

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)
Dayton Power and Light Company to) Case No. 14-401-EL-RDR
Update its Economic Development Rider)

REPLY COMMENTS OF THE DAYTON POWER AND LIGHT COMPANY

I. INTRODUCTION

On April 22, 2014, the PUCO Staff filed its Review and Recommendation in regard to the application filed by DP&L to update its economic development rider and specifically recommends the removal of the labor and associated carrying charges from the Economic Development Rider (EDR), Staff recommended disallowance of such labor costs, expressing the view that these costs are already included in base rates and is non-incremental in relation to the EDR. Staff’s recommended disallowance should be rejected.

II. REPLY COMMENTS

As it has done in the past, DP&L requested authority to recover incremental labor the Company incurred relating to Economic Development activities and assistance provided to potential new customers that are or were looking to locate in Ohio, and more specifically in DP&L’s service territory through its EDR.

Section 4901:1-38-08(A)(2) of the Ohio Administrative Code states, “The electric utility may request recovery of direct incremental administrative costs related to the programs as part of the rider. Such cost recovery shall be subject to audit, review, and

approval by the commission.” (Emphasis added). DP&L has several employees who performed additional work activities related to Economic Development unique arrangement programs set forth in Senate Bill 221 and the related Ohio Administrative Code provisions. These activities were incremental to their normal work responsibilities and these requirements are incremental to “normal” work for which they receive a salary.

DP&L included incremental labor costs in its initial EDR true-up proceeding, and Staff recommended its approval. Now, however, the Staff’s position in this case is that those costs should be assumed to be included in base rates, however DP&L has not had a distribution rate case since 1991 and work performed in 2013 and 2014 to encourage potential customers to locate in Ohio cannot be assumed to be the same level of work that would have been performed in 1991.

In support for its position, DP&L has included only incremental costs it can directly assign to economic development efforts. DP&L also has a policy and procedure for employees to document incremental administrative costs and submit their labor hours and expenses. These expenses are then carefully reviewed to ensure they are incremental.

The labor costs for the EDR are truly incremental and should be recoverable as allowed by the PUCO own rules as specified in the Ohio Administrative Code.

III. CONCLUSION

For the foregoing reasons, the Staff’s recommendation in this case should be rejected. DP&L’s request to recover incremental labor associated with economic development efforts and attempting to bring jobs to Ohio is reasonable, is specifically

authorized by the Ohio Administrative Code, comports with past Commission precedent and should therefore be authorized.

Respectfully Submitted,

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Summary: Comments in reply to Staff's review and recommendation electronically filed by Mr. Nathan C Parke on behalf of The Dayton Power and Light Company