

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of The Dayton Power and)
Light Company's Annual Alternative) Case No. 10-489-EL-ACP
Energy Portfolio Status Report)

**THE DAYTON POWER AND LIGHT COMPANY'S
REPLY TO JOINT COMMENTS OF
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
THE ENVIRONMENTAL LAW AND POLICY CENTER AND THE OHIO
ENVIRONMENTAL COUNSEL**

The Dayton Power and Light Company ("DP&L" or the "Company"), pursuant to Ohio Administrative Code ("OAC") Rule 4901-1-12(B)(1), hereby submits its reply to the comments filed jointly by the Office of the Ohio Consumers' Counsel, the Environmental Law and Policy Center and the Ohio Environmental Counsel (jointly "OCEA"). DP&L opposes OCEA's request for hearing because the questions raised by OCEA: 1) can be fully explained within these Reply Comments; and 2) any rate making and cost recovery issues will be addressed in DP&L's annual true-up proceeding of its Alternative Energy Rider.

OCEA has raised four questions, all of which relate to DP&L's acquisition of Renewable Energy Credits ("RECs") for itself and DPL Energy Resources, Inc. ("DPLER")

OCEA states that DP&L has provided no explanation of why it is obtaining RECs to meet the benchmarks for DPLER. OCEA Comments at 4. DP&L does not believe that it was necessary in its 2009 Status Report filing to discuss matters that had previously been settled in an earlier proceeding, but it is willing to refresh the OCEA's recollection on this point. Two members of OCEA were settling parties in Case No. 08-1094-EL-SSO, which is the case in

which DP&L filed its initial renewable compliance plan in its Electric Security Plan (ESP). That plan stated that the Company as a whole planned to procure renewable resources and/or RECs to meet the Benchmarks of both the utility and DPLER. In its order of June 24, 2009, the Commission approved a Stipulation reached in that proceeding and other aspects of the filing not modified by the Stipulation.

OCEA also questions what DP&L means when it referred in its 2009 Status Report to a “proportional share” between DP&L and DPLER. OCEA Comments at 4. That phrase is used in its customary way to mean that each company’s share of total RECs purchases is proportional to its needs. Pursuant to the ESP plan, baseline sales computations were made and DP&L procured RECs to meet the renewable requirements for that level of baseline sales for DP&L and DPLER. If 100 RECs are purchased, DP&L and DPLER each would receive a share of that amount based on their proportional needs.

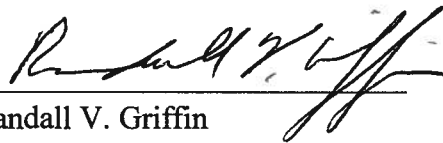
OCEA notes that “the allocation of RECs between DP&L and DPLER should also mean a proportionate share of the costs associated with the procurement of the RECs is made.” OCEA Comments at 4. DP&L agrees with the OCEA on this point and it does in fact allocate REC purchase costs between DP&L and DPLER. While OCEA seems to believe that this cost issue should have been discussed in the Status Report or in a hearing on the Status Report, DP&L respectfully submits any issues of cost allocations and recovery will be thoroughly addressed in its annual true-up proceeding for the Alternative Energy Rider. It would be inefficient for the Commission, its Staff, and the parties to address those issues twice, once here and again in the true-up proceeding.

OCEA also seeks an explanation as to how DP&L ensures that there is no double-counting, i.e., ensuring that an acquired REC is not counted for both DP&L and DPLER. OCEA

Comments at 4. The fact that there is a proportional allocation means that there is no double counting. Additionally, all acquired RECs were recorded through PJM's GATS. Each REC therefore has a unique identifier. GATS includes a sub-account that can hold "retired" RECs that are thereafter no longer available for resale or transfer. DP&L is currently holding all the RECs obtained for both DP&L and DPLER but intends to retire them into this sub-account after it receives further guidance from the Commission that retirement through this sub-account is the mechanism that the Commission contemplates should be used. When RECs are "retired," the unique identifiers of the retired RECs allow an audit trail to be established that will further ensure that there is no double counting.

As noted above, DP&L respectfully submits that no further hearings or proceedings are necessary. The questions raised by OCEA have been answered in these Reply Comments and any issues concerning the appropriate allocation of costs to DPLER or the cost recovery of its allocated share by DP&L are better addressed in the AER true-up proceeding.

Respectfully submitted,



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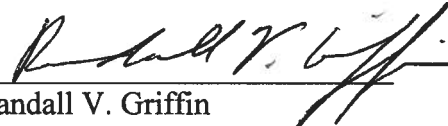
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DATED: May 27, 2010

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served either electronically or via first class mail, postage prepaid, this 27th day of May, 2010 upon counsel to the parties of record.

A handwritten signature in black ink, appearing to read "Randall V. Griffin", written over a horizontal line.

Randall V. Griffin
Chief Regulatory Counsel
DPL Inc.

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in

Case No(s). 10-0489-EL-ACP

Summary: Reply The Dayton Power and Light Company's Reply to Joint Comments of the Office of the Ohio Consumers' Counsel, the Environmental Law and Policy Center and the Ohio Environmental Counsel electronically filed by Mr. Randall V Griffin on behalf of The Dayton Power and Light Company