

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
The Dayton Power and Light Company for ) Case No. 08-1094-EL-SSO  
Approval of its Electric Security Plan )

In the Matter of the Application of )  
The Dayton Power and Light Company for ) Case No. 08-1095-EL-ATA  
Approval of Revised Tariffs )

In the Matter of the Application of )  
The Dayton Power and Light Company for ) Case No. 08-1096-EL-AAM  
Approval of Certain Accounting Authority )  
Pursuant to Ohio Rev. Code 4905.13 )

In the Matter of the Application of )  
The Dayton Power and Light Company for ) Case No. 08-1097-EL-UNC  
Approval of its Amended Corporate )  
Separation Plan )

DIRECT TESTIMONY OF JOSEPH P. BUCKLEY

ON BEHALF OF

STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO

February 3, 2009

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1 DIRECT TESTIMONY OF JOSEPH P. BUCKLEY

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3 **Q. Please state, for the record, your name, position, and business address?**

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5 A. My name is Joseph P. Buckley. I am employed as a Utility Specialist 3 in the  
6 Capital Recovery and Financial Analysis Division of the Public Utilities  
7 Commission of Ohio (PUCO), 180 East Broad Street, Columbus, Ohio 43215

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9 **2. Q. Please state your educational and professional backgrounds?**

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11 A. I received a Bachelor of Science Degree in Economics from the Ohio State  
12 University and a Master's Degree in Business Administration from the  
13 University of Dayton. In 2000, I earned the Certified in Financial Management  
14 (CFM) designation, awarded by the Institute of Management Accountants. Also  
15 I attended, The Annual Regulatory Studies Program sponsored by The National  
16 Association of Regulatory Utility Commissioners (NARUC) and The Training  
17 for Utility Management Analyst also sponsored by NARUC. I have been  
18 employed by the PUCO since 1987. Since that time I have progressed through  
19 various positions and was promoted to my current position of Utility Specialist  
20 3, in 2000. In addition, I have worked on several joint Federal Communication  
21 Commission (FCC) and NARUC projects and audits and currently serve on the  
22 Midwest ISO's Finance Committee as Vice-Chairman.

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**3. Q. What is your involvement in this proceeding?**

A. I will address the company's proposed Corporate Separation Plan (CSP).

**4. Q. Does Dayton Power and Light (DP&L) plan to continue to functionally separate its businesses of providing competitive retail electric service and services other than electric service?**

A. According to the Company's response to a Staff data request, the pre-filed testimony of Company witness Timothy G. Rice in this proceeding and the Company's Application, the Company states that it will continue to provide noncompetitive retail electric services and products or services other than electric on a functionally separated basis. The Company believes that its generating assets are subject to and encumbered by, first mortgage liens making any transfer of those assets not cost beneficial.

**5. Q. DP&L proposes to insert a new tariff provision to cover certain "special customer services" that can be provided by DP&L employees at the request of the customer. Does Staff agree with this proposal?**

A. No, not based on the detail that was provided in the Company's Application. The Staff believes more details should be provided as to what constitutes special services and feels this should be provided as part of a stand-alone ATA (tariff

1 case) proceeding. Staff believes this is an important policy decision for the  
2 Commission and allowing for additional review by interested parties would be  
3 beneficial to the overall decision making process.  
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7 **6. Q. In Mr. Rice's pre-filed testimony the Company requests authority to sell**  
8 **or transfer three peaking unit stations commonly called Tait Units1-3.**  
9 **The Company states that these units were constructed after DP&L's last**  
10 **formal rate case and that these units have never been in rate base.**

11 Also DP&L has notified the Commission of its intent to transfer its contractual  
12 right to receive electric power from its investment in the Ohio Valley Electric  
13 Corporation (OVEC) to an affiliate. Does the Staff agree with these requests to  
14 transfer?

15 A. No. However, the Staff does not necessarily disagree with the proposal, but  
16 because the potential financial and policy impacts may be substantial, Staff  
17 believes the Company should follow section 4901:1-37-09 of the pending  
18 Commission rules and file a separate application to transfer the assets, which  
19 will give parties more time to examine the potential transaction. In addition,  
20 Staff is puzzled by DP&L's statement that it does not own any of the  
21 generating assets but is a 4.9 percent shareholder in OVEC and it has a  
22 contractual right to the proportionate shareholder interest to the power

1 generated by OVEC.

2  
3 **7. Q. Does Staff believe an updated CSP should be filed?**

4 A. Yes. As detailed in the Commission Order 08-777-EL-ORD signed on  
5 September 17, 2008, with the adoption of the new corporate separation chapter,  
6 the Commission clarifies that each electric utility must file, within sixty days  
7 of the effective date of this chapter (4901:1-37), an application requesting  
8 approval of its corporate separation plan and Chapter 4901:1-37-05, O.A.C.,  
9 outlines what should be included in the filing. Once approved, the electric  
10 utility shall file the plan in its "TRF" docket, and maintain a current version of  
11 its approved plan in that docket. Staff believes the policy and financial  
12 impacts of the CSP are substantial and requiring a separate filing should allow  
13 interested parties easy access to the plan's subsequent updates. Ohio  
14 Administrative Code Chapter 4901:1-37-05 (these are not officially OAC  
15 provisions – have been pulled for JCARR approval, pending Commission  
16 Entry on Rehearing) outlines what should be included in the application.

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18 **8. Q. How does Staff believe DP&L's CSP should be verified for compliance**  
19 **with the proposed CSP rules?**

20 A. The CSP should be audited by an independent auditing firm within the first  
21 year of approval of the plan. The audit should be funded by the Company and  
22 managed by the Staff. The audit should cover compliance with the CSP rules

1 including the code of conduct; cost allocation manual and any waivers that  
2 have been granted.

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4 **9. Q. Does this conclude your testimony?**

5 A. Yes, it does.

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and accurate copy of the Testimony of Joseph P. Buckley was served this 3rd day of February, 2009 by electronic mail or, where no e-mail address is available, by regular U.S. mail, postage prepaid, upon the persons listed below.



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