

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE
APPLICATION OF THE DAYTON
POWER AND LIGHT COMPANY
FOR THE APPROVAL OF ITS
MARKET RATE OFFER

CASE NO. 12-426-EL-SS0

IN THE MATTER OF THE
APPLICATION OF THE DAYTON
POWER AND LIGHT COMPANY
FOR THE 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-RDR

ORAL DEPOSITION OF STEVE W. CHRISS

Taken at Sam Walton Development Center, 2001
South East 10th Street, Bentonville, Arkansas, 72712, on
March 14th, 2013, at 12:30 p.m.

APPEARANCES

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KEN BAKER

I N D E X

TESTIMONY BY STEVE W. CHRISS

Examination by Mr. Sharkey5

S T I P U L A T I O N S

IT IS STIPULATED AND AGREED by and between
the parties through their respective counsel that the oral
deposition of STEVE W. CHRISS may be taken for any and all
purposes according to the Ohio Rules of Civil Procedure.

* * * * *

1 STEVE W. CHRISS, having been duly called
2 upon to testify in the form of a deposition and having
3 been duly sworn, testified as follows, to wit:

4 EXAMINATION

5 BY MR. SHARKEY:

6 Q. Hello, Mr. Chriss; my name is Jeff Sharkey, and I
7 represent the Dayton Power and Light Company in this
8 matter. As an initial matter, can you state your name for
9 the record?

10 A. My name is Steve W. Chriss; first name is S-t-e-v-e,
11 last name is C-h-r-i-s-s.

12 Q. And, Mr. Chriss, do you have available to you a copy
13 of your prefiled testimony?

14 A. Yes.

15 Q. It reflects on Page 1, Line 3 that you're a senior
16 manager energy regulatory analyst for Wal-Mart Stores,
17 Inc. Can you describe generally the nature of your job
18 responsibilities in that position?

19 A. My job responsibilities -- I guess, I will describe
20 them as spanning the monitoring and work on energy
21 regulatory issues that impact our business as customers,
22 including getting involved in regulatory dockets, such as
23 this, or rate cases or other cases where we see cost
24 impacts to our source. I also work on legislative issues,
25 and then I do a vast assortment of varied analytical tasks

1 and other mathematical jobs.

2 Q. Okay. Now, that helps. Were you -- strike that.

3 Have you submitted prefiled testimony in front of
4 the Public Utilities Commission before your testimony in
5 this case?

6 A. Yes. That is on Page 2, Line 3; the Docket No. is
7 10-2586-EL-SSO, which was the Duke MRO Docket, the one
8 that ultimately got a turn out, as well as 11-346-EL-SSO,
9 which was the last AEP ESP docket.

10 Q. Okay. Thank you. Did you -- have you, rather,
11 testified in any state besides Ohio?

12 A. I have. And that list starts on -- if you go to
13 Exhibit SWC-1 starting at the bottom of Page 1 and
14 continuing through the top of Page 8, you'll see I have a
15 list of the other states in which I have provided
16 testimony.

17 Q. That's quite a lengthy list, isn't it? I apologize
18 for not seeing the question. I hadn't recalled that was
19 there. Have you previously testified regarding the
20 recovery of a stability rider by an electric utility?

21 A. Can you define stability rider?

22 Q. Sure. In DP&L's contacts, the DSSR and the ST, I
23 understand, for example, that AEP had a different name for
24 its stability rider, maybe the RSS or something like that?

25 A. Yeah. I have -- the AP docket was the RSR, and

1 their stability rider was more tied to the recovery of
2 capacity costs. And that's how they mathematically worked
3 their rider. And I don't -- I don't recall proposing a
4 stability rider in their MRO, but I would -- that's
5 subject to check.

6 Q. Understood. Do you recall the general nature of the
7 position that you took in the AEP case regarding its
8 request for a stability rider?

9 A. My recollection of the position in the AEP docket
10 was that we addressed mostly the return on equity that
11 they requested to use as -- in calculating the revenue
12 requirement for the rider as well as the three-year
13 structure of the rider.

14 There was some question as to -- from their prefile
15 testimony how they would structure the rider over the
16 three years, and they had two witnesses who, from my
17 understanding, presented it in different ways.

18 Q. If you would, please turn to Page 8 of your
19 testimony.

20 A. (Witness complies.) Okay.

21 Q. You offer certain testimony regarding DP&L's
22 proposal for a rate-stabilization rider there, correct?

23 A. Page 8 of my testimony deals with rider RR, which is
24 the composed -- hold on; let me find it -- the
25 reconciliation rider, which is not the stability rider.

1 Q. Right; I understand that. But the prior point is
2 it's going to be a big picture question, and I'm sort of
3 moving into a closer focus in your testimony. But, yeah,
4 the RR.

5 A. Yes.

6 Q. And you understand that the RR as proposed by DP&L
7 would have three components?

8 A. Per my testimony on Page 7, my understanding is that
9 it would have the costs associated with administering and
10 implementing the competitive bidding process for the SSO
11 customers, the costs associated with implementing
12 competitive-retail enhancements, and then any deferred
13 balance that exceeds 10 percent of the base recovery rate
14 associated with a number of the SSO service true-up
15 riders.

16 Q. Okay. And if I understand the position taken by you
17 for items one and three, you oppose those items be
18 included in a nonbypassable charge because you believe
19 they're related to SSO service?

20 A. Yes.

21 Q. Then you say that you -- I believe on Page 8
22 starting on Line 15 -- that you believe the items
23 associated -- the cost, rather, of implementing
24 competitive-retail enhancements should be nonbypassable.

25 A. Yes; from Line 15 to Line 17.

1 Q. Okay. Do you understand in this case -- well, let
2 me strike that.

3 Do you know, in this case, whether there are parties
4 who assert that those charges should be paid solely by
5 switching customers?

6 A. I have not been through the bulk of other
7 testimonies; so it would be subject to check, and I'd have
8 to take your word for it.

9 Q. Let me ask it a different way, then. Do you
10 understand that the cost associated with implementing
11 competitive-retail enhancements would benefit CRES
12 suppliers directly, and then, perhaps, indirectly
13 customers who had switched, like Walmart?

14 A. I -- I do understand that, yes.

15 Q. Do you understand that SSO customers don't receive
16 any benefit from those competitive-retail enhancements?

17 A. I understand that.

18 Q. Why, then -- I'm trying to figure out why you
19 believe SSO customers should pay for those enhancements
20 when you believe that switched customers shouldn't pay for
21 other items that are associated with SSO service.

22 A. Well, I didn't say that I -- I necessarily disagreed
23 with those positions; I just said -- you asked me if I
24 knew that others had put forth those positions. In terms
25 of cost causation and treatment of customers, I would not

1 oppose charging the shopping customers for costs directly
2 related and for the sole benefit of shopping customers.

3 Q. Let's focus on the third item in your list; namely,
4 the 10 percent base recovery above certain matters. That
5 was terribly worded. But do you know what I'm discussing?

6 A. Starting on Line 19, Page 7?

7 Q. Yes.

8 A. Yes.

9 Q. Do you understand that DP&L has certain riders, such
10 as fuel, RPM, et cetera, that are currently bypassable?

11 A. Yes.

12 Q. And that in certain periods, the Dayton Power and
13 Light Company is unable to collect all of the amounts due
14 under those various riders?

15 MR. SHERMAN: Jeff -- this is Steve -- can I
16 have that question repeated, please?

17 MR. SHARKEY: Sure. The question, Steve,
18 was "Do you understand that in certain periods, DP&L is
19 unable to recover all of the amounts due under those
20 riders?"

21 MR. SHERMAN: Thanks.

22 A. I'm sorry. What was the final version of the
23 question?

24 BY MR. SHARKEY:

25 Q. I'll ask it yet again. Do you understand that in

1 certain periods, DP&L is unable to collect all of the
2 amounts that are due under those riders?

3 A. I am not aware of specific instances. But I will
4 say that I understand that it is highly likely that the
5 utilities' cost recovery does not perfectly match its
6 costs in every time period.

7 Q. I'll represent to you that there's definitely, from
8 DP&L, witnesses in this case that said that's true. Have
9 you read or do you understand that DP&L currently defers
10 the unrecovered cost in period one to recover them from
11 SSO customers in period two?

12 A. That is my general understanding, yes.

13 Q. Do you further understand that DP&L has difficulty
14 allocating those riders -- the deferral amounts, rather,
15 to customers in period two because it's allocating them to
16 SSO customers, but SSO customers continue to switch?

17 MR. SHERMAN: I'm sorry, Jeff. Are you
18 asking if he's aware of that?

19 MR. SHARKEY: Whether he's aware that it's
20 true or whether he has read that it's true in testimony
21 from the Dayton Power and Light Company.

22 MR. SHERMAN: Thank you.

23 A. From my reading of -- of their testimony, I would
24 understand that to be true.

25 BY MR. SHARKEY:

1 Q. And do you understand, then, that that dynamic
2 creates a risk that the deferral amount could continue to
3 grow to a substantially large number while the number of
4 customers continues to become smaller and smaller?

5 A. My general understanding is that it could.

6 Q. And would you agree with me that it would be --
7 actually, strike that.

8 Do you understand that the SSO customers who remain
9 have paid or will be paying not only the amount of riders
10 that are attributable to them, but also the amount of the
11 deferrals that are attributable to them?

12 A. Yes.

13 Q. So the increasing deferral balance that is being
14 attributed to those remaining SSO customers, some portion
15 of it, perhaps, a large portion of it, is associated with
16 customers who have switched in prior periods?

17 A. I would say generally that that potential exists.

18 Q. Okay. The way I understand is that you don't have
19 access necessarily of the underlying data, don't know that
20 these things are happening. And I'm kind of just trying
21 to walk you through what is DP&L's concern and what its
22 testimony would show, see if you're familiar with these
23 facts, at least their claims.

24 But, in any event, do you agree with me that it is
25 improper for the remaining SSO customers to bear the

1 burden of paying the costs associated with other SSO
2 customers who switched in earlier periods?

3 A. Not necessarily. Ultimately, the SSO customers are
4 responsible for paying costs related to the provision of
5 SSO service.

6 Q. Do you agree with me that DP&L has a legitimate
7 concern that if the riders remain in place as they are
8 today, then a small number of customers may end up being
9 allocated and required to pay a very large deferral
10 balance?

11 A. Could you repeat the question?

12 Q. Sure. Do you agree with me that DP&L has a
13 legitimate concern that if the riders remain in place as
14 they exist today, then a small number of SSO customers may
15 end up being allocated a very large deferral balance?

16 A. I -- I guess I'm a little confused because I'm not
17 sure if your question is asking me if DP&L has the concern
18 or whether or not the concern is legitimate.

19 Q. I'm asking you whether the concern is legitimate. I
20 understand you don't know what they're actually concerned
21 about in their heads, but whether that concern that I've
22 articulated is a legitimate concern.

23 A. I could see where, from DP&L's standpoint, it could
24 be a legitimate concern.

25 Q. And you could see from the SSO customers that it

1 would be a legitimate concern as well?

2 A. Well, those SSO customers can shop. So to the
3 extent that the SSO price, because of these deferrals,
4 exceeds what competitors are offering, they can switch to
5 a competitor.

6 Q. But for those SSO customers who haven't switched,
7 they run a risk that they could, before they'd see their
8 first bill, be paying a substantial amount of the deferral
9 associated with other customers who switched in prior
10 periods, right?

11 A. I agree that the risk exists, but the customer does
12 have a way to mitigate the impacts of that risk by looking
13 at shopping options.

14 Q. But when that customer switches, that exacerbates
15 the problem because still other customers bear the same
16 risks and problems?

17 A. Well, we could -- we could bring the example, you
18 know, to its conclusion that way; however, that last
19 customer that would have to bear everybody's costs still
20 has the option to shop as well. So there -- there would
21 be some point where all customers would leave and shop.

22 Q. And at that point in time, the Dayton Power and
23 Light Company would have on its books a substantial
24 deferred balance associated with those riders, right?

25 A. Within this hypothetical, yes.

1 Q. If that were to happen, what do you propose DP&L
2 should be entitled to do with the unrecovered deferral
3 balance?

4 A. Well, what we've proposed in the alternative -- if
5 you start on Page 9, Line 16 -- is that if the commission
6 determines that it -- it is appropriate to make the RR
7 nonbypassable, that they condition the rider such that is
8 it not bypassable for the first three billing months after
9 a customer switches from SSO to competitive service; that
10 way, those customers who leave would be within their --
11 would pay for the costs incurred on their part that need
12 to be trued up so that the customers leaving the system
13 would pick up the true-up portion of those costs.

14 Q. Okay. Do you know if the Dayton Power and Light
15 Company's billing system, as it currently exists, is
16 programmed to perform that function?

17 A. I do not know that.

18 Q. So I assume that you don't know how much it would
19 cost to modify DP&L's billing system to perform that
20 function?

21 A. I do not know that.

22 Q. If the commission were to order DP&L to modify its
23 billing system so it could perform that function, do you
24 have an opinion as to who should bear the cost?

25 A. I'm not aware, having not been in a Dayton-based

1 rate case, as to how they do cost allocations and that
2 sort of thing for their billing system and what gets
3 covered under what; so I can't answer that because I don't
4 have enough background in that.

5 Q. Do you believe that your proposed solution would
6 eliminate the problem that we've been discussing or merely
7 mitigate it?

8 A. I believe it would certainly mitigate it. I don't
9 know. I -- I -- I can't answer whether or not it would
10 eliminate it; that would require specific sets of facts
11 that I don't have.

12 Q. Turn, if you would, to Page 10 of your testimony.

13 A. Okay.

14 Q. That's the beginning of a section addressing the
15 service stability rider in the switching tracker, correct?

16 A. Correct.

17 Q. Do you understand that DP&L keeps recovery of those
18 two charges under a specific section of the Ohio Revised
19 Code?

20 A. My general understanding of the ORS is that it does
21 allow for a fairly broad swath of charges to be
22 considered.

23 Q. Okay. You said a word there that I missed. It was
24 your general understanding of what?

25 A. Well, I actually have a -- I will point you to the

1 -- Page 5, Lines 11 to 13.

2 Q. Thank you. Did you read the Ohio Revised Code
3 4928.143 before you prepared your testimony?

4 A. Yeah. I have read it at some point in that time
5 period; I couldn't tell you the exact date.

6 Q. Okay. Do you think you have a copy of that section
7 available to you?

8 A. I do not.

9 Q. Well, this will be a little more complicated then,
10 but we'll still do it. I am going to be looking at a
11 subsection within that statute and will be asking you some
12 questions about whether your testimony addresses the
13 subject. I don't think it does, but I want to make sure
14 that you and I are on the same page.

15 First of all, the statute says that -- I am reading
16 from Ohio Revised Code 4928.143 B2D -- that any such
17 charge under that statute must be a, quote, term,
18 condition, or charge, closed quote. Does your testimony
19 address whether or not the SSR or ST satisfies that
20 element?

21 A. I -- I would say that it would be a charge under
22 that without having that language in front of me.

23 Q. I would agree that that's an element that's hard to
24 dispute. The next element -- and this is a lengthy one;
25 so I can reread it to you as many times as you need.

1 But my question simply is: Does your testimony
2 address whether or not the SSR and the ST relate, quote,
3 to limitations on customer shopping for retail electric
4 generation service, bypassability, standby, backup, or
5 supplemental power service, default service, carrying
6 costs, amortization period, and accounting or deferrals,
7 including future recovery of such deferrals, closed quote?

8 A. Could you read that again? I'm not sure I get what
9 your question is.

10 Q. Sure. Before I read it to you, I'll just say that
11 the statute says that the -- that any charge collected
12 under that must be a term, condition, or charge that
13 relates to the items that I'm about to read to you.

14 MR. SHERMAN: I'm sorry. What subsection
15 was that?

16 MR. SHARKEY: 4928.143 B2D.

17 MR. SHERMAN: Okay.

18 BY MR. SHERMAN:

19 Q. Mr. Chriss, do we have a complete understanding the
20 statute says that any charge recoverable under that
21 section must be a term, condition, or charge that relates
22 to certain items? And I'm going to read you the items in
23 there relating-to clause, okay?

24 A. Okay.

25 Q. The question is: Do you sponsor any testimony as to

1 whether or not the SSR or the ST relates to, quote,
2 limitations on customers shopping for retail electric
3 generation service, bypassability, standby, backup, or
4 supplemental power service, default service, carrying
5 costs, amortization period, and accounting or deferrals,
6 including future recovery of such deferrals, closed quote?

7 MR. SHERMAN: Could you repeat the question?
8 You don't need to repeat any of the subsection, but just
9 what you are asking the witness to respond to.

10 MR. SHARKEY: My question is: Does his
11 testimony address whether or not the SSR or ST relate to
12 those items?

13 BY MR. SHARKEY:

14 Q. And I will represent to you, Mr. Chriss, I don't
15 believe your testimony does. But if you have a different
16 reading of your testimony, I'd like to know it.

17 A. My testimony in the service-stability rider and
18 switching tracker section does not address anything from
19 the statute.

20 Q. Okay. But just to be sure we're on the same page
21 because there's still yet one more clause that I want to
22 ask you about --

23 A. There are no references to the statute in that
24 section that I can find.

25 Q. I'm sorry?

1 A. I can find no references to the statute; so -- in
2 that section.

3 Q. I understand that, but there's -- but the statute
4 lists factual elements, and I just want to make sure that
5 your testimony doesn't address the factual elements
6 without citing to the statute.

7 A. Okay.

8 Q. Does that make sense?

9 A. I think so.

10 Q. Okay. So just so we're clear, I read you that
11 lengthy list of items, and that's whether your testimony
12 addresses whether or not the SSR and the ST related to
13 those items, whether your testimony addresses that topic.
14 I believe your answer is no. I'm I right about that?

15 A. That is correct.

16 Q. Okay. And the last item, it says is that the
17 requested charge must, open quote, have the effect of
18 stabilizing or providing certainty regarding retail
19 electric service, closed quote.

20 Is it true that your testimony does not address
21 whether the SSR or ST would have the effect of stabilizing
22 or providing certainty regarding retail electric service?

23 A. My testimony only addresses that to the extent that
24 my understanding is that the proposal for the SSR, as I
25 state on Page 10, Line 7 in my testimony, that it would

1 insulate the company from earnings losses due to customer
2 switching, which was my general understanding of the
3 proposal -- or the purpose for the proposal.

4 Q. So it's your understanding that the proposed SSR
5 would have the effect of stabilizing or providing
6 certainty regarding retail electric service?

7 A. I don't say whether or not it does; that is my
8 understanding of the proposal.

9 Q. Got it. Your testimony doesn't address whether it
10 does that or not?

11 A. Correct.

12 Q. I'm sorry, Mr. Chriss. Did you answer my question
13 or are you...

14 A. I did. I said correct. I think somebody slammed a
15 door at the same time; we're in kind of a noisy room. I
16 apologize.

17 Q. That's fine. It's true, isn't it, that your
18 testimony doesn't contain any analysis of whether DP&L
19 needs the SSR or the ST to maintain its financial
20 integrity?

21 A. That's correct.

22 Q. It's true also, isn't it, that your testimony does
23 not contain any analysis of whether DP&L needs the SSR or
24 the ST to provide stable service?

25 A. That's correct.

1 Q. Do you agree with me that it is in DP&L's customers'
2 best interest that DP&L be able to provide stable service?

3 A. Define stable service.

4 Q. I would describe it for this purpose as regular
5 distribution service so that the lines are up and power
6 can flow.

7 A. I agree that that is important, and we pay for that
8 through our T&D -- or through our distribution rates.

9 Q. Do you also agree with me that it's important to
10 DP&L customers that it be able to maintain its financial
11 integrity?

12 A. The financial standing of DP&L is important and is
13 also addressed as part of their base rates for the
14 distribution service that we take.

15 Q. Turn, if you would, to Page 16 of your testimony.

16 A. Sure.

17 Q. Starting on Line 18, you sponsor an opinion that
18 DP&L -- strike that.

19 Starting in Line 18, you sponsor an opinion that if
20 the commission approves the SSR, then it should limit the
21 revenue requirement to 72.5 million, the amount of the
22 current rate-stabilization charge, right?

23 A. That is correct.

24 Q. Did you do any mathematical computations to arrive
25 at the \$72.5 million number?

1 A. I did not. I just took the revenue requirement from
2 the current rate-stabilization charge.

3 Q. You don't know whether DP&L could maintain its
4 financial integrity with an SSR of \$72.5 million, right?

5 A. That would depend on the point of consideration for
6 financial integrity and where the math would end up, but I
7 have not done that calculation.

8 Q. You also don't know whether DP&L will be able to
9 provide stable service with the SSR of that amount, do
10 you?

11 A. Well, per your definition of stable service, DP&L
12 should be able to provide its distribution service per its
13 base distribution rates.

14 Q. Well, you understand, don't you, that DP&L is an
15 integrated transmission distribution and generation
16 company?

17 A. I do; however, generation and transmission rates are
18 separated off such that customers can shop and purchase
19 the generation and transmission services from a
20 competitive supplier.

21 Q. I understand that. But first of all, you understand
22 that dollars are fungible in that a dollar doesn't come in
23 marked as a distribution dollar, a transmission dollar, or
24 generation dollar?

25 A. I understand that; however, the financial standing

1 of the company's distribution business is really the
2 subject of a rate case -- or should be a subject of a rate
3 case.

4 Q. Well, let me ask you this. If Dayton Power and
5 Light Company doesn't have enough money to pay its bills
6 in total, how could it continue to operate -- strike that.

7 Do you understand that Dayton Power and Light
8 Company had borrowed a substantial amount of money to
9 allow it to operate its business?

10 MR. SHERMAN: I'm going to just object to
11 the manner of the question. If you're asking does he
12 know, that's fine.

13 BY MR. SHARKEY:

14 Q. Fair enough. Do you know whether the Dayton Power
15 and Light Company borrowed a substantial amount of money?

16 A. I don't know the extent to which Dayton has
17 borrowed.

18 Q. In your experience, do most utilities use a mix of
19 debt and equity in a capital structure?

20 A. Yes.

21 Q. Any reason to doubt that Dayton Power and Light
22 Company follows that practice?

23 A. No.

24 Q. Are you agreeing with me that it would be prudent
25 for the Dayton Power and Light Company to follow that

1 practice?

2 A. Yeah. It would be a prudent practice to use a mix
3 of debt and equity financing.

4 Q. I'll represent to you that Dayton Power and Light
5 Company does have debt in its capital structure. So,
6 then, my question to you is: If DP&L has insufficient
7 funds to pay those debts, would you expect that the
8 lenders have certain rights against the assets of the
9 Dayton Power and Light Company?

10 A. I don't know the specific terms of their financial
11 arrangements.

12 Q. Do you know that it's common that lenders would have
13 certain rights as -- against the assets of utilities?

14 A. I don't know.

15 Q. Let me change topics with you. If you turn to Page
16 15 of your testimony --

17 A. Okay.

18 Q. -- you express an opinion that the switching tracker
19 could potentially result in double recovery of some
20 incurred costs. I'll be honest with you. I did not
21 understand the point that you were making there, despite
22 having read it a number of times. So can you explain it
23 to me?

24 A. Sure. The concern there is that -- and part of it
25 is that the company's proposal is not entirely clear as to

1 whether this tracker is based on economic opportunity cost
2 or if there's accounting costs involved or what exactly is
3 this lost revenue, and in terms of actual revenues
4 recovered, how these all play in.

5 So the concern is that if the company experienced
6 some switching in -- I'm going to work through this off
7 the top of my head; so excuse my speed. There's going --
8 as we talked about earlier, there's going to be some
9 portion of cost and recovery that is mismatched from
10 period one to period two.

11 If that mismatch is due to switching, my
12 understanding of the company's proposal is that the
13 company would seek compensation for the, quote, unquote,
14 lost revenue due to that switching.

15 However, you also have these actual incurred costs
16 that would flow into the true-up portion of the rider and
17 be charged to customers that were incurred on behalf of
18 that same switched portion that generated the, quote,
19 unquote, lost revenue.

20 So if those dollars are collected through the
21 true-up portion of the rider, how, then, is that counted
22 against -- or is it counted against the, quote, unquote,
23 lost generation revenues that fall into the switching
24 tracker?

25 And then the other concern is that the witness -- I

1 don't have his name in front of me. But in Exhibit CLJ-5
2 there's a sentence in there that says that DP&L will
3 basically sell anything that's freed up, but then doesn't
4 seem to count those revenues in this loss-generation
5 revenue pool either.

6 So there's a lot of -- it's unclear, and then -- and
7 thus, a concern that these lost revenues could be actual
8 costs. And they could be tied into dollars that have been
9 collected so that if they fall into the switching tracker
10 as well, you could have double recovery. That's where I
11 was going with that.

12 Q. My understanding of how the switching tracker would
13 work, Mr. Chriss, is that amount that would be included in
14 it would be calculated as the difference between DP&L's
15 SSO rate and the price at which DP&L was able to sell the
16 freed-up generation. If I'm right, that's how the ST
17 would be calculated, would that resolve your concern about
18 the whole recovery?

19 A. That would have to be subject to check because my
20 understanding from CLJ-5 is that that margin is the
21 difference between the SSO price and the competitive bid
22 cost. And I'm thinking of a -- I don't have the testimony
23 with me, but I'm thinking that there's a table in that
24 exhibit that shows how it gets calculated through. And I
25 don't recall that other portion; so that's -- so...

1 Q. You may be right because I may not misunderstand
2 exactly how that calculation gets worked. If it was the
3 difference between the SSO price and the competitive bid
4 price as you posit, I still don't understand why there
5 could be a potential double recovery.

6 A. Because it -- it's counting the economic-
7 opportunity cost of that lost revenue from the switching.
8 But if that switching occurred -- if that actual switching
9 occurred in that -- from one period to another, there are
10 actual accounting, you know, tangible costs that are
11 recovered through the true ups and the riders that, at
12 least for that period, you know, may or may not be --
13 whether or not they collect it through the true up.

14 But it just doesn't seem like it -- this economic
15 lost opportunity is reconciled against the actual revenue
16 flows -- or cost-recovery flows from the riders and then
17 also from off system or other sales for the freed-up
18 energy.

19 Q. Which cost is it that you believe might be double
20 recovered?

21 A. Well, it could be the generation or the fuel. You
22 know, there are -- whatever those costs are, that would
23 fall in between the competitive bid price costs and the
24 SSO revenue.

25 Q. Can you -- strike that. I'm still struggling to

1 understand how this would work, and I'm wondering if you
2 can walk me through a mathematical example using numbers
3 made up purely for purposes of illustration. I'm not
4 suggesting you think the numbers were accurate. But if
5 you could make up numbers for illustrious purposes as to
6 how this might happen, that would be helpful.

7 A. Let me think this through.

8 Q. Would it help if we went off the record and gave you
9 some time to work on something?

10 A. Yeah. That would help if we could have a few
11 minutes.

12 MR. SHARKEY: Let's go off the record.

13 (WHEREUPON, after a break was taken,
14 the proceedings resumed as follows, to wit:)

15 BY MR. SHARKEY:

16 Q. Mr. Chriss, we've been off the record for a few
17 minutes, and I believe you were working on a response to
18 my request that you create a mathematical example of how
19 the whole recovery could possibly result in a switching
20 tracker; is that right?

21 A. That is correct.

22 Q. Do you have an example that you could explain to me?

23 A. I will attempt to explain this, and understand that
24 this was -- had come up very quick and as a very
25 simplified example because I think a more thorough example

1 would take quite some time to develop.

2 But what I thought about was -- well, we'll just
3 deal with one customer switching. And so between quarter
4 one and quarter two of that customer's switches, let's say
5 that DP&L incurred \$100 of costs for that second quarter
6 thinking that the customer would be there. So they would
7 not collect that \$100 from that one customer for that
8 quarter. So that \$100 would flow into the next quarter's
9 true up, and we'll just say -- you know, using this
10 generally as opposed to, you know, a specific rider.

11 So DP&L should collect that 100 in that next quarter
12 for the -- the actual costs incurred; however, they would
13 also collect the marginal increment from the switching
14 tracker for that customer's lost load on the lost revenue
15 side.

16 So there were some actual costs incurred that they
17 lost due to the switching, but then they would also
18 recover under the lost revenue of the switching tracker.
19 So that's -- that's sort of the three-minute break
20 version. But -- so that -- that's -- you know, in terms
21 of the double recovery, that's a very, very, very simple
22 example.

23 Q. Your reference to the \$100 in costs that the company
24 would incur thinking that the customer -- strike that.

25 Your positive that the company, in period one, made

1 a decision to incur costs that would be in period two,
2 thinking the customer was going to be there that ended up
3 not being there?

4 A. Correct.

5 Q. Okay. And that would be a cost like a fuel cost
6 that would be incurred in the reconciliation rider?

7 A. Yeah. We can -- we can go with that. You know, any
8 of the costs that get billed into the SSO.

9 Q. Is fuel a good one to use?

10 A. Yeah; fuel is fine.

11 Q. Okay.

12 MR. SHARKEY: Let's go back off the record
13 again. Give me five minutes.

14 (WHEREUPON, after a break was taken,
15 the proceedings resumed as follows, to wit:)

16 BY MR. SHARKEY:

17 Q. Mr. Chriss, I'm actually just going to change
18 subjects here and ask you about the transmission- costs
19 recovery rider that the Dayton Power and Light Company has
20 proposed.

21 A. Sure.

22 Q. I understand that your concern is that if charges
23 are moved from a nonbypassable rider -- I'm sorry, from a
24 bypassable rider to a nonbypassable rider that there is,
25 then, a risk that customers will be double paying the same

1 costs.

2 A. That is correct.

3 Q. Are you aware of the fact that other utilities in
4 Ohio have had similar TCRR cases and have switched certain
5 costs from bypassable to nonbypassable riders?

6 A. I am not.

7 Q. Have you made any effort to contact -- strike that.
8 Who is Walmart's CRES provider for generation in the
9 DP&L service territory?

10 MR. SHERMAN: I object to the question right
11 now. I don't know whether that's privileged information
12 or whether Walmart is able to divulge that man.

13 MR. SHARKEY: Fair enough.

14 BY MR. SHARKEY:

15 Q. Let me ask this question: Do you consider the
16 identity of Walmart's CRES supplier in DP&L service
17 territory to be confidential information?

18 A. Is that a question for me?

19 Q. That is.

20 A. I do.

21 Q. Okay. Without disclosing the identity of that CRES
22 supplier, have you made any efforts to contact that CRES
23 supplier to see whether the CRES supplier would remove
24 from Walmart's bills any charges that were switched from a
25 nonbypassable -- sorry, from a bypassable to a

1 nonbypassable charge under DP&L's proposal?

2 A. I have not.

3 Q. Do you know whether anybody at Walmart has?

4 A. I don't know if anybody has asked that specific
5 question.

6 Q. Because you phrased your question that way, I've got
7 to ask this follow-up. Do you know if there's been any
8 general discussions of the topic?

9 A. I don't know because I don't know what our contract
10 term is. I assume that our people who manage those
11 contracts are in fairly regular communication with the
12 suppliers and have a number of conversations.

13 Q. Before submitting this testimony, did you check to
14 see when Walmart's top currently existing contract for
15 generation supply in DP&L service territory would expire?

16 A. I did not.

17 Q. So you don't know whether or not Walmart could
18 simply handle this matter through negotiations with its
19 CRES supplier?

20 A. I don't work on the contract negotiations; so I
21 don't know what leeway there is on terms.

22 Q. Do you understand that DP&L's proposal on this
23 matter has been pending for more than one year?

24 A. Without knowing the specific filing date -- this has
25 been going on for quite a while, yes.

1 Q. Do you know if Walmart entered any new agreements
2 during the course of the year that DP&L's application has
3 been pending?

4 A. I don't know.

5 Q. When did you first become aware of this issue?

6 A. I became aware of the TCRR issue, specifically, oh,
7 November or December.

8 Q. Did you alert the people who are responsible for
9 communications and negotiations with Walmart's CRES
10 supplier that they should do something about this issue?

11 A. I let them know that the issue was out there.

12 Q. And what did they tell you?

13 A. I don't recall specifically anything more than okay.

14 Q. Have any of them told you that there is a potential
15 risk that Walmart will, in fact, have to double pay for
16 costs that are moved from bypassable to nonbypassable?

17 A. They have not told me that. I am -- that is from
18 knowing that currently those costs are collected from
19 suppliers and they would be switched over to DP&L
20 potentially during a contract period.

21 Q. Okay.

22 MR. SHARKEY: Mr. Chriss, I have no further
23 questions for you. I don't know if anybody else on the
24 line has additional questions for you.

25 MR. KRAVITZ: Not from me.

1 MR. SHERMAN: I do not.

2 (WHEREUPON, the proceedings were concluded

3 in the matter at 2:39 p.m.)

4 WITNESS EXCUSED

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C E R T I F I C A T E

STATE OF ARKANSAS)
)ss
COUNTY OF PULASKI)

I, TERRI J. WOLFE, Certified Court Reporter #698, in and for the aforesaid county and state, do hereby certify that the witness, STEVE W. CHRISS, was duly sworn by me prior to the taking of testimony as to the truth of the matters attested to and contained therein; that the testimony of said witness was taken by me in the voice-writing method and was thereafter reduced to typewritten form by me or under my direction and supervision; that the foregoing transcript is a true and accurate record of the testimony given to the best of my understanding and ability.

I FURTHER CERTIFY that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially interested, or otherwise, in the outcome of this action; and that I have no contract with the parties, attorney, or persons with an interest in the action that affects or has a substantial tendency to affect impartiality, that requires me to relinquish control of an original deposition transcript or copies of the transcript before it is certified and delivered to the custodial attorney, or that requires me to provide any service not made available to all parties to the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this 18th day of March, 2013.

TERRI J. WOLFE

Arkansas State Supreme Court
Certified Court Reporter #698

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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: Deposition of Steve Chriss electronically filed by Mr. Jeffrey S Sharkey on behalf of
The Dayton Power and Light Company