

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 14-563-EL-RDR

TESTIMONY OF
ERIC R. BROWN

IN SUPPORT OF THE STIPULATION
AND RECOMMENDATION

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ☐ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ☐ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ☒ **OTHER**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Eric R. Brown. My business address is 1065 Woodman Drive, Dayton,
4 Ohio 45432.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by The Dayton Power and Light Company ("DP&L" or "Dayton" or the
7 "Company") as a Rate Analyst in the Regulatory Operations department.

8 **Q. Will you describe briefly your educational and business background?**

9 A. I received a Bachelor of Business Administration degree from the University of Hawaii
10 at Hilo in 2008. I am currently pursuing a Master of Business Administration degree
11 from Cleveland State University, where I plan to graduate in May 2016. I have been
12 employed by DP&L in the Regulatory Operations department since 2009.

13 **Q. What are your responsibilities in your current position and to whom do you**
14 **report?**

15 A. In my current position, I am responsible for assisting in the development, analysis,
16 revision, and administration of the Company's tariff schedules, rate designs, and
17 policies. I have responsibility for the Competitive Bid True-Up Rider ("CBT Rider"),
18 Competitive Bidding Rate ("CB Rate"), and the Company's Competitive Bidding
19 Process ("CBP"). I report to the Manager of Regulatory Operations.

1 **Q. What is your involvement with the CB Rate and CBT Rider specifically?**

2 A. I am responsible for designing, tracking, and ensuring cost recovery of both the CB
3 Rate and the CBT Rider. I am one of the liaisons for the Company to the Auction
4 Manager, Auction Consultant, and Commission Staff regarding the Company's CBP
5 auctions. I was a negotiator for the Company during settlement discussions.

6 **II. PURPOSE OF TESTIMONY**

7 **Q. What is the purpose of this testimony?**

8 A. The purpose of this testimony is to support the Stipulation and Recommendation
9 ("Stipulation") filed in this matter on May 28, 2015, because it is the product of serious
10 negotiations among knowledgeable parties, benefits customers and the public interest,
11 and does not violate any important regulatory principle or practice.

12 **III. THE STIPULATION AND RECOMMENDATION**

13 **Q. Are you familiar with the Stipulation in this case?**

14 A. Yes. I was one of the negotiators for DP&L in the settlement negotiations in which the
15 Company and the Commission's Staff both participated.

16 **Q. Can you describe the principal terms of the Stipulation?**

17 A. Yes. The Stipulation provides for full and final resolution of all issues raised in the
18 Commission Staff's Annual Review of the Competitive Bid True-Up Rider filed on
19 February 24, 2015 in this proceeding ("Annual Review"). DP&L will credit \$75,000 to

1 the CBT Rider. The Stipulation specifies that DP&L will remove administrative and
2 general overheads relating to the payments to the auction manager or PUCO consultants
3 on a going forward basis, and will not seek recovery of those costs through the CBT
4 Rider. The Stipulation also states that nothing precludes DP&L from seeking to recover
5 incremental administrative costs relating to the development of the competitive bid and
6 ongoing administration of auctions in future CBT Rider filings. These costs may
7 include labor and travel related expenses to conduct auctions. Travel expenses will not
8 be measured against a per diem policy but instead shall be deemed prudent if they
9 reflect the Company's expense reimbursement policy.

10 **IV. THE COMMISSION'S CRITERIA FOR EVALUATING**
11 **STIPULATIONS**

12 **Q. What criteria does the Commission use to decide whether to approve a Stipulation**
13 **and Recommendation?**

14 A. The Commission has in the past applied, and should use in considering this Stipulation,
15 the following three regulatory principles or criteria: First, is the Stipulation a product of
16 serious bargaining among capable, knowledgeable parties? Second, taken as a package,
17 does the Stipulation benefit ratepayers and the public interest? Third, does the
18 Stipulation violate any important regulatory principle or practice?

19 **A. The Stipulation is the Product of Serious Bargaining**
20 **among Knowledgeable Parties**

21 **Q. For the first criterion or principle, was the Stipulation the product of serious**
22 **bargaining among capable, knowledgeable parties?**

1 A. Yes. The settlement negotiations involved a diverse group of experienced parties.
2 Numerous negotiating sessions were held. The Signatory Parties to the Stipulation
3 represent a wide spectrum of diverse interests including, without limitation, the interests
4 of a regulated utility and the Commission Staff which is tasked with balancing the
5 interests of all parties to a case. All of the Signatory Parties were represented by skilled
6 men and women with years of experience in regulatory matters before this Commission
7 who possessed extensive information, and the negotiations were at arm's length. All
8 had the benefit of experienced legal counsel.

9 **Q. Did all parties have an opportunity to participate in the negotiations?**

10 A. Yes. DP&L filed CBT Rider rates for costs incurred through December 31, 2014 in
11 PUCO Case No. 14-563-EL-RDR, a public docket, and any interested party wishing to
12 intervene could do so. There were settlement calls and emails in which both parties
13 participated. In addition, draft settlement proposals were circulated to interested parties
14 for their review, comment, and consideration.

15 **B. The Stipulation Benefits the Public Interest**

16 **Q. Turning to the second criterion or principle, can you describe the benefits of the**
17 **Stipulation to ratepayers and the public interest?**

18 A. Yes. The Stipulation addresses the recommendations contained in Staff's Annual
19 Review. Among other benefits, the Stipulation provides a credit to the CBT Rider to
20 resolve issues.

1 **C. The Stipulation Does Not Violate any Important**
2 **Regulatory Principle**

3 **Q. With respect to the third criterion or principle, does the Stipulation violate any**
4 **important regulatory principle or practice?**

5 **A. No. The Stipulation does not violate any important regulatory principle or practice.**

6 **V. CONCLUSION AND RECOMMENDATION**

7 **Q. What is your recommendation with respect to the Stipulation?**

8 **A. I recommend that the Commission approve it in its entirety and without modification.**

9 **Q. Does this conclude your testimony in support of the Stipulation?**

10 **A. Yes, it does.**

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Summary: Testimony of Eric R. Brown in support of the Stipulation and Recommendation filed in this matter on May 28, 2015 electronically filed by Eric R Brown on behalf of The Dayton Power and Light Company