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Date of Hearing: March 26, 2013

Case No. 12-426-EL-SSO, et al. - Volume VII

PUCO Case Captions:

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

List of exhibits being filed:

Staff Exhibit 9

Reporter's Signature: \_\_\_\_\_

*Maria DiPaolo Jones*

Submitted by Armstrong & Okey, Inc.: \_\_\_\_\_

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Technician fe Date Processed APR 09 2013

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Application of The Dayton :  
Power and Light Company : Case No. 12-426-EL-SS0  
for Approval of its :  
Electric Security Plan. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-427-EL-ATA  
for Approval of Revised :  
Tariffs. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-428-EL-AAM  
for Approval of Certain :  
Accounting Authority. :

In the Matter of the :  
Application of the Dayton :  
Power and Light Company : Case No. 12-429-EL-WVR  
for the Waiver of Certain :  
Commission Rules. :

In the Matter of the :  
Application of the Dayton : Case No. 12-672-EL-RDR  
Power and Light Company :  
to Establish Tariff Riders:

- - -

PROCEEDINGS

before Mr. Gregory A. Price and Mr. Bryce A.  
McKenney, Hearing Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-C,  
Columbus, Ohio, called at 9:00 a.m. on Tuesday,  
March 26, 2013.

VOLUME VII

- - -

Company Proposal (65mos. \$137.5M SSR)			
Company Market Rates			
		Attachment TST-3	Attachment TST-3a
Period		ESP Revenue exceeds MRO by:	ESP Revenue exceeds MRO by:
Jan 13-May 14	\$	194,788,240	\$ 92,577,155
June 14 - May 15	\$	118,796,223	\$ 46,121,223
June 15 - May 16	\$	106,906,195	\$ 34,231,195
June 16 - May 17	\$	98,637,173	\$ 25,962,173
June 17 - May 18	\$	109,727,827	\$ 37,052,827
Total	\$	628,855,657	\$ 235,944,572

Company Proposal (65mos. \$137.5M SSR)			
Staff Market Rates			
		Attachment TST-4	Attachment TST-4a
Period		ESP Revenue exceeds MRO by:	ESP Revenue exceeds MRO by:
Jan 13-May 14	\$	194,788,240	\$ 92,577,155
June 14 - May 15	\$	117,017,483	\$ 44,342,483
June 15 - May 16	\$	99,600,657	\$ 26,925,657
June 16 - May 17	\$	94,952,641	\$ 22,277,641
June 17 - May 18	\$	106,922,076	\$ 34,247,076
Total	\$	613,281,097	\$ 220,370,012

## ESP v. MRO (cents per kWh)

Category	2013 Jan - 14 May Proposed ESP	DP&L Market Rates**	2014 June 2015 May Proposed ESP	DP&L Market Rates**	2015 June 2016 May Proposed ESP	DP&L Market Rates**	2016 June 2017 May Proposed ESP	DP&L Market Rates**	2017 June 2018 May Proposed ESP	DP&L Market Rates**
Base Generation w/ECC*	4.3870		4.3870		4.3870		4.3870		4.3870	
Transmission (TCR-B)*	0.3130		0.3130		0.3130		0.3130		0.3130	
RPM*	0.0590		0.0590		0.0590		0.0590		0.0590	
Fuel*	2.9030		2.9030		2.9030		2.9030		2.9030	
Market (Comparable Total Generation)	7.6520	4.6860	7.6520	5.8010	7.6520	6.1705	7.6520	6.4070	7.6520	6.5750
AER-N (Yankee 1)	0.0072		0.0072		0.0072		0.0072		0.0072	
SSR (\$137.5M)	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000
* 2nd revised update Exhibit RHM-2										
** Market rates from RHM-1										
ESP	Current rate *	6.8558	Current rate *	4.5972	Current rate *	2.2986	Current rate *	0.0000	Current rate *	0.0000
Market Rate *	10%	0.4486	Market Rate *	2.3204	Market Rate *	4.3190	Market Rate *	6.4070	Market Rate *	100%
Comparable ESP		7.3444	Comparable ESP	6.9176	Comparable ESP	6.5176	Comparable ESP	6.4070	Comparable ESP	6.5750
AER-N (Yankee 1)		0.0072	AER-N (Yankee 1)	0.0072	AER-N (Yankee 1)	0.0072	AER-N (Yankee 1)	0.0072	AER-N (Yankee 1)	0.0072
SSR		0.9948	SSR	0.9948	SSR	0.9948	SSR	0.9948	SSR	0.9948
Total ESP		8.3462	Total ESP	7.9192	Total ESP	7.6192	Total ESP	7.4092	Total ESP	7.5710
MRO	Current rate *	6.8558	Current rate *	6.1256	Current rate *	5.3634	Current rate *	4.5972	Current rate *	50%
Market Rate *	10%	0.4486	Market Rate *	1.1602	Market Rate *	1.8510	Market Rate *	2.5628	Market Rate *	50%
Comparable MRO		7.3444	Comparable MRO	7.2858	Comparable MRO	7.2144	Comparable MRO	7.1600	Comparable MRO	7.1185
ESP G revenue (Comparable ESP Rate * Non-Shop kWhs)										
SSR & AER-N revenue (SSR + AER-N Rate * Distribution kWhs)										
MRO Revenue (Comparable MRO Rate * Non-Shop kWhs)										
Total (ESP G + SSR + Yankee 1 - MRO Rev)										
12 Months			17 Months							
Total Distribution kWhs =	13,822,395		19,440,000							
Total Non-Shop kWhs =	5,293,868		7,480,000							
Under the ESP option versus the MRO option, ratepayers would pay this much more over the 65 month period:										

Under the ESP option versus the MRO option, ratepayers would pay this much more over the 65 month period.

\$ 628,855,657

## ESP v. MRO (cents per kWh)

ESP v. MRO (cents per kWh)										
Category	2013 Jan - 2014 May Proposed ESP	Staff Market Rates	2014 June 2015 May Proposed ESP	Staff Market Rates	2015 June 2016 May Proposed ESP	Staff Market Rates	2016 June 2017 May Proposed ESP	Staff Market Rates	2017 June 2018 May Proposed ESP	Staff Market Rates
Base Generation w/EIC* Transmission (TCR-8)* RPM* Fuel* Market Comparable Total Generation	4.3870 0.3130 0.0590 2.9030 7.6620		4.3870 0.3130 0.0590 2.9030 7.6620		4.3870 0.3130 0.0590 2.9030 7.6620		4.3870 0.3130 0.0590 2.9030 7.6620		4.3870 0.3130 0.0590 2.9030 7.6620	
		4.6690		5.6130		5.8250		5.2910		6.4690
AER-N (Yankee 1)	0.0072		0.0072		0.0072		0.0072		0.0072	
SSR (\$137.5M)	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000	0.9948	0.0000
* 2nd revised update Exhibit RUM-2										

## ESP v. MRO (cents per kWh)

Category	2013 Jan - 14-May Proposed ESP	DP&L Market Rates**	2014 June 2015 May Proposed ESP	DP&L Market Rates**	2015 June 2016 May Proposed ESP	DP&L Market Rates**	2016 June 2017 May Proposed ESP	DP&L Market Rates**	2017 June 2018 May Proposed ESP	DP&L Market Rates**			
Base Generation w/EIOC* Transmission (TCR-8)* RRM* Fuel*	4.3870		4.3870		4.3870		4.3870		4.3870				
	0.3130		0.3130		0.3130		0.3130		0.3130				
	0.0590		0.0590		0.0590		0.0590		0.0590				
	2.9030		2.9030		2.9030		2.9030		2.9030				
Market Comparable Total Generation	7.6620	4.4850	7.6620	5.8010	7.6620	6.1700	7.6620	6.4070	7.6620	6.5750			
AER-N (Yankee 1)	0.0072		0.0072		0.0072		0.0072		0.0072				
SSR (ESP) or RSC (MRO)	0.9948	0.5258	0.9948	0.5258	0.9948	0.5258	0.9948	0.5258	0.9948	0.5258			
* 2nd revised update Exhibit RJM-2													
** Market rates from RJM-1													
ESP	Current rate *	90%	6.8558	Current rate *	60%	4.5972	Current rate *	30%	2.2986	Current rate *	0%	0.0000	
	Market Rate *	10%	0.4486	Market Rate *	40%	2.3204	Market Rate *	70%	4.3190	Market Rate *	100%	6.4070	
	Comparable ESP		7.3444	Comparable ESP		6.9178	Comparable ESP		6.6176	Comparable ESP		6.4070	
	AER-N (Yankee 1)		0.0072	AER-N (Yankee 1)		0.0072	AER-N (Yankee 1)		0.0072	AER-N (Yankee 1)		0.0072	
	SSR		0.9948	SSR		0.9948	SSR		0.9948	SSR		0.9948	
	Total ESP		8.3464	Total ESP		7.9195	Total ESP		7.6195	Total ESP		7.4090	
	MRO	Current rate *	90%	6.8958	Current rate *	80%	6.1295	Current rate *	70%	5.3634	Current rate *	60%	4.5972
		Market Rate *	10%	0.4486	Market Rate *	20%	1.1602	Market Rate *	30%	1.8518	Market Rate *	40%	2.5628
		Comparable MRO		7.3444	Comparable MRO		7.2896	Comparable MRO		7.2144	Comparable MRO		7.1600
		RSC		0.5258	RSC		0.5258	RSC		0.5258	RSC		0.5258
Total MRO			7.8702	Total MRO		7.8156	Total MRO		7.7402	Total MRO		7.6858	
Total MRO											7.6443		
ESP G revenue (Comparable ESP Rate * Non-Shop kWh)											\$ 550,095,560		
SSR & AER-N revenue (SSR+ AER-N Rate * Distribution kWh)											\$ 194,788,240		
MRO Revenue (Comparable MRO Rate * Non-Shop kWh)											\$ 550,095,560		
MRO RSC (RSC * Distribution kWh)											\$ 102,211,086		
Total (ESP G + ESP SSR+ Yankee1 - MRO Rev - MRO RSC)											\$ 92,577,155		
Total (ESP G + ESP SSR+ Yankee1 - MRO Rev - MRO RSC)											\$ 46,121,223		
Total (ESP G + ESP SSR+ Yankee1 - MRO Rev - MRO RSC)											\$ 34,231,195		
Total (ESP G + ESP SSR+ Yankee1 - MRO Rev - MRO RSC)											\$ 25,962,173		
Total (ESP G + ESP SSR+ Yankee1 - MRO Rev - MRO RSC)											\$ 37,052,827		
Total Distribution MMWhs =											12 Months 13,822,385		
Total Non-Shop MMWhs =											5,293,868		
Total Distribution MMWhs =											19,440,000		
Total Non-Shop MMWhs =											7,490,000		
Under the ESP option versus the MRO option, ratepayers would pay this much more over the 65 month period:											\$ 235,944,572		

[illegible]

1 MRO scenario as assumed in Attachment TST-2(a) ratepayers would pay  
2 \$79,418,355 more over a three period.  
3

4 13. Q. What is your conclusion from the analysis presented in Attachment TST-3?

5 A. Based on Attachment TST-3, and as summarized above, the ESP as  
6 proposed by the Company is not more favorable than the blended MRO  
7 utilizing the stated assumptions by the Company and the forecasted market  
8 rates as determined by the Company. If DP&L pursued the ESP option  
9 verses the MRO option, ratepayers would pay \$ 628,855,657 more over a  
10 65 month period. If DP&L pursued the ESP option versus the MRO option  
11 and the RSC is included under the MRO scenario as assumed in  
12 Attachment TST-3(a) ratepayers would pay \$235,944,572 more over a 65  
13 month period.  
14

15 14. Q. What is your conclusion from the analysis presented in Attachment TST-4?

16 A. Based on Attachment TST-4, and as summarized above, the ESP as  
17 proposed by the Company is not more favorable than the blended MRO  
18 utilizing the stated assumptions by the Company and the forecasted market  
19 rates as determined by Staff witness Windle. If DP&L pursued the ESP  
20 option verses the MRO option, ratepayers would pay \$ 613,281,097 more  
21 over a 65 month period. If DP&L pursued the ESP option versus the MRO  
22 option and the RSC is included under the MRO scenario as assumed in



Attachment TST-4(a) ratepayers would pay **\$220,370,012** more over a 65 month period.

15. Q. Do you have any recommendations?

A. I have performed quantitative analyses on the comparison of the ESP and MRO and the analyses indicates that the ESP is not more favorable than an MRO on a quantitative basis in any of the four scenarios/analyses. To change the outcome in order to ensure that the ESP is more favorable in the aggregate than an MRO, the Commission can either reduce the SSR rate proposed by Staff, conclude that the Staff-projected market rates are too high, and/or consider other qualitative benefits of the ESP.

**Issue 2 – Phase Out of the Maximum Charge Provisions**

16. Q. The Applicant is proposing to phase out the maximum charge provision that is currently applicable to GS Secondary and GS Primary customers as addressed by DP&L Witness Parke. In addition, the Applicant is proposing to exclude the maximum charge provision completely from Riders TCRR-N, CB, and SSR. Does Staff support this proposal?

A. No, Staff does not support this proposal. Phasing out the maximum charge provision as proposed as well as excluding the provision from certain riders will result in substantial increases to low load factor customers that are subject to the maximum charge provision. As a result, the Staff