

**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 the 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
	:	

**PREFILED TESTIMONY
OF
STUART M. SIEGFRIED
ENERGY EFFICIENCY AND RENEWABLE ENERGY DIVISION
ENERGY AND ENVIRONMENT DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO**

Staff Exhibit _____

March 11, 2013

1 1. Q. Please state your name and business address.

2 A. My name is Stuart M. Siegfried, and my business address is 180 East Broad
3 Street, Columbus OH 43215.

4

5 2. Q. By whom are you employed and what is your position?

6 A. I am employed as a Utility Specialist 3, in the Energy Efficiency and
7 Renewable Energy Division of the PUCO's Energy and Environment
8 Department.

9

10 3. Q. Please summarize your educational background and work experience.

11 A. I received a B.S. degree, International Business, from Bowling Green State
12 University.

13

14 I have been continuously employed by the PUCO since November 1990.

15 My responsibilities during this time have primarily involved environmental
16 matters.

17

18 4. Q. Have you testified in prior proceedings before the Commission?

19 A. Yes.

20

21

1 5. Q. What is the purpose of your testimony in this proceeding?

2 A. My testimony focuses on DP&L's proposals pertaining to the Alternative
3 Energy Rider (AER).
4

5 6. Q. Describe the AER.

6 A. The AER is a bypassable rider designed to enable the Company to recover
7 its reasonable costs of complying with the alternative energy portfolio
8 standard (AEPS) requirements of R.C. 4928.64. The Company addresses
9 the AER on Tariff Sheet G26.
10

11 7. Q. How frequently would the AER be revised under the Company's proposal?

12 A. The Company has proposed to adjust the AER on a seasonal quarterly
13 basis, with new rates becoming effective on March 1, June 1, September 1,
14 and December 1.
15

16 8. Q. Do you contest the use of seasonal quarters for the AER?

17 A. No.
18

19 9. Q. Has the Company proposed a regulatory approval process in this
20 proceeding for the AER?

21 A. Yes. The Company has proposed to file revised tariffs and supporting
22 documentation one month prior to the rates becoming effective. Unless the

1 Commission determines otherwise, the new rider would go into effect on
2 the first day of the new seasonal quarter.

3
4 10. Q. Would the AER be subject to regular audits?

5 A. Yes. The Company has proposed that the AER be subject to an annual
6 audit by the PUCO or its designee.

7
8 11. Q. Do you contest the Company's proposed regulatory approval process for
9 AER revisions?

10 A. No. It seems an efficient and reasonable manner by which to revise the
11 AER. And while the Staff would expect to perform an initial review of the
12 quarterly filings, the fact that the AER would be subject to annual audit
13 ensures that the AER would regularly undergo a detailed and
14 comprehensive regulatory review.

15
16 12. Q. Are there aspects of the Company's AER proposal that you do not support?

17 A. Yes. There are two components: (A) the use of the reconciliation rider
18 (RR) to recover certain potential AER deferral amounts, and (B) the
19 introduction of a 3% cost cap threshold within the AER.

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21 13. Q. Will you be addressing the RR in your testimony?

22 A. No. Staff witness Patrick Donlon will be addressing the proposed RR.

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14. Q. Describe the Company’s proposed 3% cost cap threshold.

A. The Company has proposed that the AER include a 3% cost cap threshold provision that it asserts is consistent with R.C. 4928.64(C)(3). The 3% threshold proposed by the Company is \$0.0012813, calculated as 3% of the Company’s expected auction results of \$0.0427100/kWh.¹ According to the Company’s application:

... the Company is proposing that when the AER meets or exceeds \$0.0012813 per kWh, the Company will be deemed to have met the 3% cost cap and will not need to continue to meet future renewable targets.²

15. Q. Do you believe it is appropriate or necessary to establish a fixed 3% cost threshold in this proceeding?

A. No, I do not. I believe it may be premature to develop such a threshold in this proceeding.

16. Q. Are there other proceedings that you believe may be significant in terms of considering the 3% cost provision?

¹ Second Revised Testimony of Nathan C. Parke at 3 .

² Company Revised Electric Security Plan; ESP Rate Blending Plan, at 27.

1 A. Yes. There is an ongoing proceeding in Case No. 11-5201-EL-RDR in
2 which the 3% cost methodology is among the topics beings considered.³ In
3 addition, Chapter 4901:1-40 of the Ohio Administrative Code, the chapter
4 that addresses the implementation of the AEPS, is scheduled for review
5 later this year, and that effort would present a useful forum for considering
6 methodological questions associated with the 3% cost calculation.

7
8 17. Q. Does this conclude your testimony?

9 A. Yes, it does. However, I reserve the right to submit supplemental testi-
10 mony as described herein, as new information subsequently becomes avail-
11 able or in response to positions taken by other parties.

³ “Additionally, as this is a case of first impression, the Commission directs Staff to work with the auditor to develop and incorporate into the audit report a range of alternative methodologies to determine the Companies' status relative to the 3 percent provision contained within Section 4928.64(C)(3), Revised Code, including an analysis of the impact of renewable generation on market prices and the electric distribution utilities' renewable procurement costs. Staff will not be bound, however, by the auditor's choice of methodology.” PUCO Case Cite (Entry at ___) (January 18, 2012).

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Stuart M. Siegfried, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the parties listed below, this 11th day of March, 2013.

/s/ Thomas W. McNamee

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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 electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO