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11 On behalf of the Applicant.

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20 On behalf of the Residential Customers of  
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31 On behalf of the Staff of the PUCO.

## 32 ALSO PRESENT:

33 Mr. Jeff Hecker, Staff (via speakerphone).  
34 Mr. David Liphtratt, Staff (via speakerphone).  
35 Mr. Greg Campbell, The Dayton Power and Light.

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Friday Morning Session,  
January 31, 2014.

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STIPULATIONS

It is stipulated by and among counsel for the  
respective parties that the deposition of Greg  
Campbell, CPA, a witness called by the Ohio  
Consumers' Counsel under the applicable Rules of  
Civil Procedure, may be reduced to writing in  
stenotypy by the Notary, whose notes thereafter may  
be transcribed out of the presence of the witness;  
and that proof of the official character and  
qualification of the Notary is waived.

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A Direct Testimony of Gregory S. Campbell, CPA	11
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- - -

1 GREG CAMPBELL, CPA  
2 being by me first duly sworn, as hereinafter  
3 certified, deposes and says as follows:

4 CROSS-EXAMINATION

5 By Ms. Yost:

6 Q. Good morning, Mr. Campbell.

7 A. Good morning.

8 Q. We previously met. I'm Melissa Yost.

9 I'm Deputy Consumers' Counsel with the Office of Ohio  
10 Consumers' Counsel.

11 You have a very large notebook with you  
12 today. Before we go through that I want to just talk  
13 to you a little bit. Could you please -- well, for  
14 the record this deposition is being taken by notice.

15 Could you please state your full name and  
16 residential address for the record.

17 A. It's Gregory Scott Campbell and my  
18 business and living address is 3426 Sasse, S-A-S-S-E,  
19 Way, W-A-Y, Louisville, Kentucky.

20 MR. SHARKEY: And, Melissa, I apologize.

21 I meant to do this before we went on the record.

22 Mr. Campbell had some very small changes, makes some  
23 very small changes to some of his numbers in one of  
24 his schedules. It's Schedule D-1 and D-3. I think  
25 you'll find they're not material but there is a copy

1 of the new D-1 and D-3 schedules.

2 MS. YOST: Can I get another one for the  
3 exhibit?

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 Q. Have you been deposed before?

6 A. Yes, I have.

7 Q. How many times? Just a ballpark if it's  
8 been a lot.

9 A. It's been a lot.

10 Q. Okay. So, you know -- you understand the  
11 process. I am going to ask you a series of  
12 questions. You're under oath. I ask that you make  
13 all your responses verbal for the convenience of the  
14 court reporter, okay?

15 A. Yes, I understand that.

16 Q. If you do not understand a question I  
17 ask, please ask me to clarify or repeat the question  
18 because if you do give an answer, it will be assumed  
19 that you understood the question; is that okay?

20 A. Yes, I will do that.

21 Q. And both you and I need to make sure we  
22 don't talk at the same time. The court reporter can  
23 only transcribe one person's statement at a time,  
24 okay?

25 A. Yes.

1 Q. And if you need to take a break, please  
2 let me know. I just ask there not be any pending  
3 answers when you do request to take a break, okay?

4 A. That would be fine.

5 Q. Is there anything today that could  
6 inhibit your ability to recollect or to tell the  
7 truth?

8 A. The ability to recollect, with the  
9 passage of time since we did the original filing  
10 which was in December of '12, but in terms of telling  
11 the truth, no, there is not.

12 Q. That is a fair statement. I can  
13 appreciate that. You stated before you have been  
14 deposed many times. Were those in regard to utility  
15 matters mostly?

16 A. Utility matters either related to rate  
17 cases or legal proceedings.

18 Q. Legal proceedings where you were an  
19 expert?

20 A. Legal proceedings where I was an expert  
21 in my former company and the case involved different  
22 numbers or accounting or things like that.

23 Q. The former company being American  
24 Electric Power; is that correct?

25 A. American Electric Power or its

1 subsidiaries which also included the American  
2 Electric Power Service combination.

3 Q. So --

4 A. And I said combination, but I think I  
5 meant to say company.

6 Q. Okay. Thank you. You are an accountant,  
7 correct?

8 A. Yes, I am.

9 Q. And you are a certified public  
10 accountant.

11 A. Yes, I am.

12 Q. And you recently retired, but it seems  
13 like it was short lived.

14 A. That is correct.

15 Q. When did you retire from the Dayton Power  
16 and Light Company?

17 A. At the end of August of '13.

18 Q. And you indicated that your residential  
19 address and business address was the same. Are you  
20 working in other capacities other than your testimony  
21 here today?

22 A. Yes, I am.

23 Q. What kind of work are you doing?

24 A. I am doing consulting work for DPL, Inc.,  
25 the parent company of Dayton Power & Light; and in



1 addition I'm doing other work, nonregulatory work,  
2 with DP&L.

3 Q. So this is not a one-time thing then.

4 A. It is not.

5 Q. But you are not receiving a salary from  
6 Dayton Power and Light, correct?

7 A. Let me answer that and then you can see  
8 whether it's the correct question. I'm still getting  
9 payments from my old salary because I had worked a  
10 number of years, and when I left, they continued --  
11 are still continuing to pay my salary through  
12 February of 2014 because of the severance  
13 arrangements that they had with me. So it's still a  
14 salary, but I am not in the same job I had in August  
15 of 2013 and prior.

16 Q. That's fully understood. And after your  
17 severance pay ends in February, if there's any work  
18 for you to do on this case, will you be compensated  
19 at an hourly rate?

20 A. Well, let me further explain in addition  
21 to the salary, I'm also under a consulting contract  
22 where I get paid so much an hour. The severance  
23 arrangements were whether I did or did not do any  
24 work for the company, but I have a separate  
25 consulting arrangement with the company that also

1 runs through February of 2014.

2 Q. So you are being paid for your time today  
3 under the consulting arrangement that you have.

4 A. That is correct.

5 Q. And that consulting arrangement is not  
6 just limited to this case; is that fair to say?

7 A. That's correct.

8 Q. You talked a little bit on page 2 of your  
9 testimony -- let's mark that as an exhibit before we  
10 move on. Do you have a copy of it?

11 A. Can I interrupt you for a minute and ask  
12 a question?

13 Q. Sure.

14 A. I had a couple of minor changes to the  
15 very beginning of my testimony. Before we mark it  
16 should I make the changes?

17 MS. YOST: Why don't we go off the record  
18 and give you a few minutes to talk?

19 MR. SHARKEY: No. If you have changes,  
20 did you want -- why don't you ask him the question do  
21 you have any changes? And then he can give it to  
22 you.

23 MS. YOST: Sure.

24 A. That would be fine. I just didn't want  
25 you to think we didn't have any changes.

1 Q. Well, let's start -- let me get an  
2 opportunity here to have your testimony marked as OCC  
3 Exhibit A.

4 MS. YOST: Did we do that?

5 THE NOTARY: No. We marked that A.

6 MS. YOST: Oh. Can I make this A-1 and  
7 the testimony A?

8 THE NOTARY: Yes.

9 Q. I just had copies of your testimony.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. Mr. Campbell, I know you have your  
12 testimony there, we can talk about it; but, first, I  
13 wanted to go through the documents that you have  
14 brought with you today. Could you identify what  
15 you've brought with you.

16 A. Certainly.

17 Q. Thank you.

18 A. I brought a copy of 18 Code of Federal  
19 Regulations Parts 1 to 39 which has included in it  
20 what I call the Federal Energy Regulatory Commission  
21 (F-E-R-C) which is the FERC chart of accounts or  
22 uniform system of accounts. So I have that with me.  
23 I have a number of data requests and responses from  
24 parties in this proceeding. I have the filing made  
25 by Dayton Power and Light related to the recovery of

1 the storm restoration costs in Case No.  
2 12-3062-EL-RDR and Case No. 12-3266-EL-AAM. I have  
3 the supplemental testimony in the same two cases of  
4 Dona Seger-Lawson. I have the electric security plan  
5 rebuttal testimony of Dona Seger-Lawson from Case No.  
6 12-426-EL-SSO and E-L-S-S-O are all in capitals. And  
7 there are four other cases associated with that.

8 I have the supplemental testimony of  
9 Bryce Nickel on the storm damage recovery cases that  
10 we had just talked about. I have the direct  
11 testimony of Mike -- excuse me, Michael Barrett in  
12 the storm damage recovery requests that we had talked  
13 about associated with the 2012 derecho,  
14 D-E-R-E-C-H-O, deferrals. It's Case No.  
15 12-2281-EL-AAM. I have the original derecho deferral  
16 request in that same proceeding. I have the revised  
17 derecho deferral request. And I have the Commission  
18 order on that.

19 I also have in that same case Dayton  
20 Power and Light's application for rehearing and the  
21 entry on the rehearing associated with the 2008 Ike  
22 hurricane and other storms which are Case No.  
23 08-1332-EL-AAM. I have the application for the  
24 authority for modifying the accounting. I have the  
25 deferral order on that same case.

1 I have a couple of things I got from the  
2 internet related to the Internal Revenue Code Section  
3 162, the Internal Revenue Code Section 263A. And  
4 then I have another thing from the internet from  
5 taxohio.gov which relates to property taxes on  
6 property within the state of Ohio.

7 I have the PUCO staff audit report in  
8 Case No. 12-3062-EL-RDR and also is Case No.  
9 12-3266-EL-AAM. I have comments from the Office of  
10 the Ohio Consumers' Counsel in Case No.  
11 12-2281-EL-AAM. I have just some handwritten notes  
12 on my work history and then the spellings of some  
13 names that might come up in the case.

14 That's all I brought with me.

15 Q. Thank you, sir. Did you rely on that  
16 information that you've just described in developing  
17 your testimony in this case?

18 A. Well, in developing my testimony I would  
19 have used additional information, the accounting  
20 records of the company, I believe I was in quite a  
21 number of meetings prior to the filing of the  
22 testimony, and I would have also been relying on what  
23 I had read before of other utilities' filings in  
24 Ohio, or just my own background in the utility  
25 ratemaking business.

1 MS. YOST: Jeff, just to confirm  
2 Mr. Campbell is also the witness in regard to the  
3 request for company witness with knowledge of storm  
4 reserve accounts; is that correct?

5 MR. SHARKEY: He is the person that we  
6 have designated to respond to that topic, yes.

7 MS. YOST: Thank you.

8 Q. Mr. Campbell, and please feel free to  
9 call me Melissa, we've marked your testimony that was  
10 filed in the -- in this case with the application as  
11 OCC Exhibit A. Do you have a copy of it with you?

12 A. Yes, I do.

13 Q. And it's okay if you want to refer to  
14 your own copy, this is just one for the court  
15 reporter, whichever you would prefer. Would you like  
16 to use your own copy or this one?

17 A. Let me just see if they are the same.

18 Q. Oh, absolutely.

19 A. Yes, I believe they are the same.

20 Q. And would you like to just refer to your  
21 own copy?

22 A. Yes, please.

23 Q. And in addition to your testimony today  
24 counsel for the company has handed me a document that  
25 now has been marked as OCC Exhibit A1. And you have

1 a copy of that document, sir?

2 A. Yes, I do.

3 Q. And could you describe what this document  
4 is, Al.

5 A. OCC Exhibit A1 are two schedules that  
6 were in the original company filing that was made in  
7 December of '12 that we have made some adjustments to  
8 or changes because we found an error in one of the  
9 tables after the application was filed.

10 Q. Okay. Thank you. We will talk about  
11 what changes have been made; but, first, I would like  
12 to direct your -- direct you to your testimony. I  
13 know I've been told you have some corrections to your  
14 testimony which is OCC Exhibit A. Could you walk us  
15 through those corrections, please.

16 A. Yes, I can. On page 1 of 10 of my  
17 testimony, the third line, the second sentence reads  
18 "My business address is." I would like to strike  
19 what I have there and put "3426 Sasse Way,  
20 Louisville, Kentucky 40245," so the second sentence  
21 would now read "My business address is 3426 Sasse  
22 Way, Louisville, Kentucky 40245."

23 On that same page on line 7, I would  
24 strike that entire line and replace that with "a  
25 consultant" so that sentence on lines 6 and 7 would

1 say "I'm employed by the Dayton Power and Light  
2 Company as a consultant."

3 On line 9 of that same page, "I assumed  
4 my present position," and I would like to strike the  
5 last two words there and replace that with "September  
6 2013" where it would now read "I assumed my present  
7 position in September 2013."

8 And then I would like to add a new  
9 sentence "from July 2012 through August" --

10 Q. Would you hold on? I'm sorry. From  
11 July?

12 A. "From July 2012 through August 2013, I  
13 was the vice president and controller of DP&L."

14 Q. Thank you.

15 A. On the same page, 1 of 10, on lines 13  
16 through 16, I would like to strike the question and  
17 answer.

18 On page 2, line 11, since this case was  
19 filed in December of 2012, we filed another case  
20 since then, and I would like to add a sentence saying  
21 "I also sponsored testimony in DP&L Case No.  
22 13-1495-EL-UNC."

23 That's the only changes I have to the  
24 written testimony but I do have the changes on these  
25 exhibits, if you would want me to go through those



1 now or later. So your choice.

2 Q. We can do the exhibits now. Let me  
3 get -- which is the changes that are -- are there  
4 changes beyond what is reflected in OCC Exhibit A1?

5 A. No, ma'am.

6 Q. Okay. Let me get to that exhibit.

7 A. I said they're Exhibit A1, but they're  
8 schedules.

9 Q. Yes, I'm sorry. I meant I need to find  
10 the original schedules.

11 MR. SHARKEY: Just so we're clear she is  
12 referring to OCC Exhibit A1. They are Schedules D-1  
13 and D-3.

14 THE WITNESS: Correct.

15 Q. Okay. Could you please identify the  
16 change you made to company Schedule D-1, page 1 of 1.

17 A. Schedule D-1 -- subsequent to the filing  
18 of the application we discovered a small error on  
19 Schedule D-3 that changes the overall long-term debt  
20 rate on Schedule D-3 which is carrying forward to  
21 Schedule D-1. So the debt rate on line 1, column  
22 (E), should be 5.56 percent versus the 5.38 percent  
23 that was originally prepared.

24 This causes the overall rate of return on  
25 column (F), line 4, to be 9.1 percent versus 8.95 in

1 the original application. And in that same column on  
2 line 1 causes the number to be 2.14 percent instead  
3 of 2.08 percent.

4 Q. I'm sorry. Could you just -- what was  
5 the last thing? It was the 2.?

6 A. On --

7 Q. Oh --

8 A. -- column (F), line 1, the number that  
9 used to be 2.08 percent on the weighted cost of  
10 long-term debt, it was 2.08, it's now 2.14, and  
11 that's what should have been originally filed.

12 MR. SHARKEY: Can I interject, Greg? I  
13 think you said in column (F), in row 4, Total  
14 Capital, No. 9.1.

15 THE WITNESS: 9.01, excuse me.

16 MS. YOST: Can we go off the record?

17 (Discussion off the record.)

18 Q. Okay. Sorry, Mr. Campbell, back on the  
19 record. In regard to --

20 A. Can I continue with my changes?

21 Q. Absolutely, yeah. Page -- the next page  
22 of Exhibit OCC --

23 A. I am still on D-1.

24 Q. Oh, D-1, sorry. Go ahead.

25 A. The cost of long-term debt and weighted

1 average cost of capital are only used prospectively  
2 in the filing. These changes do not affect the  
3 applicable revenue requirement rates or typical bills  
4 proposed for the initial timeframe that we had done  
5 the filing which was March of 2013 to February of  
6 2014 because those numbers were based on historical  
7 costs.

8                   So moving to --

9                   Q. Just to clarify the only changes were  
10 three numbers on Schedule D-1, right?

11                  A. That is correct.

12                  Q. Thank you.

13                  A. Schedule D-3 the error we had here, the  
14 column (B), the descriptions had shifted up one line.  
15 So the first line that's on line 3 was showing the  
16 wrong description. So we had to take the original  
17 item that was on line 3 and move it to line 4. So if  
18 you go back to the original filing, you'll see FMB  
19 5.125 percent series on line 3. That should have  
20 been on line 4 and sequentially all the other ones  
21 would get pushed down. And the one that's on line 3  
22 now was left off. So line 3 today or the correct  
23 version shows FMB first mortgage bonds 10.70 percent  
24 series. So all the descriptions there on lines 3  
25 through 17 inclusive have changed by shifting

1 downward to be the correct debt description.

2 In a similar manner on lines 37 -- excuse  
3 me, not 37, on line 38 we had to change the  
4 description of the lines, the pollution control bonds  
5 that we were removing, so it should read now -- we  
6 had to change the descriptions. It's reading now 7,  
7 8, 9, 16, and 17 to pick up the ones that actually  
8 say pollution control bonds on them.

9 And then the latter part of line 38 says  
10 7, 8, 9, 16, and 17 to be the pollution control  
11 bonds. By changing those it causes the number in  
12 line 31 column (K) to change from 5.38 percent to  
13 5.56 percent. And then this 5.56 percent carries  
14 forward to Schedule D-1.

15 That's the only changes so really just  
16 the descriptions in column (B), the line 38,  
17 identifying the pollution control bonds that were  
18 taken out and then the effect that the adjusted or  
19 corrected bonds on line 31, column (K).

20 Q. Thank you.

21 A. That's all the changes I have.

22 Q. Thank you. Page 2 of your testimony you  
23 indicate that -- wait until you get there, line 8,  
24 that you previously provided testimony before the  
25 Public Utilities Commission of Ohio and then you go

1 on to say, yes, you've sponsored testimony and you  
2 listed three cases there. The 08-1094 case, did you  
3 physically testify in that case meaning take the  
4 stand under oath?

5 A. I do not recall specifically.

6 Q. That case was settled, if you do recall.

7 A. But it also had a fuel component in it.

8 Q. Okay.

9 A. I don't believe I took the stand, but I  
10 don't know with the passage of time.

11 Q. What about in the '09 case, 256 that you  
12 have listed, do you know if you?

13 A. That one I did not take the witness  
14 stand.

15 Q. Okay. And then in the next case,  
16 11-57 -- 11-5730?

17 A. I don't believe I took the witness stand  
18 in that.

19 Q. Okay. And then you had added a line in  
20 regard to Case 13-1495. That case hasn't went to  
21 hearing yet, has it?

22 A. Well, that's the significantly excessive  
23 earnings test case.

24 Q. Yes.

25 A. So I believe there's a settlement

1 agreement that is pending a Commission decision last  
2 I looked, but I haven't looked within the last couple  
3 of weeks.

4 Q. Do you recall that case is about the  
5 company's earnings for 2012; is that fair?

6 A. It was a SEET filing in 2013 with the  
7 test year or the year of review of calendar year  
8 2012.

9 Q. And do you know what the company's ROE  
10 was in 2012 from your experience in that case?

11 A. It was in my testimony that I filed, but  
12 I don't recall offhand. We did make an adjustment,  
13 at least one adjustment, that was fairly major on  
14 that to remove a writeoff of some assets or  
15 write-down is, I guess, the technically more correct  
16 phrase.

17 Q. Okay. And I know it's been a while, and  
18 if you can just answer these to the best of your  
19 ability, but did you draft this testimony, sir?

20 A. Yes, I did.

21 Q. Did anyone assist you in the drafting of  
22 the testimony?

23 A. I don't believe they assisted me in the  
24 initial drafting of it, but they -- a number of  
25 people assisted in reviewing it for me.

1 Q. And excluding attorneys, who -- who  
2 reviewed your draft testimony?

3 A. Please give me a minute.

4 Q. Sure.

5 A. I can think of a number of people that I  
6 can remember but there may be others that I have  
7 forgotten. Tony Cloud; Don Rennix, R-E-N-N-I-X, and  
8 his first name is Don, D-O-N; Emily Rabb, R-A-B-B;  
9 and Dona Seger-Lawson.

10 Q. And with your most recent position with  
11 DP&L, who did you report to?

12 A. When you say my most recent position, do  
13 you mean the one before the position I have today?

14 Q. Exactly.

15 A. I reported to Craig Jackson.

16 Q. And did you supervise any staff?

17 A. Yes, I did.

18 Q. Who did you supervise?

19 A. I supervised directly Don Rennix; Lynn,  
20 L-Y-N-N, Striker; Nancy McFarland; Tony Cloud; Jarrod  
21 Hoying, and Karin, K-A-R-I-N, Nyhuis, N-Y-H-U-I-S.

22 Q. Were they all part of a division of DP&L  
23 in regard to accounting?

24 A. I was in charge of the accounting  
25 department, and they were all employees of mine

1 within the accounting department.

2 Q. Thank you. Are they all accountants?

3 A. Yes.

4 Q. Thank you. On page 2 of 10 at the bottom  
5 of your testimony, there's a question that asks "What  
6 Schedules are you supporting?" And you list certain  
7 schedules. Are you still supporting all of those  
8 schedules in this proceeding?

9 A. Give me a moment to confirm.

10 Q. Absolutely.

11 A. Yes, I am still supporting all of those  
12 schedules.

13 Q. Thank you. On page 3 of your testimony,  
14 sir, under the section on line 1 it says  
15 "Methodology" and question "What is the information  
16 included on the Schedules that you are sponsoring?"  
17 Fair to say most of the schedules and workpapers that  
18 you are sponsoring are in regard to capital expenses?

19 A. Most of them are related to rate base of  
20 which capital expenditures are one component of rate  
21 base.

22 Q. And you are aware in this proceeding the  
23 company is seeking both collection -- collection of  
24 costs from customers in regard to storm expenses that  
25 are O&M expenses and capital expenses; is that your



1 understanding?

2 A. My understanding is the company is  
3 seeking both prudently incurred O&M expenses and  
4 prudently incurred returns on the capital expenses  
5 and depreciation and associated property taxes and et  
6 cetera with them.

7 Q. We were going through the list of  
8 items -- or documents you had in your notebook. Go  
9 back and check my notes but did you -- were you aware  
10 that in an October 23, 2013, entry that the  
11 Commission stated the following language: "The  
12 Commission finds" -- and I can hand this to you, sir,  
13 afterwards, "The Commission finds that DP&L's request  
14 to recover capital expenditures from customers as a  
15 result of storm restoration efforts should be  
16 denied." Were you aware? And it starts right there  
17 and take your time. You can look at it.

18 A. I have read this before.

19 Q. Thank you. And is it your understanding  
20 that you will be testifying in this proceeding in  
21 regard to the company's request to recover capital  
22 expenditures from customers as a result of storm  
23 restoration efforts?

24 A. The carrying cost, depreciation, property  
25 tax associated with capital cost, yes, it's my

1 understanding and my testimony that's already been  
2 filed that I -- we are requesting that and believe  
3 it's prudently incurred costs that ought to be  
4 allowed and was previously allowed to Dayton Power  
5 and Light associated with the 2004-2005 storm -- I  
6 said storm but it should be storms because there was  
7 more than one.

8 Q. Thank you. I want to expedite this as  
9 much as possible. In regard to the schedules that  
10 you are sponsoring, they seem to be listed on pages 3  
11 and 4 of your testimony, sir. If you could identify  
12 which schedules have no effect on the operation and  
13 maintenance expenses and carrying charges that the  
14 company seeks to collect from customers in this  
15 proceeding. So to put it another way, if you can  
16 identify which schedules that you are sponsoring  
17 would not be needed if the company was just coming in  
18 and requesting O&M expenses and associated carrying  
19 costs.

20 A. Part of Schedule A-4 would not be needed  
21 for a filing that would have just requested recovery  
22 of prudently incurred O&M expenses and carrying  
23 costs.

24 Q. If I could just stop you right there so I  
25 can catch up. And if you could identify what part of

1 A-4 would not be needed if the company was just  
2 seeking O&M costs and related expenses.

3 A. Column (C) in Schedule A-4 has to do with  
4 a gross revenue conversion factor that is really  
5 related to rate base so that would not be needed for  
6 the O&M.

7 Q. The entire --

8 A. And then by contrast column (D) would be  
9 needed for the O&M request because this is the gross  
10 up for bad debts and CAT tax that's needed for  
11 recovering O&M expenses.

12 Q. When you said column 4, what do you mean?

13 A. Actually if I said column 4, I meant to  
14 say column (D). Excuse me.

15 Q. Column (D) is needed.

16 A. Correct.

17 Q. And which column is not needed for O&M?

18 A. Not needed for O&M is column (C). Column  
19 (C) is related to rate base or capital-related costs.

20 Q. Thank you. Anything else on that  
21 schedule?

22 A. No. Schedule B-2 is the rate base so  
23 that would not be needed for only O&M and carrying  
24 cost request.

25 Q. Thank you.

1           A.     Schedule B-3 is the plant in service,  
2     that would not be needed for an O&M and carrying cost  
3     request.    Schedule B-4 is the reserve for accumulated  
4     depreciation on the fixed assets.   That would not be  
5     needed for the O&M and carrying cost request.

6                 Schedule C-3 is the total depreciation  
7     expense that would not be needed for the O&M and  
8     carrying cost request.   Schedule C-4 is the  
9     accumulated deferred income taxes that would also not  
10    be needed for O&M and carrying costs associated with  
11    the O&M.   Schedule C-5, the total personal property  
12    tax expense would also not be needed on just an O&M  
13    request.

14                Schedule D-1 would still be needed for an  
15    O&M request because it determines the long-term debt  
16    carrying cost or summarizes it.   Schedule D-2 has to  
17    do with preferred stocks.   That would not be needed  
18    for an O&M and carrying cost request.   Schedule D-3  
19    would be needed for the O&M and carrying cost  
20    request.

21                WPB-1 would not be needed for just an O&M  
22    and carrying cost request.   WPB-2 would not be needed  
23    for an O&M and carrying cost request.   WPC-1 would be  
24    needed because it's actually the carrying costs on  
25    the deferred O&M associated with the 2008 storms.

1 WPC-4 would not be needed in a request for recovery  
2 of just O&M and carrying cost on the O&M. WPC-5  
3 would not be needed for a request for O&M and  
4 carrying costs.

5 MR. SHARKEY: I'm sorry. What was the  
6 answer as to WPC-5?

7 THE WITNESS: Would not be needed, if I  
8 did not say that.

9 Q. You said it.

10 A. WPC-6 would not be needed for a request  
11 just for O&M and carrying costs. WPC-7 would not be  
12 needed for a recovery of O&M and carrying costs. I  
13 believe that's all the schedules and workpapers that  
14 I had.

15 Q. Sir, I do believe on page 9 of 10,  
16 question 17, page 9, company to seek recovery -- go  
17 down to line 17, they ask about workpaper C-8.

18 A. Yes, I see that.

19 Q. I didn't hear you address that one. Are  
20 you still sponsoring that one?

21 A. Well, let me look. Yes, if I forgot that  
22 one, I'm sorry; but, yes, I will still sponsor WPC-8,  
23 would also not be required for the recovery of O&M  
24 and carrying costs on that.

25 Q. Thank you. So just to clarify none of

1 the workpapers that you just discussed would be  
2 necessary if the company was just seeking O&M and  
3 related expenses?

4 A. I don't believe that's correct. I think  
5 there was at least one which had the calculation --

6 Q. You are absolutely right.

7 A. -- of the carrying costs on the 2008  
8 storms.

9 Q. Yes. Workpaper 1, I'm sorry, I did not  
10 see that, WPC-1. Does that sound right?

11 A. Let me make sure.

12 Q. Sorry.

13 MR. SHARKEY: What is the question  
14 pending, Melissa?

15 MS. YOST: The one workpaper that would  
16 still be related to O&M costs and deferred balances  
17 would be WPC-1.

18 A. Yes. I believe the only one that would  
19 be needed if we had filed the request that way would  
20 be WPC-1. As you know, we did not file the request  
21 that way and are still requesting the full return on  
22 and of the capital similar to what we got in the  
23 2004-2005 storms.

24 Q. And in regard to the schedules, if the  
25 company were just requesting O&M and related costs,

1 only part of Schedule A-4 would be needed and  
2 Schedules D-1 and D-3; is that correct?

3 A. Yes, that is correct.

4 Q. Thank you.

5 MS. YOST: Go off the record.

6 (Discussion off the record.)

7 Q. Sir, did you read the staff audit report  
8 in this case that was filed January 1, 2014?

9 A. I read a staff audit report that was  
10 filed January 3, 2014.

11 Q. That is good because I don't think there  
12 was one on the 1st like I said. Thank you. Does the  
13 staff indicate in that report, which I am trying to  
14 locate my copy, how -- what they have calculated to  
15 be the total amount of capital expenses that the  
16 company is seeking in its application?

17 A. I believe that's on page 4 of their  
18 report.

19 Q. And how much is indicated that is  
20 capital, related to capital?

21 A. The line says "capital expenditures not  
22 allowed for recovery" and then in parentheses  
23 "including carrying charges is \$27,624,990."

24 Q. Do you know if that's the -- is it the  
25 amount of money in regard to capital expenditures --

1 or capital expenses and carrying costs that the  
2 company is seeking in its application?

3 A. I have not checked the math on it.

4 Q. What would you look at to check the math,  
5 sir?

6 A. Yes, that number is correct. What I was  
7 looking at was Schedule B-1.

8 Q. Thank you. And would you agree that if  
9 the company did receive approval to collect in regard  
10 to capital expenses and carrying charges, that the  
11 amount sought in the application would be increased?

12 A. I'm afraid I don't understand the  
13 question because it was too long.

14 Q. Okay. Thank you. Let's break this down.  
15 You're responsible for calculating the carrying cost  
16 rate and the carrying charges, correct?

17 A. I prepared Schedules D-1, D-2, and D-3  
18 and sponsored them, and they are used to calculate  
19 either the O&M carrying costs or some of the return  
20 on the rate base for capital associated costs.

21 Q. And if I could have you look at your OCC  
22 Exhibit A-1 which is your revised Schedule D-1.

23 A. Yes, I have that.

24 Q. And we'll just speak to the revised one,  
25 sir. The revised carrying cost rate is indicated to



1 be 5.56 percent, correct?

2 A. That is the amount related just to the  
3 long-term debt, yes.

4 Q. And that the 5.56 is reflected as the  
5 carrying cost rate for deferrals in the application;  
6 is that correct?

7 A. The 5.56 would not have been in the  
8 application because we made an error, and we would  
9 have used the prior number. So we would have used  
10 the 5.38, but we would have only used that during the  
11 collection period because the deferral period we were  
12 still using the 5.86 percent that was permitted in  
13 the orders related to the initial deferral. But I  
14 gave you a long answer. The 5.56 was not used  
15 because we just changed it.

16 Q. I should have thought of that. And I  
17 don't have your original one. What was the 5.56  
18 originally that we -- it was 5.3?

19 A. It was 5.38.

20 Q. Thank you. So you used a lower carrying  
21 cost rate for deferrals during the collection period  
22 in the application.

23 A. Yes, that's correct.

24 Q. And so during the deferral period for the  
25 2008 storms, the carrying cost rate that was used was

1 5.86; is that correct?

2 A. Yes, it was.

3 Q. And could you identify is that a document  
4 that's in the application that you referred to?

5 A. Yes. I'm looking related to the 2008  
6 storms. WPC-1, column (H), shows the heading of the  
7 column "Carrying Costs" at 5.86 percent.

8 Q. And what was the reason that the carrying  
9 cost rate changed during the collection period to  
10 what was indicated in the application to be the 5.38?

11 A. The 5.86 percent was based on an older  
12 rate, and the 5.38 percent was on the rate that we  
13 were just filing in the application in December, so  
14 we thought that the newer rate should be used once it  
15 had been filed and accepted.

16 Q. Are you aware of the new long-term cost  
17 of debt that was approved in the company's 2012 ESP  
18 case which is 12-426?

19 A. It's neither of the rates we have been  
20 talking about.

21 Q. Yes. So you are aware of that number.

22 A. I should have said yes, but I don't  
23 remember the exact number. But it's neither of those  
24 two rates.

25 Q. Ms. Seger-Lawson testified that as of

1 January 1, 2014, that deferral balances -- strike  
2 that.

3 Ms. Seger-Lawson testified that the  
4 deferral balances in existence as of January 1, 2014,  
5 that carrying cost rate had been changed. Were you  
6 aware of that?

7 A. I believe it changed January 1  
8 commiserate with the new rates in the new ESP case  
9 because that was the newest rate at the time.

10 Q. And did you have anything to -- did you  
11 have to do anything to change that rate in regard to  
12 those deferrals? Was that something you did?

13 A. I'm not working for the company at this  
14 moment in time, but my understanding is that's what's  
15 changing prospectively on the deferrals so it would  
16 only be from January 1, 2014, forward.

17 Q. And do you know when they implemented  
18 that change?

19 A. It was effective January 1, 2014, so in  
20 business -- the closing of the month of January which  
21 is still in progress because it's just January 31.

22 Q. Right. Assume that a change had to be  
23 made effective January 1 and it wasn't aware that  
24 that change needed to be made until January 30.  
25 Could you still make that change effective January 1?

1 MR. SHARKEY: I'm sorry. Could I hear  
2 that question again.

3 (Record read.)

4 Q. I'll rephrase that. If the carrying cost  
5 rate was to change January 1, 2014, could you make a  
6 change on January 30, 2014, without any problems to  
7 that rate?

8 MR. SHARKEY: I am going to object based  
9 on form.

10 You can answer the question if you  
11 understand it.

12 A. We can make changes to the January books  
13 until the January books are closed depending on the  
14 timing and the complication of the calculations. The  
15 closer it gets to the end of the month or the first  
16 couple of days in February in this case the less  
17 likely it is you can make the change.

18 Q. There's guidelines on when the books  
19 officially close after the end of each month?

20 A. It's as quickly as they can be done and  
21 there's a schedule sent out by the parent company,  
22 AES.

23 Q. Thank you. You were just speaking in  
24 regard to work -- WPC-1 which was a calculation of  
25 the 2008 storm carrying charges. Is there a

1 workpaper for the calculation of the 2012 carrying  
2 charges?

3 A. Yes, there is.

4 Q. What -- what workpaper identification  
5 would that be?

6 A. It's WPC-3 and it's sponsored by another  
7 witness in this proceeding.

8 Q. And in regard to WPC-3, when does the  
9 company start per this WPC-3 accruing carrying  
10 charges in regard to the 2012 storms?

11 A. The carrying costs on the 2012 derecho  
12 storm started in December, 2012.

13 Q. And are you aware that the derecho storm  
14 took place in late June, early July, 2012?

15 A. Yes, I am.

16 Q. When do you determine when the carrying  
17 costs start to accrue on an O&M expense related to  
18 storm restoration?

19 A. Please give me a second.

20 Q. Sure.

21 A. In this case, meaning the 2012 derecho  
22 storm, we received the order from the Commission  
23 approving the deferral and a return on December 19,  
24 2012 so we started in December. If we had gotten  
25 permission three months before that, we would have

1 started three months before.

2 Q. So you start accruing carrying charges  
3 from the date the Commission approves the requested  
4 deferral forward; is that fair, until the balances  
5 are recovered?

6 A. That's what we did on the derecho storm.

7 Q. Okay. Let's talk about the 2008 which is  
8 WPC-1, your workpaper, sir. And this workpaper  
9 reflects carrying costs for all 2008 major storms; is  
10 that a fair statement?

11 A. No.

12 Q. What does this workpaper reflect?

13 A. It reflects the carrying costs on the  
14 amounts deferred which were the major storms in 2008  
15 less a three-year average or baseline. I've heard it  
16 called different things.

17 Q. Thank you. Did you have -- did you  
18 calculate the three-year average or baseline?

19 A. I believe that's on a schedule in this  
20 proceeding.

21 Q. And when did the storm -- excuse me.  
22 When did the company start assessing  
23 carrying charges for the 2008 deferral of storm  
24 costs?

25 A. We started deferring a return or carrying

1 cost on those O&M costs in November of 2008. You can  
2 see that in column (H) on WPC-1.

3 Q. And do you know when the company received  
4 approval to defer 2008 storm costs?

5 A. The order I have in my file here is  
6 January 14, 2009.

7 Q. So the company began -- or WPC-1 shows  
8 that the company began calculating carrying costs on  
9 deferred amounts before it received approval to defer  
10 2008 storm costs?

11 A. That is correct.

12 Q. Are there any accounting procedures that  
13 provide guidance when you're supposed to accrue  
14 storm-related O&M expenses that have been deferred?

15 A. I don't understand the question.

16 Q. Okay. I'll ask this, why was it done  
17 differently in regard to the 2008 storms versus the  
18 2012?

19 A. I don't know that I know today.

20 Q. And your WPC-1, the costs included in the  
21 application for carrying charges for the 2008 storm  
22 is indicated as like a 3.9 million.

23 A. That's the amount on just this one  
24 workpaper, work -- or, excuse me, WPC-1.

25 Q. And those are charges that have been

1 calculated up to November, 2012, correct?

2 A. That's correct.

3 Q. And you -- and the company has not began  
4 to collect any of the 2008 storm costs, correct?

5 A. We have not started collecting any of the  
6 costs yet.

7 Q. Would the company -- and the company  
8 proposes to collect those costs over a three-year  
9 period; is that your understanding?

10 A. That was what the original application  
11 requested, yes, ma'am.

12 Q. So if the -- is it the company's proposal  
13 they should continue to collect carrying costs beyond  
14 the November, 2012, date in regard to 2008 storms?

15 A. That's the company's proposal and in the  
16 initial application for the 2008 storms from December  
17 26, 2008, we specifically asked until fully recovered  
18 the company would apply based on the actual cost of  
19 debt of 5.86 percent on the unrecovered deferral  
20 balance and defer such carrying costs for future  
21 recovery. I believe one of the orders -- well, this  
22 Commission order approving the Hurricane Ike and  
23 other storms approved it, but I believe the specific  
24 words on the derecho also say until the amount is  
25 fully recovered but let me make sure that's correct.



1                   Yes, I'm looking on the derecho and this  
2 is Case No. 12-2281-EL-AAM dated December 19, 2012.  
3 And on item 5 there it indicates at that time  
4 5.86 percent carrying costs should be approved  
5 because the 5.86 percent is the approved cost of  
6 long-term debt in its current ESP and that the  
7 carrying costs should continue until the balance is  
8 recovered.

9                   And on item 7 in this same order the last  
10 sentence says "The Commission finds that the rate for  
11 the carrying costs should be set at the most recently  
12 approved cost of long-term debt which is 5.86 percent  
13 and should continue until the balance is recovered."

14                Q.   Thank you.  And in regard to WPC-1, if  
15 the company's proposal to collect storm costs over a  
16 three-year period was approved and the company was  
17 authorized to collect some 2008 storm -- storm costs  
18 from customers with carrying costs, and assume that  
19 approval was today, the company would be seeking at  
20 least four more years of carrying costs from its  
21 customers for 2008 storm costs.

22                A.   Since more than a year has passed since  
23 this schedule was done that would be one year, and  
24 then if it was collected over three years, that would  
25 sum to four years, but during the three years as the

1 balance is collected, the amount of carrying costs on  
2 the balance is reduced because the balance itself is  
3 reduced.

4 Q. I --

5 A. So, yes, four years you would get the  
6 carrying costs, but the rate would change, as we had  
7 discussed, as the Commission issues new orders  
8 associated with the overall cost of regulated debt.

9 Q. Thank you. Is there a workpaper in  
10 regard to the 2011 carrying costs that the company  
11 seeks in regard to O&M expenses?

12 A. They are included on WPC-3 in addition to  
13 the 2012 derecho storms.

14 Q. So WPC-3 includes both the 2012 storm and  
15 the 2013 storms?

16 A. I'm -- I must be misunderstanding you. I  
17 am talking about the 2011 storms and 2012 storm.

18 Q. I misspoke, I'm sorry, yes. WPC-3 is the  
19 carrying costs for costs sought in regard to 2011 and  
20 2012 major storms, correct?

21 A. That is correct.

22 Q. Thank you. We were talking about the  
23 2012 storm, and you indicated that the carrying  
24 charges started to accrue in December, 2012, correct?

25 A. That is correct.

1 Q. When did the carrying charges for the  
2 2011 major storms start to accrue?

3 A. On this schedule they start in March,  
4 2013. If you look at the column (D), the \$10 million  
5 rounded is the 2011 storms. And column (D), line 1,  
6 the 4.7 million is the '12 derecho storm.

7 Q. Thank you. Is there an accounting  
8 guidance or principles that indicate how long a  
9 deferral -- a cost should be deferred before recovery  
10 is sought?

11 A. Not that I can recall.

12 Q. During your employment with Dayton Power  
13 and Light, were you involved in the decision when to  
14 seek the deferral of the 2008 storm costs?

15 A. Yes, I was.

16 Q. Why does the company seek deferral of  
17 storm costs?

18 A. Please give me a moment.

19 Q. Sure.

20 A. Large storm events like the 2008  
21 Hurricane Ike and some of the other storms in 2008  
22 are generally unusual and if not deferred would  
23 significantly impact the earnings of the company.  
24 The Commission in Ohio has been very reasonable and  
25 very interested in the financial well-being of

1 companies and has permitted many utilities to defer  
2 and collect costs related to extraordinary storms  
3 over a period of time because they realize the  
4 financial and other cash impacts that would have on  
5 the company if they were totally disallowed or not  
6 recovered.

7                   The -- not specifically with the 2008  
8 storm but in some of the settlement agreements that  
9 we've had, and I know Dona Seger-Lawson had mentioned  
10 in her testimony, the prior ESP case where we left  
11 open for unusual events like storms or changes in  
12 environmental laws that we could come in and ask for  
13 money because of the impacts that those might have on  
14 us.

15                   So I guess primarily because of the  
16 adverse financial impacts that the Commission has  
17 generally been very reasonable and prudent on letting  
18 companies recover their prudently incurred costs to  
19 get customers back into service as soon as possible  
20 from these extraordinarily bad events that happened.

21                   MS. YOST: Could you read back my  
22 question.

23                   (Record read.)

24                   Q. Are you familiar with the term "test  
25 year" in regard to traditional utility ratemaking

1 concepts?

2 A. Yes, I am.

3 Q. What does test year mean to you in terms  
4 of traditional ratemaking in Ohio?

5 A. Test year has to do with the period of  
6 time in a base rate case where you are looking to set  
7 rates for customers prospectively, and the goal of  
8 the test year is to have a period that reasonably  
9 reflects that might be occurring or is expected to  
10 occur in the future years to set rates.

11 Q. Can you collect expenses in a base rate  
12 case that are -- strike that.

13 Can you collect O&M expenses that have  
14 been deferred but were incurred outside the test year  
15 in a base rate case?

16 MR. SHARKEY: Objection. Calls for a  
17 legal conclusion.

18 You can answer if you know.

19 A. I'm sorry. I don't know.

20 Q. Can -- can the company collect O&M  
21 expenses from customers through a rider that were  
22 never deferred?

23 MR. SHARKEY: Again, objection. Calls  
24 for a legal conclusion.

25 You can answer if you know.

1           A.    I cannot think of a specific example so I  
2 don't know.

3           Q.    Can you recall an example in your  
4 experience where a utility was permitted to collect  
5 storm costs from customers above the amount it was  
6 authorized to defer?

7           A.    I cannot think of an example at this  
8 moment in time.

9           Q.    Were you involved in the decision when to  
10 seek deferral of the 2011 storm costs?

11          A.    I was involved in people asking about it,  
12 but I was not involved in the final decision.

13          Q.    Are you aware that the company -- strike  
14 that.

15                    Are you aware that the 2011 storm costs  
16 were fully expensed and reflected in DP&L's 2011  
17 financial statements?

18          A.    Can you say the question again?

19          Q.    Sure.  Are you aware that the 2011 storm  
20 costs were fully expensed and reflected in DP&L's  
21 2011 financial statements?

22          A.    Yes, they were.

23          Q.    And was that your decision to expense the  
24 2011 storm costs?

25          A.    When the books were closed in calendar

1 2011, which was in early 2012, no one had made a  
2 request or indicated at that time that a request was  
3 going to be made for recovery of those costs.

4 Q. Is that general accounting procedures to  
5 expense -- fully expense an account and then later  
6 seek a deferral of those expenses?

7 A. The general accounting rule for  
8 regulatory asset deferrals is that you would expense  
9 the costs and only defer the costs if you believed it  
10 was probable that those costs would be recovered at  
11 some point in the future through charges to  
12 customers.

13 Q. So when you expense an account -- strike  
14 that.

15 So you expense costs when you believe  
16 there's no potential to collect that cost from  
17 customers?

18 A. That's not the way I would answer. I  
19 would say you expense the cost when the cost is  
20 incurred meaning if the work has been done on behalf  
21 of the company. A second step would be that an O&M  
22 cost that might be deferred and recovered through  
23 some regulatory process.

24 Q. On WPC-3 you indicated -- I will give  
25 you -- are you on WPC-3, sir?

1           A.    Yes.

2           Q.    You indicated that the March 13 date was  
3 the date that the company started -- what's the  
4 proper term -- assessing a carrying charge because  
5 you are not collecting it?  What is the proper  
6 accounting?

7           A.    I would call it recording a carrying --

8           Q.    Recording a carrying charge.

9           A.    Or calculating the carrying charge,  
10 either or.

11          Q.    Thank you.  And the company has been  
12 calculating or recording a carrying charge since  
13 March of 2013, correct?  That's what you stated  
14 earlier?

15          A.    The schedule shows this because this is  
16 assuming that we were going to recover the amount  
17 starting that month or the next month.  I don't  
18 believe we've actually recorded on the books of  
19 account any carrying costs on 2011 storms.

20                MS. YOST:  Could you read back that  
21 answer, please.

22                (Record read.)

23          A.    Let me just amplify, when we were talking  
24 earlier, I was saying this is when the carrying costs  
25 started on this, that's the way this started on this



1 schedule but, of course, the schedule was filed back  
2 in December of '12 and we had hoped to get an answer  
3 in the next several months.

4 Q. And in regard to the 2012 storm carrying  
5 costs that are reflected on WPC-3, those have been  
6 recorded on the books of account since December of  
7 2012; is that correct?

8 A. That's correct.

9 Q. And in regard to the 2011 storm costs  
10 that the company seeks to defer, those costs have not  
11 been -- or have those costs been recorded on the  
12 books of account?

13 A. The base costs have been deferred on the  
14 books of account, yes.

15 Q. Don't you need Commission authority to  
16 book those as a deferral?

17 A. No, you do not.

18 Q. And can you tell me why?

19 A. Yes, I can. The accounting rule requires  
20 that it be probable of recovery but does not  
21 specifically require a Commission order. We thought  
22 the recovery of these 2011 costs were probable when  
23 we deferred them and still believe they are probable  
24 of recovery today. And the reasons -- some of the  
25 reasons that we believe that is we got a deferral

1 order related to the 2008 storms. We got a deferral  
2 order for the 2012 storms. Other utilities in Ohio  
3 have recovered storm costs. We ourselves had  
4 previously recovered storm costs related the 2004 and  
5 2005 storms, and adding all that together, we thought  
6 that it met the accounting test of probable that the  
7 cost would be recovered. But I forgot to mention one  
8 of the other tests. These are prudently incurred  
9 costs for a storm or a series of storms, five of  
10 them, that we believe the Commission following its  
11 past precedent would let us collect through charges  
12 to customers.

13 Q. So why did the company choose to seek a  
14 deferral of, as reflected upon WPC-3, 2012 storm  
15 costs in the amount of 4.7 million before it sought  
16 to defer 2011 storm costs, an amount that was 10  
17 million?

18 A. Please give me a moment.

19 Q. Sure.

20 A. The 2012 derecho deferral request was  
21 made earlier in 2012, and the decision was not made  
22 on the request for the recovery of the 2011 storms  
23 until later in 2012, towards the end of 2012.

24 Q. But why request 2011 -- excuse me.  
25 Strike that.

1                   Why request deferral of 2012 before you  
2 request deferral of 2011 storm costs?

3           A.    That was just the way management decided  
4 to proceed.

5           Q.    When you say "management," who do you  
6 mean?

7           A.    The executives of Dayton Power and Light  
8 at the time.

9           Q.    Was there a decision in 2011 not to seek  
10 deferral of 2011 -- strike that.

11                   Was there a decision in 2011 not to seek  
12 deferral of major storm costs incurred in 2011?

13           A.    I prefer to answer it in a positive light  
14 and say there was no decision made to request the  
15 deferral of the 2011 costs in calendar 2011.

16           Q.    Did you -- did management have to  
17 decide -- strike that.

18                   Did you have to receive management  
19 approval to fully expense the 2011 storm costs in  
20 2011?

21           A.    No.  As I had mentioned before, there is  
22 really a two-step process.  The expenses are really  
23 recorded first, and then if there is a reason or  
24 mechanism to do a deferral, then you would do the  
25 deferral.

1 Q. When you were with the company, was part  
2 of your job duties to monitor the earnings of the  
3 company?

4 A. Yes.

5 MS. YOST: Do you need a break?

6 THE WITNESS: Are we taking a lunch break  
7 sometime? I can go on for a while if you want to go  
8 on for a while.

9 (Recess taken.)

10 Q. Back on the record. In 2008, are you  
11 aware that DP&L had a 20.04 percent return on equity?

12 A. I don't recall the specific number.

13 Q. Do you recall anything about DP&L's  
14 earnings in 2008?

15 A. I believe they were good.

16 Q. Do you recall that DP&L had a net income  
17 of 285.8 million?

18 A. I don't recall the specific number.

19 Q. And hypothetically -- actually let's not  
20 do hypothetically.

21 MS. YOST: Could you read back his  
22 answer, please.

23 (Record read.)

24 Q. With DP&L's good earnings in 2008, do you  
25 agree that if DP&L had expensed its 2008

1 storm-related costs in the normal course of business,  
2 then the recalculated return on equity would have  
3 been lowered only slightly?

4 A. I believe it would have been lowered, but  
5 I don't know if lowered slightly.

6 Q. Do you know what the amount of the 2008  
7 storm cost is that they seek in this case? And just  
8 to clarify, I'm specific to O&M.

9 A. I believe the incremental storm O&M  
10 without a carrying cost return is on Schedule C-1,  
11 line 5, totaling about \$15 million.

12 Q. Do you agree that if DP&L -- DP&L had  
13 expensed it's 2008 storm-related costs of 15 million,  
14 is that what you said?

15 A. Approximately \$15 million.

16 Q. Okay. Strike that. Do you agree that if  
17 in 2008 when DP&L's earnings were good, if they had  
18 expensed \$15 million in storm costs, then the  
19 recalculated return on equity for 2008 would have  
20 lowered less than 1 percentage?

21 A. I have not done the calculation, but I  
22 would like to say even 1 percent is a lot of money to  
23 companies.

24 Q. Are you aware that DP&L's per book return  
25 on equity in 2008 was the highest of Ohio's seven

1 major electric utilities?

2 A. I do not know that for a fact.

3 Q. Are you aware that in 2011 DP&L had a net  
4 income of \$193.2 million?

5 A. I don't recall the specific number.

6 Q. Are you aware that in 2011 DP&L had a  
7 14.05 percent return on equity?

8 A. I haven't done that calculation.

9 Q. Are you aware that in 2012 DP&L recorded  
10 a pretax writeoff of 80.8 million related to its  
11 Conesville and Hutchings generating facilities?

12 A. Yes, I am aware of that.

13 Q. And that writeoff was disclosed in SEC  
14 Form 10-QA?

15 A. Yes, it was disclosed in the SEC  
16 quarterly report.

17 Q. And that writeoff was unrelated to any  
18 decision by the PUCO, correct?

19 A. That's a hard question to answer "yes" or  
20 "no" because the writeoff was related to the  
21 projected revenues and expenses for those plants over  
22 the remainder of their lives, and the impact of  
23 deregulation in Ohio both from the legislature and  
24 how it's being interpreted by the PUCO would have had  
25 an effect on that, but I would say the effect from

1 the PUCO was less than the effect of market forces  
2 and other competition.

3 Q. Would you agree that writeoffs of real  
4 and regulatory assets occur in the normal course of  
5 doing business for a regulated utility?

6 A. Can you define what a real asset is?

7 Q. Would you agree that the writeoffs of  
8 regulatory assets occur in the normal course of doing  
9 business for regulatory utilities?

10 A. My own experience on regulatory assets  
11 has been that they are generally recovered and there  
12 is not a writeoff, but I've also seen occasions where  
13 there's a partial writeoff for small amounts that  
14 might be disallowed in reviews. In general to me  
15 it's rare from my own personal experience seeing a  
16 writeoff of a total regulatory asset. So to answer  
17 your question, I would say, no, a writeoff of a total  
18 regulatory asset is not common. It's rare.

19 Q. Would you agree that the writeoff of --  
20 well, when you say total writeoff of the total  
21 regulatory assets, can you write off -- how do you  
22 characterize writeoff of a regulatory asset that does  
23 not reflect its total value?

24 MR. SHARKEY: Objection. Can I hear that  
25 question again?

1 (Record read.)

2 MR. SHARKEY: I'll object. You can  
3 answer the question if you understand it.

4 Q. I'll -- I'll ask again. How do you  
5 characterize the writeoff of a regulatory asset where  
6 the writeoff does not reflect its total value?

7 MR. SHARKEY: Same objection. You can  
8 answer if you understand the question.

9 A. I can give you an example of where we  
10 wrote off part of our fuel deferral as a result of a  
11 settlement among the parties in Ohio and this was a  
12 prior DP&L fuel case where we reached agreement that  
13 a certain amount of money would be disallowed or not  
14 permitted for recovery and we wrote off that portion  
15 that we had agreed to let be disallowed or not  
16 continue the request for recovery, but the majority  
17 of the costs in the fuel deferral are still collected  
18 from customers.

19 Q. Would you agree that the writeoff of a  
20 portion of regulatory assets occurs in the normal  
21 course of doing business for a regulatory --  
22 regulated utility?

23 A. I think my previous answer I did not  
24 agree, and I think I'm still not agreeing that the  
25 normal course of a regulatory asset is for the



1 recovery of that regulatory asset and that in certain  
2 occasions you don't get the entire regulatory asset  
3 but that's not as common as the full recovery. And  
4 then in rarer cases you lose the entire thing but  
5 that's rare. So I guess I'm not agreeing still.

6 Q. Did you have any involvement in the  
7 mutual assistance agreements that the company --  
8 strike that.

9 Are you aware of the company's mutual  
10 assistance agreements that were applicable in 2008,  
11 2011, and 2012?

12 A. I know we had mutual assistance  
13 agreements, but I'm not very familiar with them.

14 Q. Are you aware of whether the company has  
15 any insurance that would cover claims related to  
16 storm damage?

17 A. The company does not carry insurance on  
18 distribution lines so it would not have had insurance  
19 related to storm damages on distribution lines.

20 Q. When you say the company does not carry  
21 insurance on distribution lines, is the company  
22 self-insured in regard to distribution lines?

23 A. The company is self-insured but does not  
24 have self-insurance on distribution lines.

25 Q. Does the company -- is the company

1 self-insured on any distribution plant?

2 MR. SHARKEY: Object just because the  
3 term "self-insured" is not defined so you may be  
4 meaning it to have a different definition than  
5 Mr. Campbell.

6 A. I don't believe any of the distribution  
7 property is covered by the Miami Valley Insurance  
8 Company self-insurance affiliate.

9 Q. Who would know that for a fact?

10 A. The head of our insurance group and --  
11 and I know her name, but it's getting lost to me  
12 right now.

13 Q. Is it --

14 A. Elaine Leffak.

15 Q. What does self-insured mean to you in --  
16 when you just indicated that the company is  
17 self-insured?

18 A. I said Elaine. It might be Ellen.

19 MR. SHARKEY: It is Ellen.

20 A. Excuse me. I had to go back and get that  
21 corrected. When I talk about self-insured, I'm  
22 talking about self-insurance within the DPL, Inc.,  
23 group. We have an insurance subsidiary called Miami  
24 Valley Insurance Company that insures the other  
25 companies within the DPL, Inc., group and also does

1 insurance on the jointly-owned power plants that DPL  
2 is the operator for. So that's how I would define  
3 self-insurance.

4 Can I go back to my answer and add  
5 another thing? Even though we are self-insured there  
6 is a layer. If there is a catastrophe at a power  
7 plant, a third party will step in above a certain  
8 dollar amount and there is a level of insurance. And  
9 there is an insurance phrase for that but I don't  
10 remember what it is.

11 Q. So your generation plant is insured; is  
12 that fair to say? Some of your generation plants are  
13 insured?

14 A. Some of the generation plants and some of  
15 the very large transformers in some of the  
16 substations are insured.

17 Q. And are you required by law or rule to  
18 carry insurance on some generation plants?

19 A. Probably not the person to ask. I don't  
20 really know. I don't know of such a law but. I'm  
21 not the right person to answer that question.

22 Q. You said transformers -- very large  
23 transformers in substations. Would that be part of a  
24 transmission?

25 A. In general I would believe they are

1 transmission assets.

2 Q. And if they are not transmission assets,  
3 what type of assets would the large transformers be?

4 A. Within a substation you could have a  
5 generation transformer right -- it would be right  
6 outside the power plant itself. And then you might  
7 have a transmission transformer -- some of the  
8 transformers in a substation are both transmission  
9 and distribution and some of them are exclusively  
10 distribution. I know several of the large ones are  
11 covered by the insurance, but I don't know whether  
12 all the transformers in the substation are covered.

13 Q. Has the company ever collected proceeds  
14 from insurance coverage related to storm damage for  
15 any property?

16 A. Not that I know of. I don't believe it's  
17 insured.

18 Q. Are you aware of whether -- when the  
19 company owned generation property they ever received  
20 proceeds from insurance that was related to storm  
21 damage?

22 A. I don't remember any generation damage in  
23 the storms we are talking about in this filing.

24 Q. What is a storm reserve account?

25 A. I'm not sure I know.

1 Q. Do you know who would know?

2 A. It could be that we -- it could mean that  
3 it's a provision against a regulatory asset  
4 associated with storm for the amount that we think is  
5 no longer probable in recovery so a storm reserve or  
6 provision account. That would be my guess of what it  
7 is but I do not know what it is.

8 MS. YOST: Thank you. Let me just do a  
9 quick search through my notes and I think we should  
10 be close to done or done.

11 (Off the record.)

12 MS. YOST: I have no further questions  
13 for this witness at this time.

14 Mr. Campbell, thank you very much for  
15 your time.

16 THE WITNESS: Okay. Thank you.

17 MS. YOST: Did Ryan or Devin have any  
18 questions?

19 MR. PARRAM: No, no questions for staff.

20 MS. YOST: Thank you. Mr. Campbell, I  
21 would just add OCC is going to pay Karen to  
22 transcribe your deposition testimony today, and I ask  
23 that you read it, make any and all necessary changes,  
24 and sign it.

25 THE WITNESS: Okay. That would be fine.

1 MS. YOST: Thank you.

2 (Thereupon, the deposition was concluded

3 at 1:24 p.m.)

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1 State of Ohio :  
2 County of \_\_\_\_\_ : SS:  
3

4 I, Greg Campbell, CPA, do hereby certify that  
5 I have read the foregoing transcript of my deposition  
6 given on Friday, January 31, 2014; that together with  
7 the correction page attached hereto noting changes in  
8 form or substance, if any, it is true and correct.

9  
10 \_\_\_\_\_  
11 Greg Campbell, CPA

12 I do hereby certify that the foregoing  
13 transcript of the deposition of Greg Campbell, CPA,  
14 was submitted to the witness for reading and signing;  
15 that after he had stated to the undersigned Notary  
16 Public that he had read and examined his deposition,  
17 he signed the same in my presence on the \_\_\_\_\_ day  
18 of \_\_\_\_\_, 2014.

19 \_\_\_\_\_  
20 Notary Public

21 My commission expires \_\_\_\_\_, \_\_\_\_\_.

22 - - -

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24  
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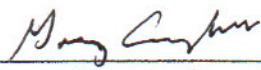




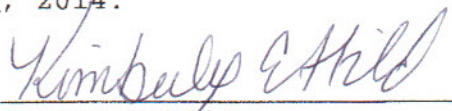


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 2 County of Montgomery : SS:

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 14 that after he had stated to the undersigned Notary  
 15 Public that he had read and examined his deposition,  
 16 he signed the same in my presence on the 13 day  
 17 of February, 2014.

18   
 19 \_\_\_\_\_  
 20 Notary Public

21 My commission expires August 4, 2018.



22 KIMBERLY E. HILD, Notary Public  
 23 In and for the State of Ohio  
 24 My Commission Expires Aug. 4, 2018



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Summary: Deposition Deposition Transcript of Greg S. Campbell by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Yost, Melissa Ms.