

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the Dayton Power and Light Company for Approval of Its Electric Security Plan.)	Case No. 12-426-EL-SSO
)	
)	
In the Matter of the Application of the Dayton Power and Light Company for Approval of Revised Tariffs.)	Case No. 12-427-EL-ATA
)	
)	
In the Matter of the Application of the Dayton Power and Light Company for Approval of Certain Accounting Authority.)	Case No. 12-428-EL-AAM
)	
)	
In the Matter of the Application of the Dayton Power and Light Company for Waiver of Certain Commission Rules.)	Case No. 12-429-EL-WVR
)	
)	
In the Matter of the Application of the Dayton Power and Light Company to Establish Tariff Riders.)	Case No. 12-672-EL-RDR
)	
)	

**DIRECT TESTIMONY OF SCIOTO ENERGY
ON BEHALF OF THE OMA ENERGY GROUP**

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On behalf of the OMA Energy Group

March 1, 2013

1 **INTRODUCTION**

2 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A1. My name is Greg Bechert. My business address is 4041 North High Street, Suite
4 202, Columbus, Ohio 43214.

5 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

6 A2. I am employed by Scioto Energy as Managing Partner.

7 **Q3. ON WHOSE BEHALF ARE YOU OFFERING TESTIMONY?**

8 A3. I am testifying on behalf of the OMA Energy Group (“OMAEG”) as a result of our
9 significant interest in issues that affect the price and availability of electricity for
10 manufacturers in Ohio.

11 **Q4. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.**

12 A4. I am employed by Scioto Energy as Managing Partner. In 1995, a few years
13 after graduating from The Ohio State University, I began my career with an
14 energy wholesale marketer. In 2009, I decided to leverage the knowledge and
15 experience I gained in various roles over the last 13 years and started Scioto
16 Energy. We are a licensed and certified energy brokerage and consulting firm.
17 One of the services Scioto Energy provides our clients is the ability to compare
18 what they have saved by purchasing electric via a wholesale supplier versus
19 remaining with a utility. We maintain a robust tariff library in house for each Ohio
20 investor owned utility and the applicable rate classes, and have built models that
21 can utilize historical consumption data of customers and compute the rates a
22 customer has been paying since they switched. We perform thousands of these
23 analyses on an annual basis for our clients.

1 **Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**
2 **COMMISSION OF OHIO ("COMMISSION")?**

3 A5. No.

4 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A6. The purpose of my testimony is to discuss the impact of The Dayton Power and
6 Light Company's ("DP&L") proposal of implementing a nonbypassable service
7 stability rider ("SSR"). Specifically, my testimony describes the financial impact
8 that the SSR would have on manufacturers' electricity rates.

9 **DIRECT TESTIMONY**

10 **Q7. PLEASE DESCRIBE YOUR UNDERSTANDING OF DP&L'S SSR.**

11 A7. DP&L is currently receiving a \$73 million annual rate stability charge ("RSC").
12 However, on December 12, 2012, DP&L filed a plan requesting the
13 Commission's approval of a nonbypassable, annual SSR amount of \$137.5
14 million, which would replace DP&L's existing RSC.

15 **Q8. PLEASE DESCRIBE THE IMPACT OF DP&L'S SSR ON MANUFACTURERS.**

16 A8. The financial impact on manufacturers will vary, based upon customer service
17 level, such as secondary or primary. However, all manufacturers will see
18 exorbitant price increases in the RSC/SSR charge. For example, I conducted an
19 evaluation of a sample group of manufacturers in order to determine the financial
20 impact on manufacturers. My calculations concluded that if DP&L receives a
21 \$137.5 million annual SSR, then members will experience increases of at least
22 sixty-four percent (64%), and in some cases, well over one-hundred percent
23 (100%). To be specific, one manufacturer would experience an increase of one-

1 hundred and forty-four percent (144%) annually, and another would experience
2 an increase of \$26,856 annually. These calculations are provided in more detail
3 in the attached chart as Exhibit 1.

4 **Q9. WHAT CONCLUSION HAVE YOU REACHED ABOUT DP&L'S SSR?**

5 A9. The OMAEG has members that are long-standing customers of DP&L.
6 Unfortunately, DP&L is requesting more than an eighty-eight percent (88%)
7 overall increase which will be passed on to these long-standing customers. It is
8 extremely difficult for Ohio businesses, particularly manufacturers, to compete
9 with electricity increases of this size. Unlike what DP&L is proposing to do,
10 manufacturers, whether they compete domestically or globally, are unable to
11 pass these types of increases on to their customers. Job-creating manufacturers
12 locate where the all-in least cost of doing business exists. In Ohio, where we
13 have a long legacy of manufacturing, as well as a compelling future of
14 manufacturing, it is especially important that government play its appropriate role
15 in contributing to a competitive least-cost environment. For these reasons,
16 DP&L's SSR is not reasonable and should be rejected.

17 **Q10. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A10. Yes.

OMA Energy Group – Exhibit 1
Case No. 12-426-EL-SSO

Secondary Customer Class:

Rate Class	Peak KW	Annual kWh	DEC 2012 RSC Charge	Proposed SSR Charge \$137.5 MM	Difference	% Change	Annual Impact
Secondary	363	1,141,038	\$547	\$962	\$415	76%	\$4,980
Secondary	574	2,300,427	\$989	\$1,744	\$754	76%	\$9,048
Secondary	1,500	10,292,887	\$2,918	\$5,155	\$2,238	77%	\$26,856

Primary Customer Class:

Rate Class	Peak KW	Annual kWh	DEC 2012 RSC Charge	Proposed SSR Charge 137.5 MM	Difference	% Change	Annual Impact
Primary	548	1,895,882	\$892	\$2,173	\$1,281	144%	\$15,372
Primary	797	3,963,180	\$1,408	\$3,141	\$1,734	123%	\$20,808
Primary	1,610	9,297,948	\$2,756	\$4,530	\$1,774	64%	\$21,288

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing TESTIMONY was served upon the parties of record listed below this 1st day of March 2013 via electronic mail.



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Summary: Testimony of Scioto Energy electronically filed by Teresa Orahood on behalf of J. Thomas Siwo for OMA Energy Group