbus, Ohio 43215

joseph.clark@directenergy.com

**On Behalf of Direct Energy Services, LLC and Direct Energy Business, LLC**

Amy B. Spiller

Deputy General Counsel

Jeanne Kingery (Counsel of Record)

Associate General Counsel

Duke Energy Commercial Asset

Management, Inc.

139 East Fourth Street

1303-Main

Cincinnati, Ohio 45202

amy.spiller@duke-energy.com

jeanne.kingery@duke-energy.com

**On Behalf of Duke Energy Commercial Asset Management, Inc.**

Thomas W. McNamee

Assistant Attorney General

Public Utilities Section

180 East Broad Street, 6th Floor

Columbus, OH 43215-3793

thomas.mcnamee@puc.state.oh.us

**On Behalf of the Staff of the Public Utilities Commission of Ohio**

Bryce A. McKenney

Gregory Price

Attorney Examiner

Public Utilities Commission of Ohio

180 East Broad Street

Columbus, OH 43215

bryce.mckenney@puc.state.oh.us

greg.price@puc.state.oh.us

**Attorney Examiners**

1. These comments and reply comments addressed DP&L’s December 30, 2013 Application, and February 25, 2014 Amended Supplemental Application, however, the lack of specificity and unlawful terms and conditions relative to these two applications remains with the Amended Supplemental Application. [↑](#footnote-ref-1)
2. DP&L Memo Contra at 5. [↑](#footnote-ref-2)
3. Rule 4901:1-37-02(E), O.A.C. (“The electric utility has the burden of proof to demonstrate compliance with this chapter.”); *see also* Section 4928.17, Revised Code (the Commission may not approve a corporate separation plan that is not in the public interest). [↑](#footnote-ref-3)
4. DP&L Memo Contra at 5. [↑](#footnote-ref-4)
5. *In the Matter of The Dayton Power and Light Company's Planned Sale of East Bend Unit 2*, Case No. 14-1084-EL-UNC, Application (June 13, 2014) (“East Bend Application”). [↑](#footnote-ref-5)
6. *In the Matter of the Application of The Dayton Power and Light Company for Approval of its Electric Security Plan*, Case Nos. 12-426-EL-SSO, *et al*., Opinion & Order at 27-28 (September 4, 2013) (hereinafter referred to “DP&L ESP Order”). [↑](#footnote-ref-6)
7. *In the Matter of the Application of Duke Energy Ohio for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case Nos. 11-3549-EL-SSO, *et al.* Stipulation at 2 (Oct. 24, 2011). [↑](#footnote-ref-7)
8. Rule 4901:1-37-02(C), O.A.C. [↑](#footnote-ref-8)