BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Dayton Power and Light Company for Approval of Its Electric Security Plan	)))	Case No. 08-1094-EL-SSO
In the Matter of the Application of Dayton Power and Light for Approval of Revised Tariffs	)))	Case No. 08-1095-EL-ATA
In the Matter of the Application of Dayton Power and Light Company for Approval of Certain Accounting Authority Pursuant to Ohio Rev. Code § 4905.13	)))))	Case No. 08-1096-EL-AAM
In the Matter of the Application of Dayton Power and Light Company for Approval of Its Amended Corporate Separation Plan	)))	Case No. 08-1097-EL-UNC

COMMENTS OF THE KROGER CO.

I. INTRODUCTION

In its filing on August 4, 2009, the Dayton Power and Light Company ("DP&L") outlines the business case for deploying SmartGrid and AMI technologies throughout the DP&L service territory ("Business Case"). The Business Case sites a number of projected cost savings and efficiencies that are meant to justify spending millions of dollars of ratepayer money to install SmartGrid and AMI technologies. However, mere installation of these technologies will not necessarily create benefits for ratepayers. The deployment of SmartGrid and AMI technologies must also be accompanied by appropriate complementary practices and procedures to maximize technological advantages for all customers. In its comments, The Kroger Co.

proposes certain cost effective and efficient policies and procedures that must be adopted in order to maximize the benefits of the technologies DP&L seeks to deploy.

II. COMMENTS

A. A Demand Component Should Be Incorporated in the Cost Recovery for the SmartGrid and AMI Deployment.

In the Business Case, DP&L seeks to recover the cost of SmartGrid and AMI deployment through the Infrastructure Investment Rider ("Rider IIR") which consists of a fixed monthly customer charge and an energy charge that is calculated on a kWh basis.[1] If DP&L seeks to recover a portion of the SmartGrid and AMI deployment with an energy charge, a demand component must also be included in the calculation of Rider IIR for all customers who receive service under distribution and transmission rate schedules that contain a demand charge. The inclusion of a demand component in Rider IIR will more accurately allocate the cost of SmartGrid deployment to customers.

Just as in distribution and transmission rates, there is a component of demand that is involved in the cost of the SmartGrid deployment. High load factor customers are less expensive to serve than low load factor customers that use the same amount of kWh, because those high load factor customers require less distribution and transmission resources to satisfy their energy needs. This is a well established principal in rate making and is reflected by the fact that most electric utilities, including DP&L, have a demand component in their distribution and transmission rate schedules for large electric consumers.[2]

To more appropriately allocate the cost of the SmartGrid deployment, Rider IIR must contain a demand component for all customers who receive service under distribution and

[1] Executive Summary at 9.
[2] DP&L's Primary and Secondary distribution and transmission rate schedules contain a demand charge. See DP&L Distribution Tariff, Seventh Revised Sheet No. D19; Seventh Revised Sheet No. D20; Seventh Revised Sheet No. D21. See also DP&L Transmission Tariff, Original Sheet No. T15.

transmission rate schedules that contain a demand charge. Moreover, consistent with the objectives of the Business Case, a demand charge for Rider IIR will give customers further incentive to utilize their new AMI devices to reduce electric demand. Since DP&L's secondary and primary customer classes already have a demand charge in their distribution and transmission rates, it will not be difficult for DP&L to adjust Rider IIR to include a demand charge in proportion to the demand charge that is already applicable to the distribution and transmission rates.

B. Customers Must Have Direct, Real-Time Access to Smart Metering Information At No Additional Charge.

Granting customers direct, real-time access to their meters at no additional cost is an essential element to successfully implementing advanced metering technology. Allowing customers to have full access directly through their own advanced meter reading devices will enable customers to reduce energy consumption when demand and prices are high. Enabling customers to make informed decisions about their energy consumption, and react to market conditions, is exactly the purpose for which AMI technologies were designed.

Many large scale commercial and industrial energy users, such as Kroger, are well positioned to take advantage of real-time energy consumption data. Because these customers use large amounts of energy, and have high energy expenses, they have a substantial financial incentive to shift energy consumption to times of lower demand when electric prices are lower. Also, because demand charges are often a component of large commercial and industrial energy users' electric rates, these energy users will realize substantial cost savings by shifting energy consumption to times of lower demand. For these reasons, a small investment in a system that provides large scale commercial and industrial real-time access to energy consumption data will likely have a material effect on reducing electric demand in DP&L's service territory.

Customers should also not be charged extra to access meters they already pay for through DP&L's Rider IIR. Double charging for access to energy data will discourage customers from using that data to reduce energy consumption during peak demand periods, thus defeating an important purpose of installing advanced meters. In addition, the cost to DP&L to provide real-time access to large scale energy consumers should be negligible. Providing direct customer access to energy consumption data simply requires DP&L to provide information to customers (which customers are already paying for to collect) through direct access to meter output data or otherwise.

DP&L's smart meter system must also make available for large scale energy users information that can be read in real time directly from customer's meters. Currently, DP&L's customers' energy consumption data is available to customers only on a website. Making information available on a website is not sufficient to maximize the benefits of smart metering technology. Websites are not practical for large customers with multiple locations across multiple utility service territories. The Kroger Co. and other large companies are building data systems that take interval data and process it on a uniform basis across all utilities. Each utility's website is different, which requires a significant amount of labor and time to integrate the data into one useable format. Automatic feeds of data directly off the meter are necessary for large customers to develop sophisticated demand reductions and other energy saving strategies.

To The Kroger. Co.'s knowledge, no advanced meter reading devices have been installed in its stores in the DP&L service territory. Since it does not appear that DP&L has begun deploying advanced metering technology for large scale industrial and commercial customers, the Commission can still require DP&L to invest in a meter reading system that provides commercial and industrial customers real-time access to energy consumption data directly from customer's meters at no additional cost to the customer.

C. DP&L Should Commit to Developing Rate Designs That Maximize the Advantages of SmartGrid Deployment.

As already noted, the installation of SmartGrid and advanced meter technologies will not, in themselves, reduce energy consumption and reduce demand unless policies are also implemented to maximize the benefit of these technologies. These policies should also include the implementation of electric rates that allow customers to best utilize these new technologies and reduce energy consumption and electric demand.

The Kroger Co. is aware that most of DP&L's electric rates have already been set by the Commission in recent ESP proceedings and will not be adjusted in this proceeding. However, DP&L's rate structure is directly relevant to the issues raised in DP&L's Business Case. The costs DP&L seeks to recover from ratepayers can only be justifiable if these new technologies are coupled with rate structures that give customers correct price signals to save energy and reduce demand. If rates are simply a KWh charge for electricity for all times of the day, with no demand component, customers will not be encouraged to fully utilize the new SmartGrid technologies.

DP&L should be committed to developing rates that encourage customers to reduce electric consumption during peak or high demand periods. Rate structures that compliment SmartGrid technologies include time-of-use rates and the use of demand credits. These rate structures encourage customers to shift electric usage to non-peak demand periods. It should also be DP&L's goal to achieve real time pricing of electricity so that customers can immediately react as demand and prices for electricity rise and fall. With the implementation of SmartGrid technologies and sensible ancillary services, all of this is possible.

The Business Case states that "time-differentiated pricing options will be made available beginning in January, 2012."[3] More than two years is entirely too long for customers to wait for more dynamic rate structures. As a condition of approving DP&L's proposal, the Commission should order that DP&L begin developing pilot rate structures that encourage customers to reduce their energy consumption to periods of lower demand. Customers should be able to opt-in to these pilot rate schedules and the demand reduction for customers should be monitored by DP&L. The results of the effectiveness of each pilot program should be offered in DP&L's future rate proceedings and should be used in 2012 to determine the appropriate time-differentiated pricing options DP&L should implement for all customers. Further, the Commission should reserve the right to cancel the SmartGrid initiative, and refund ratepayers contribution, if DP&L does not implement the consistent rate designs in future rate cases.

D. DP&L Should Implement Electronic Billing as Soon as Reasonably Practical.

Another important part of a successful approach to advanced utility infrastructure technology is the implementation of an Electronic Data Interchange ("EDI") that allows large scale energy consumers to receive bills and make payments electronically ("Electronic Billing"). Currently, DP&L does not have an EDI system. An initiative to install advanced metering technology without EDI , in effect, is using "smart" meters to provide "dumb" bills.

Electronic Billing reduces costs and also enhances the convenience of bill payment for customers. In addition, this technology is readily available, as several Ohio electric utilities have

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[3] Executive Summary at 1.

EDI systems that provide Electronic Billing for large scale energy consumers.[4] DP&L also makes Electronic Billing available for residential customers.

The usefulness of "smart" meters is diminished when customers receive only "dumb" (i.e. paper) bills. There is no excuse for DP&L to lag behind other businesses that have recognized the benefits of EDI and Electronic Billing. As a condition of DP&L's SmartGrid proposal, the Commission should order that DP&L invest in an EDI system that makes Electronic Billing available to large scale energy consumers as soon as reasonably practical.

III. CONCLUSION

In order to maximize the benefits of customers' investment in SmartGrid technologies, the Commission must condition any approval of DP&L's Business Case consistent with The Kroger Co.'s comments. The Commission should require that DP&L include a demand charge in Rider IIR for all distribution rate schedules that contain a demand charge. The Commission should order DP&L to provide large customers with real-time access to customer energy consumption data directly at the customers meter at no additional charge. The Commission should also order that DP&L immediately begin offering pilot rate schedules that enable customers to take advantage of the SmartGrid and AMI investments, rather than waiting over two years to implement time-differentiated pricing options. Finally, the Commission should order that Duke make Electronic Billing available to large scale energy customers.

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[4] Both AEP and FirstEnergy offer EDI Electronic Billing in their Ohio service territories.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Comments Of The Kroger Co.* was served upon the following parties of record or as a courtesy, via U.S. Mail postage prepaid, express mail, hand delivery, or electronic transmission, on December 15, 2009.

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