

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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|---|---|------------------------|
| In the Matter of the Application of The |) | |
| Dayton Power and Light Company for |) | Case No. 16-395-EL-SSO |
| Approval of Its Electric Security Plan |) | |

PREFILED TESTIMONY

of

JACOB J. NICODEMUS
Service Monitoring and Enforcement Department
Reliability and Service Analysis Division

STAFF EXHIBIT__

1 1. Q. Please state your name and business address.

2 A. My name is Jacob Nicodemus. My address is 180 E. Broad Street,
3 Columbus, Ohio 43215.

4 2. Q. By whom are you employed?

5 A. I am employed by the Public Utilities Commission of Ohio (PUCO).

6 3. Q. What is your present position with the PUCO and what are your duties?

7 A. I am a Utility Specialist 2 and am responsible for monitoring and enforcing
8 compliance with various minimum service standards for regulated gas and
9 electric companies including but not limited to those related to consumer
10 protections and service reliability.

11 4. Q. Would you briefly state your educational background and work history?

12 A. I have a Bachelor's degree in electro-mechanical engineering and have
13 participated in various training seminars related to the utility industry. I
14 began my employment at the PUCO in 2009 as a Utility Analyst in the rates
15 and tariffs section where I worked primarily with gas cost recovery and
16 related matters, including review of utility tariffs with regard to commodity
17 costs and rates. I was promoted in 2011 to the gas pipeline safety section,
18 and then promoted again in January 2014 to my current position.

1 5. Q. What is the purpose of your testimony in this case?

2 A. The purpose of my testimony is to discuss reliability of the utility's
3 distribution system as it relates to whether the Company has met the
4 requirements of O.R.C. Sec. 4928.143 (B)(2)(h).

5 6. Q. Regarding the reliability of a distribution system, please describe your
6 working knowledge of O.R.C. Sec. 4928.143 (B)(2)(h).

7 A. This statute requires that before approving an electric utility's distribution
8 infrastructure incentive, such as the Distribution Investment Rider, as part
9 of its Electric Security Plan, the Commission must examine the reliability
10 of the utility's distribution system to ensure that the utility's reliability
11 expectations are aligned with those of its customers.

12 7. Q. How does the Staff perform such an examination?

13 A. Staff begins by looking at the utility's approved performance standards and
14 determining whether or not those standards have been met.

15 8. Q. Please describe the process by which performance standards are set.

16 A. O.A.C. Rule 4901:1-10-10(B)(2) requires each electric utility to file with
17 the Commission an application to establish company-specific minimum
18 reliability performance standards. As part of that application, electric

1 utilities are to include supporting justification for the proposed
2 methodology and each resulting performance standard. The performance
3 standards should reflect historical system performance, system design,
4 technological advancements, service area geography, customer perception
5 surveys, and other relevant factors.

6 9. Q. What is Staff's role in the performance standard setting process?

7 A. Staff evaluates the application and submits data requests to the utility as
8 needed, files comments, and works with the utility and other interested
9 parties in establishing Commission approved reliability standards that
10 incorporate a consideration of historical performance, customer survey
11 results, and input from customer groups. .

12 10. Q. When were the standards currently in place approved?

13 A. The current standards were approved per Commission order in Case No.
14 12-1832-EL-ESS on October 2nd, 2013 and became effective with the 2013
15 calendar year performance

16 11. Q. Please describe the data that was used to set the current standards for the
17 Company.

18 A. The Company's application in the reliability standards case¹ proposed to

¹ In the Matter of the Application of The Dayton Power and Light Company for Establishing New Reliability

1 calculate their minimum reliability performance standards based on a 5-
2 year historical average plus percentage increments of 9.31% for CAIDI and
3 10.31% for SAIFI to account for annual variations. The Company stated in
4 its application that this methodology was implicitly built into the previously
5 approved standards² and therefore proposed repeating the methodology to
6 reestablish standards. Other considerations included system design,
7 historical system performance, technological advancements, and service
8 area geography.

9 Ultimately, the standards were calculated based on a 3-year historical
10 average plus a 10% adder.

11 12. Q. How do the current standards approved in 2013 compare with the
12 previously approved standards?

13 A. The standards currently in place are more stringent than those previously
14 approved.

15 13. Q. Please describe how consumer groups were involved in the standard setting
16 process.

17 A. The Ohio Consumers' Counsel filed comments and reply comments

Targets, Case No. 12-1832-EL-ESS

² In the Matter of the Application of The Dayton Power and Light Company for Establishing New Reliability Targets, Case No. 09-754-EL-ESS

concerning the Company's application and participated in the ensuing negotiations.

14. Q. Has the Company met its approved reliability standards?

A. Yes, the Company has met its reliability standards every year since they became effective. O.A.C. 4901:10-10(C) requires each electric utility to file an annual report of reliability performance and supporting data. The table below details the Company's reliability performance for calendar year 2015, which was the most recent performance data available as of the date this testimony was filed.³

2015 Performance Against Reliability Standards

(Lower is Better)

| | Standard | Performance | Percent Margin |
|--------------|----------|-------------|----------------|
| CAIDI | 125.04 | 118.69 | -5.1% |
| SAIFI | 0.88 | 0.85 | -3.4% |

15. Q. Please describe the means by which the Company evaluates its customers' reliability expectations.

A. O.A.C. Rule 4901:1-10-10(B)(4)(b) requires each electric utility to

³ O.A.C. Rule 4901:1-10-10 (C) requires electric utilities to file their reliability reports for the prior year on March 31.

1 periodically (no less than every three years) conduct a customer perception
2 survey under staff oversight. Staff oversight includes ensuring that certain
3 questions are included and that the surveys are conducted over four quarters
4 to avoid seasonal bias.

5 16. Q. When did the Company last conduct a customer perception survey?

6 A. The Company last conducted a customer perception survey over the 2nd, 3rd,
7 and 4th quarters of 2014, and the 1st quarter of 2015. The results of that
8 survey were provided to Staff in May, 2015.

9 17. Q. What conclusions did Staff draw from analysis of the survey results?

10 A. Upon review and analysis of the survey results, Staff concluded that
11 residential and commercial customers' average reliability expectations were
12 exceeded by the Company's approved standards. That is, by meeting the
13 approved CAIDI and SAIFI standards, the Company will have exceeded its
14 customers' expectations.

15 18. Q. Do you believe the Company has met the requirements of ORC Sec.
16 4928.143 (B)(2)(h)?

17 A. Yes. Based on the Company's successful performance against its reliability
18 standards and the results of its reliability surveys, Staff believes that the
19 Company's reliability expectations are consistent with those of its

1 customers.

2 19. Q. Does this conclude your testimony?

3 A. Yes, it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Pre-filed Testimony of Jacob J. Nicodemus** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail upon the following Parties of Record, this 22nd day of March, 2017.

/s/ Thomas W. McNamee

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Summary: Testimony of Jason J. Nicodemus electronically filed by Ms. Tonnetta Scott on behalf of PUC