BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Adoption of a Portfolio Plan Template for Electric Utility Energy Efficiency and Peak-Demand Reduction Programs	**))))**	**Case No. 09-714-EL-UNC**

INITIAL COMMENTS OF THE DAYTON POWER AND LIGHT COMPANY

I. INTRODUCTION

Pursuant to section 4901:1-39-04 of the Ohio Administrative Code, each utility is required to create an energy efficiency and peak-demand reduction program and file it with the Public Utilities Commission of Ohio ("Commission") prior to January 1, 2010. By Entry dated June 17, 2009 in Case No. 08-888-EL-ORD, the Commission directed its Staff to issue a draft Portfolio Plan Template for stakeholder comment. On August 28, 2009, the Commission issued an Entry seeking comments on a draft Portfolio Template for Electric Utility Energy Efficiency & Peak Demand Reduction Programs ("Portfolio Template") developed by the Commission's Staff. The Dayton Power and Light Company ("DP&L") respectfully submits the following comments regarding the draft Portfolio Template for the Commission's consideration.

II. COMMENTS

A. New Customer Classifications

Both the Entry introducing the Portfolio Template and the Portfolio Template itself sets forth seven customer classifications, some of which are non-traditional, citing the need to "minimize subsidies across customer classes." The proposal to segregate and provide program data according to the seven proposed categories is sensible to the extent that it is used to assure adequate targeted marketing and program coverage. However, the segregation into these categories for the purpose of budgeting, energy savings and possibly cost recovery introduces complexity that will result in programs being less efficient. Further, in light of current traditional rate classification data maintained by DP&L, compliance with reporting and possibly cost recovery requirements based upon an expanded set of customer classes may be impossible.

One need only examine a simple residential lighting program to discern the potential increased costs and operational inefficiencies inherent in expanding traditional customer classifications as contemplated by the Portfolio Template. The separation into the categories "residential" and "residential low-income" in the Portfolio Template would lead one to believe that the utility should create two separate lighting programs for each customer classification with two separate budgets. In reality, it is one program from which both customer groups potentially benefit. There are other specific examples for business programs as well, but essentially the operational efficiencies stem from running fewer programs under which multiple customer classes may benefit.

The expansion of the traditional customer classification model is also problematic because some of the data which would be necessary to comply with the Portfolio Template does not exist. For example, Section 3.1.4 seeks information concerning baseline calculations for non-traditional customer classifications. DP&L has not historically classified customers by way of these classifications such as "small enterprise," "non-profit," or "low-income." As such, there is currently no data in DP&L's customer database to segment customers in this fashion. Consequently, the data which would be necessary to calculate a baseline kW and kWh consumption for these non-traditional customer classifications simply does not exist in readily accessible form.

Finally, with respect to the cost recovery mechanism, Section 7.2 could be read to require DP&L's cost recovery to be based upon the new, non-traditional customer classifications. This departure from a traditional cost recovery approach would likewise be unworkable, inefficient and very costly to implement. If DP&L is required to do this, it will have to review each and every one of its 515,000 accounts, place additional codes with indentifying information on each account and modify the billing and reporting systems to sort customer information in this fashion. This massive administrative task would have to be performed before the first program could be developed and/or implemented based on the new classifications. This would delay implementation of customer programs, would be costly and time-consuming to complete, and would provide no additional energy savings to help meet the state targets. Moreover, DP&L currently recovers program costs through the Energy Efficiency Rider (EER) which has separate charges for Residential customers and Non-residential customers and this level of detail is sufficient to achieve the goals of Section 7.2, making the expanded classifications for cost recovery purposes unnecessary.

To avoid these issues, DP&L proposes a "program-based," rather than customer-class based approach, under which the portfolio of programs must describe the applicable categories of customers who are eligible or likely to participate in the programs, without creating separate programs, budgets and cost recovery mechanisms for each customer category.[1]

B. Mercantile Self-Direct Programs

The proposed Portfolio Template as it relates to Mercantile Self-Direct Customers is problematic on several fronts. As an initial matter, Section 2.4 requires the utility to provide a Mercantile Self-Direct summary which estimates "cost-effectiveness" of the mercantile customers programs. DP&L cannot address the cost-effectiveness of a customer's individual

[1] DP&L notes that this concept of shared programs among customer categories can be found in Table 6B.

project. The customer makes its own determination of cost-effectiveness. If the customer chooses to embark on a project based on that customer's analysis, DP&L will work with the customer to file an application with the Commission which would allow the customer to opt-out of DP&L's Energy Efficiency Rider ("EER"). From an overall prospective planning perspective, however, DP&L will not have any data allowing it to estimate the cost-effectiveness of mercantile projects. This requirement should be deleted.

Turning to Section 3.3, which addresses Mercantile Self-Direct Programs in more detail, there are other "crystal ball" requirements which would require DP&L to engage in guesswork and predictions about specific mercantile customer business decisions and behavior in the future without having access to data. While DP&L can make certain more general projections based upon research and broader market studies, predicting behavior of a very narrow group of customers to the level of specificity the Portfolio Template would seem to require is problematic. For example, Section 3.3.2 would require a utility to "describe expectations" of mercantile customers, including "prospective actions" anticipated going forward. DP&L is incapable of describing its expectations regarding future actions of its individual customers. While DP&L can describe general expectations based upon generalized market research, it cannot control what its individual mercantile customers plan to do in the future to serve that Customer's own business interests. Moreover, such future strategies and plans of DP&L's mercantile customers are proprietary and most likely confidential from the customer's perspective, making the customer's willingness to share this information with DP&L unlikely. Attempting to satisfy this Portfolio Template requirement would be nothing more than speculation and guesswork, and as such would not yield any useful, reliable information.

Another challenge inherent in Section 3.3.2 is the requirement that DP&L provide "customer and utility costs" as part of its Portfolio Plan filing. Each Mercantile Self-Direct customer interested in committing its demand response/energy efficiency results to DP&L is required to complete an application and ultimately enter into contract with DP&L, which contract is subject to individual approval by the Commission. DP&L will only have customer and utility cost information on a customer-by-customer basis as each application for approval of a Mercantile Self-Direct contract is filed. DP&L does not have information on an overall "Mercantile Self-Direct" customer classification basis for forward planning purposes because DP&L cannot predict which customers will seek to enter into the Mercantile Self-Direct program and when they may be inclined to do so.

Finally, the "Mercantile Self-Directed" definition in Section 12 is troublesome. "Mercantile Self-Directed" is defined as: "A program operated by a mercantile customer whether committed for integration pursuant to Rule 4901:1-39-08, Ohio Administrative Code, **or not**." (Emphasis added). It is unreasonable to require a utility to report on a mercantile customer's project if the project was not committed to the utility for integration. Yet, by being so broadly framed, this definition seems to require DP&L's portfolio plan reporting requirements as they relate to "Mercantile Self-Direct programs" to include detailed information on **all** Mercantile Customer Self-Direct programs within DP&L's service territory—regardless of whether DP&L is even aware of a program.[2] This certainly cannot be the intended result, and DP&L proposes deleting the words "or not" from the "Mercantile Self-Directed" definition.

[2] It follows that if the Customer doesn't commit its program results to DP&L, DP&L is unlikely to know about the program.

C. Quarterly Reporting

Section 4.3, "Quarterly reporting to be posted on PUCO website," should be deleted in its entirety. Pursuant section 4901:1-39-05(C) of the Ohio Administrative Code, DP&L is already required to file annual portfolio status reports addressing the performance of all approved energy efficiency and peak-demand reduction programs in its program portfolio plan. Imposing a quarterly reporting obligation as well creates unnecessary and undue burden on the utilities, whose efforts should be directed toward implementing and managing customer programs, rather than preparing and filing endless reports. In addition to the administrative burden, quarterly reporting also presents a practical challenge in that there are often times lags of several weeks in receiving data from various partners. For example receipt of data from manufacturers regarding compact florescent light bulb sales figures may take six weeks or more. This delay in data transfer may paint a distorted picture as to the effectiveness of certain programs if examined quarterly. The provision for quarterly reporting is superfluous and should be removed from the Portfolio Plan.

D. Table 4: Program Summaries

Columns eight and nine in Table Four reference "Net Lifetime MWh Savings" and "Net Peak Demand kW Savings" respectively. DP&L recommends changing the column headings to remove the word "net" in each column. While the issue of whether the Commission should evaluate performance of utility programs on the basis of achieved gross or net savings has not yet be disposed of, the Commission's provisional recommendation indicates an inclination to use a gross measurement standard.[3]

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3 In the Matter of Protocols for the Measurement and Verification of Energy Efficiency and Peak Demand Reduction Measures, Case No. 09-512-GE-UNC, June 24, 2009 Entry at Appendix A, p.2. ("Therefore, we propose that gross savings/reductions should be used as the metric for tracking utility and customer progress toward state goals and for the calculation of total resource cost-effectiveness.").

III. CONCLUSION

DP&L appreciates the opportunity to provide comments and feedback with respect to the proposed Portfolio Plan Template for Electric Utility Energy Efficiency & Peak-Demand Reduction Programs. For the reasons more fully explained above, DP&L respectfully requests that the Commission amend or modify the Portfolio Template as set forth in DP&L's proposals.

Respectfully submitted,

s/Judi L. Sobecki

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