

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

2
3 **Q. Please state, for the record, your name, position, and business address?**

4
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
8

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

10
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.

1
2 **3. Q. What is your involvement in this proceeding?**

3
4 A. I will address the company's proposed Corporate Separation Plan (CSP).
5

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

9 A. According to the Company's response to a Staff data request, the pre-filed
10 testimony of Company witness Timothy G. Rice in this proceeding and the
11 Company's Application, the Company states that it will continue to provide
12 noncompetitive retail electric services and products or services other than
13 electric on a functionally separated basis. The Company believes that its
14 generating assets are subject to and encumbered by, first mortgage liens making
15 any transfer of those assets not cost beneficial.
16

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

20 A. No, not based on the detail that was provided in the Company's Application.
21 The Staff believes more details should be provided as to what constitutes special
22 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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5
6

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

generated by OVEC.

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

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

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

A. The CSP should be audited by an independent auditing firm within the first year of approval of the plan. The audit should be funded by the Company and 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.
3

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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