

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

**THE DAYTON POWER AND LIGHT COMPANY**

**CASE NO. 16-0649-EL-POR**

**CASE NO. 16-1369-EL-WVR**

**TESTIMONY OF  
TYLER A. TEUSCHER  
IN SUPPORT OF THE STIPULATION  
AND RECOMMENDATION**

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

**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION OF OHIO**  
  
**DIRECT TESTIMONY OF**  
  
**TYLER A. TEUSCHER**  
  
**ON BEHALF OF**  
**THE DAYTON POWER AND LIGHT COMPANY**

**TABLE OF CONTENTS**

<b>I.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>II.</b>	<b>PURPOSE OF TESTIMONY .....</b>	<b>2</b>
<b>III.</b>	<b>STIPULATION SUMMARY .....</b>	<b>2</b>
<b>IV.</b>	<b>COMMISSION’S CRITERIA FOR EVALUATING STIPULATIONS.....</b>	<b>5</b>

1 **I. INTRODUCTION**

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

3 A. My name is Tyler A. Teuscher. 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 the "Company")  
7 as a Rate Analyst in the Regulatory Operations department.

8 **Q. How long have you been in your present position?**

9 A. I assumed my present position in January 2011.

10 **Q. What are your responsibilities in your current position?**

11 A. I am responsible for assisting in the development, analysis, revision, and administration of  
12 the Company's tariff schedules, rate designs, and policies. I have responsibility for the  
13 Energy Efficiency Rider, Reconciliation Rider Nonbypassable, and Universal Service  
14 Fund Rider. I am also responsible for other Energy Efficiency, Competitive Retail Market,  
15 and Wholesale Distribution Service issues and regulatory filings.

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

17 A. Yes. I received a Bachelor of Science degree in Business Economics and a Bachelor of  
18 Science degree in Marketing from the University of Kentucky in 2009. I am currently  
19 pursuing an MBA from Miami University. I have been employed by DP&L since January  
20 2011. Prior to my position at DP&L, I worked for Lastar, Inc. as a Technical Sales  
21 Representative providing inbound and outbound sales support for both small and large  
22 customer accounts.

23 **Q. Have you previously provided testimony before the Public Utilities Commission of**  
24 **Ohio ("PUCO" or the "Commission")?**

25 A. Yes. I have sponsored testimony before the PUCO in the Company's Distribution Rate  
26 Case, Case No. 15-1830-EL-AIR.

27 **II. PURPOSE OF TESTIMONY**

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

29 A. The purpose of my testimony is to discuss and support the reasonableness of the  
30 Stipulation and Recommendation ("Stipulation") entered into by DP&L and the Signatory  
31 Parties. The Signatory Parties recommend that the Commission approve the Stipulation  
32 filed in this matter on December 13, 2016, and issue its Opinion and Order in accordance  
33 with the recommendations made in the Stipulation. The Stipulation is the product of  
34 serious negotiations among knowledgeable parties, it benefits customers and the public  
35 interest, and it does not violate any important regulatory principle or practice.

36 **Q. Why should the Commission approve this Stipulation?**

37 A. As demonstrated below, the Commission should approve the Stipulation because it  
38 represents a fair and reasonable resolution to the issues raised in this case which were  
39 initiated by the filing of DP&L's third energy efficiency and peak demand reduction  
40 program portfolio plan ("Third Program Portfolio"), filed pursuant to Section 4901:1-39-  
41 04 of the Ohio Administrative Code ("O.A.C"), on June 15, 2016.

42 **III. STIPULATION SUMMARY**

43 **Q. Please identify the Signatory Parties to the Stipulation.**

44 A. In addition to the PUCO Staff ("Staff"), eleven parties intervened in this proceeding.  
45 These parties reflect a diverse set of interests and represent customers in DP&L's service  
46 territory. The Signatory Parties, which include eight of the eleven intervening parties, are

47 DP&L, Staff, the Ohio Environmental Council and the Environmental Defense Fund  
48 (“OEC” and “EDF”), Ohio Partners for Affordable Energy (“OPAE”), Ohio  
49 Manufacturers Association Energy Group (“OMAEG”), Ohio Hospital Association  
50 (“OHA”), People Working Cooperatively, Inc. (“PWC”), The Kroger Company  
51 (“Kroger”), and Interstate Gas Supply, Inc. (“IGS”). Two intervening parties who have  
52 agreed to not oppose the Stipulation are Industrial Energy Users – Ohio (“IEU-Ohio”) and  
53 Environmental Law & Policy Center (“ELPC”). The final intervening party is the Office  
54 of the Ohio Consumers’ Counsel (“OCC”), which to date has not signed the Stipulation or  
55 agreed to not oppose it.

56 All of the parties identified above, other than IGS and EDF, were parties to  
57 DP&L’s second energy efficiency and peak reduction program portfolio plan (“Second  
58 Program Portfolio”) case, Case No. 13-833-EL-POR, and were signatories to the  
59 Stipulation in that case that was approved by the Commission on December 4, 2013. The  
60 Stipulation in the current case extends the programs from the Second Program Portfolio  
61 Stipulation (with minor additional commitments), which covered 2013 through 2015, and  
62 which had already been extended for program year 2016 by operation of law.

63 **Q. Can you please describe the principle terms of the Stipulation?**

64 A. Yes. The Stipulation provides that the Company’s portfolio of energy efficiency and peak  
65 demand reduction programs should be adopted and approved by the Commission, for  
66 program year 2017, with a cap on costs for programs and shared savings incentive set at  
67 4% of DP&L’s revenue for 2015, as reported on DP&L’s 2015 FERC Form 1, page 300,  
68 line 10, total sales to ultimate consumers. As stated above, these programs are an  
69 extension of the Stipulation from DP&L’s s Second Program Portfolio case, which  
70 covered 2013 through 2015, and which had already been extended for program year 2016

71 by operation of law. The Stipulation also recommends approval of the shared savings  
72 incentive mechanism as previously approved, with the qualification that the benefits  
73 recovered by DP&L under the shared savings incentive mechanism will be capped at \$4.5  
74 million, on an after-tax basis, for 2017. The Stipulating Parties further agree that DP&L  
75 will be permitted to recover lost distribution revenues incurred during 2016 and beyond,  
76 until incorporated in a distribution decoupling rider. Shared savings incentive and  
77 program costs will continue to be recovered through DP&L's Energy Efficiency Rider  
78 ("EER") and lost distribution revenues will likewise be recovered through the EER, until  
79 such time they are incorporated in a distribution decoupling rider. The Stipulation also  
80 recommends an updated non-residential rate design using an adjusted combination of  
81 distribution revenue and kWh sales to allocate EER costs among tariff classes.

82 The Stipulation contains a proposal that the Company will bid at least 75% of the  
83 eligible 2017 Program Portfolio megawatts ("MW") into the PJM Base Residual Auction  
84 ("BRA") occurring during 2017. Further, DP&L will bid projected MW (equal to at least  
85 50% of the eligible 2017 plan year MW) from the 2018 program year into the PJM BRA  
86 occurring during the term of the 2017 extension. The net proceeds from the PJM auctions  
87 will be shared between DP&L and DP&L's Customers with 80% of the net auction  
88 proceeds credited to DP&L's Customers.

89 In addition, the Stipulation contains various provisions that provide numerous  
90 benefits to DP&L customers. The Stipulation extends a wide array of cost-effective  
91 programs that reach a broad range of interested parties, and which have been regularly  
92 independently evaluated. For example, DP&L's residential and business lighting  
93 programs have been very successful and well-received, and will now incorporate LED  
94 technology incentives. Other provisions, such as smart thermostat incentives and

95 marketing and an ongoing combined heat and power and waste energy recovery initiative  
96 are some of the innovative programs offered in this Stipulation. The Stipulation also  
97 continues weatherization and energy efficiency services to low income customers.

98 Finally, the Stipulation contains a provision requiring that DP&L file an updated  
99 three year program portfolio by June 15, 2017, for program years 2018, 2019, and 2020.

100 **IV. COMMISSION'S CRITERIA FOR EVALUATING STIPULATIONS**

101 **Q. What criteria does this Commission use to evaluate and approve a Stipulation and**  
102 **Recommendation?**

103 A. The Commission has applied in the past, and should use in considering this Stipulation,  
104 the following three regulatory criteria to evaluate and approve a stipulation: First, is the  
105 Stipulation a product of serious bargaining among capable, knowledgeable parties?  
106 Second, taken as a package, does the Stipulation benefit ratepayers and the public  
107 interest? Third, does the Stipulation violate any important regulatory principle or  
108 practice?

109 **Q. Does this Stipulation meet those criteria used by the Commission to evaluate and**  
110 **approve a Stipulation and Recommendation?**

111 A. Yes, this Stipulation does meet the criteria applied by the Commission in past  
112 proceedings.

113 **Q. Turning to the first criterion, was the Stipulation the product of serious bargaining**  
114 **among capable, knowledgeable parties?**

115 A. Yes. All Signatory Parties to the Stipulation were represented by experienced and  
116 knowledgeable counsel, most of whom have appeared before the Commission in  
117 numerous other proceedings, including DP&L's Second Program Portfolio, and all of  
118 whom are experienced negotiators and are knowledgeable about the subject matter at

119 issue. All Signatory Parties have participated in numerous proceedings before the  
120 Commission, are knowledgeable in regulatory matters, and represent a broad range of  
121 interests. The Company invited all intervening parties to participate in settlement  
122 discussions regarding the Stipulation, and the Company participated in telephone  
123 conversations and email exchanges with all intervening parties leading to the Stipulation.  
124 All intervening parties were provided with multiple drafts of the Stipulation by DP&L and  
125 were given the opportunity to further engage in frequent settlement discussions with  
126 DP&L throughout the process. The issues in the case were discussed in great detail over  
127 the course of a couple months. Therefore, the Stipulation represents a product of serious  
128 bargaining among capable, knowledgeable parties.

129 **Q. Turning now to the second criterion, does this Stipulation benefit the customers and**  
130 **public interest?**

131 A. Yes. The Stipulation benefits DP&L customers and the public interest. This Stipulation  
132 provides DP&L's residential and non-residential customers with energy efficiency and  
133 peak demand reduction programs which encourage and promote energy savings by  
134 providing incentives for lowering customer energy consumption and demand, which in  
135 turn will lower their electric bills. Further, customers and other interest-groups will  
136 benefit from the continuation of DP&L's energy efficiency collaborative, which has a  
137 history of positive reception from participants. Interested parties will also benefit from  
138 the incentives provided to DP&L to encourage DP&L's continued robust portfolio  
139 implementation. As described above, the Stipulation extends a wide array of cost-  
140 effective programs that reach a broad range of interested parties, and which have been  
141 regularly independently evaluated. The Stipulation provides programs and incentives for  
142 customers such as DP&L's residential and business lighting programs (incorporating LED



143 technology incentives), smart thermostat incentives and marketing, an ongoing combined  
144 heat and power and waste energy recovery initiative, and continued weatherization and  
145 energy efficiency services to low income customers. The programs covered by the  
146 Stipulation have the added benefit of advancing state policy to encourage energy  
147 efficiency and peak demand reduction.

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

150 A. No. Based on my experience, direct participation in all aspects of this proceeding, and  
151 review of the Stipulation, I believe it complies with all relevant and important regulatory  
152 practices and principles. The application initially filed in this case is consistent with  
153 Commission rules and is designed to comply in all material respects with the requirements  
154 of O.A.C. §4901:1-39-04. The Stipulation, which was the ultimate result of the initial  
155 filing, recommends the extension and approval of DP&L's comprehensive Energy  
156 Efficiency and Demand Reduction program portfolio that has been in place for program  
157 years 2013 through 2016. This includes a wide range of programs that encourage  
158 innovation and market access for cost-effective energy efficiency and peak demand  
159 reduction for all customer classes. The programs are designed to achieve the statutory  
160 benchmarks for peak demand reduction and meet or exceed the statutory benchmarks for  
161 energy efficiency. Therefore, the Stipulation does not violate any important regulatory  
162 principle or practice.

163 **Q. Does this conclude your testimony?**

164 A. Yes, it does.

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**1/13/2017 4:22:48 PM**

**in**

**Case No(s). 16-0649-EL-POR, 16-1369-EL-WVR**

Summary: Testimony Direct Testimony of Tyler A. Teuscher, The Dayton Power and Light Company, in Support of the Stipulation and Recommendation electronically filed by Mr. Jeremy M. Grayem on behalf of Dayton Power & Light