BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)	
Dayton Power & Light Company For)	Case No. 16-0395-EL-SSO
Approval of Its Electric Security Plan)	
)	
In the Matter of the Application of The)	
Dayton Power & Light Company For)	Case No. 16-0396-EL-ATA
Approval of Revised Tariffs)	
)	
In the Matter of the Application of The)	
Dayton Power & Light Company For)	Case No. 16-0397-EL-AAM
Approval of Certain Accounting Authority)	
Pursuant to Ohio Rev. Code § 4905.13		

DIRECT TESTIMONY OF FORD P. WEBER

ON BEHALF OF THE CITY OF DAYTON

November 21, 2016

I. INTRODUCTION

- 2 O. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
- 3 A. My name is Ford P. Weber, and my business address is 101 West Third Street, Dayton,
- 4 Ohio 45402.

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5 Q. PLEASE DESCRIBE YOUR AFFILIATION WITH THE CITY OF DAYTON?

- 6 A. I currently serve as the Director of Economic Development for the City of Dayton
- 7 ("City" or "Dayton"). In my role as Director of Economic Development, I am
- 8 responsible for overseeing the City's economic development functions. In this capacity, I
- 9 manage financial incentives, facilitate downtown development and entrepreneurship,
- support the City's asset based development strategies, and support businesses looking to
- expand in the City. All of the businesses in the City are within DP&L's territory.

12 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

- 13 A. I graduated from the University of Toledo in 1983 with a B.A. in History, and I obtained
- a J.D. from the University of Toledo College of Law in 1987. In 2010, I earned my
- 15 Certification in Economic Development (CEcD) from the International Economic
- Development Council ("IEDC"). More detailed descriptions of my educational and
- professional experience are attached as Exhibit A.

18 Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

- 19 A. I have been employed by the City as the Director of Economic Development since March
- of 2015. As the Director of Economic Development, I am responsible for overseeing the
- 21 City's development functions. My responsibilities include providing consistency and
- continuity to the City's business retention and expansion efforts, as well as developing
- 23 strategies for coordinating the City's economic development efforts. I am also charged

with streamlining the City's building permitting process and supporting the City's asset based development strategies. I practiced law for fourteen years before transitioning my career to economic and community development in 2001. Among the positions I have held are Commissioner of Real Estate, Commissioner of Utilities Administration, and Acting Director of Neighborhoods in Toledo, Ohio; Director of Housing and Neighborhood Services in Roanoke, Virginia; Executive Director of the Richmond, Virginia office of Local Initiatives Support Corporation; President and Chief Executive Officer of the Lucas County Economic Development Corporation; and Economic Development Director for Lucas County.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

The purpose of my testimony is to describe the current economic conditions in the City, as well as the potential impact of DP&L's proposed Electric Security Plan ("ESP") on the City and its residential and corporate citizens. Further, my testimony will describe how a rate increase would impact the City's strategies for growing its economy, reinvesting in neighborhoods, and recovering from decades of urban flight.

II. IMPACT OF DP&L'S PROPOSED ESP ON THE CITY

A.

Q. IS THE CITY A CUSTOMER OF DP&L?

A. Yes. For its municipally owned buildings and facilities, as well as municipal traffic signals and many City-owned street lights, the City uses DP&L. In 2015, the City spent \$9.55 million on electric service costs. Importantly, these costs do not include expenses incurred by the City for energy conservation efforts or payments made to DP&L to bury its wires underground as is required by the City's urban design guidelines.

In addition to the above, all citizens living in the City are DP&L customers. In 2016, the City initiated a Government Aggregation Program with 24,500 enrolled accounts, with over 4,000 of those being commercial customers. The City remains concerned about the effects of DP&L's proposed ESP on all citizens, including those enrolled in the Government Aggregation Program.

Q. PLEASE PROVIDE A BACKGROUND FOR AND RECENT HISTORY OF THE CITY'S POPULATION.

The City and the greater metropolitan Dayton region have seen residents, retail industry, and commercial entities migrate to other regions of the country. As a result, the City and the greater Dayton region suffered a substantial decline in residential and commercial population. Over the last several decades, the City has been hit the hardest from the population decline, losing over 120,000 citizens since 1960. As a result, the City has lost significant tax revenue and the City has a remarkably low income tax growth rate. The City's diminishing tax revenue has seriously contributed to the City's current financial predicament.

Further, with changes to state law and state budgets, the City has seen a precipitous decline in shared revenues. Losses from state actions have amounted to more than \$40 million since 2010 and will soon exceed \$10 million annually. In fact, the City's 2016 budget is at the same level as the budget in 1998.

Unsurprisingly, the economic pressure from the Great Recession handicapped the City's ability to provide basic services for its citizens. Thus, the City's diminished tax

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¹ U.S. Census Bureau. Table 19. Population of the 100 Largest Urban Places: 1960. Available at https://www.census.gov/population/www/documentation/twps0027/tab19.txt. Accessed 11/21/16. U.S. Census Bureau. 2015 American Community Survey 1 Year Estimates. Available at http://www.census.gov/quickfacts/table/PST045215/3921000; Accessed 11/21/16.

revenue continues to present a formidable challenge to the City's ongoing efforts to responsibly and adequately provide basic, critical services to its residents.

3 Q. PLEASE PROVIDE A DESCRIPTION OF THE STATE OF AFFAIRS 4 REGARDING EMPLOYMENT IN THE CITY.

For several years leading up to the Great Recession, the Dayton region experienced the loss of tens of thousands of manufacturing, wholesale and retail trade and service-sector jobs. This loss of economic activity and the tax revenue it directly and indirectly would have generated has led the City to slash its workforce. For example, in 1976, the City's employment peaked at 3,148 jobs; today, there are only approximately 1,900 City employees.

11 Q. PLEASE PROVIDE A DESCRIPTION OF THE STATE OF AFFAIRS 12 REGARDING HOUSING WITHIN THE CITY.

The City and its residents have suffered from the long-term impact of the Great Recession's mortgage foreclosure and predatory lending crisis, which disproportionately impacted the City and its residents. This hit the City particularly hard, in part, because it came on the heels of decades of urban flight and disinvestment. Dayton faces a high rate of vacant structures. There are approximately 6,500 structures within City limits in need of demolition, which is another draw on diminishing City resources.² In addition, the City must maintain about 6,000 vacant lots to keep neighborhoods from experiencing health, safety, and extreme blight problems. Not surprisingly, as a result of these housing issues, the City has suffered a 25% decline in property values.

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² Western Reserve Land Conservancy and Thriving Communities Institute. City of Dayton Parcel Survey 2015.

1	Q.	PLEASE PROVIDE A DESCRIPTION OF THE STATE OF AFFAIRS
2		REGARDING OVERALL PROSPERITY AND THE ECONOMY WITHIN THE
3		CITY.
4	A.	Many of the City's residents remain unemployed or under-employed. In 2015, the
5		poverty rate in the City is 32.5 percent compared to 20 percent only ten years prior.
6		According to the U.S. Census 2015 American Community Survey, some 41,437 City
7		residents live below the federal and state poverty levels, which represents nearly half of
8		all Montgomery County citizens living below the poverty level (i.e., 92,064). ³ At the
9		state level, the City's poverty rate is more than double that of Ohio (i.e., the City has a
10		35.3 percent rate compared to Ohio's 14.8 percent poverty rate). ⁴
11		The impact of poverty can also be seen in the City's median household income.
12		The City's median household income is only \$28,174, falling well below the median
13		household income in Montgomery County at \$43,281, the state of Ohio at \$48,849, and
14		the national average at \$53,482. ⁵ Data on a per capita basis follows a similar pattern.
15		The City's per capita income is only \$16,673, while it is \$26,441 in Montgomery County
16		and \$26,520 in the state of Ohio. ⁶
17	Q.	WHAT ARE SOME OF THE CHALLENGES THE CITY FACES IN ITS
18		ECONOMIC DEVELOPMENT EFFORTS?

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The City believes it is vital to transform itself into a regional leader of economic

development. To do so, the City is committed to developing and enhancing a robust and

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³ U.S. Census Bureau. 2015 American Community Survey 1 Year Estimates. Available at http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t; Last accessed 11/21/2016

⁵ *Id.*; U.S. Census Bureau. QuickFacts, Montgomery County, Ohio. Available at http://www.census.gov/quickfacts/table/PST045215/39113; Last accessed 11/21/2016; and U.S. Census Bureau. QuickFacts, Ohio. Available at https://www.census.gov/quickfacts/table/PST045215/39; Last accessed 11/21/16. ⁶ *Id.*

vibrant workforce. But workforce development remains an ongoing issue for the City. As market needs and demands continue to evolve, matching workforce skills with these constantly changing demands continues to present a serious challenge, especially for City residents.

Another formidable obstacle for the City is stemming the flow of commercial and residential migration to other states. In response to the Great Recession, many state and local governments have implemented economic development programs tailored to attract new businesses in an effort to rejuvenate local economies. To stay competitive, the City must be able to offer appealing options for businesses and residents looking for more favorable economic opportunities. But if electricity rates increase, the City becomes less competitive and appealing to these businesses and residents.

- 12 Q. IN YOUR OPINION, WOULD AN INCREASE IN DP&L'S RATES FOR
 13 ELECTRIC SERVICE IMPACT THE CITY AND ITS AT-RISK POPULATION?
- 14 A. Yes. Any increase in electricity rates would adversely impact the City, its residents, and
 15 the City's concerted efforts to facilitate and expand economic development. Given that
 16 the City continues to deal with revenue challenges, it simply cannot afford an increase in
 17 electric service costs.
- 18 Q. IN YOUR OPINION, WOULD THE PROPOSED DISTRIBUTION
 19 MODERNIZATION RIDER IMPACT THE CITY AND ITS AT-RISK
 20 POPULATION?
- A. Yes. The City opposes the proposed Distribution Modernization Rider because it would adversely impact the City and its at-risk population. The proposed DMR is a \$145 million charge assessed on all DP&L customers for seven years, which amounts to an

additional \$1 billion for DP&L. The proposed DMR would increase electricity rates for all customers, which would have a seriously detrimental impact on the City's at-risk population and the City itself, including but not limited to the City's efforts to attract new business and facilitate the growth of the local and regional economy.

Q. IN YOUR OPINION, WOULD AN INCREASE IN DP&L RATES FOR ELECTRICITY NEGATIVELY IMPACT THE CITY'S EFFORTS TO ATTRACT NEW BUSINESS?

Yes. Raising electricity rates would not only be detrimental to individual residents in the City, but also it would severely hamper the City's ongoing effort to revitalize and rejuvenate the regional economy. In my experience, utility costs are a major factor considered by businesses. In fact, scholars recommend that businesses consider utility costs when considering new sites. According to a 2013 Arkansas State University article, "A Step-by-Step Guide to a More Strategic Site Selection Approach," utility costs are among the top five considerations involved in site selection for businesses. The article highlights utility costs as a significant consideration for manufacturers and other energy-intensive operations. These are the exact types of businesses the City must continue to attract and retain to survive economically. This is yet another illustration highlighting the harm DP&L's electricity rate increases will impose upon the City's improving but fragile economy.

If DP&L raises electricity rates, businesses (especially high-intensity consumers) will lose the incentive to operate in and provide critical jobs for City residents.

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⁷ Uminski, Dean J. A Step-by-Step Guide To A More Strategic Site Section Approach, 2013, http://www.astate.edu/a/deltaced/economic-development-esources/A%20Step%20by%20Step%20Guide%20to%20a%20More%20Strategic%20Site%20Selection%20Approach.pdf; last accessed 11/21/2016.

Moreover, for those high intensity consumers that left the City for more business-friendly pastures, raising electricity rates makes it far more difficult to persuade them to return. An increase in electricity rates necessarily makes the City a less business-friendly environment, and it would invariably hinder the City's sustained effort to retain existing businesses and attract new ones. This is especially true as many businesses, especially in the automotive supply chain industry, are far more sensitive and cost-conscious about electricity rates. This is because the manufacturing industry is increasingly relying on automation systems (e.g., robots), which require and consume a substantial amount of electricity. In addition, many factory automated mechanical systems require sophisticated climate control measures that keep temperature and humidity within specific parameters. These climate control systems also consume substantial amounts of electricity. Thus, increased automation and the implementation of sophisticated climate control systems yield higher electrical consumption, making electricity costs a more prominent component of a manufacturer's cost structure.

In addition, the City's water utility will incur a cost of service increase if DP&L increases its electricity rates. Those charges would be passed on to water customers in the City. So City residents would not only see notable cost increases in their electric service but also in their water service. And on a related note, if DP&L increases its electricity rates, the City's economic development efforts would be further hampered as it tries to persuade companies that consume large amounts of water to relocate or expand in the City.

In sum, as the City picks itself up from the disastrous impact of the Great Recession, raising electricity rates (and indirectly, raising water rates as well) would

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seriously undermine the City's ongoing economic recovery because these utility costs are routinely considered as part of a business utility cost benefit analysis.

III. <u>ASSISTANCE IN ENERGY EFFICIENCY IMPLEMENTATION AND ECONOMIC DEVELOPMENT OPPORTUNITIES</u>

A.

Q. IN YOUR OPINION, CAN DP&L BE OF ASSISTANCE TO THE CITY IN ENERGY EFFICIENCY IMPLEMENTATION?

Yes. The City has maintained a history of working cooperatively with DP&L in studying electric usage characteristics of buildings and facilities in the City. In the past, DP&L has made financial contributions to the City, which has enabled it to conduct and maintain energy efficiency audits and implementations. While DP&L's financial assistance has helped the City, DP&L has cut back on financial contributions via its rebate program for energy efficiency. These cutbacks have adversely impacted the City, its residents, and industrial users operating in the City. Implementing energy efficiency programs remains critically important to the City, and the City calls on DP&L to renew and restore its prior commitment to facilitate and promote energy efficiency programs in the City.

More specifically, the City would appreciate additional guidance and assistance from DP&L in converting its street lights to LED street lights. The City currently owns and operates approximately 5,000 street lights, the majority of which consist of high pressure sodium lights. The City pays DP&L for the energy costs associated with these lights. In total, the City pays \$2.3 million per year toward its street lighting. Through 2020, the City will continue the process of replacing the remaining 3,000 lights, which are located throughout downtown, at intersections, along thoroughfares, and in some

residential	areas	with	LED	lights	s. In	so	doing,	the	City	requests	that	DP&L	provide
similar assi	istance	with	its en	ergy c	conser	vati	on effo	rts a	s it de	emonstrat	ed in	the pas	t.

A.

Q. DP&L HAS STATED IN THE TESTIMONY OF MR. THOMAS A. RAGA THAT THE ESP IS "DESIGNED TO PROMOTE ECONOMIC GROWTH AND STABILITY IN OHIO" (RAGA TESTIMONY, P. 3, LINES 8-9). WHAT IS YOUR REACTION TO THIS?

I welcome and support DP&L's commitment to promote economic growth and stability in Ohio. The City remains one of the largest consumers of electric service in DP&L's service territory. Thus, the City's ability to facilitate and promote economic development is inextricably linked with the ability of DP&L to grow and prosper. In fact, the City's economic development efforts are directly connected to increased demand for electric service in the greater Dayton region.

With that said, the City is not oblivious to the daunting challenges that lie ahead. As noted previously, the City faces numerous impediments to economic development, including but not limited to population decline, stagnant income tax growth rates, high poverty rates, and deteriorating buildings and other infrastructure. To overcome these formidable obstacles, the City needs to form a healthy, responsive, and evenhanded partnership with DP&L. While the City and DP&L have demonstrated in the past that they are capable of working together to solve problems, DP&L must do more to assist the City in that endeavor. For instance, the City maintains strict urban design guidelines that require wires to be buried underground. To comply, the City initiated a project whereby it paid DP&L to bury its wires in the City. But going forward, the City should not have to bear this cost alone. DP&L and the City should work together to ensure that DP&L

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wires comply with its urban design requirements, meaning that any proposed ESP must allocate the necessary funds to ensure urban design requirements in the City are satisfied.

Finally, as stated before, any increase in electric service rates would impede and endanger the City's existing efforts to promote economic development in the City. The City cannot seriously pursue economic development initiatives, including the retention or expansion of existing businesses that are increasingly sensitive to rate increases, if DP&L raises its electricity rates so significantly. The City has made notable strides in its effort to recover from the devastating impact of the Great Recession. But much more needs to be done. Ensuring and promoting economic development in the City is fundamental and crucial to attracting new business and retaining existing ones, providing City residents with new or reliable avenues for gainful employment, securing an improved quality of life, and delivering essential municipal services to its residents.

13 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

14 A. Yes it does at this time.

FORD P. WEBER, J.D., CEcD

252 Liberty Street Dayton, Ohio 45402 (419) 410-9143

fordweber@gmail.com

EXPERIENCE City of Dayton

March 2015 to Present

Director of Economic Development

Dayton, OH

- Leads a reorganized department incorporating economic development, building inspection, and
 zoning administration. Primary responsibilities include creating and retaining employment
 opportunities in the city, primarily through business retention and expansion programs, marketing
 the city to corporate prospects, facilitating downtown revitalization, redeveloping brownfield sites,
 and providing a customer-oriented building and zoning permitting process.
- City-supported projects have leveraged over \$20 of capital investment for each dollar of incentives while creating and retaining 1,500 jobs.

Lucas County, Ohio

August 2014 - March 2015

Director, Economic Development

Toledo, OH

• Led Lucas County's Department of Economic Development and served as President of the Lucas County Economic Development Corporation. Primary emphasis was on business retention and expansion. Successfully retained a Fortune 500 corporate headquarters in Lucas County and facilitated the local economic development incentives for that project.

Lucas County Economic Development Corporation

August 2009 - August 2014

President and Chief Executive Officer

Toledo, OH

- Leads Lucas County's economic development agency with primary emphasis on stimulating the local economy and enhancing the quality of life by helping to retain, attract, and grow businesses; and aligning workforce development with career opportunities and private sector demand.
- Reorganized and developed transitional organization's strategic priorities, goals and objectives.
- Designed and implemented a cluster-focused Business Outreach and Assistance Program that
 facilitated the retention and expansion of local businesses, making over 600 consultations with local
 businesses and facilitating \$750 Million in capital investment with over 7,000 jobs retained and
 created.
- Established a Business Roundtable, which enabled business leaders to engage in networking and professional development.
- Member of steering committee for NW Ohio's Hub of Innovation, focusing on photovoltaics.
- Immediate Past President of the Northwest Ohio Regional Economic Development Association (NORED), promoting regional collaboration and professional development (uncompensated position).

Virginia Local Initiatives Support Corporation

November 2006-March 2009

Executive Director

Richmond, VA

- Established strategic direction of LISC by managing program implementation, fund development, donor stewardship, and external relations with an operating budget of \$1 million and program budget of \$430,000.
- Raised over \$2.1 million with \$1.75 for comprehensive redevelopment initiatives specific to Petersburg and Martinsville.
- Led Virginia LISC to a historical lending year in 2007 -- \$5.567 million.

- Managed a team of 7 staff members to generate approximately \$14 million in loans and tax credit equity to facilitate urban revitalization projects a record level for the organization.
- Managed the development of a community-based Strategic Neighborhood Investment Plan for Petersburg, Virginia.

City of Roanoke

October 2005-November 2006

Director of Housing and Neighborhoods Services

Roanoke, VA

- Oversaw allocation of approximately \$3,000,000 in HUD program funds for housing and urban revitalization activities.
- Initiated a Brownfield Redevelopment Program that has earned over \$1.5 million in Brownfield Redevelopment grants from U.S. EPA.
- Formed an inter-departmental, cross-functional code enforcement team that successfully abated dilapidated buildings and high-profile nuisance properties.

City of Toledo

November 2000-September 2005

Senior Management Positions

Toledo, OH

Commissioner of Utilities & Environmental Services

Deputy Director, Department of Economic & Community Development

Acting Director, Department of Neighborhoods

Commissioner of Real Estate

Manager of Real Estate, Department of Economic Development

Senior Attorney, Department of Law

- Created and implemented a strategic brownfield redevelopment initiative that generated more US EPA grants (\$4.8 million) than any other community in the nation from 2003-2006, and also earned \$2.9 million in grants from the State of Ohio.
- Earned a US EPA, Smart Growth planning grant in 2003 -- 1 of 5 grants selected nationally, out of 35 competing proposals.
- Effectively led and managed commercial real estate, neighborhoods, brownfield redevelopment and utilities administration for City of Toledo.
- Conceptualized and drafted an innovative City of Toledo program coordinating the expenditure of the City's HUD, brownfield redevelopment, and business development incentives to leverage a broader range of funding programs in focused revitalization efforts.
- Assisted in coordinating the City of Toledo's merging of the Department of Neighborhoods and the Department of Economic Development into the newly formed Department of Economic and Community Development.
- Devised central-city redevelopment strategy to create vibrant mixed-use urban neighborhoods by coordinating brownfield redevelopment with new school construction and other community development projects.

Frederickson & Heintschel Co., LPA

March 1996-November 2000

- Practice primarily focused on corporate and real estate law.
- Advised numerous small business clients on a wide variety of variety of issues including business structure, re-financing, succession planning and employment law.
- Formed and/or Incorporated corporations, limited liability companies and partnerships including drafting management agreements, closed corporation agreements, and codes of regulations.

The Zeller Corporation, Corporate Legal Director

January 1991-March 1996

• Served as in-house legal counsel and member of senior management team for closely-held auto parts manufacturer, reporting directly to the President & CEO.

EXHIBIT A

- Advised corporation on strategic planning, and coordinated the delivery of legal services including customs/import and export, employment and labor, products liability, intellectual property, contracts and commercial law.
- Developed new product labeling to comply with NAFTA mandates.
- Represented corporation during labor negotiations with UAW.
- Ensured the corporation maintained and protected its trademarks and copyrights.

Assistant Lucas County Prosecuting Attorney

November 1987-January 1991

Advised and provided legal representation to county officials on civil legal matters including land use regulations, narcotics forfeitures, animal control, and employment law.

EDUCATION

University of Toledo

College of Law

Juris Doctor earned in 1987

University of Toledo

Bachelor of Arts in History earned in 1983

International Economic Development Council (IEDC)

Certification in Economic Development (CEcD) earned in 2010

ACADEMIA

Guest lectured at University of Virginia, University of Toledo, and Lourdes University

SPEAKING

Toledo CFO Roundtable, Toledo, Ohio, February 27, 2014

U.S. EPA Annual Brownfields Conference, Atlanta, Georgia, May 16, 2013 President's Council on Environmental Quality, Washington, DC, June 27, 2012

NW Ohio Journal, WBGU, Toledo Region Brand, April 26, 2012

Deadline Now, WGTE, Regional Economic Development, August 26, 2011 NW Ohio Journal, WBGU, Bringing Businesses to Ohio, February 18, 2010

COMMUNITY

SERVICE

President, Northwest Ohio Regional Economic Development Association (NORED) (2012-2013)

Judge, Jefferson Awards Metro Toledo Area (2014)

Board of Directors, Lucas County Workforce Investment Board (2009-2014)

Board of Directors, Black Swamp Conservancy (2012-2014)

Board of Directors, YMCA and JCC of Greater Toledo (2012-2014)

Vice President, Northwest Ohio Regional Economic Development Association (NORED) (2010-2011)

Leadership Dayton, Class of 2016

Leadership Metro Richmond, Class of 2009

Board of Directors, Virginia Housing Coalition (2006-2009)

Board of Directors, Housing Virginia (2006-2009)

Member, Governor Timothy Kaine's Virginia Foreclosure Prevention Task Force (2008 – 2009)

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Case No(s). 16-0395-EL-SSO, 16-0396-EL-ATA, 16-0397-EL-AAM

Summary: Testimony Direct Testimony of Ford P. Weber electronically filed by Mr. Nathaniel Trevor Alexander on behalf of City of Dayton