

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application            )  
for Approval of a Modification to the            )  
Unique Arrangement between The                )  
Dayton Power and Light Company and            )  
Wright-Patterson Air Force Base.                )

Case No. 11-1163-EL-AEC

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**JOINT APPLICATION OF THE DAYTON POWER AND LIGHT COMPANY  
AND WRIGHT-PATTERSON AIR FORCE BASE FOR APPROVAL OF A  
MODIFICATION TO THE UNIQUE ARRANGEMENT**

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The Dayton Power and Light Company (“DP&L”) and Wright Patterson Air Force Base (“WPAFB” or “the Base”) respectfully request, pursuant to §4905.31 of the Ohio Revised Code (“O.R.C.”) and §4901:1-38-05 of the Ohio Administrative Code (“O.A.C.”), a finding and order by the Public Utilities Commission of Ohio (“Commission”) approving a Modification to the Unique Arrangement attached as Exhibit A, which is designed to foster the creation and retention of jobs in Ohio and the Miami Valley region. This is a modification only to the pricing of the existing Unique Arrangement between WPAFB and DP&L, which was approved by the Commission by Opinion and Order dated June 8, 2011 in this docket.

Joint Applicants further request expedited consideration of this modification, and seek a decision before December 31, 2013, which will enable a seamless transition to the new pricing structure.

1. WPAFB, which is located within DP&L’s certified service territory, is a customer of DP&L taking service under the Primary tariff. WPAFB is Ohio’s largest single-site employer, employing 25,887 people (draft WPAFB 2012 Economic Impact

Analysis) who live and work within the Dayton region. WPAFB's presence in the Dayton-area is estimated to contribute \$4.2 billion to the local economy each year.

2. During the next year, WPAFB is anticipating 400+ new direct jobs from mission expansion and mission beddown. This is in addition to the 1,200 jobs that resulted from the Base Realignment and Closure Act of 2005 ("BRAC"). A possibility exists for Congress to approve another BRAC which increases the potential for the creation of additional jobs in the coming years, should favorable economic conditions exist at WPAFB.

3. In the Opinion and Order issued on June 8, 2011, the Commission approved a unique arrangement pursuant to O.R.C. §4905.31 for a 42 month term ending December 31, 2014. Under the unique arrangement, WPAFB is taking service under DP&L's approved Distribution, Transmission and Generation rates and all additional riders less 10% on the Base's Existing Load of approximately 69 MW, and less 25% on all New Load.

4. WPAFB seeks approval from this Commission certain modifications to the current contract to essentially update the pricing. If the modification is approved WPAFB will pay tariff rates for all Non-Bypassable charges and a fixed rate of \$0.02642/kWh and \$8.463614/kW for all Bypassable charges. A more detailed explanation of the pricing structure of this unique arrangement can be found on Exhibit A. The new pricing will take effect in the first billing cycle after the Order in this case is approved and will end December 31, 2014.

5. WPAFB and DP&L both ask that the Commission approve the continued recovery of costs associated with this Unique Arrangement including one hundred percent of the "Delta revenues," as defined by O.A.C. §4901:1-38-01(C) and as permitted

under O.R.C. §4905.31(E) and O.A.C. §4901:1-38-08, through DP&L’s existing Economic Development Rider (“EDR”).

6. O.A.C. §4901:1-38-05(A)(1), requires a demonstration that a proposed Unique Arrangement does not violate O.R.C. §4905.33 and §4905.35. The parties represent that this arrangement is not anti-competitive or discriminatory, and is a lawful arrangement authorized by O.R.C. §4905.31.

7. O.A.C §4901:1-38-05(C) requires the applicant to describe how the arrangement furthers the policy of the state of Ohio as embodied in O.R.C. §4928.02. This Unique Arrangement will create favorable economic conditions within Ohio to encourage additional expansion—rather than contraction—at WPAFB. It is anticipated that the savings realized by the Base as a result of this modified Unique Arrangement will be reinvested in the infrastructure of the Base, which will in turn create additional direct and indirect job opportunities within the region, thus facilitating the state’s effectiveness in the global economy, which is consistent with the policy expressed in O.R.C. §4928.02(N).

8. Finally, O.A.C §4901:1-38-05(A)(2) provides that “the commission may fix a time and place for hearing if the application appears to be unjust or unreasonable.” Thus, a hearing is not required unless the Application appears to be unjust or unreasonable. The dramatic positive financial impact that WPAFB has on the Ohio economy, both from the perspective of direct, highly-skilled job creation, as well as the secondary and tertiary benefits flowing to Ohio from indirect and support jobs justifies access to the Unique Arrangement provision provided by Ohio law and stated Ohio energy policy. When balancing the proposed discount against the overwhelmingly positive economic impact of WPAFB to the Miami Valley Region and Ohio, this Unique


Arrangement is not unjust or unreasonable, and as a result the Joint Applicants would urge the Commission to exercise its discretion and expeditiously approve of this Application without a hearing.

#### CONCLUSION

For the reasons stated above, this Application and the modification to the pricing structure of the Unique Arrangement with WPAFB is on its face just and reasonable and therefore good cause exists for approval of the relief requested by DP&L in this Application without the need for a hearing. Consequently, DP&L respectfully request an expedited Order from the Commission approving of this Application and specifically finding that:

1. The arrangement continues to help fulfill the policies of the state of Ohio, as set forth in S.B. 221;
2. The modified Unique Arrangement attached as Exhibit A is just and reasonable;
3. One hundred percent of the Delta revenues as described herein are recoverable through DP&L's EDR; and
4. Any provisions of O.A.C. §4901:1-38 are waived as necessary to support the findings and order requested herein.

Respectfully submitted,




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07 OCT 2013

Attorney for Wright-Patterson Air Force  
Base

# Exhibit A

**UNIQUE ARRANGEMENT BETWEEN  
THE DAYTON POWER AND LIGHT COMPANY**

**AND**

**UNITED STATES OF AMERICA  
WRIGHT PATTERSON AIR FORCE BASE, OHIO**

## TABLE OF CONTENTS

SECTION 1 – DEFINITIONS.....	3
SECTION 2 – APPLICABILITY.....	4
SECTION 3 – TERM.....	4
SECTION 4 – ELECTRIC SERVICE REQUIREMENTS.....	4
SECTION 5 – RATES & CHARGES.....	4
SECTION 6 – PUCO JURISDICTION.....	5
SECTION 7 – REPORTING.....	5
SECTION 8 – NOTICES.....	5
SECTION 9 – BILLING & PAYMENT.....	6
SECTION 10 – METERING.....	6
SECTION 11 – MISCELLANEOUS.....	7
APPENDIX A.....	9



## ARRANGEMENT

THIS ARRANGEMENT ("Arrangement") is made and entered into this 2<sup>nd</sup> day of October, 2013 by and between The Dayton Power and Light Company ("DP&L") and The United States of America, Wright Patterson Air Force Base, ("WPAFB"). Each being individually a "Party" and collectively referred to as the "Parties."

## WITNESSETH

WHEREAS, DP&L is a regulated public utility subject to the authority of the Public Utilities Commission of Ohio (PUCO); and

WHEREAS, under Section 4905.31 of the Ohio Revised Code ("R.C."), a utility and a customer may enter into any financial device practicable or advantageous to the parties interested, including a device to recover costs incurred, such as revenues foregone, in conjunction with any economic development and job retention program of the utility; and

WHEREAS, under Section 4901:1-38-05 of the Ohio Administrative Code ("OAC"), the Commission has the authority to approve a unique arrangement between a utility and a customer; and

WHEREAS, WPAFB, which is located within DP&L's certified service territory, is Ohio's largest single-site employer, employing 25,887 people (draft WPAFB 2012 Economic Impact Analysis) who live and work within the Dayton region. The economic impact within Ohio of WPAFB has increased by approximately \$1 billion in recent years, with WPAFB now contributing an estimated \$4.2 billion to the local Dayton-area economy each year; and

WHEREAS, WPAFB is anticipating 400+ new direct jobs from mission expansion and new mission beddown at WPAFB in 2014, separate from 1,200 jobs resulting from 2005 Base Realignment and Closure ("BRAC") process. A possibility exists for Congress to approve another BRAC which increases the the potential for the creation of additional jobs in the coming years should favorable economic conditions exist at WPAFB; and

WHEREAS, WPAFB desires to ensure favorable economic conditions exist by maintaining a long-term, reliable supply of electric generation at reasonable and predictable prices for use at the Installation; and

WHEREAS, WPAFB and DP&L have a unique long-term integrated relationship, which includes a familiarity with each other's operations and unique needs, as well as the recent 50-year contract between DP&L and WPAFB for the purchase, ownership, operation and maintenance of the electrical distribution assets located on WPAFB premises; and

WHEREAS, WPAFB desires to enter into a reasonable arrangement with DP&L which would be mutually beneficial to the parties and financially beneficial to Ohio rate payers by providing for reliable, safe electric service at a reasonable, predictable price which will provide an incentive for sustained employment for Ohioans at WPAFB, along with the positive economic impact in the region flowing from such sustained employment levels, as well as potential expansion—rather than contraction—in connection with the BRAC process; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Parties hereto agree as follows:

SECTION 1 – DEFINITIONS

Whenever used herein, the following terms shall have the respective meanings set forth below, unless a different meaning is plainly required by the context.

- 1.1 “Best Efforts” shall mean actions of DP&L that are reasonable, prudent, and consistent with good industry practice.
- 1.2 “Consolidated Bill” is an electric utility service invoice that includes both regulated distribution charges from DP&L along with charges for unregulated service including electric generation and transmission from DP&L.
- 1.3 “Delta Revenue” shall have the same meaning as set forth in section 4901:1-38-01(C) of the Ohio Administrative Code.
- 1.4 “Designated Representative” shall mean the individual(s) (primary or backup) designated by WPAFB as a single point of communication between DP&L and WPAFB.
- 1.5 “Electric Power Service” shall mean service under the DP&L P.U.C.O. No. 17 Standard Offer Rate Schedules applicable to WPAFB’s Installation.
- 1.6 “Installation” shall mean WPAFB’s premises identified under Appendix A.
- 1.7 “Monthly Billing Demand” shall mean that demand defined under Section 5.1.
- 1.8 “Non-Coincident Demand” shall mean the Installation’s monthly maximum demand.
- 1.9 “Party” shall mean WPAFB or DP&L individually, and “Parties” shall mean WPAFB and DP&L collectively.
- 1.10 “PUCO” shall mean the Public Utilities Commission of Ohio or its successor.
- 1.11 “P.U.C.O. No. 17 Electric Service Tariffs” or “Tariffs” refers to the DP&L Electric Service Schedule of Rates, Classifications, Rules and Regulations, or successors to said schedules, as approved by and on file with the PUCO at the point in time at which said schedules shall be applied hereunder, or specific versions of said schedules as set forth herein.
- 1.12 Terms such as “hereof,” “herein,” “hereunder,” and other similar compounds of the word “here” shall mean and refer to this entire Arrangement rather than any particular part.
- 1.13 Certain other definitions, as required, appear in subsequent parts of this Arrangement.

## SECTION 2 – APPLICABILITY

2.1 Applicability – This Arrangement shall apply to the Installation identified under Appendix A.

2.2 Operational Relationships – WPAFB represents that it owns, or operates under a lease arrangement, the Installation identified under Appendix A. WPAFB will promptly notify DP&L of any changes in ownership or in the operational relationship that exists between WPAFB and the Installation served under this Arrangement.

## SECTION 3 – TERM

3.1 Term – “Term” shall mean the total period of time that this Arrangement shall remain in effect, as set forth herein. This Arrangement shall remain in effect from January 1, 2014 through December 31, 2014.

## SECTION 4 – ELECTRIC SERVICE REQUIREMENTS

4.1 Electric Power Service Required – Subject to the terms and conditions set forth herein, DP&L agrees to provide to WPAFB, during the Term of this Arrangement, and WPAFB agrees to accept and pay for, all of the electric generation, transmission and distribution service required by the Installation identified under Appendix A.

## SECTION 5 – RATES & CHARGES

5.1 Monthly Billing Demand – The Installation’s “Monthly Billing Demand” shall be the Kilowatt Billing Demand as defined on Electric Distribution Tariff Sheet No. D22 or its successor.

5.2 Rates – Non-Bypassable Rates will apply based upon the customer’s monthly energy charges on all kilowatt-hours (kWh) consumed and demand charges on all monthly billing demand (kW) according to the applicable DP&L P.U.C.O No. 17 Electric Service Tariffs. In lieu of DP&L’s bypassable tariff charges, the price for the Bypassable Service will be calculated based upon the monthly energy charges on all kWh consumed at a fixed rate of \$0.02642/kWh and demand charges on all monthly billing demand at a fixed rate of \$8.43614/kW.

Non-Bypassable Rates include: Customer Charge (Tariff D22), Universal Service Fund Rider (D28), Energy Efficiency Rider (D38), Economic Development Rider (D39), Rate Stabilization Charge (G25), Proposed Service Stability Rider (G29), Proposed Transmission Cost Recovery Rider - Nonbypassable (T14), Proposed Reconciliation Rider (D29), Proposed Storm Cost Recovery Rider (D30), Proposed Alternative Energy Rider - Nonbypassable (G31) and any new or successor non-bypassable charges as approved by the Public Utilities Commission of Ohio (“PUCO”) as they apply to WPAFB.

Bypassable Service is defined to include those services equivalent to DP&L’s Standard Service Offer Tariffs which include: Transmission Cost Recovery Rider - Bypassable (T15), Base

Generation (G15), Alternative Energy Rider - Bypassable (G26), PJM RPM Rider (G27), FUEL Rider (G28), Environmental Investment Rider (G24), Proposed Competitive Bid Rate (G19), Proposed Competitive Bid True-up Rider (G30) and any new or successor bypassable charges as approved by the PUCO as they would apply to WPAFB if the base was taking standard service from DP&L.

DP&L will seek to recover all delta revenue associated with this Arrangement in accordance with Ohio law.

All billing, payment, and other terms of service shall be in accordance with the contractual document FA8601-14-C-\_\_\_\_\_ TBD(The completed contract number will be assigned subsequent to PUCO approval and approval by the WPAFB Operational Contracting Branch) and any obligations of each party not addressed herein, shall be in accordance with DP&L's P.U.C.O. Volume 17 Tariffs. The contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613). DP&L shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract.

The Rates described in this Section do not apply for service after December 31, 2014, and will take effect with the first billing cycle following a PUCO order granting approval of this Arrangement.

#### SECTION 6 – PUCO JURISDICTION

6.1 PUCO Approval – WPAFB understands and agrees that this Arrangement is subject to approval and ongoing jurisdiction of the PUCO. DP&L shall file this Arrangement with the PUCO, the Arrangement will be posted on the PUCO's docketing information system, will be accessible through the internet, and will therefore be publicly available.

#### SECTION 7 – REPORTING

7.1 Annual Report – For each year that the Arrangement between WPAFB and DP&L is in effect, WPAFB shall submit to DP&L and the Staff of the PUCO an annual report which complies with the requirements set forth in Section 4901:1-38-06 of the Ohio Administrative Code, by no later than April 30<sup>th</sup> of each year.

#### SECTION 8 – NOTICES

8.1 Notices – Unless otherwise provided under this Arrangement, all notices and communication shall be deemed given to a Party if made by registered or certified mail.

8.2 Designated Representative – For purposes of administering this Arrangement, WPAFB's Designated Representative shall be:

Energy Management Center  
88 ABW/CE  
1450 Littrell Road

WPAFB, OH 45433-5209  
(937) 257-4514

8.3 Invoice and Payment – Notices related to invoicing and payments shall be handled in accordance with the “Invoice and Payment” provision Contract FA8601-14-C-\_\_\_\_\_.

8.4 DP&L – All correspondence from the WPAFB to DP&L shall be made to:

Kathy Storm  
The Dayton Power and Light Company  
1900 Dryden Road  
Dayton, OH 45439  
(937) 331-4114  
(937) 331-4144 fax

Scott Michaelson  
The Dayton Power and Light Company  
1900 Dryden Road  
Dayton, OH 45439  
(937) 331-4817  
(937) 331-4088 fax

#### SECTION 9 – BILLING & PAYMENT

9.1 Billing - The charges pursuant to this arrangement, shall be a consolidated bill to include electricity distribution, generation and transmission issued on a monthly basis by DP&L.

9.2 Payment – Payment of the total amount of the bill shall be due to DP&L, and must be received by DP&L or an authorized agent by the date shown on WPAFB’s bill. All bills are subject to future adjustment attributable to any corrected usage readings, balancing charges or any other adjustment attributable to any preceding month.

#### SECTION 10 – METERING

10.1 Voltage Level – Nothing herein is intended to modify, reduce, or increase the obligations that DP&L has with respect to delivery, metering or other utility services that it provides other than the preparation of a Consolidated Bill and the appropriate division of collected amounts. It is therefore the Parties’ understanding that DP&L will continue to meter the load at the voltage level at which it currently receives service for purposes of administering and billing this Arrangement. The terms and conditions contained herein are premised upon receiving service at the voltage level specified in Appendix A. No changes in service type or voltage level at the Installation served after the signing of this Arrangement shall be made except to the extent made in conformance with notice and other requirements that DP&L may require under its PUCO approved tariff. Notice of any such changes shall also be provided to DP&L.

10.2 Metering and Accuracy – DP&L shall be responsible for all metering of electricity supplied to WPAFB at the point of delivery to WPAFB’s Installation. Metering and metering agency shall be in accordance with DP&L’s P.U.C.O. No. 17 Electric Distribution Service Rules and Regulations.

10.3 Metering Changes – Nothing provided herein shall preclude the Parties from making separate arrangements for special metering equipment.

## SECTION 11 – MISCELLANEOUS

11.1 Binding Nature -- The terms, conditions, and covenants of this Arrangement shall be binding upon and shall insure to the benefit of each of the Parties hereto, their successors, and assigns.

11.2 Waiver – Failure of either Party to enforce, at any time or for any period of time, any provision of this Arrangement shall not be construed as a waiver of any provision or the right of either Party to enforce each and every provision of this Arrangement.

11.3 Severability – The Parties understand and agree that the terms and conditions set forth herein constitute an overall rate and service package that may not be acceptable if any individual term or condition of this Arrangement is eliminated, or modified. In the event that any term or condition of this Arrangement is deemed to be illegal, void, unreasonable, or unenforceable, notwithstanding, either Party may choose to terminate this Arrangement without further obligation hereunder provided that the Parties agree to work in good faith to first amend this Arrangement to the extent necessary to accommodate its continued effectiveness. Where conflicting provisions of any applicable law or regulation may be waived, they are hereby waived by the Parties hereto to the fullest extent possible such that this Arrangement shall be enforced as written. It is further mutually agreed between the Parties that this Arrangement is at all times subject to the laws and regulations of the State of Ohio governing the providing of the utility services contemplated by this Arrangement and the laws and regulations applicable to the Department of Defense.

11.4 Headings – The heading and subheadings used in this Arrangement are for convenience and reference purposes only and shall in no way effect the meaning or interpretation of the provisions of this Arrangement.

11.5 Confidentiality – DP&L believes that portions of this Arrangement are proprietary and include confidential information and trade secrets. The rates, terms and conditions of this Arrangement (“Confidential Matter”) shall be for the sole and exclusive use of the Parties, and subject to the provisions set forth below, neither of the parties shall publish, disclose, or otherwise divulge the Confidential Matter to any person at any time without the prior written consent of the other Party unless the release of said Confidential Matter is pursuant to a requirement imposed by any governmental or judicial body of competent jurisdiction. When either of the Parties receives from any other entity or person a request for Confidential Matter, not then in the public domain, it shall inform the other of such request as soon as reasonable

practicable. The Ordering Agency agrees to comply with all the laws and regulations pertaining to release of information under the Freedom of information Act.

11.6 Entire Arrangement – This Arrangement and the terms and conditions contained in Contract FA8601-14-C-\_\_\_\_\_ TBD (The completed contract number will be assigned subsequent to PUCO approval and approval by the WPAFB Operational Contracting Branch) constitute the entire arrangement between the Parties with respect to the matters set forth herein. This Arrangement supersedes any previous arrangement between the Parties, whether written or oral.

11.7 Limit of Liability – To the extent permitted by law, each Party's liability will be limited to direct actual damages only. Such direct actual damages will be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Neither Party will be liable for any consequential, incidental, punitive, exemplary or indirect damages, lost profits or business interruption damages, by statute, in tort or contract, or otherwise with respect to or arising out of this Arrangement, or the alleged breach of this Arrangement.

IN WITNESS WHEREOF, the Parties hereto have caused this Arrangement to be executed by their proper officers, duly authorized on that behalf, as of the date and year first written above.

For: **THE DAYTON POWER AND LIGHT COMPANY**

By: 

188  
10-2-13

Name: Derek A. Porter

Its: President, Dayton Power & Light

For: **UNITED STATES OF AMERICA, WRIGHT-PATTERSON AIR FORCE BASE**

By: 

Name: DAVID A. PERKINS

Its: Director, 88th Civil Engineer Directorate

APPENDIX A  
WPAFB SERVICE LOCATION SPECIFICATIONS

Installation Name and Address	Voltage Level
Wright Patterson Air Force Base 88 ABW/CE Area A 1450 Littrel Road Wright-Patterson AFB, OH 45433	69 kv



**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 11-1163-EL-AEC**

Summary: Application of the Dayton Power and Light Company and Wright-Patterson Air Force Base for Approval of a Modification to the Unique Arrangement electronically filed by Mrs. Jessica E Kellie on behalf of The Dayton Power and Light Company