BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify Its Accounting Procedure for Certain Storm-Related Service Restoration Costs.	)))))	Case No. 12-2281-EL-AAM

COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

I. INTRODUCTION

On August 10, 2012, the Dayton Power and Light Company ("Applicant," "DP&L" or "Company") filed its Application for approval to defer certain Operation and Maintenance ("O&M") expenses it claims are associated with the storms that occurred between June 29, 2012 and July 1, 2012.[1] On October 19, 2012 the Company amended its Application to request the deferral of the full costs instead of the difference between the costs incurred and the three-year average service restoration O&M expense associated with non-major events that the Company originally requested.[2] Approval of the Company's Application would permit the Company to seek to increase future rates paid by the Company's 455,000 residential utility customers, by an undisclosed amount.

The Office of Ohio Consumers' Counsel ("OCC") is the state agency that represents Ohio's residential utility customers. The Public Utilities Commission of Ohio ("Commission" or "PUCO") should not grant the Application, as framed, with its lack of

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[1] *In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify Its Accounting Procedure for Certain Storm-Related Service Restoration Costs*, Case No. 12-2881-EL-AAM, Application at ¶2 (August 10, 2012).

[2] Amended Application at ¶3.

information regarding the dollar amounts for deferral or recovery that will be presented for the Commission's consideration. Accordingly, the Commission should reject DP&L's request to apply a carrying cost of 5.86% on the unrecovered deferral balance until fully recovered.[3] Furthermore, if a deferral is authorized, it should be reduced by the three-year average service restoration O&M expenses associated with major storms.

II. COMMENTS

First, the Commission should reject DP&L's Application because it has not provided any detailed information of DP&L's storm damage expense. In the current Application, the Company has merely provided a generalized and non-specific description of the number of individuals deployed to restore service, the number of distribution poles, transmission poles, and distribution transformers replaced, substations damaged, and the amount of breaker operations and circuits that were locked out.[4] The Company failed to provide the estimated or actual expenses or a detailed accounting and records supporting the expenses it seeks to defer for potential future recovery.

Second, if the Commission grants the deferral, then the amount of storm costs to be deferred by DP&L should be reduced by the three-year average service restoration O&M expenses associated with major storms ($3,704, 352).[5] Such treatment is consistent with Commission precedent regarding deferrals of O&M costs associated with destructive

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[3] Application at ¶3.

[4] Application at ¶6.

[5] *See* Attachment A. In this 6th Supplemental response, DP&L's response to OCC Int. 2 (e), "service restoration O&M expenses" associated with major events for the past 10 years were provided:
2009 $774,841
2010 $302,919
2011 $10,035,297
Average by OCC for 2009-2011 = $3,704,352

storms. Specifically, in a case where DP&L sought to defer O&M expenses associated with restoring electric service after the Hurricane Ike wind storm, DP&L was only permitted to defer the amount that exceeded the three-year average service restoration O&M expenses associated with major storms.[6] Accordingly, any storm costs that DP&L is authorized to defer in this case should be reduced by $3,704,352.[7]

Third, the Commission should reject DP&L's request to apply a carrying cost of 5.86% on the unrecovered deferral balance until fully recovered.[8] In the last case where the DP&L sought to defer storm costs, the Company requested (and the Commission authorized) a carrying charge based on the Company's actual cost of debt indicated in its then-pending ESP application. Specifically, in PUCO Case No. 08-1332-EL-AAM, the Company sought authorization to apply a carrying charge, "based on its actual cost of debt of 5.86% as filed" in the Company's ESP proceeding, on any "unrecovered deferral balance and defer such carrying charge for future recovery."[9]

In that case, OCC argued that since the Commission had yet to rule on the disposition of the Company's ESP proceeding, it seemed premature and unreasonable to authorize a carrying charge rate based on the Company's ESP-proposed actual cost of debt.[10] The PUCO rejected OCC's concerns and approved the deferral as requested, with

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[6] *In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify Its Accounting Procedure for Certain Storm-Related Service Restoration Costs*, Case No. 08-1332-EL-AAM, Finding and Order (January 14, 2009).

[7] *See* Attachment A. In this 6th Supplemental response, DP&L's response to OCC Int. 2 (e), "service restoration O&M expenses" associated with major events for the past 10 years were provided:
2009 $774,841
2010 $302,919
2011 $10,035,297
Average by OCC for 2009-2011 = $3,704,352

[8] Application at ¶3.

[9] Application in PUCO Case No. 08-1332-UNC-EL-AAM at ¶3.

[10] OCC's Comments in PUCO Case No. 08-1332-UNC-EL-AAM.

a carrying charge of 5.86% that reflected the Company's actual cost of debt in its then-pending ESP application.

In this case, rather than asking for the actual cost of debt, as filed in its pending ESP, the Company has switched positions and is now asking for a carrying cost "based on its cost of debt of 5.86% as approved in DP&L's last Electric Security Plan ("ESP"), Case No. 08-1094-EL-SSO, et al."[11] However, as illustrated in its pending ESP application, DP&L's current cost of debt, as of June 30, 2012, was 4.943%.[12] Based on Commission precedent of authorizing a carrying charge based on a Company's actual cost of debt—if a carrying charge is authorized—the carrying charge should be DP&L's actual cost of debt of 4.943% instead of the requested 5.86%.

Finally, the Commission should reject DP&L's request to apply a carrying cost on the unrecovered deferral balance until fully recovered.[13] If a carrying charge is authorized, then it should only be permitted to be applied to any unamortized balance for no more than twelve (12) months.

As previously discussed, in Case No. 08-1332-EL-AAM, DP&L was authorized to defer the amount by which "Hurricane Ike-related service restoration expenses and other 2008 storms experienced in 2008 exceeds the three-year average service restoration O&M expenses associated with major storms."[14] According to the Company's response to OCC Interrogatory No. 6 (in the current Case 12-2281), DP&L has not yet sought

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[11] Application at ¶3.

[12] *See* Testimony of Craig L. Jackson (October 10, 2012), page 11 of 14, PUCO Case No. 12-0426-EL-SSO et al.

[13] Application at ¶3.

[14] *In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify Its Accounting Procedure for Certain Storm-Related Service Restoration Costs*, Case No. 08-1332-EL-AAM, Finding and Order (January 14, 2009).

recovery of these deferred costs. As of August 2012, the total amount of the costs deferred since 2008 total $18,648,901 ($14,995,060 deferrals + $3,653,841 carrying costs).[15]

Limiting the amount of time that an electric distribution utility can accrue a carrying charge on the unamortized deferred cost balances will help reduce the total amount of costs that customers have to pay in future rates. In the case of Hurricane Ike-related storm costs, DP&L's customers may have to pay almost $4 million dollars in carrying costs because of DP&L's delay in seeking recovery of costs. The Commission should now prevent the same circumstance and limit the accrual of carrying charges (on unamortized deferral balances) to no more than 12 months.

IV. CONCLUSION

The Commission should reject DP&L's deferral request because the utility has not provided any detailed information of the storm damage expense its seeks to defer for future recovery from customers. If the Commission grants the deferral, then the amount of storm costs to be deferred by DP&L should be reduced by the three-year average service restoration O&M expenses associated with major storms--$3,704,352. If a carrying charge is authorized, then it should be no more than 4.943% and that carrying charge should only be permitted to be applied to any unamortized balance for no more than twelve (12) months.

[15] *See* Attachment B.

Respectfully submitted,

BRUCE J. WESTON
OHIO CONSUMERS' COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these *Comments* was served on the persons stated below via electronic transmission this 11th day of December, 2012.

/s/ Melissa R. Yost
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Assistant Consumers' Counsel

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify its Accounting Procedures For Certain Storm-Related Service Restoration Costs.	)))))	Case No. 12-2281-EL-AAM

THE DAYTON POWER & LIGHT COMPANY'S SIXTH SUPPLEMENTAL RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

The Dayton Power and Light Company ("DP&L") provides this sixth supplemental response to the Office of the Ohio Consumers' Counsel's Interrogatories and Requests for Production of Documents ("OCC's First Set"). DP&L hereby incorporates by reference as if fully rewritten herein, each and every one of the General Objections advanced in DP&L's initial response to the OCC's First Set.

SUPPLEMENTAL RESPONSE TO INTERROGATORIES

2. Referring to the Application at paragraph 2, for the "three-year average service restoration O&M expenses associated with non-major events":

   A. Will this average be determined on a calendar year basis?

   B. If the response to (a) is negative, what "year" periods will be used to determine the average?

   C. What is the dollar amount of the three-year average, and the annual amounts used to calculate that average?

D. By calendar year, what are the dollar amounts of "service restoration O&M expenses associated with non-major events" for the past 10 years?

E. By calendar year, what are the dollar amounts of "service restoration O&M expenses" associated with major events for the past 10 years?

Supplemental Response:

C. General Objection Nos. 1 and 2. Without waiving objection:

Year	Non-Major Event O&M
2009	$ 741,626
2010	$ 1,728,304
2011	$ 1,228,529
Three-Year Average	**$ 1,232,820**

Prepared by Emily Rabb.

D. See attachment titled "Supplemental Response to Interrogatory 2D & 2E".

Prepared by Mark Vest.

E. See attachment titled "Supplemental Response to Interrogatory 2D & 2E".

Prepared by Mark Vest.

REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Please provide a copy of all formal and informal requests (e.g. interrogatories, data requests) made by the Commission, the PUCO Staff and the PUCO's Attorneys General in this proceeding to the Company and the responses to those requests provided by the Company.

RESPONSE: DP&L will produce responsive documents.

Respectfully submitted and as to objections:

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Attorney for the Dayton Power and Light Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served, via electronic mail, this 16th day of November 2012, upon the following:

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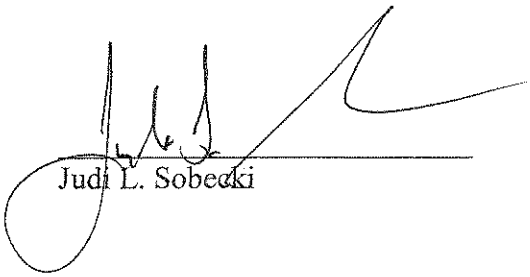

Judi L. Sobecki

Supplemental Response to Interrogatory 2D & 2E

Year	Major Events O&M	Non-Major Events O&M	Total O&M
2002	$ 926,958	$ 315,272	$ 1,242,230
2003	$ 1,386,639	$ 134,632	$ 1,521,270
2004	$ 1,717,105	$ 482,516	$ 2,199,622
2005	$ 6,094,093	$ 924,015	$ 7,018,108
2006	$ 872,528	$ 1,690,965	$ 2,563,493
2007	$ 1,715,226	$ 1,165,959	$ 2,881,184
2008	$ 15,950,806	$ 1,285,178	$ 17,235,984
2009	$ 774,841	$ 741,626	$ 1,516,467
2010	$ 302,919	$ 1,728,304	$ 2,031,223
2011	$ 10,035,297	$ 1,228,529	$ 11,263,825
Total	**$ 39,776,412**	**$ 9,696,995**	**$ 49,473,407**

Irda H Hinders

From: Emily W Rabb
Sent: Wednesday, November 14, 2012 7:55 AM
To: 'Hecker, Jeffrey'
Cc: Lipthratt, David; Turkenton, Tammy; Dona R Seger-Lawson; Irda H Hinders
Subject: Supplemental Storm Response

Jeff,

Please see the table below which includes a couple one-time, minor updates to the 2009 and 2010 non-major O&M numbers since we last provided this to you on September 18th.

Year	Non-Major Event O&M
2009	$ 741,626
2010	$ 1,728,304
2011	$ 1,228,529
Three-Year Average	**$ 1,232,820**

Thanks,
Emily

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THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for Authority to Modify its Accounting Procedures For Certain Storm-Related Service Restoration Costs.	)))))	Case No. 12-2281-EL-AAM

THE DAYTON POWER & LIGHT COMPANY'S RESPONSES TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

The Dayton Power and Light Company ("DP&L") objects and responds to the Office of the Ohio Consumers' Counsel's Interrogatories and Requests for Production of Documents as follows.

GENERAL OBJECTIONS

1. DP&L objects to and declines to respond to each and every discovery request to the extent that it seeks information that is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence. Ohio Admin. Code § 4901-1-16(B).

2. DP&L objects to and declines to respond to each and every discovery request to the extent that it is harassing, unduly burdensome, oppressive or overbroad. Ohio Admin. Code §§ 4901-1-16(B) and 4901-1-24(A).

3. DP&L objects to each and every discovery request to the extent that it seeks information that is privileged by statute or common law, including privileged communications between attorney and client work product. Ohio Admin. Code § 4901-1-16(B). Such material or information shall not be provided, and any inadvertent

O&M associated with the non-major events. As mentioned above, the final cost of the June/July storm is unknown at this time, therefore the amount of the deferral is also unknown.

Prepared by Emily Rabb.

5. Referring to the Application at paragraph 3, for the "future recovery from all customers," at what time does DP&L expect to seek a recovery mechanism in a future Commission proceeding?

RESPONSE:

DP&L has not yet determined when it will request recovery of the June/July 2012 storm expenses, as it has not yet received all invoices for storm expenses. DP&L's present intent is to seek recovery in the fourth quarter of this year or early 2013..

Prepared by Emily Rabb.

6. Referring to DP&L's prior authorization by the Commission in Case No. 08-1332-EL-AAM "to defer incremental O&M costs related to the September 14, 2008 wind storm service restoration expenses, with carrying costs":

   A. If DP&L has sought recovery through customers' rates of these deferrals and carrying costs,

      i. In what proceeding was recovery sought?

      ii. What amount have customers paid DP&L through rates?

   B. If DP&L has not sought recovery through customers' rates of these deferrals, what are the reasons why DP&L has not done so?

   C. What was the amount of O&M costs deferred by DP&L?

D. By month, to date, what are the amounts of carrying costs accrued on the costs deferred?

RESPONSE:

A. DP&L has not yet sought recovery of storm expenses associated with the deferral application in Case No. 08-1332-EL-AAM.

Prepared by Emily Rabb.

B. General Objection Nos. 1, 2, and 3..

C. The O&M costs deferred by DP&L are $14,995,060.

Prepared by Greg Campbell.

D. As of August 2012, the carrying costs accrued are $3,653,841. Please see the attachment titled "Response to Interrogatory 6D" for detailed monthly information.

Prepared by Greg Campbell.

7. Referring to DP&L's prior approval by the Commission in Case No. 05-1090-EL-ATA for a storm cost recovery rider to recover costs related to storms in December 2004 and January 2005:

A. What was the amount of costs deferred by DP&L?

B. What was the amount of carrying costs accrued on the costs deferred?

C. What was the total amount customers paid DP&L through the storm cost recovery rider?

RESPONSE:

A. General Objection Nos. 1 and 2. Without waiving objection, as shown in DP&L's filing in Case No. 05-1090-EL-ATA, DP&L was authorized to recover $5,821,843 in O&M expenses as well as $2,779,972 in depreciation, taxes, and return on rate base

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Case No(s). 12-2281-EL-AAM

Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Yost, Melissa Ms.