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December 6, 2006

Janet Stoneking
Attorney Examiner
Legal Department
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43266-0573

PUCO

2006 DEC -6 PM 12:01

RECEIVED-DOCKETING DIV

Re: Ohio Department of Development
Case No. 06-751-EL-UNC

Dear Attorney Examiner Stoneking:

As you know, a stipulation (Jt. Ex. 1) was admitted into evidence at the December 1, 2006 hearing in the above-referenced matter, which, if adopted by the Commission, would establish the Universal Service Fund ("USF") rider rates to be charged and collected by the state's electric distribution utilities effective January 1, 2007 on a bills-rendered basis.

Subsequent to the hearing, it has come to my attention that there is a minor inconsistency between the Dayton Power & Light Company ("DP&L") revenue requirement set forth on page 4 of the stipulation and the DP&L revenue requirement identified in the corrected version of the table at page 6 of amended application that was attached to the stipulation as Appendix A. Please be advised that the DP&L revenue requirement of \$12,704,997 identified in the corrected table in Appendix A is the correct figure and that, because this figure was used in calculating the proposed DP&L USF rider rate at page 5 of the stipulation (*see* ODOD Ex. 4, Supplemental Testimony of ODOD Witness Donald A. Skaggs, Ex. DAS-Rev-51, line 2), this error has no impact on the DP&L USF rider rate agreed to by the signatory parties. However, in the interest of clarifying the record, I am providing the following explanation.

Prior to submitting the amended application for filing, ODOD discovered a slight error in the calculation of the interest expense component of the DP&L USF rider revenue requirement. This error was corrected in the as-filed version of Mr. Skaggs' supplemental testimony (*see* ODOD Ex. 4, Ex. DAS-Rev-30), and in the projected interest requirements exhibit to the amended application (*see* ODOD Ex. 1, Ex. G). The impact of this correction on the allowance

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for undercollection component of the DP&L revenue requirement was also properly recognized in the as-filed version of Mr. Skaggs's supplemental testimony (*see* ODOD Ex. 4, Ex. DAS-Rev-37), and in the allowance for undercollection exhibit to the amended application (*see* ODOD Ex. 1, Ex. H). However, in making these changes, ODOD neglected to make the corresponding correction to the DP&L revenue requirements summary schedule set forth in Exhibit I to the amended application. Unfortunately, in drafting the text of the stipulation, the DP&L revenue requirement indicated in Exhibit I was used, rather than the revised figure shown on corrected page 6 of the amended application (*see* Jt. Ex. 1, Appendix A).

Enclosed herewith is a corrected Exhibit I to the amended application. I apologize for any confusion this error may have caused.

Sincerely,

A handwritten signature in black ink, appearing to read 'BERY', with a stylized flourish at the end.

Barth E. Royer

Attorney for
The Ohio Department of Development

Enclosure

cc: All Parties of Record

Exhibit I
Corrected

USF Component Costs
by EDU

	CEI	Duke	CSP	DPL
Cost of PIPP	\$11,307,547	\$12,234,228	\$10,945,873	\$8,159,201
EPP/CE	\$2,051,214	\$2,219,316	\$1,985,605	\$1,480,097
Administration	\$474,938	\$256,482	\$402,054	\$243,116
Audit	\$40,000	\$0	\$0	\$40,000
Account Balance 12/31	\$225,166	(\$364,081)	(\$2,770,720)	(\$1,005,451)
Reserve	\$3,107,880	\$2,320,666	\$1,913,720	\$3,111,382
Interest	\$34,411	\$0	\$16,137	\$6,355
Adjustment for Undercollection	\$261,773	\$423,008	\$167,195	\$670,297
	\$17,502,928	\$17,089,619	\$12,659,864	\$12,704,997

	OE	OP	TE
Cost of PIPP	\$22,855,910	\$10,199,933	\$6,689,904
EPP/CE	\$4,146,112	\$1,850,290	\$1,213,563
Administration	\$730,338	\$416,047	\$215,026
Audit	\$40,000	\$0	\$40,000
Account Balance 12/31	(\$1,731,380)	(\$3,314,789)	(\$262,634)
Reserve	\$4,448,072	\$2,216,108	\$1,237,973
Interest	\$64,657	\$631	\$12,702
Adjustment for Undercollection	\$414,971	\$114,831	\$251,318
	\$30,968,679	\$11,483,050	\$9,397,851