

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The :
Dayton Power and Light Company for : Case No. 13-2442-EL-UNC
Authority to Amend its Corporate :
Separation Plan. :

In the Matter of the Application of The :
Dayton Power and Light Company for : Case No. 13-2420-EL-UNC
Authority to Transfer or Sell its :
Generation Assets. :

COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

On December 30, 2013, the Dayton Power and Light Company (DP&L or Company) filed for approval of a Fourth Amended Corporate Separation Plan and to transfer or sell its generation assets (Applications) in Case Numbers 13-2442-EL-UNC and 13-2420-EL-UNC. Staff herein provides its comments in response to those filings.

In its Applications, DP&L requests waivers from the requirement to determine the fair market value of its generation assets, a hearing, and other and future relief as is necessary and appropriate.

DP&L requests a waiver from the requirement that it determine and provide the market value of its generation assets; however, DP&L has not yet committed to transfer its generation assets to a particular entity and indicates that it will make clear its intentions sometime in the future. DP&L states there are uncertainties that it has yet to work

through and that in the relatively near future DP&L will begin gathering data regarding the fair market value of its assets. Until that time, the Commission cannot decide whether it is necessary for DP&L to provide the market value estimation of its generation assets because there are no facts that the Commission can rely upon. Staff supports DP&L's commitment to provide quarterly status updates beginning March 1, 2014. However, not knowing the detail that will be contained within those updates, Staff recommends that should DP&L decide that it wishes to dispose of the generation assets to a third party, the fair market value of the assets should be filed no later than within that supplemental filing and the Commission should require sufficient time between that supplemental filing and the May 31, 2017 deadline for the disposal of the generation assets for the Commission to thoroughly review the market study; Staff suggests no later than August 1, 2016, the date DP&L is required to file its next SSO. In addition, DP&L seems to indicate that it may seek a waiver of disposing of all of its generation assets based on legal and financial considerations. The Commission should not permit DP&L to unilaterally decide whether any given asset (including its associated costs) should not be separated. In its status reports and future supplemental filings the Commission should require DP&L to be explicit as to each generation asset for which it seeks a waiver from separating and the specific reason associated with each asset. Staff believes this is DP&L's intention, but provides this comment to ensure there is a mutual understanding between the Commission and DP&L.

DP&L also makes the commitments that it will not take on any new debt with terms that would preclude it from transferring or selling its generation and that it will

ensure that all new generation-related contracts have a successor-in-interest clause permitting DP&L to transfer all of its responsibilities and obligations and relieves DP&L from any performance or liability under the those contracts. Staff supports these commitments.

DP&L requests a waiver from the requirement to have a hearing in this case. Because DP&L has not presented an actual plan for separation of the generation assets, Staff believes that a Commission decision regarding the necessity of hearing is premature at this time. The Commission should render that decision upon the filing of the supplemental filing in this application wherein DP&L makes known its actual plans with respect to the separation of its generation assets and the supporting documentation contained in that filing.

The last waiver DP&L requests is for other and future relief as necessary and appropriate. Again, since DP&L has not provided an actual separation plan for review, this request is premature.

With respect to DP&L's Fourth Amended Corporate Separation Plan, Staff is supportive of DP&L's Cost Allocation Manual (DP&L CAM) to the extent that the DP&L CAM is the same CAM that the Commission has approved. However, Staff cannot support DP&L's request to find that the AES US Services Cost Alignment and Allocation Manual (AES US CAAM) is consistent with the Commission's Corporate Separation Rules as DP&L has not provided the AES US CAAM for review. Staff is uncertain as to whether the provisions of the AES US CAAM have been implemented. Therefore, without the detailed AES US CAAM itself, and thus being unable to review its implementa-

tion, Staff recommends that the Commission withhold its approval until the manual has been filed and Staff has conducted a compliance review. Furthermore, DP&L should be directed to file in this docket the AES US CAAM for review and approval before its implementation by DP&L.

On December 30, 2013, DP&L filed in Case No. 13-2442-EL-UNC, two versions of its Proposed Fourth Amended Corporate Plan; one clean version and one redlined version. At this time, Staff makes the following textual changes and recommendations by referencing the redlined proposed Fourth Amended Corporate Separation Plan:

- In the last sentence of Section I.B., page 6, the Company references “a corporate separation plan”, omitting the word “approved”. Staff recommends that the sentence say “a Commission approved corporation plan”.

In Section II. B., page 8, the Company struck the requirement that it cannot provide competitive retail electric services as defined by R.C. 4928.01(B)(i) except through a separate affiliate. Because this remains a requirement under Ohio law, this must be a part of the Company’s plan; therefore, Staff recommends that the strike through portion be reinstated.

- At Section II.E.9, DP&L states that “[E]mployees of DP&L shall not indicate a preference for an affiliated company’s services.” The Staff recommends that the Company insert the words “or persons representing DP&L” between “DP&L” and “shall.” While Staff recognizes that this is language from the Third Modified DP&L Corporate Separation Plan, it does not track the language of the Commission’s corporate separation rules. By inserting the above language, this provision of DP&L’s corporate separation plan will comport with the rules and avoid any confusion that this was, indeed, DP&L’s intention.

DP&L points out the Fourth Amended Corporate Separation Plan would only be relevant through May 31, 2017. Because this plan represents solely functional separation among

the various affiliates, it will need revised upon the actual separation of the generation assets. Therefore, included within its amended application filing, suggested by Staff to occur no later than August 16, 2016, DP&L should include a full version of both the DP&L CAM and AES US CAAM.

Lastly, Staff recommends that the Commission provide the directive to DP&L that the transfer of the generation assets should not result in increased costs to distribution customers.

Respectfully submitted,

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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Comments** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following Parties of Record, this 4th day of February, 2014.

/s/ Thomas W. McNamee

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Summary: Comments submitted by Assistant Attorney General Thomas McNamee on behalf of the Staff of the Public Utilities Commission of Ohio. electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio