

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton Power and Light Company for Approval of its Market Rate Offer.)))	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
KENNETH ROSE, Ph.D.**

**On Behalf of
The Office of the Ohio Consumers' Counsel**
*10 West Broad Street, Suite 1800
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(614) 466-8574*

March 1, 2013

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND EMPLOYER.***

2 ***A1.*** My name is Kenneth Rose. I am an independent consultant. My business address
3 is P.O. Box 12246, Columbus, Ohio 43212-0246. I have been retained by the
4 Office of the Ohio Consumers' Counsel for purposes of this proceeding.

5
6 ***Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND***
7 ***PROFESSIONAL EXPERIENCE.***

8 ***A2.*** I received my B.S., M.A., and Ph.D. in economics from the University of Illinois
9 at Chicago. I have been an independent consultant since 2002. Previously, I was
10 a Senior Institute Economist at the National Regulatory Research Institute (NRRI)
11 at The Ohio State University from 1989 to 2002 and was an economist in the
12 Energy and Environmental Systems Division at Argonne National Laboratory
13 from 1984 to 1989. I have also been a lecturer for the School of Public Policy
14 and Management (1998 to 2002) and the John Glenn School of Public Affairs
15 (2009 to 2011) at The Ohio State University. I have been a Senior Fellow with
16 the Institute of Public Utilities at Michigan State University since 2002.

1 ***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED***
2 ***BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO (PUCO) OR***
3 ***OTHER AGENCIES?***

4 ***A3.*** No, I have not submitted testimony before the PUCO. I have testified before
5 Ohio legislative committees and before other state commissions and legislative
6 bodies. I also worked with the PUCO staff on some topics and the Ohio
7 Legislative Service Commission when I was working at NRRI. These are listed
8 in Attachment 1 to my testimony.

9
10 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

11 ***A4.*** The purpose of my testimony is to address a key provision of Dayton Power &
12 Light Company's ("DP&L" "Utility" or "Company") Second Amended Electric
13 Security Plan as filed in this docket on December 12, 2012. I address DP&L's
14 proposed collection of \$687.5 million from customers over five years as part of a
15 "Service Stability Rider" ("SSR").

16
17 ***Q5. PLEASE SUMMARIZE YOUR CONCLUSION.***

18 ***A5.*** As a matter of Ohio regulatory policy, it is not necessary or reasonable for retail
19 customers to pay the SSR. Customers should not protect the company from losses
20 it may incur in a competitive electric generation market. Additionally, my
21 understanding is that the laws in Ohio, including R.C. 4928.38 and 4928.39, limit
22 an electric utility's right to collect generating costs from customers which exceed

1 market prices after the market development period. The market development
2 period ended for DP&L on December 31, 2005. Collecting generating costs in
3 excess of market prices duplicates the collection of stranded generating costs that
4 were approved by the PUCO for DP&L in its Electric Transition plan proceeding.
5

6 ***Q6. HAVE YOU REVIEWED THE TESTIMONY OF DP&L'S WITNESSES IN***
7 ***SUPPORT OF THE PROPOSED SERVICE STABILITY RIDER?***

8 ***A6.*** Yes. I reviewed all of the testimony pertaining to the Service Stability Rider.
9 This included primarily the testimony of William Chambers and Craig Jackson,
10 but also the testimony of Philip Herrington, Aldyn Hoekstra, Dona Seger-Lawson
11 and other witnesses who also address this issue.
12

13 ***Q7. WHY HAS DP&L ASKED FOR A SERVICE STABILITY RIDER?***

14 ***A7.*** DP&L witness Philip Herrington states that "DP&L seeks a non-bypassable
15 Service Stability Rider (SSR) of \$137.5 million per year during the ESP period to
16 permit it to provide stable electric service."¹
17

18 DP&L also states that it is seeking the SSR "to ensure the Company's
19 financial integrity" (DP&L's ESP Rate Blending Plan, p. 8).

¹Second Revised Testimony of Philip R. Herrington at 3 (Dec. 12, 2012).

1 ***Q8. WHAT IS THE BASIC PREMISE BEHIND MR. JACKSON'S AND***
2 ***MR. CHAMBERS' TESTIMONY AND SCHEDULES IN SUPPORT***
3 ***OF THE SERVICE STABILITY RIDER?***

4 ***A8.*** Basically, Mr. Jackson projects DP&L's financial condition, on a total company
5 basis, for 2013-2017. Mr. Chambers accepts witness Jackson's financial
6 projections and then argues that the PUCO should establish the SSR to make up
7 for substantial lost margins. These lost margins are those that Mr. Jackson claims
8 DP&L will experience from customer switching and setting SSO rates based upon
9 a competitive bid offer ("CBO"). Mr. Chambers argues that the loss of this
10 margin will substantially impair the Company's financial integrity and thus will
11 affect the Company's ability to provide service.

12
13 ***Q9. DO YOU AGREE THAT THE COMPANY SHOULD RECEIVE THE***
14 ***REQUESTED SERVICE STABILITY RIDER?***

15 ***A9.*** No, for reasons that are explained below, I do not believe that the Company's
16 retail (distribution) customers (both shopping and non-shopping) should continue
17 to "ensure the Company's financial integrity" associated with its generation assets
18 by paying a non-bypassable charge. My disagreement is based on my knowledge
19 of established and sound regulatory policy as a regulatory economist. And my
20 disagreement is based on my understanding of the laws in Ohio that limit
21 recovery of potential competitive generation market losses by electric utilities, as
22 explained below.

1 ***Q10. ARE YOU DISAGREEING WITH THE COMPANY'S CLAIM THAT THEY***
2 ***NEED THE SERVICE STABILITY RIDER TO ENSURE FINANCIAL***
3 ***INTEGRITY?***

4 ***A10.*** I am not basing my recommendation to the Commission on my review of the
5 financial analysis and results presented by DP&L Witnesses Jackson and
6 Chambers. I am not agreeing or disagreeing with the results and analysis
7 presented by DP&L. However, I am saying that, at this point in time, it is not
8 appropriate or reasonable for DP&L's customers to continue to pay any charge to
9 ensure DP&L's financial integrity.

10

11 ***Q11. WHY SHOULD THE FINANCIAL INTEGRITY OF DP&L NOT BE***
12 ***PROTECTED THROUGH REGULATION?***

13 ***A11.*** The Company's request that all customers ensure its financial integrity is
14 equivalent to requiring customers to guarantee a certain level of earnings for both
15 the regulated (transmission and distribution) and unregulated portions
16 (generation) of DP&L's business. This is not a sound regulatory policy.

17

18 ***Q12. WHY IS THIS NOT SOUND REGULATORY POLICY?***

19 ***A12.*** Mr. Chambers' proposal to set rates (SSR and the Switching Tracker) to ensure
20 the Company's "overall creditworthiness" is an attempt to re-introduce regulatory
21 protection for a portion of DP&L's business – its generation business that has
22 been deregulated. Retail customers should no longer protect the Company from

1 competitive generation market risks. Indeed, DP&L's customers have already
2 compensated DP&L for "stranded cost"² and allowed the company sufficient time
3 to prepare for a competitive generation market.
4

5 ***Q13. WHAT HAVE CUSTOMERS ALREADY PAID DP&L FOR ITS***
6 ***GENERATION ASSETS DURING THE PERIOD LEADING TO THE***
7 ***COMPETITIVE OFFERING OF GENERATION?***

8 ***A13.*** In the 1999 Electric Transition plan case, DP&L claimed and was given the
9 opportunity to collect from customers a "customer transition charge" of \$441
10 million. That \$441 million was characterized by DP&L as "stranded cost."³
11

12 ***Q14. PLEASE DESCRIBE THE "CUSTOMER TRANSITION CHARGE" THAT***
13 ***CUSTOMERS FUNDED AS A RESULT OF THE COMPANY'S 1999***
14 ***ELECTRIC TRANSITION PLAN CASE.***

15 ***A14.*** In 1999, in order to comply with S.B. 3, DP&L filed a transition plan, Case No.
16 99-1687-EL-ETP. As part of that plan, DP&L was required by the PUCO to
17 separate out the generation function of its business from the transmission and
18 distribution functions of its business. DP&L's transition plan included a request
19 to collect approximately \$231 million (after tax) in stranded costs, plus \$210

² See *In the Matter of the Application of the Dayton Power & Light Company for Approval of Transition Plan, pursuant to 4928.31, Revised Code and for the opportunity to receive transition revenues as authorized under 4928.31 to 4928.40, Revised Code*, Case No. 99-1687-EL-ETP, Opinion and Order (Sept. 21, 2000).

³ Id.

1 million in carrying costs, related to its generating units.⁴ DP&L requested that it
2 be permitted to collect, “through a one-time recovery mechanism,”⁵ \$441 million
3 through December 31, 2003.

4
5 The Company identified its stranded costs as the above-market value of its
6 generating assets based on market price projections.⁶ To derive the stranded cost,
7 the Company’s Witness Mr. Luciani, compared the going forward value of the
8 generation assets in a competitive market using a discounted cash flow approach.⁷

9
10 DP&L’s Witness Mr. Luciani provided this explanation of stranded cost: “With
11 customer choice, if the utility’s rates for retail generation service exceed the retail
12 market price for electricity, it is reasonable to expect customers to switch to
13 another generation supplier. As a result, the utility may be unable to recover the
14 plant investment costs that it prudently incurred to meet its obligation as a
15 regulated utility to serve retail customers in reliance upon its ability to charge
16 customers the rates established by the PUCO.”⁸

⁴ See Exhibit RLL-6, included as Rose Exhibit 1.

⁵ *In the Matter of the Application of the Dayton Power & Light Company for Approval of Transition Plan, pursuant to 4928.31, Revised Code and for the opportunity to receive transition revenues as authorized under 4928.31 to 4928.40, Revised Code*, Case No. 99-1687-EL-ETP, Direct Testimony of Luciani at 8.

⁶ Id.

⁷ Id. at 9.

⁸ Id. at 6.

1 DP&L's right to collect these stranded amounts was embodied in the terms of a
2 settlement agreement that was adopted by Commission Order.⁹ Under the
3 settlement agreement approved by the Commission, DP&L's "market
4 development period" was to end December 31, 2003.¹⁰

5
6 ***Q15. SHOULD DP&L'S TRANSITION TO COMPETITION BE OVER AFTER 13***
7 ***YEARS?***

8 ***A15.*** Yes. All electric utilities in Ohio have been aware since Senate Bill 3 (SB 3)
9 passed in 1999 that the state was moving toward competitive retail generation
10 markets. Moreover, at the wholesale level as a national policy, competitive
11 generation markets have been evolving at least since 1992, when the Energy
12 Policy Act was passed. SB 3 in Ohio provided DP&L, along with other electric
13 utilities, a "Market Development Period." More time was also given to the
14 Company to manage the transition to competition under the Company's Rate
15 Stabilization Period plan (Case No. 05-276-EL-AIR) and under the Company's
16 last Electric Security Plan (Case No. 08-1094-EL-SSO). Altogether, the
17 Company has had a period of 13 years to adjust its generation service to
18 competitive market conditions. As explained above, during that transition period

⁹ *In the Matter of the Application of the Dayton Power & Light Company for Approval of Transition Plan, pursuant to 4928.31, Revised Code and for the opportunity to receive transition revenues as authorized under 4928.31 to 4928.40, Revised Code, Case No. 99-1687-EL-ETP, Opinion and Order (Sept. 21, 2000).*

¹⁰ *Id.* The market development period was extended an additional two years to December 21, 2005, in Case No. 02-2779-EL-ATA, Opinion and Order (Sept. 2, 2003). In this case, DP&L was the first utility in Ohio to receive a rate stabilization surcharge. The DP&L rate stabilization charge was a charge, up to 11% of generation, to recover specified costs. *Id.* at 29.

1 the Company was authorized to collect approximately \$441 million from
2 customers in order to compensate it for the cost of its generating units that
3 exceeded market value. And now, DP&L is seeking to deny consumers the
4 benefit of a market price, at a time when consumers could greatly benefit from a
5 low market price.

6
7 ***Q16. IS THERE ANY AUTHORITY TO SUPPORT YOUR OPINION THAT***
8 ***DP&L'S TRANSITION PERIOD HAS BEEN LONG ENOUGH?***

9 ***A16.*** Yes. I understand that Ohio law prohibits the recovery of stranded costs or
10 transition costs beyond the "market development period." That time period
11 expired long ago.

12
13 ***Q17. PLEASE EXPLAIN.***

14 ***A17.*** My understanding, confirmed by my Counsel, is that Section 4928.38 of the
15 Revised Code, as adopted October 5, 1999, provides that an electric utility may
16 receive transition revenues from the starting date of competitive retail electric
17 service through the end of the market development period. Further, that section
18 of the Revised Code provides that once the utility's market development period
19 ends, it "shall be fully on its own in the competitive market."

1 **Q18. WHAT ARE TRANSITION COSTS?**

2 **A18.** Transition costs are defined in Section 4928.39 of the Revised Code as any costs
3 that meet all of the following criteria:

4 (A) The costs were prudently incurred.

5 (B) The costs are legitimate, net, verifiable, and directly
6 assignable or allocable to retail electric generation service
7 provided to electric consumers in this state.

8 (C) The costs are unrecoverable in a competitive environment.

9 (D) The utility would otherwise be entitled an opportunity to
10 recover the costs.

11

12 **Q19. WHAT IS THE BASIS OF YOUR OPINION THAT DP&L'S SERVICE**
13 **STABILITY RIDER IS DESIGNED TO RECOVER TRANSITION COSTS,**
14 **AND MORE SPECIFICALLY, ABOVE-MARKET GENERATION COSTS**
15 **THAT WERE ALREADY COLLECTED FROM CUSTOMERS¹¹?**

16 **A19.** DP&L bases its claim for the SSR upon total company operations, including
17 generation, transmission, and distribution operations. Yet transmission and
18 distribution operations are not the cause of the financial integrity claims. Rather
19 the financial integrity claims stem from the risk associated with generation. The
20 Company has defined these risks as including the risk that the forward gas curve

¹¹ *In the Matter of the Application of the Dayton Power & Light Company for Approval of Transition Plan, pursuant to 4928.31, Revised Code and for the opportunity to receive transition revenues as authorized under 4928.31 to 4928.40, Revised Code, Case No. 99-1687-EL-ETP, Direct Testimony of Ralph Luciani at RLL-6 (Dec. 20, 1999) (identifying stranded costs). Rose Exhibit 1.*

1 will decrease; the risk that there will be increased competition in DP&L's service
2 territory; and the risk associated with transitioning to a 100% competitive bid
3 process.¹² These risks can be summed up singularly: DP&L faces the risk that its
4 SSO rate is higher than the retail market price for electric service, and its
5 customers will switch to competitive electric generation suppliers, offering
6 service at lower market-based rates. Then, the Company will not be able to sell
7 its generation into the wholesale market at a price that assures it of the revenues it
8 receives at its SSO rate. DP&L has failed to demonstrate that any of the
9 "financial integrity" issues stem from its transmission or distribution operations.

10
11 If DP&L's SSO rates exceed the retail price for electricity found in the market,
12 this could result in DP&L being unable to recover (through SSO rates) its plant
13 investment costs. However, DP&L was already compensated for stranded costs
14 in its ETP proceeding and has been provided time to adjust to market conditions.

15
16 ***Q20. CAN THE COMPANY RECOVER ADDITIONAL GENERATION-RELATED***
17 ***TRANSITION COSTS AFTER THE MARKET DEVELOPMENT PERIOD IF***
18 ***THEY ARE NECESSARY TO ENSURE THE COMPANY'S FINANCIAL***
19 ***INTEGRITY?***

20 ***A20.*** No. The law, per my understanding and advice of counsel, is very clear that
21 "[w]ith the termination of that approved revenue source, the utility shall be fully

¹² Company Response to OCC INT-308.

1 on its own in the competitive market” and that the commission “shall not
2 authorize the receipt of transition revenues or any equivalent revenues” after the
3 termination of the market development period. And the market development
4 period for DP&L ended on December 31, 2005.¹³

5
6 ***Q21. CAN A UTILITY INCLUDE AS PART OF ITS ELECTRIC SECURITY PLAN***
7 ***A SERVICE STABILITY RIDER?***

8 ***A21.*** It is my understanding, based on advice of counsel, that a utility may only include
9 a provision in its ESP that is specifically listed in R.C. 4928.143(B)(2). I do not
10 believe DP&L’s Service Stability Rider falls under any of those provisions.

11
12 ***Q22. CAN A UTILITY INCLUDE IN ITS ELECTRIC SECURITY PLAN A***
13 ***CHARGE “STABILIZING OR PROVIDING CERTAINTY REGARDING***
14 ***RETAIL ELECTRIC SERVICE?”***

15 ***A22.*** No. Per my understanding and advice of counsel, the SSR is not a term, condition
16 or charge that is, as stated in R.C. 4928.143(B)(2)(d) “relating to limitations on
17 customer shopping for retail electric generation service, bypassability, standby,
18 back-up, or supplemental power service, default service, carrying costs,
19 amortization periods, and accounting or deferrals.” I do not find that the SSR is

¹³ See *In the Matter of the Application of the Dayton Power and Light Company for the Creation of a Rate Stabilization Surcharge Rider and Distribution Rate Increase*, Case No. 05-276-EL-AIR, Opinion and Order (Dec. 28, 2005).

1 any one of the permissible charges listed in subsection (B)(2)(d) of R.C.

2 4928.143.

3
4 Additionally, I do not believe that this provision of the Revised Code was
5 intended to allow for recovery of transition costs already collected from
6 customers through an electric transition plan. I conclude this because allowing
7 the SSR as a provision under an ESP would conflict with other provisions of the
8 law, including R.C. 4928.141.

9
10 Section 4928.141 clearly states that “[A] standard service offer under section
11 4928.142 or 4928.143 of the Revised Code shall exclude any previously
12 authorized allowances for transition costs, with such exclusion being effective on
13 and after the date that the allowance is scheduled to end under the utility’s rate
14 plan.” Otherwise, double recovery of such costs could occur. Duplicate cost
15 recovery is contrary to sound ratemaking principles and would undermine any
16 reasonable basis for establishing rates.

1 ***Q23. THE COMPANY REFERS TO THE PUCO'S DECISION ON AEP'S***
2 ***ELECTRIC SECURITY PLAN AS SUPPORT FOR ITS SERVICE***
3 ***STABILITY RIDER. IS IT FAIR TO RELY UPON THAT DECISION AS A***
4 ***BASIS FOR APPROVING DP&L'S SERVICE STABILITY RIDER?***

5 ***A23.*** No. That PUCO decision was largely based on AEP being a "Fixed Resource
6 Requirement" or FRR entity in PJM. Basically an FRR allows load-serving
7 entities (LSEs) in PJM to "self-supply" resources to meet their capacity
8 obligations by designating resources they own or purchase bilaterally. To my
9 knowledge, DP&L is not currently using, and has not filed to use, this option.

10

11 ***Q24. IS THE COMMISSION'S AUTHORIZATION OF A STABILITY-TYPE***
12 ***CHARGE IN THE AEP CASE A REASON TO AUTHORIZE A SERVICE***
13 ***STABILITY RIDER IN THIS CASE?***

14 ***A24.*** No. In fact, any such charge is completely contrary to the law and the goals of
15 creating a competitive market. Such a charge would subsidize DP&L's
16 generation service and compel all customers to continue to pay above-market
17 rates for such service.

18

1 ***Q25. DP&L JUSTIFIES THE SERVICE STABILITY RIDER BASED ON A***
2 ***FINANCIAL ANALYSIS AND THE IMPACT ON ITS FINANCIAL***
3 ***INTEGRITY. ARE THESE BASES AN APPROPRIATE***
4 ***JUSTIFICATION FOR SUCH A CHARGE?***

5 ***A25.*** No. Ohio is moving from a regulated environment for generation to a market-
6 based one. Under a market setting the Company should not receive compensation
7 for market losses. On the positive side, if the Company is able to earn a profit –
8 even in excess of what would have been allowed under regulation, the Company
9 is able to retain that market gain.

10

11 ***Q26. DO YOUR COMMENTS REGARDING FINANCIAL INTEGRITY REFER***
12 ***TO THE DISTRIBUTION SERVICE COMPONENT OF DP&L?***

13 ***A26.*** No, I am only referring to the Company's costs of providing generation services
14 to customers. Distribution and transmission services, as monopoly services
15 within DP&L's service territory, will remain regulated and costs will continue to
16 be treated as they have in the past. If there is a need for additional distribution
17 and transmission revenues to recover all prudently incurred costs to ensure
18 financial integrity, DP&L can file a rate case or a transmission cost recovery
19 proceeding.

20

1 ***Q27. SHOULD THE COMPANY HAVE JUSTIFIED ITS NEED FOR THE***
2 ***SERVICE STABILITY RIDER BASED SOLELY ON ITS REGULATED***
3 ***OPERATIONS?***

4 ***A27.*** It goes without saying that any justification for regulated rates for a regulated
5 service (such as distribution) should be based on the revenues, rate base, and
6 expenses associated with regulated services. Impacts on unregulated operations,
7 i.e. generation, should not be subject to the Commission's assessment in
8 regulatory proceedings. Otherwise this would result in improper cross-
9 subsidization of unregulated operations – further interfering with operations of the
10 competitive market.

11
12 Additionally, the SSR would compel customers to pay additional costs for
13 generation beyond the amounts they have already paid to this utility for stranded
14 costs.

15

16 ***Q28. DOES THIS CONCLUDE YOUR TESTIMONY?***

17 ***A28.*** Yes.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Testimony of Kenneth Rose, Ph.D.* has been served via electronic transmission this 1st day of March 2013.

/s/ Maureen R. Grady
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Professional Experience

Independent consultant and Senior Fellow with the Institute of Public Utilities, Michigan State University. More than twenty-eight years of research experience in the structure, economics, and regulation of U.S. electricity markets. Areas of expertise include electricity wholesale and retail market structure, market power and market monitoring and electric industry environmental regulation. Other research topics have included competitive bidding for power supply, regulatory treatment of uneconomic costs, and other issues associated with the electricity industry and regulation. Authored or coauthored many reports, papers, articles, and books on regulation of the electric industry and other energy and regulatory issues. Testified or presented before many legislative and public utility commission hearings, proceedings, conferences, and workshops on electric industry issues.

2002 – Present, Independent Consultant.

2002 – Present, Senior Fellow, Institute of Public Utilities, Michigan State University.

2009 – 2011, Lecturer, John Glenn School of Public Affairs, The Ohio State University, Columbus, Ohio.

1998 - 2002, Lecturer, School of Public Policy and Management, The Ohio State University, Columbus, Ohio.

1989 - 2002, Senior Institute Economist, National Regulatory Research Institute, The Ohio State University, Columbus, Ohio.

1984 - 1989, Economist, Energy and Environmental Systems Division, Argonne National Laboratory, Argonne, Illinois.

Education

Ph.D. Economics, University of Illinois at Chicago, 1988.

Areas of Concentration: Applied Microeconomics and Econometrics.

Thesis: Economic Analysis of Electricity Self-Generation by Industrial Firms.

M.A. Economics, University of Illinois at Chicago, 1983.

B.S. Economics, University of Illinois at Chicago, 1981.

Publications

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"Developments in Electricity Policy, The View from the Public Utility Commissions in the Seventh District States," Federal Reserve Bank of Chicago, Electricity Policy in the Midwest, Chicago, Illinois, January 17, 2002 (presented and moderated the panel).

"Properly Structured Incentive Plans," Electric Roundtable Discussion Group, held by the Missouri Public Service Commission, Jefferson City, Missouri, December 17, 2001.

"End of the Road for Retail?" Energy Bar Association, Mid-Year Meeting, November 30, 2001.

"Opportunities for Cogeneration and On-site Generation in a Restructured Environment," Midwest Cogeneration Association, Fifteenth Annual Non-Utility Power Conference, September 25, 2001.

"Evaluating State Competition Retail Performance," Camp NARUC 2001, Institute of Public Utilities, Michigan State University, August 14, 2001.

"Monitoring Power Markets," Camp NARUC 2001, Institute of Public Utilities, Michigan State University, August 13, 2001.

"State of the Market Report to the Committee on Electricity," NARUC Summer Committee Meetings, Seattle, Washington, July 16, 2001.

"What is Market Power and Why Should We Care About It?," NRRI Market Power Conference, Columbus, Ohio, April 10, 2001.

"Competition In Wholesale Power Markets," National Governors Association, Center for Best Practices, Philadelphia, Pennsylvania, April 6, 2001.

"Retail Market Power Issues," 2001 NASUCA Capitol Hill Conference, "California Aftershocks: What Must Be Done to Make Restructuring Work?" Washington, DC, April 5, 2001.

"Electric Restructuring's Impact on Non-Restructuring States," "Current Issues Challenging The Utility Industry," Center for Public Utilities, New Mexico State University, Santa Fe, New Mexico, March 27, 2001.

"Market Monitoring and Detecting Market Power," NARUC Winter Committee Meetings Staff Subcommittee on Electricity, February 25, 2001.

"The California Electric Restructuring Meltdown and the Fallout in Other States," National Conference of State Legislatures, AFI/ASI Joint Winter Meeting, AFI Energy and Transportation Committee, December 13, 2000.

"Current Level of Electric Regulation: Summary of State Retail Access," Wisconsin Public Utility Institute, Fundamental Course: Energy Utility Basics, Madison, Wisconsin November 15, 2000.

"Unbundling Experiences From Around the Country," Functional Unbundling, Infocast Conference, Chicago, Illinois, November 2, 2000.

"Open Access and Retail Choice Markets," Institute of Public Utilities, NARUC Advanced Regulatory Studies Program, Cincinnati, Ohio, October 10, 2000.

"Open Access Retail Models in Electricity," Camp NARUC 2000, NARUC Annual Regulatory Studies Program, August 7, 2000.

"Transmission Pricing Mechanisms and Implications," NARUC Summer Committee Meetings, Subcommittee On Strategic Issues, Los Angeles, July 24, 2000.

"Electric Retail Access: What Have We Learned From the Early States?," Electric Power Industry Special Institute, Sponsored by the Energy & Mineral Law Foundation, Columbus, Ohio, June 22, 2000.

"A MARC Regional Transmission Organization: Your Worst Nightmare?," Mid-America Regulatory Commissioners Meeting, MARC 2000, St. Louis, Missouri, June 12, 2000.

"Market Power and Competition in the Electric Industry: Derailment Ahead?," 2000 NASUCA Capitol Hill Conference, "Retail Competition: Right Train, Wrong Track?" March 20, 2000.

"Reliability Pressure Points of the Barton Bill and FERC Order 2000: Considerations for State Regulators," NARUC Winter Committee Meetings, Washington, D.C., March 6, 2000.

DP&L STRANDED COST AS OF DECEMBER 31, 2000

(Thousands of Dollars)

	Net Investment	Value	After-Tax Stranded Cost	Ohio Retail Share @ 98.2%
Beckjord	16,328	9,855	6,473	6,357
Conesville	10,782	25,667	(14,884)	(14,618)
East Bend	55,665	62,314	(6,649)	(6,530)
Hutchings	43,332	8,656	34,675	34,055
Killen Station	148,780	149,357	(577)	(567)
Miami Fort	61,479	61,551	(72)	(71)
Monument	172	208	(36)	(35)
Sidney	172	212	(39)	(39)
Stuart	116,551	239,941	(123,391)	(121,182)
Tait	46,302	44,130	2,173	2,134
Yankee	2,449	5,148	(2,699)	(2,651)
Zimmer	<u>469,305</u>	<u>129,187</u>	<u>340,118</u>	<u>334,030</u>
Total	971,316	736,225	235,091	230,883

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Case No(s). 12-0426-EL-SSO, 12-0427-EL-ATA, 12-0428-EL-AAM, 12-0429-EL-WVR, 12-0672-EL-RDR

Summary: Testimony Direct Testimony of Kenneth Rose, Ph.D. on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Grady, Maureen