

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

:

In the Matter of the :
 Application of The Dayton :
 Power and Light Company : Case No. 16-396-EL-ATA
 for Approval of Revised :
 Tariffs. :

:

In the Matter of the :
 Application of The Dayton :
 Power and Light Company :
 for Approval of Certain : Case No. 16-397-EL-AAM
 Accounting Authority :
 Pursuant to Ohio Rev. Code:
 §4904.13. :

- - -

PROCEEDINGS

before Mr. Gregory Price and Mr. Nicholas Walstra,
 Attorney Examiners, at the Public Utilities
 Commission of Ohio, 180 East Broad Street, Room 11-A,
 Columbus, Ohio, called at 9:00 a.m. on Tuesday,
 April 4, 2017.

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VOLUME II

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1 Tuesday Morning Session,
2 April 4, 2017.

3 - - -

4 EXAMINER PRICE: Let's go on the record.

5 Good morning. The Public Utilities
6 Commission has set for hearing at this time and place
7 Case No. 16-395-EL-SSO, being in the Matter of the
8 Application of the Dayton Power and Light Company for
9 Approval of an Electric Security Plan.

10 My name is Gregory Price. With me is
11 Nicholas Walstra. We are the attorney examiners
12 assigned to preside over today's hearing. Today is
13 our second day of hearing in this matter.

14 We will dispense with appearances. Do we
15 have any other preliminary matters we need to take
16 care of before we proceed with our witnesses?

17 Seeing none, Mr. Sharkey, you may call
18 your next witness.

19 MR. IRELAND: The next witness will be
20 Ms. Sherry Schroder.

21 EXAMINER PRICE: I'm sorry, Mr. Ireland.
22 (Witness sworn.)

23 EXAMINER PRICE: Please be seated and
24 state your name and business address for the record.

25 THE WITNESS: My name is Sharon R.

1 Schroder. That's spelled S-C-H-R-O-D-E-R. Business
2 address is 1065 Woodman Drive, Dayton, Ohio 45432.

3 EXAMINER PRICE: Please proceed,
4 Mr. Ireland.

5 MR. IRELAND: Thank you, your Honor.

6 - - -

7 SHARON R. SCHRODER
8 being first duly sworn, as prescribed by law, was
9 examined and testified as follows:

10 DIRECT EXAMINATION

11 By Mr. Ireland:

12 Q. Ms. Schroder, do you have before you your
13 direct testimony in support of the amended
14 stipulation and recommendation?

15 A. Yes, I do.

16 Q. I believe that's been marked as Company
17 Exhibit 3. If I were to ask you each of the
18 questions in your direct testimony, would your
19 answers be the same?

20 A. Yes, they would.

21 Q. Would they be true?

22 A. Yes.

23 Q. Do you have any corrections to your
24 direct testimony?

25 A. No, I don't.

1 Q. Are you adopting any testimony from any
2 other witness?

3 A. Yes, I am.

4 Q. And what testimony is that?

5 A. That is a portion of testimony of Witness
6 Hall.

7 Q. Is that page 4, lines 6 to 22?

8 A. That's correct.

9 MR. IRELAND: Your Honor, I have no
10 further --

11 Q. Well, with respect to those questions of
12 Mr. Hall, if we were to ask you those questions and
13 answers, would your answers be true?

14 A. Yes.

15 MR. IRELAND: Your Honor, I would tender
16 her testimony, subject to cross-examination.

17 EXAMINER PRICE: Let's go off the record
18 real fast.

19 (Discussion off the record.)

20 EXAMINER PRICE: Let's go on the record.

21 MR. IRELAND: The direct testimony will
22 be Company Exhibit 3 and the excerpt from Mr. Hall's
23 testimony will be Company Exhibit 4.

24 EXAMINER PRICE: It will be so marked.

25 (EXHIBITS MARKED FOR IDENTIFICATION.)

1 EXAMINER PRICE: Do any counsel for
2 the -- for proponents of the stipulation have any
3 cross-examination for this witness?

4 Seeing none, Consumers' Counsel, you may
5 proceed.

6 MR. KUMAR: Your Honor.

7 MS. HARRIS: I believe it is going to
8 start with me, your Honor. Mr. Michael is running a
9 little late.

10 EXAMINER PRICE: Perfect. Ms. Harris,
11 you may proceed.

12 - - -

13 CROSS-EXAMINATION

14 By Ms. Harris:

15 Q. Good morning, Ms. Schroder.

16 A. Good morning.

17 Q. Do you have in front of you the amended
18 stipulation as well that was marked yesterday?

19 A. Yes, I do.

20 MS. WHITFIELD: Excuse me. Could I ask
21 counsel to use the microphone?

22 MS. HARRIS: Yes, I remember. If you
23 don't remind me, I won't use it.

24 Q. (By Ms. Harris) Ms. Schroder, if you will
25 just keep them kind of both open, I am going to have

1 you at times looking at both documents at the same
2 time, so your testimony that was marked as Exhibit 3
3 and then the amended stipulation. So could you turn
4 to page 8 of your direct testimony. And I am looking
5 at the question and answer that begins at line 8, in
6 particular your response there beginning at line 10.
7 You describe what I believe you describe as a diverse
8 group of parties you believe are either signatories
9 or nonopposing parties who have joined the amended
10 stipulation; is that correct?

11 A. Yes. That have either signed or not
12 opposed, yes.

13 Q. And you are describing those kind of
14 generally as the type of entity that they are as
15 opposed to the specific name of the entity; is that
16 correct?

17 A. Yes. At least in general, yes, that's
18 correct.

19 Q. So then if you could turn to page 12 of
20 the amended stipulation. And I actually believe the
21 at issue provision begins sort of on the bottom of
22 page 11 continuing on to page 12, but there are a
23 number of parties identified there and in that full
24 paragraph at the top of page 12 are some of the
25 specific named parties on page 12 of the amended

1 stipulation, some of the more general entities that
2 you've identified on page 8 of your testimony?

3 A. Can you repeat that?

4 Q. I can. So there are a couple of parties
5 identified in the top paragraph on page 12 of the
6 amended stipulation. Those specific parties are some
7 of the parties that you're referring to on page 8 of
8 your testimony.

9 A. Yes, those are some of the same ones,
10 yes.

11 Q. And so the parties identified on page 12
12 are receiving certain direct payments as part of the
13 amended stipulation; is that correct?

14 A. Some of those parties have direct
15 benefits, and other parties have indirect benefits.

16 Q. Turning to page 27 of the amended
17 stipulation, and looking from pages 27 to 36, on the
18 pages that follow, you identify -- the amended
19 stipulation identifies by name a number of specific
20 either signatory parties or nonopposing parties;
21 would you agree?

22 A. I didn't hear the beginning of that,
23 sorry.

24 Q. Sorry. My microphone is on and off.
25 Pages 27 to 36 identifies specific signatory parties

1 or nonopposing parties by name; is that correct?

2 A. Yes, some of them are mentioned here,
3 yes.

4 Q. And those are the same parties that you
5 identify generally on page 8 of your testimony; is
6 that correct?

7 A. I'm not sure if they are the same, but
8 they are at least some of the same.

9 Q. And would you agree with me that the
10 specific entries on Article X starting at page 27 of
11 the amended stipulation set forth specific things
12 being awarded to the individual signatory parties
13 contained in those paragraphs?

14 A. No, I wouldn't -- I wouldn't characterize
15 it that way. I think this section, section X that
16 begins on page 27, describes a number of benefits
17 that accrue to, you know, as a result potentially of
18 some of those individual parties and for some of
19 those individual parties, but there are also very
20 broad benefits that accrued to other members of the
21 community.

22 For example, with the City of Dayton,
23 many of the benefits that are listed here are for,
24 excuse me, the reliability at the airport. Some of
25 these are for residential energy education. Some of

1 the ones that are listed under the City of Dayton are
2 actually for the residents of the City of Dayton,
3 some of whom are, for example, low-income customers
4 as an example.

5 Q. Sure. But in general when you say, for
6 example, in paragraph 2b that you are making a
7 \$50,000 annual payment, you are going to pay that
8 directly to the City of Dayton and their programs; is
9 that correct?

10 A. I'm not sure exactly where the payment
11 will go. I just can tell in that section b that you
12 are referring to that we will provide 50,000 -- or
13 DP&L will provide \$50,000 annually for residential
14 energy education in reduction programs in the City of
15 Dayton.

16 Q. And I do want to sort of touch base on
17 the phrase you just used there which is "DP&L will
18 provide." That's only true for the first year of the
19 program, correct? After that -- well, correct? Let
20 me have you answer the first question.

21 A. Which program are you referring to?

22 Q. Paragraph b that we were just reading
23 from.

24 A. No, that's not correct. What this is
25 describing is that there is a commitment at least for

1 year one and that there -- thereafter it will be
2 proposed in the energy efficiency portfolio filing.
3 To the extent that it doesn't qualify there or is not
4 approved there, then there is the continued
5 commitment by the shareholders in annual funding.

6 Q. But they do intend for a number of these
7 provisions where there are payments specified to try
8 to recover those in years two and three if not four
9 and five if the DMR is extended through rates or
10 through customers.

11 A. Which ones are you referring to?

12 Q. Well, we can go through them specifically
13 if that would be helpful. But to the extent there is
14 a statement in the amended stipulation where you are
15 going to seek in subsequent years after year one
16 through some sort of a rider, you would agree that
17 that means you are going to seek to recover it from
18 customers.

19 A. Can you repeat that?

20 MS. HARRIS: Can I have it read back,
21 please.

22 EXAMINER PRICE: Please.

23 (Record read.)

24 MR. IRELAND: I would object to it as
25 vague.

1 EXAMINER PRICE: Overruled.

2 A. I think it may be helpful to go through
3 the ones you are referring to, please.

4 Q. Okay. So let's go to 2b then.

5 A. Okay. I'm there.

6 Q. 2b says -- bear with me. I want to make
7 sure I don't get my pages out of order. 2b says that
8 you will provide \$50,000 annually, going to the
9 second sentence, during the first year. This will be
10 funded by shareholders, correct?

11 A. Yes, it does say that. There's a
12 commitment in the first year that it will be funded
13 by shareholders.

14 Q. But then in the next sentence you
15 indicate that thereafter that \$50,000 will be
16 proposed for recovery through the energy efficiency
17 portfolio filings; is that correct?

18 A. It's correct that the entirety of the
19 paragraph describes that there will be a proposal,
20 but in the event that the Commission determines that
21 they don't qualify under that proposal or in those
22 riders, that there is a continued commitment by the
23 shareholders to fund this.

24 MS. HARRIS: I move to strike her entire
25 response as nonresponsive.

1 EXAMINER PRICE: Denied.

2 Q. The sentence that says "This 50,000 in
3 annual spending thereafter will be proposed for
4 recovery through subsequent Energy Efficiency
5 Portfolio filings," do you see that sentence?

6 A. Yes, I do.

7 Q. That means that you intend to seek
8 recovery through customers; is that correct?

9 A. It does say in the context of this
10 paragraph that there is an intention to propose it
11 through a portfolio in the broader sense of that
12 rider, and if it is approved, it would be recovered
13 through that rider if approved by the Commission.

14 Q. And that -- looking to paragraph c,
15 similar process there; is that correct?

16 A. In paragraph c, there is a similar
17 process that's proposed and, again, there is a
18 similar commitment by the company that if the
19 Commission determines that the program costs do not
20 qualify for recovery in the energy efficiency rider
21 or if that rider no longer exists, that the \$150,000
22 in annual funding will be funded by shareholders.

23 Q. But your first step after year one is to
24 seek to recover it through customers, correct?

25 A. In this -- in this instance under section

1 c, there would be -- the company expects to have a
2 proposal through the portfolio case first and wait
3 for Commission determination.

4 Q. So the answer to my question was "yes"?

5 A. Can you repeat it, please?

6 Q. So the first -- so your --

7 MS. HARRIS: I'm sorry. Can you read the
8 question back.

9 EXAMINER PRICE: Can we have the question
10 back from two questions back.

11 (Record read.)

12 A. I'm not sure if that's the first step;
13 but, yes, it is the intention after year one to have
14 this proposal within the energy efficiency portfolio
15 and wait for a Commission determination on that.

16 Q. And turning to page 34, subpart 5, little
17 i, similar process there?

18 A. Can you point me to the page again,
19 please?

20 Q. 34.

21 A. And then can you repeat the question? I
22 have read through i.

23 Q. Similar process which is in year one it
24 will be funded by shareholders, correct?

25 A. It is a similar process that in the event

1 the Commission determines that the funding doesn't
2 qualify in that rider or the rider doesn't exist, it
3 will be funded by shareholders after year one.

4 Q. So year one will be funded by
5 shareholders, correct?

6 A. Yes, it will.

7 Q. And in year two you will seek to recover
8 it from customers, correct?

9 A. In year two, we will submit it as part of
10 the energy efficiency portfolio case, and in the
11 event the Commission determines that it's approved
12 there, then it will be recovered by customers.

13 Q. Turning to page 36, 6a, same process,
14 correct?

15 EXAMINER PRICE: Let's go off the record.

16 (Discussion off the record.)

17 EXAMINER PRICE: Back on the record.

18 A. Sorry. I am not sure if you were
19 pointing me somewhere or there was a still question.

20 Q. Yes. 6a on page 36, same process?

21 A. So in 6a, as it states there on page 36,
22 the company has committed shareholder dollars to fund
23 low-income, elderly, and disabled customers.

24 Q. But only in year one, correct?

25 A. No, that's not correct. Similar to the

1 others, in the event the Commission determines that
2 it doesn't qualify for the rider or if that rider
3 does not exist, then the shareholder commitment will
4 continue.

5 Q. But your intent is to seek recovery in
6 year two through customers.

7 A. Similar to the others, we will include
8 this as a proposal in the broader energy efficiency
9 portfolio case and wait for the Commission
10 determination.

11 Q. Can I direct your attention to page 28
12 subsection d. Can you tell me how the costs -- the
13 50,000 in costs there identified that flows into the
14 top of page 29, how those costs, you propose to
15 recover those?

16 A. Can you point me again? I'm sorry.

17 Q. Yeah. It begins on the bottom of page 28
18 going into page 29, it is little d or paragraph
19 little d. And if you read that paragraph, it
20 reflects, second to the last sentence, "The cost of"
21 -- "to DP&L of making those improvements shall not
22 exceed \$50,000."

23 A. I found that. And your question?

24 Q. And my question is, who is funding those,
25 that payment?

1 A. The payment on page 29, that references
2 the investment in reliability at the Dayton airport,
3 the \$50,000, shall not exceed \$50,000, is a
4 shareholder commitment.

5 Q. So you and I spent a little bit of time
6 on both page 12 and then the collection of pages 27
7 to 36. And if I look at any of the parties named in
8 there, the specific entities named are all signatory
9 or nonopposing parties; is that fair?

10 A. I don't know if that's exactly right. I
11 would have to flip back through those pages to see if
12 there are any other parties that are mentioned. As I
13 mentioned, sometimes it's a party that has a header.
14 There are other parties that benefit so their names
15 may be mentioned in there. I am not sure, but I
16 would agree with you in terms of the headings.

17 Q. That the headings reflect signatory or
18 nonopposing parties.

19 A. That's right.

20 Q. If you could turn to page 12 of your
21 testimony, specifically the question and answer
22 beginning on page 17.

23 MR. IRELAND: Line 17?

24 EXAMINER PRICE: Line 17 or page 17?

25 Q. Line 17.

1 A. Page 12 --

2 Q. Yes.

3 A. -- of my testimony?

4 Q. Yes.

5 A. Of my testimony, okay. I'm there.

6 Q. You see the question "Can you describe
7 the Economic Development Rider benefits in more
8 detail"?

9 A. Yes, I see that.

10 Q. And is it your testimony that the purpose
11 of the economic development rider, as modified by the
12 amended stipulation, is to provide economic
13 incentives to large Ohio employers that contribute
14 substantially to the overall financial condition,
15 jobs, and growth in DP&L service territory?

16 A. That is definitely one of the main
17 reasons.

18 Q. Could you turn to the provision of the
19 amended stipulation that deals with that. I believe
20 it is on -- I believe it is section IV.

21 MR. IRELAND: Page 9.

22 A. I'm on page 9 of the stipulation.

23 Q. And am I correct that the economic
24 development rider and the incentives through that
25 rider are only available to signatory or nonopposing

1 parties?

2 A. Can you repeat that, please?

3 Q. Am I correct that the economic
4 development rider and the incentives reflected in
5 that rider are only available to signatory or
6 nonopposing parties?

7 A. Yes. Those incentives are just available
8 to the ones that are either signatory or nonopposing
9 that qualify as laid out on pages 9 and 10. So to
10 the extent they are large employers and they provide
11 substantial benefits to the customers in the region,
12 that's the limitation.

13 Q. But so then if we were to go back to your
14 testimony there on page 12, would it not be more
15 accurate to state that the rider is designed to
16 promote economic incentives to large Ohio employers
17 who have signed or do not oppose the stipulation and
18 who contribute substantially to the overall financial
19 condition, jobs, and growth in DP&L's service
20 territory?

21 A. I didn't catch the beginning of the
22 question.

23 MS. HARRIS: Can you read the question
24 back, please.

25 EXAMINER PRICE: Please.

1 (Record read.)

2 A. No, I wouldn't agree it's more accurate.
3 I think they both describe the incentives, and my
4 answer on page 12 continues to page 13 and further
5 describes this, so I believe it is accurate it
6 further describes that the rider is designed to
7 promote Ohio's ability to create and retain jobs, not
8 only will the EDR assist those businesses to retain
9 existing employees and hire new ones but there would
10 also be a multiplier effect in that these -- those,
11 excuse me, those employees will support local
12 businesses.

13 Q. Now, Ms. Schroder, do you believe that
14 Wal-mart is a large employer in the State of Ohio?

15 A. I don't know for sure.

16 Q. But, subject to check, if I were to tell
17 you there were an Ohio census report from 2016 that
18 indicated that -- that Wal-mart is the second-largest
19 employer in the State of Ohio, you wouldn't have any
20 reason to dispute that.

21 A. I haven't seen that. I am not familiar
22 with it.

23 Q. But subject to check.

24 A. Sure.

25 Q. Ms. Schroder, could you turn to page 3 of

1 your direct testimony.

2 MR. IRELAND: I'm sorry, Counsel, what
3 page are we on?

4 MS. HARRIS: Page 3.

5 A. Of my testimony?

6 Q. Yes, ma'am.

7 A. Okay. I'm there.

8 Q. I want to go down to lines 16 and 17.

9 And the sentence that begins "DP&L is currently
10 facing a financial crisis."

11 A. Okay. I found it.

12 Q. Isn't the financial crisis -- well, if we
13 assume that DP&L, the Dayton Power & Light utility,
14 is a -- is in a financial crisis, isn't it really due
15 to the financial condition of its parent DPL Inc.?

16 A. I don't know.

17 Q. Well, who would know?

18 A. I believe we've had two other -- we had
19 two other witnesses that support the stipulation and
20 the financial situation of The Dayton Power and Light
21 Company and its parent DPL Inc., that testified
22 yesterday, and they would be the experts on that
23 matter.

24 Q. And so can you tell me why you stated in
25 your direct testimony that DP&L is currently facing a

1 financial crisis?

2 A. Yes, because as I understand the
3 situation with The Dayton Power and Light Company,
4 that we are not in an -- absent the financial support
5 of something similar to the stipulation, the company
6 wouldn't have adequate levels of cash to invest in
7 reliability and to provide safe and reliable service.

8 Q. But so in this case, DP&L has proposed a
9 DMR of \$315 million over the next three years; is
10 that correct? 105 million per year.

11 A. That's partially correct. I think it's
12 broader than this. This is a broad stipulation and
13 that's just one piece. I think it is a package.

14 Q. Will DP&L, the utility, be keeping all of
15 that DMR dollars?

16 A. Can you repeat that?

17 Q. Will the utility be keeping all of the
18 DMR dollars?

19 A. I understand that all of the DMR dollars
20 will be used toward debt within the DPL complex. I
21 can't say for sure whether that's DPL or it's DP&L.

22 Q. So you understand at least some of the
23 DMR dollars are going to be used to pay down debt at
24 the parent level, DPL Inc.?

25 A. No. I don't know.

1 Q. It's your position though that the only
2 possible solution to the financial crisis you face is
3 to seek recovery from Ohio ratepayers; is that
4 correct?

5 A. I'm not sure that's the only solution. I
6 believe this is a broad settlement that has many
7 signatory and nonopposing parties and that it does
8 provide substantial benefits and one component of
9 that provides financial support.

10 Q. What other options would be available to
11 address the financial crisis?

12 A. I don't know.

13 Q. It would be possible to seek a cash
14 infusion from AES, correct?

15 A. I don't know if that's possible.

16 Q. But to the extent AES would give you a
17 cash infusion, that would address the financial
18 crisis you are facing, correct?

19 MR. IRELAND: Objection, your Honor.
20 It's beyond the scope of her testimony. We have
21 already had two witnesses that testified about this.

22 EXAMINER PRICE: We will give her a
23 little bit of leeway. Overruled.

24 A. Can you repeat the question?

25 MS. HARRIS: May I have the question read

1 back, please.

2 EXAMINER PRICE: You may.

3 (Record read.)

4 A. I don't know. I think that's a very
5 broad situation. I don't know. I am not familiar
6 with the financials enough to be able to answer that
7 question.

8 Q. So you have no idea if tomorrow AES were
9 to say here is a billion dollar check, that that
10 would help you get out of your financial crisis?

11 MR. IRELAND: Objection.

12 EXAMINER PRICE: Grounds?

13 MR. IRELAND: Argumentative.

14 EXAMINER PRICE: Sustained.

15 Q. Are you aware whether you or anyone else
16 has made an effort to communicate with AES to seek a
17 cash infusion?

18 A. I have not made any effort to seek cash
19 from AES, no.

20 Q. It's your position that the Commission
21 has to consider the financial condition of DPL Inc.
22 in these proceedings; isn't that correct?

23 A. I don't -- I don't intend to speak for
24 the Commission what they intend to review. I would
25 hope that because we have a broad settlement that's

1 the product of serious negotiations with
2 knowledgeable parties and that I believe we meet the
3 three-prong test, it benefits customers and the
4 public interest, that I would hope that that's what
5 the Commission would look at in the broad sense of
6 this package.

7 MS. HARRIS: I am going to move to strike
8 that response as nonresponsive to the question.

9 EXAMINER PRICE: Can I have the question
10 back, please.

11 (Record read.)

12 EXAMINER PRICE: Denied. She stated her
13 position. Her position is they should adopt it
14 because it meets the three-part test.

15 Q. Ms. Schroder, do you believe the
16 Commission needs to look at the debt held at the DPL
17 Inc. level when it considers the amended stipulation
18 proposed in this case?

19 A. It's difficult for me to say what the
20 Commission needs to review. It's only my
21 understanding that in situations like this where
22 there is a broad settlement that the Commission tends
23 to review the three-prong test and see if it meets it
24 and as my testimony supports that it does.

25 Q. Does the Commission -- are you aware

1 whether the Commission has jurisdiction over DPL
2 Inc.?

3 MR. IRELAND: Objection, your Honor.

4 EXAMINER PRICE: Grounds?

5 MR. IRELAND: Calls for a legal
6 conclusion she is not qualified to answer.

7 MS. HARRIS: She's the regla -- she is
8 here in a regulatory capacity. She should be able to
9 answer whether she was aware --

10 EXAMINER PRICE: You're not asking for a
11 legal question.

12 MS. HARRIS: I am not.

13 EXAMINER PRICE: You are asking for her
14 regulatory knowledge.

15 MS. HARRIS: Correct.

16 EXAMINER PRICE: Overruled. You can
17 answer if you know.

18 A. Can you repeat the question, please?

19 EXAMINER PRICE: Have it read back,
20 please.

21 (Record read.)

22 A. I am not aware, but as we were just
23 stating, I am not an attorney. I am not aware. I
24 don't think they do over at DPL Inc.

25 Q. Well, I think you have said a couple of

1 things there. So, first, you said you weren't aware,
2 and then you said I don't think. So can you clarify
3 for me whether you believe that the Commission has
4 jurisdiction over DPL Inc.?

5 A. Sure. I was trying to clarify that as a
6 non-attorney, I can't say for certain.

7 Q. But in your regulatory capacity.

8 A. But in my capacity my belief is they do
9 not.

10 Q. So to the extent the amended stipulation
11 here includes DPL Inc., that would be unusual; is
12 that correct?

13 MR. IRELAND: Objection.

14 EXAMINER PRICE: Grounds?

15 MR. IRELAND: This is beyond the scope of
16 the witness's knowledge. She has already testified
17 she's not a lawyer and -- and what is unusual or not
18 unusual I think is beyond.

19 EXAMINER PRICE: I will give you the
20 question is unduly vague. Please restate your
21 question.

22 Q. Are you aware of any prior instance in
23 the history of your employment that DPL Inc. has
24 sought any sort of relief from this Commission?

25 A. I don't know the particulars of cases.

1 I'm familiar with a number of different cases that
2 DP&L has in front of this Commission in the past and
3 other Ohio utilities, but I can't say for certain who
4 all the parties were in those.

5 Q. So you are aware of cases where the
6 utility has appeared before this Commission; is that
7 correct?

8 A. I am aware of some.

9 Q. But you are not aware of any cases where
10 DPL Inc. has sought relief from this Commission; is
11 that correct?

12 A. As I stated, I'm not familiar with
13 precisely who all was involved in prior cases for
14 DP&L before this Commission to know for sure.

15 Q. So in your experience is it unusual to
16 have DPL Inc. as a signatory party to a stipulation
17 presented to the Commission?

18 A. I'm not sure. I'm not sure if it's
19 unusual or not. I can't say.

20 Q. But you understand in this case that DPL
21 Inc. is a signatory party to the stipulation.

22 A. Yes, that's correct.

23 Q. And you understand that it is the
24 company's position that the financial condition of
25 DPL Inc. affects the financial condition of Dayton

1 Power and Light, the utility?

2 A. I understand at a high level that there
3 is a connection there from a financial standpoint,
4 but I am not the expert on the financial matters or
5 how they are connected.

6 Q. And are you aware whether there's any
7 connection between AES and DPL Inc.?

8 MR. IRELAND: Objection, your Honor.

9 EXAMINER PRICE: Grounds?

10 MR. IRELAND: It's vague. Connection in
11 what sense?

12 EXAMINER PRICE: I also think she is
13 running out of leeway. We had the CFO from DPL Inc.
14 yesterday on the stand. He was the proper party --
15 proper individual to ask these questions. She is
16 testifying this is in the public interest, and I am
17 trying to give you some leeway, but you need to focus
18 on her testimony this is or is not in the public
19 interest.

20 MS. HARRIS: Your Honor, just to respond
21 to that so it is on the record, where I am going to
22 be focusing here is on some of the provisions that
23 are contained in this particular stipulation which
24 include what purport to be some guarantees by AES who
25 is not a signatory party to the agreement, and so I

1 think it's fair to explore the relationship between
2 AES, DPL, and DP&L, and whether or not it is in the
3 public interest if you have AES available to make
4 certain guarantees.

5 EXAMINER PRICE: That would have been a
6 great question for Mr. Jackson who is the financial
7 officer for DPL and Dayton Power and Light.

8 MS. HARRIS: Well, certainly, your Honor,
9 but she's the one sponsoring the amended stipulation.

10 EXAMINER PRICE: I understand that.
11 That's why I am saying I am giving you a little
12 leeway on the public interest, but you're running out
13 of leeway.

14 MS. HARRIS: Understood.

15 Q. (By Ms. Harris) Ms. Schroder, could you
16 go to page 18 of your testimony.

17 A. Yes, I'm there.

18 Q. Do you understand that AES is making
19 certain commitments as part of the amended
20 stipulation?

21 A. Yes, I am aware of that.

22 Q. How are you aware of that?

23 A. In the stipulation on page 3, Roman
24 Numeral II, subsection 1, there is a description here
25 about AES and DPL contributions and the substantial

1 commitments that AES and DPL have agreed to within
2 this stipulation. That's where I am aware of it.

3 Q. Could you tell me where I could look
4 within the amended stipulation that AES has agreed to
5 anything?

6 A. Yes. For example, on page 4, subsection
7 e, "AES Corporation will use all proceeds from any
8 sale of the coal generation assets to make
9 discretionary debt repayments at DP&L and DPL Inc."

10 Q. But AES didn't sign this agreement; isn't
11 that correct?

12 A. That's correct.

13 Q. So can you explain to me how AES has made
14 this promise that you've identified in subsection e?

15 A. I wasn't involved in that decision, so I
16 can't tell you how it was made, no.

17 Q. Do you have any sort of writing or other
18 document that reflects AES's guarantees as contained
19 in the amended stipulation?

20 A. Just the stipulation itself. It's been
21 signed by The Dayton Power and Light Company and its
22 parent DPL Inc.

23 Q. But not by DPL Inc.'s parent AES,
24 correct?

25 A. That's correct.

1 Q. So is there anywhere that the Commission
2 or parties could go to assure themselves that AES was
3 going to do the things that it said, that the amended
4 stipulation indicates it's going to do?

5 A. Can you repeat that?

6 Q. Is there anywhere that the Commission or
7 any other interested party can go, or document it can
8 look at, to -- to confirm that AES is going to
9 perform the things that the amended stipulation says
10 AES is going to perform?

11 A. I don't know. You said "anywhere." That
12 seems awfully broad. I don't know anywhere. I can't
13 name anything specific for you.

14 Q. If the Commission wants to assure itself
15 that this amended stipulation were in the public
16 interest, wouldn't it be best if the guarantees AES
17 made were confirmed in writing by AES?

18 MR. IRELAND: Objection, your Honor.

19 EXAMINER PRICE: Grounds?

20 MR. IRELAND: It's an incomplete
21 hypothetical, and I don't know how this witness can
22 speak on behalf of the Commission.

23 MS. HARRIS: Your Honor, she has been
24 asked to testify as to the public interest, and I
25 think she can indicate whether she thinks signing it

1 or not signing it is or is not in the public
2 interest.

3 MR. IRELAND: That's a different
4 question.

5 EXAMINER PRICE: I'm struggling with your
6 best part, so if you could just ask -- rephrase the
7 question. I don't necessarily think that is the
8 best -- I don't necessarily know that she is in a
9 position to say that's the best way for the
10 Commission to assure this is -- that this agreement
11 gets enforced. It seems to me the best way is to
12 suspend the tariff and stop paying the 105 million a
13 year which certainly would be within the Commission's
14 jurisdiction. So if you could phrase something
15 that's not best but, you know, what are the methods
16 the Commission could enforce this agreement.

17 Q. I will use the hearing examiner's
18 question. Are you aware of what methods the
19 Commission could evaluate to ensure that AES carries
20 out its commitments as set forth in the amended
21 stipulation?

22 A. I understand that the Commission will
23 review to see if it is in the public interest and, in
24 part, as part of the three-prong test that I do
25 support, and on page 9 of my testimony I describe,

1 beginning on line 4, what I believe are the customer
2 benefits of the amended stipulation, and they are
3 listed there, that it allows DP&L to provide safe and
4 reliable service. It positions DP&L to make
5 investments to address reliability issues on its
6 system. It provides a financial foundation targeted
7 toward enabling and later implementing grid
8 modernization. The stipulation provides a Standard
9 Service Offer service that's by a competitive bidding
10 process.

11 MS. HARRIS: Your Honor, I am going to
12 move to strike this response. I believe I asked her
13 what the Commission could do to ensure itself that
14 AES was going to live up to the commitments in the
15 amended stipulation.

16 EXAMINER PRICE: Yeah, I am going to
17 grant your motion to strike, but let her finish her
18 answer, and then we will strike it.

19 THE WITNESS: To finish my answer, I was
20 describing the public interest I believe the
21 Commission would review in deciding whether to grant
22 the stipulation or not, and I believe in the public
23 interest, to continue, is that it promotes economic
24 development in the service territory, it promotes
25 competition, it provides funding for low income

1 residential customers and these benefits may not
2 occur in the absence of this settlement.

3 MS. HARRIS: I am going to move to
4 strike.

5 EXAMINER PRICE: Granted.

6 Q. Ms. Schroder, going back to my original
7 question, I'm obviously here focused only on the
8 portions of the amended stipulation that reflect
9 commitments that AES is supposed to carry out. So in
10 particular I am focusing and would ask you to focus
11 your attention on those portions under section 2 at
12 page 3 of the amended stipulation where it indicates,
13 for example, under subsection 2b "Pursuant to the
14 preceding sentence, AES Corporation agrees to forego
15 collection of the Tax Sharing Liabilities payable
16 throughout the DMR term." How can the Commission
17 assure itself that AES will carry out on this
18 agreement if it did not sign the amended stipulation?

19 A. DP&L and DPL Inc. have signed, and they
20 are the ones that would be not paying the dividends.
21 They are the ones that would not be paying the tax
22 liabilities, and I believe that keeping the payments
23 that would otherwise go out of the complex like the
24 tax sharing liabilities and the dividends by DP&L and
25 DPL Inc. committing to that and them keeping those

1 funds within the DPL complex is a clear benefit to
2 customers.

3 Q. Do you see the sentence that says "AES
4 and DPL will convert the entirety of the current and
5 non-current DPL Inc. Tax Sharing Liabilities to an
6 additional equity investment in DPL Inc."?

7 A. I see those lines.

8 Q. How can the Commission assure itself that
9 AES will actually do that?

10 A. When I read that sentence, it says "AES
11 and DPL Inc. will convert" and because DPL Inc. has
12 committed to do the things in this stipulation by
13 signing it, I believe that commitment is there.

14 Q. So you believe that DPL Inc. has the
15 ability to bind AES?

16 MR. IRELAND: Objection, your Honor.
17 Seeks a legal conclusion.

18 EXAMINER PRICE: Sustained.

19 Q. Ms. Schroder, were you in the room
20 yesterday when your counsel issued an objection
21 during some questioning by OCC about AES?

22 A. I don't know. There were lots of
23 discussions about AES and lots of objections.

24 MR. MICHAEL: Most of which were
25 overruled if you recall.

1 Q. Do you recall Mr. Sharkey stating that
2 AES is not subject to the jurisdiction of this
3 Commission?

4 A. I don't really recall that, no.

5 Q. But you would agree with me that the
6 record, if it was so stated, that it would reflect on
7 the record.

8 A. If it says that, I would read it and
9 believe you. I don't remember hearing it.

10 Q. So if Mr. Sharkey is correct and AES is
11 not subject to the jurisdiction of this Commission,
12 how is the Commission ever able to enforce any
13 provisions against AES?

14 A. I don't know.

15 Q. Ms. Schroder, attached to your testimony
16 are a number of rate schedules. Can you tell me what
17 the ROE is assumed for those?

18 A. I don't know.

19 Q. But you are sponsoring these rate
20 schedules?

21 A. I am sponsoring the typical bill
22 comparisons that are attached to my testimony as
23 Exhibit A, but I am not sponsoring the ROE. That's
24 other witnesses for DP&L that have done that.

25 Q. What witness has sponsored that?

1 A. I would assume it must have been either
2 Jackson or Malinak, but it is not my expertise.

3 Q. Ms. Schroder, I want to go back to
4 page 18 of your testimony. Down on lines 28 -- well,
5 I guess it begins on 26 continuing through the end of
6 that page and to the next page, do you see your
7 testimony where you indicate "it is very unusual for
8 a holding company" -- "for a utility holding company
9 not to pay dividends to its parent"?

10 A. I see that.

11 Q. What is the basis -- upon what do you
12 base that statement?

13 A. General knowledge that typically
14 investors expect a return in dividends and my history
15 with utilities that typically pay dividends.

16 Q. But you are aware that since 2012 that
17 DPL has not -- DPL Inc. has not paid a dividend to
18 AES; is that correct?

19 A. I am generally aware of that.

20 Q. And in your experience with utilities,
21 are you aware whether it is typical for investors to
22 expect a dividend from a company who is in a
23 financial crisis?

24 A. Can you repeat the beginning of that?

25 MS. HARRIS: Can I have that question

1 read back.

2 EXAMINER PRICE: You may.

3 (Record read.)

4 A. I don't know.

5 Q. Ms. Schroder, absent the DMR, isn't DP&L
6 already obligated to provide safe and reliable
7 service in the State of Ohio?

8 A. I'm not sure the connection of the two
9 parts of your question. Can you rephrase that for
10 me, please?

11 Q. Are you obligated, as a utility, to
12 provide safe and reliable service in Ohio?

13 A. As I understand it to meet our
14 requirements, yes.

15 MS. HARRIS: I don't have any further
16 questions.

17 EXAMINER PRICE: Thank you.

18 Consumers' Counsel, would you care to be
19 next?

20 MR. MICHAEL: Certainly.

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Michael:

24 Q. Good morning, Ms. Schroder.

25 A. Good morning.

1 Q. If you would please turn to page 28 of
2 the proposed stipulation and about five lines up from
3 paragraph d, and you will see the word "shareholders"
4 there.

5 A. I'm sorry. I was still turning. What
6 page are you on?

7 Q. 28.

8 A. And you are in section?

9 Q. About five lines up from d, paragraph d.

10 MR. IRELAND: So the end of paragraph c?

11 MR. MICHAEL: Correct.

12 A. Yes, I'm there.

13 Q. And do you see the word "shareholders"
14 there?

15 A. Yes.

16 Q. And in the amended stipulation there is
17 various provisions where it says DP&L will provide
18 this proposed benefit, shareholders will pay for it
19 in the first year, then you will try to get it
20 through the EE -- energy efficiency rider, and if you
21 are not successful, then shareholders will continue
22 paying it, correct?

23 A. I'm familiar with those, and we just
24 walked through some of those examples, yes.

25 Q. Who are the shareholders that are

1 referred to in those provisions?

2 A. It's my understanding the shareholders of
3 The Dayton Power and Light Company.

4 Q. There is only one shareholder of The
5 Dayton Power and Light Company, isn't there?

6 A. I don't know.

7 Q. Okay. If you would please turn to
8 page 18 of your testimony, Ms. Schroder, specifically
9 lines 24 and 25.

10 A. Yes. I'm here.

11 Q. And you'll see there that it says DP&L
12 and DPL Inc. are owned by AES Corporation, correct?

13 A. Yes, I see that.

14 Q. And DP&L is a wholly-owned subsidiary of
15 DPL Inc. which, in turn, is a wholly-owned subsidiary
16 of AES Corporation, correct?

17 A. That's my understanding.

18 Q. I want to begin by talking to you a
19 little bit, Ms. Schroder, about the purported serious
20 bargaining that occurred in connection with the
21 proposed stipulation. Excuse me. DP&L had a meeting
22 on January 27, 2017, to negotiate the stipulation and
23 did not invite all parties to that meeting, correct?

24 A. No, I don't believe that's correct.

25 Q. Okay. On that date isn't it true that

1 you had a meeting with only parties that you thought
2 were going to sign the stipulation?

3 A. I can't speak about the exact dates, but
4 I do recall a date where we had a meeting where we
5 were trying to finalize the document and invite --
6 and invited parties to try to help finalize the
7 document, so it wasn't necessarily a settlement
8 discussion meeting that day.

9 Q. You didn't invite all parties to that
10 meeting, did you?

11 A. The meeting that I believe you are
12 referring to is a meeting where we were trying to
13 finalize a document and finalize a stipulation, so it
14 wasn't necessarily a settlement discussion. Each of
15 the settlement discussions we invited all parties to
16 attend. All parties were welcome to attend if they
17 were interested in settlement.

18 MR. MICHAEL: Move to strike, your Honor.

19 EXAMINER PRICE: Grounds?

20 MR. MICHAEL: She isn't answering the
21 question I asked.

22 EXAMINER PRICE: Overruled -- denied.
23 Wrong word, denied.

24 MR. MICHAEL: Pardon me?

25 EXAMINER PRICE: I am denying it, not

1 overruling it.

2 Q. (By Mr. Michael) Okay. Are you
3 representing then, Ms. Schroder, no negotiation
4 occurred on that January 27, 2017, meeting at all?

5 A. I would say that's a little extreme. I
6 don't know everything that happened that day.

7 Q. Okay. Well, I understand you would say
8 that's a little extreme, but you realize one of the
9 elements of the three-prong test is serious
10 bargaining, correct?

11 A. I understand that. And as I stated just
12 a moment ago, that I do believe that serious
13 bargaining did occur and that each time that the
14 company had a formal settlement discussion meeting,
15 that all parties were welcome, all parties who wanted
16 to settle were welcome. And some called in on the
17 phone; some showed in person. Some were individual
18 meetings and some were held as a group.

19 Q. Okay. But you were just unwilling to say
20 that no negotiation occurred at the January 27
21 meeting, so I want you to tell me which one it is.
22 Was there negotiation at that meeting or was there
23 not?

24 A. Again, I am not sure about the date, but
25 if it's the meeting that you are referring to that

1 was just prior to the stipulation that was filed
2 about two days or three days later, the meeting that
3 you are referring to as a group was -- was intended
4 and held with parties that we expected to sign that
5 stipulation, and we were finalizing language.

6 MR. MICHAEL: Okay. I am going to move
7 to strike, your Honor. I asked if there was any
8 negotiation meeting or not. She didn't answer that
9 question.

10 EXAMINER PRICE: Denied. I find this
11 whole line of questioning confusing including your
12 distinction. Are you saying there is a distinction
13 between settlement negotiations and a meeting held to
14 finalize the stipulation?

15 THE WITNESS: I would say yes. One of
16 those days, and I believe it's the date he is
17 referring to, was a couple of days before we filed
18 the stipulation, and the intention of that was the
19 parties that were -- that we expected and had told us
20 that they were interested in signing the stipulation
21 were invited so we could finalize that language so we
22 could file it in the next day or two.

23 EXAMINER PRICE: In the course of
24 finalizing the language you would not characterize
25 that as negotiation.

1 THE WITNESS: No, I would not.

2 MR. PRITCHARD: Your Honor, I would like
3 to impose an objection, or at least a clarifying
4 point. I believe we are on a relevance ground. I
5 believe the meeting we are talking about is regarding
6 a different stipulation than the amended stipulation.

7 THE WITNESS: That's also true.

8 MR. PRITCHARD: So I object on the
9 grounds of relevance because it's entirely confusing
10 for the record about whether we are talking about
11 this stipulation or one that's not being presented
12 here.

13 EXAMINER PRICE: So the meeting -- let me
14 ask the witness so we get this on the record
15 correctly. The meeting that OCC -- Consumers'
16 Counsel is asking about was held regarding the
17 initial stipulation.

18 THE WITNESS: Yes, that's correct.

19 EXAMINER PRICE: Which has been
20 withdrawn, or at least amended.

21 THE WITNESS: We have amended the
22 stipulation, so it is no longer relevant.

23 EXAMINER PRICE: Just so the record is
24 clear, were there -- before this alleged negotiation,
25 summit, whatever, were there settlement meetings

1 before, prior to that with parties?

2 THE WITNESS: Yes, absolutely.

3 EXAMINER PRICE: Were all parties invited
4 to those settlement discussions?

5 THE WITNESS: Yes, all parties were
6 invited to those settlement discussions.

7 EXAMINER PRICE: Roughly how many
8 meetings did you have?

9 THE WITNESS: With all parties I would
10 say roughly five, and with individual parties I would
11 say numerous.

12 Q. (By Mr. Michael) But you didn't invite,
13 for example, staff to the January 27 meeting,
14 correct?

15 A. Again, it sounded like earlier we were
16 saying this meeting that we are talking about is not
17 necessarily relevant because that's not about this
18 stipulation. That meeting was to finalize a
19 different stipulation.

20 Q. Until there is an objection and the Bench
21 has ruled on it, I am going to ask my questions, and
22 you will answer them, please, to the best of your
23 ability. You did not invite staff to a January 27
24 meeting, correct?

25 A. I don't know if they were invited.

1 Q. Okay. You didn't invite them as the
2 Director of Regulatory Affairs.

3 A. I personally did not invite them.

4 Q. And you didn't invite OCC either,
5 correct?

6 A. Actually I personally didn't invite
7 anyone to the meetings. That wasn't -- my role in
8 those meetings was not to invite parties.

9 Q. And to your knowledge, Dayton Power and
10 Light Company didn't invite either staff or OCC to
11 that meeting, correct?

12 A. As I stated earlier, that meeting was to
13 be finalizing the stipulation for January 30, was not
14 a settlement discussion, and so we invited -- and
15 when I say "we," our attorneys invited parties that
16 had indicated an interest in signing and finalizing
17 language of the January 30 stipulation.

18 Q. Okay. And the stipulation that was
19 discussed on January 27, that stipulation has not
20 been withdrawn, correct?

21 A. I don't know. I know that we've amended
22 the stipulation and that I am supporting the amended
23 stipulation.

24 Q. Okay. You did in connection with the
25 stipulation, the one that was discussed January 27,

1 you seriously bargained with MAREC with respect to
2 that stipulation, correct?

3 A. No, I personally did not, no.

4 Q. Okay. Dayton --

5 EXAMINER PRICE: I think he means Dayton
6 Power and Light.

7 Q. Yeah.

8 A. I don't know.

9 Q. Dayton Power and Light Company seriously
10 bargained with the Ohio Environmental Council
11 regarding that stipulation, correct?

12 MR. IRELAND: Your Honor, can I just have
13 a continuing line -- an objection to we are talking
14 about the stipulation that is not the one that's
15 before the Commission at this time, that the
16 stipulation has been amended? And I can certainly
17 understand, you know, some point of inquiry. It
18 doesn't seem to me we need to be going into this
19 level of detail. It's irrelevant.

20 EXAMINER PRICE: I believe -- No. 1, it's
21 not been withdrawn, it's been amended, and I think
22 the Commission will place the proper weight on this
23 line of questioning when they consider this prong.

24 MR. IRELAND: Thank you, your Honor.

25 MR. MICHAEL: Could you please read the

1 question that was pending back.

2 EXAMINER PRICE: Can we have the pending
3 question.

4 (Record read.)

5 EXAMINER PRICE: You can answer that
6 question.

7 A. I don't know.

8 Q. Okay. And you seriously bargained with
9 RESA regarding that stipulation, correct?

10 A. We did. I don't think that it happened
11 on that day that you are referring to if that's still
12 the line of questioning.

13 Q. And until you -- until Dayton Power and
14 Light Company paid MAREC \$200,000, three parties with
15 whom you seriously bargained on the stipulation
16 dropped from the amended stipulation, correct?

17 MR. IRELAND: Objection.

18 EXAMINER PRICE: Let's go off the record.

19 (Discussion off the record.)

20 EXAMINER PRICE: Mr. Ireland, grounds?

21 MR. IRELAND: Argumentative.

22 MR. MICHAEL: It's cross-examination. I
23 can lead the witness.

24 EXAMINER PRICE: I don't agree it's
25 argumentative, not this one. Overruled.

1 A. Can you repeat it, please?

2 MR. MICHAEL: Can you repeat the
3 question, please.

4 (Record read.)

5 A. I am not sure I followed it; but, no, I
6 don't think that's correct.

7 Q. All right. MAREC was on the original
8 stipulation, correct?

9 A. Yes, that's correct.

10 Q. And then the amended stipulation was
11 filed, and initially MAREC did not sign that
12 stipulation, correct?

13 A. That's also correct.

14 Q. Okay. And, further, they didn't sign it
15 as a nonopposing party, correct?

16 A. I don't know which -- in which method
17 they have signed, but I know that they are either
18 supportive or nonopposing the amended stipulation.

19 Q. Okay. I want to talk about initially.
20 So the amended stipulation is filed, and MAREC is not
21 a signatory party initially, correct?

22 A. When you describe "initially."

23 Q. When you first file the amended
24 stipulation in the PUCO docket.

25 A. That's right.

1 Q. Okay. And, further, MAREC was -- didn't
2 sign as a nonopposing party initially, correct?

3 A. That's correct.

4 MR. MICHAEL: May I approach, your Honor?

5 EXAMINER PRICE: You may.

6 MR. MICHAEL: I would like to have this
7 marked as OCC Exhibit No. 3, your Honor.

8 EXAMINER PRICE: It will be so marked.

9 MR. MICHAEL: Oh, 4, I apologize, your
10 Honor.

11 EXAMINER PRICE: We will mark it as
12 OCC 4.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 Q. (By Mr. Michael) Ms. Schroder, I have
15 handed you what was previously marked as OCC Exhibit
16 4. Can you identify what that document is, please?

17 A. I'm reading through it now. It's a
18 letter that confirms the agreement reached between
19 The Dayton Power and Light Company and the
20 Mid-Atlantic Renewable Energy Coalition.

21 Q. And the first page of what was marked as
22 OCC Exhibit 4, Ms. Schroder, is the notice that
23 Dayton Power and Light filed regarding that letter
24 agreement with MAREC, correct?

25 A. It's not labeled as one but that looks to

1 be the cover sheet.

2 Q. The title of the cover sheet is "The
3 Dayton Power and Light Company's Notice of Filing Its
4 Letter Agreement With Mid-Atlantic Renewable Energy
5 Coalition," correct?

6 A. Correct.

7 Q. And if you would turn to the letter
8 agreement itself, the second page of OCC Exhibit 4,
9 you've seen that document before, correct?

10 A. I have seen it.

11 Q. And, stated generally, what this document
12 memorializes is an agreement between Dayton Power and
13 Light and MAREC under which Dayton Power and Light
14 will pay MAREC \$200,000. In return, MAREC will
15 not -- will be a nonopposing party to the
16 stipulation, correct?

17 A. No, I wouldn't characterize it that way.
18 This is an agreement between The Dayton Power and
19 Light Company and the Mid-Atlantic Renewable Energy
20 Coalition relating to DP&L's ESP case in which DP&L
21 and MAREC have agreed regarding funds for advocacy
22 and education efforts regarding wind energy.

23 Q. Okay. I am going to draw your attention
24 to the second sentence in the first paragraph,
25 Ms. Schroder, and tell me if I read this sentence

1 correctly. "In order to resolve MAREC's opposition
2 to the Amended Stipulation filed on March 14, 2017,
3 based on MAREC's status as a Signatory Party to the
4 Stipulation filed on January 31, 2017, DP&L has
5 entered into this agreement." I read that correctly,
6 correct?

7 A. Yes, you did.

8 Q. Okay. And then draw your attention to
9 the first sentence in the second paragraph. It
10 states "DP&L and MAREC have agreed that MAREC will
11 not oppose the March 14, 2017, Amended Stipulation
12 that was filed in DP&L's ESP case, and that DP&L will
13 provide to MAREC a one-time payment of \$200,000,
14 which MAREC will use for advocacy and education
15 efforts regarding wind energy." Did I read that
16 correctly?

17 A. Yes.

18 Q. And do those sentences accurately reflect
19 the nature of the agreement between MAREC and Dayton
20 Power and Light, correct?

21 A. Yes, I believe they do. They provide
22 benefits regarding advocacy and education efforts
23 regarding wind energy.

24 MR. MICHAEL: Move to strike everything
25 after, yes, it does.

1 EXAMINER PRICE: Granted.

2 Q. Ms. Schroder, until this letter agreement
3 was reached with MAREC, MAREC was neither a signatory
4 party nor a nonopposing party to the stipulation,
5 correct?

6 A. I don't know, certainly not on the -- on
7 the one that was filed at the Commission.

8 Q. Are there any other stipulations?

9 A. No. I am just saying I don't know what
10 happened between those dates. The way you
11 characterized it, I'm not sure.

12 Q. Okay. We discussed earlier what I meant
13 by "initially." And what I mean by "initially" now
14 is the same thing I meant then which is when the
15 amended stipulation was initially filed at the PUCO,
16 MAREC was not a signatory party or a nonopposing
17 party, correct?

18 A. That's correct.

19 Q. And they only became a nonopposing party
20 after Dayton Power and Light Company reached this
21 letter agreement with MAREC, correct?

22 A. That's the part I am not sure exactly how
23 you are describing that, what you mean by "they only
24 became," but certainly the letter speaks for itself.

25 Q. Okay. Did they become a nonopposing

1 party before this letter?

2 A. I don't know.

3 Q. Okay. Dayton Power & Light's providing
4 stable and certain distribution service right now,
5 correct, Ms. Schroder?

6 A. Stable and certain?

7 Q. Safe and reliable.

8 A. Safe and reliable service, we currently
9 are, yes, Dayton Power and Light Company is.

10 Q. And Dayton Power and Light Company will
11 provide safe and reliable service even if the DMR
12 isn't approved, correct?

13 A. I don't know. I believe that it's my
14 understanding that without the financial stability
15 that is provided within this stipulation, that that
16 will be uncertain.

17 Q. Okay. And by "financial stability," what
18 you mean is the DMR 105 million a year to pay off
19 debt at Dayton Power and Light Company and DPL Inc.,
20 correct?

21 A. No. What I mean is financial support for
22 the company that without such support we won't have
23 adequate levels of cash to perform maintenance and
24 capital investments that do provide the safe and
25 reliable service today.

1 Q. Okay. When you say "the company," are
2 you referring to Dayton Power and Light?

3 A. When I am referring to safe and reliable
4 service and I say "the company," yes, I am referring
5 to the Dayton Power and Light Company providing safe
6 and reliable service and the need for financial
7 support to continue to do so.

8 Q. Okay. If you would turn to page, excuse
9 me, 5 of the amended stipulation, paragraph b.

10 A. I'm sorry, did you say page 5 or?

11 Q. Yes, ma'am, page 5, paragraph b. Please
12 let me know when you are there, Ms. Schroder.

13 A. I'm here.

14 Q. Okay. And in that paragraph it states
15 the three uses of the cash flow from the DMR,
16 correct?

17 A. Yes, it does.

18 Q. And the first use for cash flow from the
19 DMR is to "pay interest obligations on existing debt
20 at DPL Inc. and DP&L," correct?

21 A. Yes. As you mentioned, all three are
22 listed in that paragraph, all three uses.

23 Q. Okay. And there are no additional uses
24 that the DMR funds will be used for other than those
25 three right there, correct?

1 A. That's correct. That's my understanding.

2 Q. Okay. And is Dayton Power and Light
3 going to segregate the DMR dollars from other dollars
4 it brings in, for example, from just providing
5 distribution service?

6 A. I don't know.

7 Q. I have got a couple of questions,
8 Ms. Schroder, about the existing debt and
9 discretionary debt payments referenced in that
10 paragraph. It's true that part of that existing debt
11 is as a result of the AES acquisition of Dayton Power
12 and Light, correct?

13 A. I don't know.

14 Q. Dayton -- were you involved in the merger
15 at all of AES and Dayton Power and Light?

16 A. What do you mean by "involved"?

17 Q. Were you at Dayton Power and Light?

18 A. I was at Dayton Power and Light, yes. I
19 was employed by Dayton Power and Light at the time.

20 Q. Did you work on the transaction?

21 A. I did not.

22 Q. Okay. And isn't it true that as part of
23 AES -- AES's acquisition, they acquired generation
24 assets, distribution assets, and transmission assets,
25 correct?

1 A. That's my understanding.

2 Q. And Dayton Power and Light hasn't
3 structurally separated its generation business yet,
4 right?

5 A. We have not separated all of our
6 generation assets, no.

7 Q. Dayton Power and Light is going to use --
8 excuse me, I apologize. Dayton Power and Light is
9 going to use the money that it saves from the tax
10 sharing provision in the amended stipulation to pay
11 down debt, correct?

12 A. Yes, that's my understanding of the
13 commitment here in the stipulation, yes.

14 EXAMINER PRICE: Can you rephrase that
15 question?

16 MR. MICHAEL: Certainly. Let me do it
17 this way, if I could, your Honor.

18 Q. I draw your attention, Ms. Schroder, to
19 page 3 of the amended stipulation, paragraph b.

20 EXAMINER PRICE: I think in the previous
21 question you might have said "Dayton Power and
22 Light," but I might have heard wrong.

23 MR. MICHAEL: I'll clear it up.

24 EXAMINER PRICE: Thank you.

25 Q. Paragraph b is the -- what we have been

1 referring to as the tax sharing liability provision,
2 correct?

3 A. I am not sure if that's how it's being
4 characterized, but I am here with you reading it.

5 Q. That's the provision under which some
6 taxes that are owed to AES from some of its
7 subsidiaries are essentially forgiven, correct?

8 A. I am not sure if I would characterize it
9 as forgiven, but I do understand that there are
10 benefits to customers and benefits to the company of
11 keeping those within the complex.

12 Q. Okay. How would you characterize what
13 paragraph b does then?

14 A. I would characterize this as a commitment
15 that instead of paying funds to AES, those funds
16 instead will stay within the DPL complex to reduce
17 debt which frees up cash that enables the company to
18 provide safe and reliable service and positions it to
19 invest in the distribution system.

20 Q. What is the DPL complex?

21 A. DPL Inc. and DP&L.

22 Q. Okay. And that tax sharing provision,
23 Ms. Schroder, will apply if the DMR is extended for
24 two additional years, correct?

25 A. That's my understanding, yes. At the

1 beginning of section b, it states "during the DMR
2 term."

3 Q. Okay. And it's your understanding that
4 the DMR term, when referenced in the amended
5 stipulation, includes any extension of the three-year
6 DMR?

7 A. That would be my interpretation, if the
8 DMR is extended, that would still be considered the
9 DMR term.

10 Q. If you would turn to page 4 of the
11 amended stipulation, paragraph c.

12 A. Okay. I'm there.

13 Q. And the non-debt liabilities, what are
14 included in that category when it's referenced in
15 paragraph 4c of the stipulation?

16 A. I would say I'm not familiar with all of
17 the non-debt liabilities, but I would understand it
18 to include at least environmental liabilities.

19 Q. And do you have any idea, Ms. Schroder,
20 how much those environmental liabilities are, say,
21 for example, for the year 2016?

22 A. No, I don't know.

23 Q. Do you know if they are more or less than
24 \$10 million?

25 A. I don't know.

1 Q. Okay. And by debt liabilities, that
2 would include the debt incurred as a result of the
3 AES/Dayton Power and Light acquisition, correct?

4 A. I'm not familiar with the debt and how
5 specific it is, what it attributes -- what it's
6 attributed to. That's not my area of expertise.

7 Q. Okay. But your area of expertise, at
8 least for this proceeding, is to sponsor this
9 stipulation; and, therefore, I would like to ask you
10 some questions about what it means. But
11 apparently -- and just so I am clear, you do not know
12 what "debt liabilities" means as referenced here in
13 paragraph 4c; is that correct?

14 A. I don't know the entirety of it. I would
15 understand that non-debt liabilities includes at
16 least environmental liabilities, but I am not
17 familiar with all non-debt liabilities, what it might
18 include.

19 Q. Okay. So I want to just focus then on
20 what you do know and debt liabilities. You were here
21 yesterday for Mr. Jackson's testimony, correct?

22 A. Yes, I was.

23 Q. And you heard Mr. Jackson testify that
24 there was -- between Dayton Power and Light and DPL
25 Inc. there was an approximate total of about a

1 billion dollars of outstanding debt associated with
2 the merger, correct?

3 A. No. I don't recall it that way, no.

4 Q. Okay. How do you recall it?

5 A. I remember lots of questions regarding
6 debt. And as our CFO and expert regarding that debt,
7 I know he answered a number of those questions that I
8 cannot.

9 Q. So you don't know if the debt liabilities
10 that would remain with Dayton Power and Light Company
11 includes the debt associated with the AES acquisition
12 of Dayton Power and Light?

13 MR. ALEXANDER: Can I have that question
14 read, please.

15 EXAMINER PRICE: You may.

16 (Record read.)

17 MR. OLIKER: Your Honor, given the
18 question, I would also like to object given it
19 misstates facts. AES acquired DPL Inc. who owns
20 Dayton Power and Light.

21 EXAMINER PRICE: We'll sustain the
22 objection. If you could rephrase the question.

23 MR. MICHAEL: Certainly, your Honor.

24 Q. Ms. Schroder, you don't know if the debt
25 liabilities as referenced in paragraph 4c of the

1 amended stipulation includes the debt associated with
2 the -- the acquisition by AES of DPL Inc., correct?

3 A. Nothing in section 4 -- page 4, section c
4 seems to refer to what you are asking about.

5 Q. Well, it refers -- it refers to debt
6 liabilities that will not be transferred with the
7 generation assets, correct?

8 A. It refers to assuming we have FERC
9 approval, DP&L agrees to transfer its generation
10 assets and non-debt liabilities to AES Ohio
11 Generation, LLC, an affiliated subsidiary of DPL
12 Inc., within 180 days following final Commission
13 approval of this stipulation provided that the
14 Commission approves this stipulation without material
15 modifications. I don't see anything about merger or
16 AES in that paragraph.

17 Q. Okay. And so what will happen with the
18 debt liabilities is it will remain with Dayton Power
19 and Light, correct?

20 A. I don't know.

21 EXAMINER PRICE: Mr. Alexander, did you
22 have an objection?

23 MR. ALEXANDER: She answered.

24 EXAMINER PRICE: Okay.

25 Q. Okay. So Mr. Jackson was the CFO and the

1 financial expert, correct?

2 A. He is.

3 Q. Okay. And Mr. Malinak was a hired
4 outside consultant to testify regarding the MRO
5 versus ESP test, correct?

6 A. Among other things, yes.

7 Q. Okay. And you are the witness sponsoring
8 the stipulation in its entirety and the degree to
9 which it matches the three-part test, correct?

10 A. The overall benefits of the stipulation
11 and the fact that it meets the three-prong test.

12 Q. That notwithstanding, you don't know what
13 one -- what the provision in item 4c means, correct?

14 A. I do understand what it means. I believe
15 that on page 4 what this means is that DP&L has a
16 very beneficial commitment that's part of the public
17 interest that serves as part of the overall package
18 here that says that it will commit to separating its
19 generation so that nothing in here can be construed
20 as anything to do with generation.

21 Q. Okay. But you don't know what the debt
22 liabilities are, correct?

23 EXAMINER PRICE: There is nothing in that
24 provision that says "debt liabilities." I understand
25 you're implying or inferring it, but it doesn't use

1 the phrase "debt liabilities" in 4c.

2 MR. MICHAEL: No. It says "transfer its
3 generation assets and non-debt liabilities" and we
4 all know --

5 EXAMINER PRICE: Well, we don't know.
6 That's not in the record. You are inferring it. She
7 has already said she doesn't know what's going to
8 happen to the debt liabilities. Mr. Jackson was on
9 the stand yesterday, and he was available to ask any
10 questions you wanted to know about debt liabilities.
11 The phrase isn't in there. You are just implying,
12 inferring that it is, and it's not. That's what you
13 are struggling with and that's why you are not
14 getting the witness to answer the way you want to.

15 MR. MICHAEL: That's why I was asking
16 her, your Honor. I acknowledge Mr. Jackson was the
17 financial expert, but this is the witness the company
18 is putting up regarding the proposed stipulation.
19 And if she doesn't know what it means, I don't know
20 how the Commission could know what it means.

21 MR. ALEXANDER: Well, your Honor, I would
22 object here just because I think we are conflating
23 debt at DPL Inc. and debt at DP&L, that question
24 about the merger debt which is at DPL Inc., and then
25 there is also separately debt at Dayton Power and

1 Light. And we can't conflate those two, and I think
2 that's part of the confusion in the record right now.

3 MR. IRELAND: I guess I will just pile on
4 and say "debt liabilities" is not a term that's in --
5 is included, so asking questions about debt
6 liabilities is certainly vague but not supported by
7 the stipulation.

8 EXAMINER PRICE: I just think it's time
9 to move on from this line of questions.

10 MR. MICHAEL: Well, your Honor, I am
11 going to give one more respectfully, of course.
12 There are about, as Mr. Jackson testified to, a
13 billion dollars in debt associated with the AES
14 merger. I think that the stipulation is very clear
15 that if and when DP&L transfers the assets to an
16 affiliate, it's going to transfer non-debt
17 liabilities. I would be willing to bet a small
18 fortune that Faruki, Ireland & Cox and Dayton Power
19 and Light Company did not choose "non-debt
20 liabilities" by accident, and I am just trying to
21 explore so the Commission can come to some conclusion
22 as to whether or not --

23 EXAMINER PRICE: You asked her that
24 question, and she said she did not know. There is
25 nowhere else to go with this line of questioning.

1 MR. MICHAEL: Okay.

2 EXAMINER PRICE: You asked her several
3 questions back does this mean that the debt
4 liabilities will not transfer. She said I do not
5 know.

6 MR. MICHAEL: So, therefore, the
7 Commission won't know, I guess, because this is the
8 only witness they are offering.

9 EXAMINER PRICE: You could have made your
10 record with Mr. Jackson yesterday.

11 Q. (By Mr. Michael) If I could draw your
12 attention to paragraph 4d, Ms. Schroder.

13 A. Sorry. You mean page 4 or section 4?

14 Q. Page 4.

15 A. Page 4.

16 Q. Paragraph d.

17 A. Okay.

18 Q. Excuse me. In that paragraph, DPL is not
19 committing to sell its generation, just commence a
20 sale process, correct?

21 A. DP&L is committing to commence a sale
22 process to sell to a third party its ownership in
23 those stations.

24 Q. But it's just committing to start the
25 process; it's not committing to actually consummate a

1 sale, correct?

2 A. That's my interpretation. I think it
3 would be difficult to commit to whoever the third
4 party might be.

5 Q. Okay.

6 MR. MICHAEL: Your Honor, may I approach?

7 EXAMINER PRICE: You may.

8 MR. MICHAEL: I would like to have marked
9 as OCC Exhibit 5, your Honor.

10 EXAMINER PRICE: It will be so marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. Ms. Schroder, can you please identify
13 what was previously marked as OCC Exhibit 5.

14 A. I am looking at an Interrogatory No. 379
15 from the OCC and the response.

16 Q. Okay. And you are the witness
17 responsible for responding to this interrogatory,
18 correct?

19 A. That's right.

20 Q. Okay. And I am not going to read the
21 interrogatory to you. You have had an opportunity to
22 read that interrogatory for yourself?

23 A. Yes.

24 Q. Okay. And subject to your counsel's
25 objection, the answer is "DP&L states that the

1 Stipulation and Recommendation speaks for itself.

2 DP&L further states that that as stated in Section
3 II.1.d. of the Stipulation, DP&L commits to commence
4 a sale process; DP&L/DPL reserves the right to accept
5 or reject any offer," correct?

6 A. Yes, you have read that correctly.

7 Q. And that's your answer sitting on the
8 stand right now, right?

9 A. It is.

10 Q. Okay. Thank you. There's been no
11 interest in buying Conesville, correct, Ms. Schroder?

12 A. I don't know.

13 Q. Okay. There has been no interest in
14 buying Miami Fort, correct?

15 A. I don't know.

16 Q. And there has been no interest in buying
17 the Zimmer plant, correct?

18 A. I don't know.

19 Q. Do you know if -- excuse me. I
20 apologize. Has Dayton Power and Light tried to sell
21 those plants to date to your knowledge?

22 A. I don't know.

23 Q. The quote-unquote coal generation assets
24 referenced in e, Ms. Schroder, is that referring only
25 to Conesville, Miami Fort, and Zimmer?

1 A. Can you repeat that question, please?

2 Q. Certainly. You will see in e it talks
3 about "coal generation assets"?

4 A. Yes, I see that.

5 Q. Okay. And by "coal generation assets,"
6 is that limited to Conesville, Miami Fort, and
7 Zimmer?

8 A. I don't know, but I think it's a
9 reasonable interpretation that it's in the same
10 section that's referring to the section -- subsection
11 just prior to when it says the "coal generation
12 assets" that are referenced in the prior one.

13 Q. Okay. So you say that's a reasonable
14 interpretation. Is that how you would expect the
15 Commission to interpret it?

16 A. Yes.

17 Q. Okay.

18 EXAMINER PRICE: I have a question on the
19 sequence of this. You have three commitments on this
20 page of the stip. One is to transfer all your gen
21 assets to an affiliate, two is to commence the sale
22 process, and three is AES agrees to use the proceeds
23 from any sale to pay down debt; is that correct?

24 THE WITNESS: That's right.

25 EXAMINER PRICE: If you are unable to

1 sell Conesville, Miami Fort, and Zimmer, you will
2 transfer them to your affiliate; is that correct?

3 THE WITNESS: That's correct. And as I
4 understand it, that that transfer may occur prior to
5 a sale as well.

6 EXAMINER PRICE: If the sale occurs -- if
7 the transfer occurs prior to the sale and there is a
8 subsequent sale, would AES still use the proceeds
9 from that sale to pay down DPL debt?

10 THE WITNESS: Yes. That's the commitment
11 that's stated here in the stipulation.

12 EXAMINER PRICE: Regardless of whether at
13 the time of sale the assets are held by DP&L or by
14 its affiliate.

15 THE WITNESS: That's right.

16 Q. (By Mr. Michael) Ms. Schroder, if you
17 would please turn to page 5. It will be the tail end
18 of paragraph a.

19 A. Sorry. Are you on my -- our stipulation
20 or my testimony?

21 Q. Amended stipulation.

22 A. On page 5?

23 Q. Correct.

24 A. Okay.

25 Q. It's paragraph a, but I am going to

1 direct you specifically to the language right before
2 paragraph b, if that's helpful, and specifically the
3 sentence beginning "The Commission will determine the
4 amount of Rider DMR," et cetera. Do you see that
5 sentence?

6 A. Yes, I see that.

7 Q. Okay. And at the end of that sentence it
8 states that the Commission will look at the evidence
9 of the measures undertaken by DPL Inc. and DP&L to
10 address their financial issues, correct?

11 A. I think I heard you correctly that it's
12 "not limited to evidence of DPL Inc.'s and DP&L's
13 financial needs and evidence of the measures
14 undertaken by DPL Inc. and DP&L, to address their
15 financial issues."

16 Q. Okay. And the company would be amenable,
17 Ms. Schroder, to allowing the Commission to also
18 consider measures undertaken by AES to address DPL
19 Inc. and DP&L's financial issues too, correct?

20 A. I don't know.

21 Q. Okay.

22 EXAMINER PRICE: Can I have that question
23 and answer back, please.

24 (Record read.)

25 EXAMINER PRICE: Thank you.

1 Q. Moving on to the next sentence of that
2 same -- excuse me. I apologize. In that same
3 paragraph, Ms. Schroder, it states "Any Signatory
4 Parties or Non-Opposing Parties to this Stipulation
5 may advocate for or oppose the request for a DMR
6 extension in a separate docket," correct?

7 A. I see that.

8 Q. Okay. And when it says "any Signatory
9 Parties or," that's not meant to be to the exclusion
10 of other intervenors, correct?

11 A. No. I would interpret this as a
12 clarifying statement that signatory parties and
13 nonopposing parties to this stipulation can still
14 advocate for the extension, but I think other parties
15 that are not signatory or nonopposing parties could
16 also advocate for an extension.

17 Q. Or oppose it.

18 A. Or oppose.

19 Q. There will be at least one probably.

20 Staying with paragraph -- oh, moving on
21 to paragraph b, revisiting that one, actually it's
22 referencing discretionary debt payments. And
23 discretionary -- discretionary debt prepayments are
24 debt payments above and beyond the contractually
25 required debt payments, correct?

1 A. Can you restate that?

2 Q. Certainly. In paragraph b it references
3 making discretionary debt prepayments at DPL Inc. and
4 DP&L, correct?

5 A. Yes.

6 Q. And discretionary debt prepayments are
7 payments above and beyond the contractually required
8 debt payments, correct?

9 A. That's my understanding at a high level,
10 yes.

11 MR. MICHAEL: May we approach, your
12 Honor?

13 EXAMINER PRICE: You may.

14 MR. MICHAEL: I would like to have marked
15 as OCC Exhibit 6, please, your Honor.

16 EXAMINER PRICE: So marked.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 EXAMINER PRICE: Let's go off the record.

19 (Discussion off the record.)

20 Q. Ms. Schroder, if you could please
21 identify the document that we had marked as OCC
22 Exhibit 6.

23 A. I'm looking at OCC Interrogatory 396
24 entered in as OCC 6, question and response.

25 Q. And you were the witness responsible for

1 the response, correct?

2 A. That's correct.

3 Q. And the document -- the question speaks
4 for itself. The answer reads, subject to your
5 counsel's objections, "DP&L states that discretionary
6 debt repayments are repayments of debt in addition to
7 contractual debt repayments in order to reduce the
8 overall level of debt at DPL Inc. and DP&L," correct?

9 A. That's correct.

10 Q. And that's your -- you stand by that
11 answer on the stand right now, correct?

12 A. I do.

13 Q. Okay. And I want to focus on the use of
14 the word "prepayments," if I can, Ms. Schroder, and
15 when -- as used in the amended stipulation in that
16 paragraph when you say -- when the amended
17 stipulation says that Dayton Power and Light will
18 make discretionary debt prepayments, those are
19 payments above and beyond the contractually required
20 debt payments that are made before those debt
21 payments are actually due, correct?

22 A. I apologize. I was getting it back out.
23 I thought you were done with it. I pulled it back
24 out. Can you repeat that?

25 Q. Certainly. We are staying on page 5 of

1 the amended stipulation, paragraph b. And in subpart
2 b it discusses the cash flow from the DMR being used
3 to make discretionary debt prepayments at DPL Inc.
4 and DP&L, correct?

5 A. Right.

6 Q. Okay. And I want to focus on the meaning
7 of the word "prepayments," and my question is that by
8 making discretionary debt prepayments, payments above
9 and beyond the contractually required debt payments
10 will be made before they are actually due, correct?

11 A. That would be my understanding. I don't
12 know if it's before. I think it's my understanding
13 that it's in addition to contractual payments.

14 Q. Okay.

15 A. I guess I don't know for sure the timing
16 of it, and I am also noticing that the question in
17 the interrogatory refers to "repayments" as opposed
18 to in the stipulation it says "prepayments." I am
19 not sure if that was intentional or not.

20 Q. I moved on to another question, so it was
21 very intentional.

22 MR. MICHAEL: Okay. So may I have the
23 answer read back, please.

24 (Record read.)

25 Q. So, in any event, that would be debt

1 payments above and beyond what Dayton Power and Light
2 and DPL Inc. will be contractually required to pay,
3 correct?

4 A. That's my understanding at a high level,
5 yes.

6 Q. If you could turn to the top of page 6 of
7 the amended stipulation, Ms. Schroder. And I want to
8 ask you about the true-up mechanism if I might,
9 please, referenced at -- right there at the top of
10 page 6. Do you see that?

11 A. Yes, I see this.

12 Q. Can you explain to me what the true-up
13 mechanism will be truing up?

14 A. Yes, what -- what this is referring to is
15 the DMR that is one component of this package of the
16 stipulation that begins on page 4 where it describes
17 the DMR for at least years one through three is
18 designed to collect \$105 million in revenue per year,
19 and this annual true-up mechanism without carrying
20 charges is part of the negotiated settlement that
21 would ensure that customers would pay no more than
22 the 105 that's been agreed to.

23 Q. Okay. And I am trying to understand why
24 would Dayton Power and Light collect something other
25 than \$105 million?

1 A. As it states on page 4, the DMR is
2 designed to collect \$105 million in revenue per year,
3 but as it states on page 6, the rate design and the
4 way that the DMR is charged will be in dollars per
5 kWh rates for some classes in energy and demand rates
6 for others. And so it's designed to collect 105, but
7 we can't always 100 percent predict exactly the
8 energy and demand that our customers will have, to
9 know that's the exact amount we will have collected.

10 EXAMINER PRICE: Let me ask a follow-up.
11 This is not to address anything other than variations
12 in usage due to weather, energy efficiency, you know,
13 consumption dropping, energy efficiency, anything
14 beyond that; is that correct? Just the normal
15 true-up due to variations.

16 THE WITNESS: That's how I would describe
17 it, yes, the normal true-up variations.

18 Q. I just didn't know. That's why I asked.
19 Paragraph 6d, I would like to draw your attention to
20 of the amended stipulation, please, Ms. Schroder.
21 Let me know when you are there, please.

22 A. Okay.

23 Q. It's correct you don't know how much the
24 DIR will cost, correct?

25 A. As it states on page 6 in the first line

1 of section d, the DIR, the distribution investment
2 rider, will be established set initially at zero.

3 Q. You don't -- so you don't know how much
4 the DIR will cost consumers, correct?

5 A. Initially it will cost consumers zero.

6 Q. Okay. And over the term of the ESP, you
7 don't know how much the DIR will cost consumers,
8 correct?

9 A. No. As it clarifies here, all the other
10 matters related to that DIR will be addressed in our
11 pending distribution rate case.

12 Q. So you don't know how much consumers will
13 pay for the DIR during the course of the ESP,
14 correct?

15 A. I know that it will be initially at zero
16 as established in this proceeding if it's approved as
17 it is agreed to in the stipulation and that any
18 nonzero rate would be established in our pending
19 distribution case.

20 Q. Okay. So as a result of the outcome of
21 this case, you don't know how much DIR will cost,
22 correct?

23 A. No, I don't think that's correct. I
24 think as a result of this case, it will cost zero.

25 Q. Okay. And then it's going to be

1 populated in the AIR case?

2 A. Yes, all the other matters and if
3 approved in that case would be approved in the
4 distribution rate case.

5 Q. Do you know how much you are going to
6 seek in the AIR case to populate the DIR with?

7 A. No.

8 Q. When it discusses -- and you drew our
9 attention to this, Ms. Schroder, the revenue
10 requirements and all other matters related to the DIR
11 will be set in another case, correct?

12 A. You are still in the same section about
13 the DIR?

14 Q. Yes, I am.

15 A. Yes. As it states, all the other matters
16 related to the DIR will be addressed more
17 appropriately in the distribution rate case.

18 Q. Okay. But it actually says 'or a future
19 distribution rate case.' And my question is will
20 both -- both the revenue requirements and all other
21 matters regarding the DIR will have to be resolved in
22 the same case, whether it's the rate case or a future
23 distribution rate case, correct?

24 A. I would think that would be logical to do
25 all of those issues in one -- in one place, whether

1 it's in the pending case or in a future one.

2 Q. Okay. You couldn't set the revenue
3 requirement in one case and then address all other
4 matters in a wholly separate and different case,
5 right?

6 A. I wouldn't say you couldn't, but I would
7 agree with you it makes sense to do all those matters
8 together.

9 Q. Is that Dayton Power and Light's plan?

10 MR. IRELAND: Objection.

11 EXAMINER PRICE: Grounds?

12 MR. IRELAND: Speculation.

13 EXAMINER PRICE: I'll overrule. You can
14 answer if you know.

15 A. We haven't established what I will call a
16 plan for this other than what's stated here in the
17 stipulation.

18 EXAMINER PRICE: Mr. Michael, let's go
19 off the record.

20 (Recess taken.)

21 EXAMINER PRICE: Back on the record.

22 Please proceed, Mr. Michael.

23 MR. MICHAEL: Thank you, your Honor.

24 Q. (By Mr. Michael) If I could draw your
25 attention to page 7, Ms. Schroder, of the

1 stipulation.

2 A. Okay.

3 Q. And you'll see in paragraph 3a a
4 reference to a "modernization plan," correct?

5 A. Yes.

6 Q. And DP&L doesn't have a modernization
7 plan right now, correct?

8 A. We don't have a distribution
9 infrastructure modernization as -- plan as
10 contemplated in this stipulation that I know of.

11 Q. And Dayton Power and Light could make
12 grid modernization investments and then seek a return
13 on and of that investment in a distribution rate
14 case, correct?

15 A. Can you repeat that?

16 Q. Certainly.

17 MR. MICHAEL: Would you mind.

18 EXAMINER PRICE: Could we have that back,
19 please.

20 (Record read.)

21 MR. IRELAND: Objection, your Honor.

22 EXAMINER PRICE: Grounds?

23 MR. IRELAND: I think it's vague because
24 it's unclear as to whether this is a question as to a
25 regulatory scheme or whether it's purely a financial

1 question.

2 EXAMINER PRICE: Break it up,
3 Mr. Michael.

4 Q. (By Mr. Michael) Without the SmartGrid
5 rider, Dayton Power and Light Company, were it not in
6 a financial crisis, could make grid modernization
7 investments, correct?

8 A. Can I ask you to break that up? Because
9 it seems as if you started by talking about the plan
10 and then you've switched to whether we are in a
11 crisis or whether we are making investments. I am
12 not sure of the question.

13 Q. I'm away from the plan now and in a
14 separate and new line of questioning.

15 A. Okay.

16 Q. And the question is is that Dayton Power
17 and Light Company could make grid modernization
18 investments without the SmartGrid rider, correct?

19 A. No. I would disagree with that. As I
20 understand it, our current financial situation,
21 without financial support, the company cannot make,
22 well, what I would interpret as grid modernization
23 investments.

24 Q. Absent the financial crisis that Dayton
25 Power and Light is in, Dayton Power and Light could

1 make grid modernization investments, correct?

2 A. I don't know if it could, but what I
3 would say is to try to answer that question more
4 fully regarding the stipulation and the commitments
5 that are in the stipulation, what we've committed to
6 in the stipulation is a plan that allows for us to
7 invest that's going to be consistent with the
8 Commission's initiative for grid modernization.

9 MR. MICHAEL: I move to strike, your
10 Honor, nonresponsive.

11 EXAMINER PRICE: If you could listen
12 carefully to his question and that will get you up
13 and down off the stand a little quicker.

14 Let's have the question back, please.

15 MR. MICHAEL: Thank you, your Honor.

16 (Record read.)

17 A. I think absent the financial crisis, or
18 alternatively with the financial support as agreed to
19 in the stipulation, the company could make
20 investments. I don't know if they would be
21 consistent with the Commission's modernization
22 initiatives.

23 Q. Okay. And then after it made those
24 investments, it could then seek a return on and of
25 those investments in a distribution rate case,

1 correct?

2 A. Yes, that would be one opportunity.

3 Q. At this point in time, Ms. Schroder,
4 Dayton Power and Light doesn't know how much the
5 SmartGrid rider is going to cost over the course of
6 the ESP, correct?

7 A. I know that initially similar to the DIR
8 that we just talked about, that initially the
9 SmartGrid rider will be established at zero, and it
10 will only be nonzero once the company has a plan
11 consistent with the Commission's initiative and it's
12 approved. And in that plan we have a commitment to a
13 cost/benefit analysis, and those -- those pieces of
14 information will help us understand better how much
15 it will cost.

16 MR. MICHAEL: I am going to move to
17 strike, your Honor, as nonresponsive. They are
18 simple questions. We can get her off a lot quicker
19 if --

20 EXAMINER PRICE: No. I thought that one
21 was a fair answer. Overruled -- denied.

22 Q. How much is the SmartGrid rider going to
23 cost over the course of the ESP?

24 A. Similar to my last answer, I think
25 initially it will be zero, and once we have a plan

1 and it's approved by the Commission and it is a
2 nonzero, I don't know how much that amount will be.

3 Q. The Commission would have the authority
4 to reject any SmartGrid proposals that Dayton Power
5 and Light makes, correct?

6 A. Certainly the Commission will have
7 authority to approve and review our plan.

8 Q. Or reject them.

9 A. The Commission has the discretion to
10 reject our plan.

11 Q. If I could draw your attention to
12 paragraph -- excuse me, page 7, 3a. And specifically
13 the provision that says "whichever is earlier unless
14 an extension is recommended by Staff or granted by
15 the Commission." Do you see that language?

16 A. I do.

17 Q. How would -- how -- how does Dayton Power
18 and Light and the signatory parties envision that
19 staff will seek that recommendation -- or, pardon me,
20 that extension?

21 A. I don't know how they would do that.

22 Q. Okay. Based on how it's written, can
23 there be a scenario where staff makes a
24 recommendation and the Commission rejects that
25 recommendation?

1 A. I think the Commission has the discretion
2 to accept or reject any recommendation.

3 Q. Okay. So how -- let's assume that that
4 transpires, staff makes a recommendation, the
5 Commission rejects that recommendation. What happens
6 then to the requirements outlined in 3a as far as
7 timing goes?

8 A. Can you repeat that, please?

9 Q. Certainly. Under paragraph 3a there are
10 certain obligations on Dayton Power and Light to file
11 a modernization plan within a specific period of
12 time, correct?

13 A. Yes.

14 Q. And that period of time can be extended
15 if recommended by staff or granted by the Commission,
16 correct?

17 A. Correct.

18 Q. And your testimony was that it would be
19 possible for staff to make a recommendation and the
20 Commission to reject that recommendation, correct?

21 A. Yes, I believe that to be correct.

22 Q. Okay. And my question is if that were to
23 happen, how will the timeline for a modernization
24 plan be affected?

25 A. I don't know exactly how the timeline

1 would be affected. Depending on the timing of a lot
2 of things, when you mentioned that, the staff
3 recommending an extension, how long it takes for the
4 Commission to either grant or -- in this case in your
5 example that they don't grant it, whether there is
6 additional information the Commission provides to the
7 company regarding why it wasn't granted or if it
8 should continue with providing a plan.

9 Q. Okay. In paragraph 3b, it says "The
10 Modernization Plan should assess." Do you see that?

11 A. Yes.

12 Q. Is the "should" meant to be mandatory; in
13 other words, the modernization plan will assess and
14 analyze the cost effectiveness, et cetera?

15 A. Can you repeat that?

16 Q. Certainly. Let me read the first
17 sentence of paragraph 3b, if I might, and then I will
18 ask the question, Ms. Schroder. It states "The
19 Modernization Plan should assess and analyze the
20 cost-effectiveness and provide a cost/benefit
21 analysis of all of its components and provide
22 anticipated timelines for deployment." Did I read
23 that correctly?

24 A. Yes, you did.

25 Q. Is the assessment reference in there a

1 mandatory assessment that Dayton Power and Light
2 Company will undertake?

3 A. No. In that sentence I would interpret
4 the word "should" as that's not mandatory.

5 Q. Okay. Would Dayton Power and Light
6 Company be amenable to making that assessment
7 mandatory?

8 A. I don't know.

9 Q. Okay. In the next sentence of 3b,
10 Ms. Schroder, it references "operational cost
11 savings." Do you see that?

12 A. Yes.

13 Q. And to the degree any operational cost
14 savings are realized, they will be passed on to
15 consumers, correct?

16 A. I don't know.

17 Q. Would the company be amenable to mod --

18 A. We are both off.

19 Q. -- a modification to the amended
20 stipulation that any operational cost savings will be
21 passed on to consumers?

22 A. I don't know but -- I don't know if the
23 company would be amenable to changes, but I can say
24 that the stipulation, as it stands today, is a
25 package that is supported by a number of other

1 parties, and I can't speak for them.

2 Q. If I could direct your attention,
3 Ms. Schroder, to page 8, section III, paragraph 1,
4 little a. Let me know when you are there, please.

5 MR. IRELAND: Bill, where are we? Sorry.

6 MR. MICHAEL: Page 8 of the stipulation,
7 section Roman Numeral III, 1, little a, talking about
8 RECs.

9 MR. IRELAND: Thank you.

10 MR. MICHAEL: Thank you.

11 A. Yes, I see that.

12 Q. And the procurement of the RECs will be
13 subject to audit -- audit and prudence review by the
14 Commission and its staff, correct?

15 A. The procurement of RECs?

16 Q. Yes.

17 A. Yes.

18 Q. If I could draw your attention, please,
19 Ms. Schroder, to page 9, Roman Numeral IV, the
20 economic development rider.

21 A. Okay.

22 Q. The provisions in this section, Roman
23 Numeral IV, will not carry forward into any DMR
24 extension, correct?

25 A. No. I would disagree with that

1 characterization. It's my understanding in the
2 middle of section -- under subsection 1, "The
3 provisions in this Section shall expire when the DMR
4 expired," and it goes on further. And as I mentioned
5 earlier, if the DMR extended, I would interpret the
6 same thing, the DMR extension or the DMR expiration
7 would tie to how many years the DMR exists.

8 Q. Okay. And if we can focus on the
9 economic improvement incentive, Ms. Schroder. You
10 don't know how much that economic improvement
11 incentive will cost during the term of the ESP,
12 correct?

13 A. No. That's not correct.

14 Q. Okay.

15 A. The cost of this and the other incentives
16 are all contained within the typical bill impacts
17 that are attached to my testimony as Exhibit --
18 Exhibit -- Exhibit A.

19 Q. Take me there, Ms. Schroder, and show
20 me -- let's stick with the economic improvement
21 incentive for the time being. And I am on Exhibit A
22 and please direct me to where it says how much it
23 will cost during the term of the ESP.

24 A. It doesn't have a specific cost of that
25 subset of incentive that's reflected on this page,

1 but that is included in this incremental cost of the
2 economic development rider which is column J. I am
3 looking at Exhibit A, page 1 of 36, and I am looking
4 at column J. And, for example, the economic
5 development rider and all of the benefits that are
6 proposed in the stipulation to the region and all of
7 the customers that will endure either direct or
8 indirect benefits, this is approximately less than 50
9 cents for a typical residential customer.

10 Q. Okay. And it might be helpful to clarify
11 my question for you, Ms. Schroder, because it doesn't
12 answer the question I asked. The question I asked
13 was how much will the economic improvement incentive
14 cost over the course of the ESP? And you pointed me
15 to a provision in your exhibit that said how much it
16 could cost a typical residential utility consumer
17 using a thousand kilowatts.

18 And so I wanted to distinguish what you
19 pointed me to from the question I am asking for
20 purposes of clarity, if I might. The economic
21 improvement incentive is an incentive that is .0040
22 per kilowatt for all kilowatt-hours, correct?

23 A. I'm sorry. I am turning back to where
24 you were.

25 Q. That's all right.

1 A. Go ahead. Sorry. Go ahead with your
2 question.

3 Q. Okay. I would first like to draw your
4 attention, Ms. Schroder, to paragraph a, and it
5 provides that the economic development incentives
6 will be equal to .0040 per kilowatt-hour for all
7 kilowatt-hours, correct?

8 A. I see that.

9 Q. So the value of the economic improvement
10 incentive is a function of consumption, correct, of
11 kilowatts?

12 A. That's right.

13 Q. Okay. And my question is you do not know
14 how much the economic improvement incentive will cost
15 in total over the course of the ESP, correct?

16 A. I am not sure if that's exactly the
17 question that I answered earlier but what I was
18 trying to answer is that we do have what I would
19 consider a reasonable estimate of this. I don't have
20 that in front of me but that's what's incorporated
21 into the typical bill analysis.

22 Q. Okay. So if I want to know how much the
23 economic improvement incentive will cost over the
24 course of the ESP, tell me how I arrive at that
25 number based on your Exhibit A.

1 A. I wouldn't say that you could arrive at
2 it based on Exhibit A. It is incorporated in there,
3 but I think to arrive at it would have to be
4 providing you with customer specific information that
5 I'm not able to provide.

6 Q. Okay. So you are not able to testify
7 right now how much the economic improvement incentive
8 will cost during the course of the ESP, correct?

9 A. Without divulging customer-specific load
10 data and the forecast of such, I cannot.

11 Q. Okay. And do you have that
12 information -- do you know what that information is
13 such that we could go to a confidential session and
14 could you tell me about?

15 A. Not as I sit here, I do not have that.

16 Q. Okay. Thank you. To get the economic
17 improvement incentive, those who qualify will not
18 have to create any jobs, correct?

19 A. I think that what we were trying to
20 reflect here is that they have already created jobs
21 and that they, as large employers, do create jobs;
22 and we want to provide them an incentive to continue
23 to create jobs and promote job growth in the region.

24 Q. Okay. But in order to get the
25 incentives, those that qualify don't have to create

1 any jobs, correct?

2 A. Just to clarify they get the incentive.
3 They have already created a large number of jobs.

4 MR. MICHAEL: Move to strike, your Honor.

5 EXAMINER PRICE: Granted. The question
6 before you is in order to get the economic incentive,
7 do the employers have to create any new jobs?

8 THE WITNESS: They do not have to create
9 any new jobs. We are providing them incentive to do
10 so.

11 Q. But they still get the incentive even if
12 they don't create any new jobs, correct?

13 A. That's correct.

14 Q. And in order to get the economic
15 improvement incentives, those eligible do not have to
16 retain any current jobs, correct?

17 A. As I stated earlier, there are no
18 requirements in here similar to what you are asking
19 about. What we are providing instead is an incentive
20 for these large employers to continue to employ
21 customers in the region and to grow.

22 Q. And just so I can move on, perhaps, and
23 make this quicker, your answer would be the same
24 regarding the automaker incentive and the Ohio
25 business incentive, correct?

1 A. I would say they are similar. Some of
2 these encourage customers, and these large employers,
3 to operate efficiently which provides other direct
4 and indirect benefits to others in the region, in
5 addition to the fact we are providing an incentive
6 for job growth.

7 Q. Okay. So I am going to go through them
8 one at a time then. The automaker incentive, in
9 order to get that incentive, those eligible do not
10 have to create any new jobs, correct?

11 A. Similar to my answer earlier, they do
12 not -- there is no requirement to create new jobs.
13 What we are providing is an incentive for them to
14 maintain a large employer and benefit the region.

15 Q. Okay. And there is no requirement under
16 the automaker incentive that those eligible retain
17 any current jobs, correct?

18 A. I would say similar to my earlier answer,
19 they already have created a lot of jobs. There is no
20 additional requirement. We are providing them an
21 incentive to remain a large employer in the region.

22 Q. Ms. Schroder, I am more than happy to sit
23 here and ask my questions over and over and over,
24 okay? I would request --

25 MR. MICHAEL: And I would ask the Bench

1 to, I suppose that's a better way to do it, if I
2 could ask your Honor to ask that the witness listen
3 to my question and answer my question? You know,
4 Mr. Ireland will have an opportunity to do redirect.
5 You know, if she doesn't understand it, I am happy to
6 restate it, but this is just -- I would ask for an
7 instruction from your Honor to listen to the question
8 and answer it.

9 EXAMINER PRICE: Please listen carefully
10 to Counsel's question, and answer the question
11 directly. If you have any additional information,
12 Mr. Ireland will be happy to ask you that question on
13 redirect.

14 MR. MICHAEL: Thank you, your Honor.

15 Q. (By Mr. Michael) I am going to stick with
16 the automaker incentive, Ms. Schroder. In order to
17 get that incentive, those that qualify do not have to
18 retain any current jobs, correct?

19 A. Again, similar to my last statement,
20 there is no requirement.

21 Q. And the Ohio business incentive, for
22 those that qualify, they do not have to create any
23 new jobs in order to get that incentive, correct?

24 A. Similar to my other answer, there is no
25 requirement, only an incentive.

1 Q. And under the Ohio business incentive,
2 there is no requirement that they retain existing
3 jobs in order to get that incentive, correct?

4 A. No requirement. However, there is an
5 incentive which is what we are providing for them to
6 maintain --

7 Q. If I could -- I'm sorry. Were you
8 through?

9 A. No, actually I wasn't. I was just saying
10 again there is no requirement of such. What we are
11 providing is an incentive for them to remain a large
12 employer in the region.

13 Q. Okay. And they would still get the
14 incentive if they went down to one employee, correct?

15 MR. ALEXANDER: Objection.

16 EXAMINER PRICE: Grounds?

17 MR. ALEXANDER: Misstates the record and
18 frankly the Commission. This is based on load. It's
19 not based on jobs, so it is a comparison to one
20 employee. It's completely irrelevant. This
21 provision as well as the automaker provision is based
22 on load, not jobs.

23 EXAMINER PRICE: I understand the
24 provision is based on load, but he is going to argue
25 it's relevant because it's not tied to jobs and

1 that's his privilege to argue that in the brief. So
2 the objection is overruled.

3 A. Could you repeat the question?

4 MR. MICHAEL: Yes. May I have the
5 question repeated, your Honor?

6 EXAMINER PRICE: Let's have the question
7 back again.

8 (Record read.)

9 A. I would say it is a very wild observation
10 that that might be --

11 Q. It wouldn't be my first.

12 A. But --

13 Q. There's lots of them with this case.

14 A. We have a very large employer that is one
15 of the largest employers in our region that has
16 multiple locations that would all of a sudden instead
17 of having multiple locations and being headquartered
18 in Ohio would all of a sudden have one employee, but
19 I would note that if that were the case, presumably
20 they would be closing down all of the stores and
21 shutting down operations such that they would
22 probably have very limited usage and the value of the
23 economic development incentive would be next to zero.

24 Q. Okay. Let's move on to paragraph 2. You
25 see the reference to the EDR in that paragraph?

1 A. Yes.

2 Q. How is the EDR allocated now?

3 A. I would say, subject to check, I believe
4 it's based on percentage of distribution revenues.

5 Q. Okay. And are you familiar with the
6 concept of delta revenue with special arrangements
7 and economic development arrangements?

8 A. Yes, I am.

9 Q. Okay. Is delta revenue collected through
10 the EDR?

11 A. That's my understanding, yes.

12 Q. Is anything in addition to delta revenue
13 collected through the EDR to your knowledge?

14 A. Not to my knowledge.

15 Q. If I could draw your attention to the
16 page -- the top of page 11 in the amended stipulation
17 and specifically the language that says "or when an
18 equivalent economic stability charge," et cetera. Do
19 you see that language, Ms. Schroder?

20 A. I'm sorry, no, I don't. Where are you
21 again?

22 Q. The very top of page 11 of the proposed
23 amended stipulation, right there in the first line on
24 that page.

25 A. Yeah, I see it now. I am reading through

1 the prior sentences. Okay.

2 Q. So in this case Dayton Power and Light is
3 not ruling out seeking another financial stability
4 charge at some other time, correct?

5 A. I would say but for in year six where we
6 have committed there will not be one.

7 Q. Okay. So the proposal is potentially
8 that this DMR will last three years with a two-year
9 extension, correct?

10 A. That's part of this proposal.

11 Q. Okay. And the ESP lasts six years as
12 proposed, correct?

13 A. Correct.

14 Q. And if I understood your testimony just a
15 second ago, what you said was after this six-year
16 ESP, Dayton Power and Light is committing not to come
17 back for non -- nonbypassable financial stability
18 charge, that --

19 A. No, I don't think that's what I said, or
20 I didn't intend to say that.

21 Q. You did, but we will revisit it then.

22 A. What I intended to say and what I think I
23 said was that the ESP is six years long and that the
24 company has committed that in year six there will be
25 no financial integrity or DMR.

1 Q. But it's not ruling out after year six
2 Dayton Power and Light Company might seek another
3 financial stability charge; is that correct?

4 A. I don't think there is anything in the
5 stipulation regarding what might happen at the end of
6 this ESP term.

7 Q. Okay. Then explain to me what this
8 means. It states at the top of page 11 "When the DMR
9 expires, or when an equivalent economic stability
10 charge intended to provide financial stability to
11 DP&L or DPL Inc., whether proposed in this case or
12 another proceeding expires." I read that to say that
13 Dayton Power and Light in this case is not ruling out
14 seeking another financial stability charge; is that
15 not the correct reading of that provision?

16 A. I don't know but let me start by
17 answering that question with the fact that the
18 negotiations and the settlement among all of these
19 parties is complex and there is a lot of give and
20 take and a lot of requests for language changes and
21 interpretation and protections. And in this case my
22 interpretation is that certain parties that signed
23 the stipulation asked for certain protections and
24 that's what's provided for by this language.

25 MR. MICHAEL: Your Honor, I would like to

1 strike everything after "I don't know."

2 EXAMINER PRICE: I am going to deny that.
3 I think she is giving her best guess as to what this
4 means, but she does not know for certain.

5 MR. MICHAEL: Thank you.

6 Q. If you could turn to page 12, please,
7 Ms. Schroder. I want to draw your attention
8 specifically to the money that DP&L will pay IEU,
9 OMAEG, and Kroger. Do you see that language in
10 there?

11 A. Yes, I see that.

12 Q. Were those dollar figures a function of
13 anything other than the negotiation process in order
14 to reach the amended stipulation?

15 A. Those dollar figures are a part of the
16 entire package, and I can't say specifically what
17 they are or they are not a part of, but they are part
18 of the entire package that does provide benefits.

19 Q. Okay. And I'll ask -- I mean, is the 145
20 grand that DP&L is going to pay to IEU-Ohio tied to
21 any regulatory principle like cost causation?

22 MS. BOJKO: Objection. I am going -- I
23 allowed the first question, but I think we are
24 getting into confidential settlement discussions and
25 how the provisions were arrived at in this paragraph.

1 MR. IRELAND: I would join.

2 EXAMINER PRICE: Sustained.

3 MS. BOJKO: Thank you.

4 Q. Okay. So the \$145,000 was arrived at
5 wholly and completely as a function of the
6 negotiation process of the amended stipulation,
7 correct?

8 MS. BOJKO: Objection.

9 MR. MICHAEL: If I could just respond,
10 your Honor. What I am trying to get at is, you know,
11 the Commission has an amended stipulation in front of
12 it under which certain dollar figures will be paid to
13 certain parties and I simply want to know were those
14 dollar figures arrived at wholly as a function of the
15 negotiation process to reach the stipulation or --

16 EXAMINER PRICE: It's a settled figure.
17 I don't think the Commission will take the -- this is
18 the figure. If you want to ask if it's tied to any
19 of the figures, that might be fair, but we will just
20 see how that goes.

21 MR. MICHAEL: Okay.

22 Q. Is it tied to any figure?

23 MS. BOJKO: Objection.

24 EXAMINER PRICE: Let's rephrase that
25 question.

1 MR. MICHAEL: You said it, your Honor, so
2 I thought it was a good question.

3 EXAMINER PRICE: Let me try.

4 MR. MICHAEL: Yeah, that would be great.

5 EXAMINER PRICE: And maybe I will fail.
6 Maybe Ms. Bojko will object.

7 MR. MICHAEL: You can overrule her is the
8 good thing.

9 EXAMINER PRICE: Maybe I won't. Is
10 this -- are the three figures in the paragraph on
11 page 12, are they contingent upon any other -- I
12 can't even -- I can't even figure out how to do it
13 right. I think -- I think we are stuck with the
14 figures there are a part of the settlement
15 discussions and that's what it is. If you want to
16 take another shot at it, be my guest.

17 Q. (By Mr. Michael) Ms. Schroder, are those
18 dollar figures tied to any metric associated with
19 either IEU, OMA, or Kroger's electricity bill?

20 MS. BOJKO: Objection.

21 MR. PRITCHARD: Object.

22 MS. WHITFIELD: I am going to object as
23 well.

24 EXAMINER PRICE: I'll sustain.

25 Q. So let me understand then Dayton Power

1 and Light's perspective. They expect the Commission
2 to approve payments to IEU, OMA, and Kroger without
3 knowing what those payments are tied to in any way,
4 shape, or form?

5 MS. BOJKO: Objection. Your Honor, the
6 stip speaks for itself, and I think that counsel, he
7 turned to page 12. He didn't start at the beginning
8 of the paragraph but there are parameters in the
9 stipulation that I think the stipulation speaks for
10 itself and it's not as --

11 MR. MICHAEL: Maybe she could point me to
12 it then. I'm fine with that too.

13 EXAMINER PRICE: I think if you look at
14 the first sentence of this paragraph I think is what
15 Ms. Bojko is referring to.

16 MR. MICHAEL: Oh, okay. So how is the
17 partially offset -- I mean, how partially is that
18 partial offset?

19 MS. BOJKO: Objection. I am going to
20 wholly object, not partially object.

21 MR. MICHAEL: First time for everything.

22 Q. (By Mr. Michael) Okay. I mean, it's a
23 partial offset and that language is in the stip. I
24 want to understand how that partial offset was
25 arrived at. Was it simply a function of the

1 negotiation between the company and the parties, or
2 was it tied to some metric of the load or demand?

3 MS. BOJKO: Objection.

4 MR. IRELAND: Your Honor, I think she can
5 answer the first question but not the second
6 question.

7 MS. BOJKO: I agree, not the or.

8 EXAMINER PRICE: So you're objecting to
9 the compound nature of the question, not the
10 settlement.

11 MR. IRELAND: Right.

12 EXAMINER PRICE: Why don't you break it
13 up. Ask her the first part.

14 Q. Okay. The partial offset, was that --
15 what was -- was the amount of that partial offset
16 wholly a function of the negotiation process between
17 the company and the three entities listed on page 12?

18 MS. BOJKO: Objection. He changed his
19 question now. It's whole -- his use of "wholly" is
20 part of the problem.

21 MR. MICHAEL: What would you suggest,
22 Ms. Bojko?

23 MS. BOJKO: Ask the first part of the
24 question without the word "wholly" added.

25 EXAMINER PRICE: Don't use "wholly."

1 MS. HARRIS: Just ask it to be read back.

2 EXAMINER PRICE: Don't ask her to go back
3 six questions.

4 Q. (By Mr. Michael) I will go over it. I
5 didn't realize "wholly" was such a -- okay. So the
6 partial offset, the amount was a function of the
7 negotiation process between Dayton Power and Light
8 and the three entities listed on page 12, correct?

9 A. I would say it's broader than this. It
10 is definitely part of the settlement and stipulation
11 and negotiations, but as we have 14 parties that have
12 signed on that agree that there are benefits here to
13 the entire package, I think that it is part of the
14 package that benefits not only all that have signed
15 on but broader for the region of all customers.

16 Q. Were any of those other parties you just
17 mentioned involved in negotiating the \$145,000
18 figure?

19 MR. PRITCHARD: Objection.

20 EXAMINER PRICE: Sustained.

21 Q. If we could turn to page 13, please, and
22 draw your attention to the reconciliation rider
23 provision. The company doesn't know how much the
24 reconciliation rider is going to cost, correct?

25 A. I'm sorry. Just give me one minute.

1 Q. Certainly. Take it.

2 A. You are on page 13?

3 Q. I am.

4 A. Okay. Can you repeat your question for
5 me, please?

6 Q. Certainly. You don't know how much the
7 reconciliation rider will cost consumers during the
8 course of the ESP, correct?

9 A. We do have an estimate which is included
10 in the typical bills.

11 Q. Okay. Why don't you point me to that.

12 A. Exhibit A to my testimony, page 1 of 36,
13 column F, for a typical residential customer,
14 approximately a dollar depending on their usage, 92
15 cents for \$1.39 for a typical residential customer.
16 That's what is estimated for year one.

17 MR. MICHAEL: I would move -- going to
18 move to strike, your Honor, as nonresponsive and ask
19 the question be reread.

20 EXAMINER PRICE: Your motion to strike
21 will be denied. I think the question was vague as to
22 whether you meant the overall cost or the costs to an
23 individual consumer. She took advantage of that
24 vague answer, answered the individual consumer. If
25 you want to ask the aggregate costs.

1 Q. I am going to ask about the aggregate
2 cost, Ms. Schroder, and it's true that Dayton Power
3 and Light doesn't know the total cost of the
4 reconciliation rider over the course of the ESP,
5 correct?

6 A. Correct. We don't have an estimate of
7 the overall cost or benefit as it will provide a net
8 passthrough to customers as its proposed and agreed
9 to here in the stipulation that there may be benefits
10 that are passed through, and there may be costs that
11 are passed through so what we have provided is a
12 forecast.

13 MR. MICHAEL: Move to strike everything
14 after "correct."

15 EXAMINER PRICE: I'll give her a little
16 bit of leeway. Overruled.

17 MR. MICHAEL: Thank you, your Honor.

18 Q. So under this rider, Ms. Schroder, Dayton
19 Power and Light will collect the difference between
20 OVEC's costs and PJM's revenues, correct?

21 A. I think at a high level that's accurate.

22 Q. Okay. And do the costs include a rate of
23 return?

24 A. It's my understanding they do not.

25 Q. Okay. And if I could draw your attention

1 to paragraph little two ii references OVEC costs
2 there in the third line down. Do you see that?

3 A. Yes, I see that.

4 Q. And will those costs be subject to
5 prudence review by the Commission and its staff?

6 A. Yes. I think any time we have a rider
7 that we are proposing to pass through costs and
8 credits, that they are subject to the review of the
9 staff and the Commission.

10 Q. Okay. And will they be subject to an
11 audit by the staff or its designee?

12 A. I would expect so, yes.

13 Q. Okay. And will staff -- will the
14 Commission have the authority to make a disallowance
15 for any imprudently-incurred costs?

16 A. The Commission always has that right.

17 Q. Is that Dayton Power and Light's
18 expectation with respect to the reconciliation rider,
19 that they would have a right to make a disallowance?

20 A. Can you repeat all of that?

21 Q. Certainly. Is it Dayton Power and
22 Light's expectation that the Commission will have the
23 authority to make a disallowance if Dayton Power and
24 Light seeks to recover imprudently-incurred OVEC
25 costs?

1 A. I would like to answer that by saying we
2 don't expect we will incur imprudent costs, but
3 certainly the Commission will review, the staff and
4 Commission will review and approve our rider.

5 Q. Okay. And it will have the authority to
6 make a disallowance if they find any
7 imprudently-incurred costs, correct?

8 A. They will have the authority to review
9 their audit and make their decision.

10 Q. Including a disallowance, correct?

11 A. I would expect they can make their
12 decision whether it's prudent or not, yes.

13 Q. The reconciliation rider is bypassable,
14 so shopping customers won't have to pay it, correct?

15 A. What do you mean? I am not sure if I am
16 interpreting the way you said, so can you repeat the
17 question slightly differently?

18 Q. Is the reconciliation rider bypassable?

19 A. It is as proposed in the stipulation,
20 yes.

21 Q. That means customers that shop won't have
22 to pay it, correct?

23 A. That's correct.

24 Q. Okay. And if shopping were to increase,
25 the cost of the reconciliation rider to SSO customers

1 would also increase, correct?

2 A. Can you repeat that?

3 MR. MICHAEL: Could you reread the
4 question, please.

5 EXAMINER PRICE: I think the difficulty
6 is you have flipped between aggregate and individual.
7 Are you saying the cost to an individual or costs in
8 the aggregate?

9 MR. MICHAEL: It doesn't matter. The
10 answer is the same. If it's a clarification issue.

11 Q. So in the aggregate, Ms. Schroder, as
12 more customers shop, the cost for the reconciliation
13 rider will increase in the aggregate to SSO
14 customers, correct?

15 A. No. I don't think that's necessarily
16 true. I think there are a lot of factors here, one
17 being that it may not be an actual net cost. It
18 could be a net benefit. But depending on the market
19 and the level of costs and the level of benefit and
20 the level of shopping, I think all of those will play
21 into it, so I think it's hard to say.

22 Q. Okay. So let's assume for the purpose of
23 the question that the reconciliation rider will be a
24 cost. Are you with me so far?

25 A. Yes.

1 Q. As more customers shop in the aggregate,
2 that will increase the amount of the reconciliation
3 rider borne by SSO customers, correct?

4 A. If I followed your hypothetical, I would
5 have to do a calculation to understand for sure what
6 you are saying. There are a number of factors I
7 guess is what my answer is.

8 Q. Tell me what the factors are.

9 A. As I stated a moment ago, whether there
10 are costs or benefits.

11 Q. Okay. I asked you to assume it was a
12 cost.

13 A. How many customers are shopping, what
14 their usage is, whether their usage is higher or
15 lower. Those are a number of the factors.

16 Q. Why does whether their usage is higher or
17 lower matter?

18 A. For example, if there were fewer
19 customers, that those fewer customers are using quite
20 a bit more, then the rate would then go down.

21 Q. Okay. But you are going to collect a
22 certain amount under the reconciliation rider and
23 that's the difference between the cost and the
24 revenues, correct?

25 A. That will be how it's proposed, yes.

1 Q. Okay. And only SSO customers are going
2 to pay that amount, whatever it is, correct?

3 A. Or receive that benefit.

4 Q. Okay. So as more customers shop,
5 given -- given a cost for the reconciliation rider,
6 the amount of that cost is going to be borne by SSO
7 customers is going to necessarily increase, correct?

8 A. I would say -- I would agree with that in
9 the aggregate.

10 Q. Okay. Thank you. OVEC isn't currently
11 used to provide SSO service, correct?

12 A. Can you clarify for me what you mean by
13 used for SSO service?

14 Q. You know what SSO service is?

15 A. I do.

16 Q. And Dayton Power and Light bids out for
17 generation service to provide the generation for the
18 SSO customers, correct?

19 A. I wouldn't characterize it that way.

20 Q. Would you characterize it as an auction?

21 A. Yes. We currently hold an auction.

22 Q. Okay. And does OVEC participate in the
23 auction to supply SSO service to Dayton Power and
24 Light's customers?

25 A. I don't know.

1 Q. If you could turn to page 14,
2 Ms. Schroder, and draw your attention to paragraph b
3 regarding the decoupling rider.

4 A. I'm sorry. Were you at my testimony or
5 stipulation?

6 Q. Stipulation.

7 A. 14?

8 Q. Yes, ma'am.

9 A. I'm on 14.

10 Q. Okay. And specifically paragraph b
11 regarding the decoupling rider. In the aggregate
12 Dayton Power and Light doesn't know how much the
13 decoupling rider is going to cost during the course
14 of the ESP, correct?

15 A. Similar to some of the others we know
16 what the cost will be in year one, and we have
17 forecasts for the other years, but it will depend on
18 a number of factors.

19 Q. Okay. So, in the aggregate, Dayton Power
20 and Light doesn't know how much the decoupling rider
21 will cost during the course of the ESP, correct?

22 A. We don't know all of the costs. What we
23 do know are some of the parameters and the costs will
24 be approved by the Commission.

25 Q. Now, in the second line of paragraph b

1 you see the reference to lost revenues?

2 A. Yes, I see that.

3 Q. And those lost revenues occur because
4 through energy efficiency measures consumers use less
5 electricity and, therefore, pay less, correct?

6 A. I am not sure I could characterize the
7 entirety of what you said, but they are distribution
8 lost revenues.

9 Q. Okay. And those distribution lost
10 revenues occur as a result of any efficiency programs
11 under which consumers use less electricity, correct?

12 A. That's right.

13 Q. Okay. So through the decoupling rider,
14 consumers will be charged for what they saved from
15 consuming less electricity, correct?

16 A. No, that's not correct.

17 Q. Okay. Tell me why not.

18 A. While we are passing through the lost
19 revenue, the intention is the distribution lost
20 revenues, so all of the savings from generation,
21 transmission, and anything that's not distribution
22 related is still saving.

23 Q. Okay. But as it relates to the
24 distribution, consumers will be paying less, but the
25 company will recoup that difference through the

1 decoupling rider, correct?

2 A. Not precisely but that's the idea.

3 Q. Draw your attention to paragraph c,
4 Ms. Schroder.

5 A. Yes.

6 Q. That creates a -- purports to create a
7 pilot program, the purpose is to explore whether
8 certain customers could benefit from opting out of
9 DP&L's TCRR-N as stated in that paragraph, correct?

10 A. That's correct.

11 Q. Okay. And were the Commission to modify
12 the stipulation such that the TCRR-N pilot program
13 lasted only three years, that would be sufficient
14 time to explore whether certain customers could
15 benefit from opting out of the TCRR-N, correct?

16 A. I don't know.

17 Q. Under the paragraph c, the TCRR-N
18 provision, Dayton Power and Light has no obligation
19 to report what it finds as a result of that pilot
20 program, correct?

21 MR. IRELAND: Objection to form. Report
22 to whom? It's vague.

23 MR. MICHAEL: I can rephrase, your Honor.

24 EXAMINER PRICE: Please.

25 Q. Dayton Power -- excuse me. I apologize.

1 Dayton Power and Light Company has no obligation to
2 report to the Commission what it learns as a result
3 of the pilot program for the transmission costs
4 recovery rider, correct?

5 A. I don't know if there is an obligation,
6 but it states on page 14 that the purpose of the
7 pilot program is to explore and so forth the
8 benefits. And so I would expect we will be working
9 with staff to explore the benefits and the costs in
10 the context of the pilot.

11 Q. Would you be amenable were the Commission
12 to modify the stipulation to require that Dayton
13 Power and Light Company file a report with the
14 Commission based on what it finds after that
15 exploration?

16 MR. IRELAND: Objection, your Honor. I
17 object to the questions that have to do -- she
18 doesn't have the authority to change the stipulation
19 which is a negotiated deal among multiple parties
20 here, so asking her whether the company would be
21 willing to or if she would be willing to change
22 something seems to me pretty far beyond the scope of
23 her testimony.

24 EXAMINER PRICE: I think she has
25 demonstrated she does not have the authority to say

1 what changes the company will or won't modify or
2 accept terms of the modification, so we will sustain
3 the objection.

4 MR. MICHAEL: Thank you, your Honor.

5 Q. If I could draw your attention to
6 page 17, please, Ms. Schroder, paragraph d.

7 A. Okay.

8 Q. The Commission and its staff will have
9 the authority to do a prudence review audit and
10 disallow costs recovery sought to be recovered under
11 the RCR, correct?

12 A. Similar to my response earlier regarding
13 some of the other riders, I believe that the staff
14 and the Commission have the right to do prudence
15 review of all of the riders that we charge.

16 Q. And to disallow cost recovery in its
17 judgment, correct?

18 A. To approve or disallow anything, they
19 have that authority.

20 Q. Draw your attention to page 18,
21 paragraph e regarding the storm cost recovery rider.

22 A. Yes.

23 Q. Okay. Dayton Power and Light Company
24 does not know in the aggregate how much the storm
25 cost recovery rider will cost during the course of

1 the ESP, correct?

2 A. No, and I think that's due to the nature
3 precisely of the storm cost recovery rider that is
4 in -- established to recover unusual or major events,
5 and so, by nature, we don't know what they are.

6 Q. Okay. And if you look about two-thirds
7 of the way down that paragraph, Ms. Schroder, with
8 the sentence beginning "Therefore, all
9 prudently-incurred expenses," do you see that
10 sentence?

11 A. I don't, but I'm looking.

12 Q. Take your time.

13 A. Okay. You are at "prudently-incurred"?

14 Q. Yes, I am.

15 A. Uh-huh.

16 Q. That statement "incremental to base
17 rates," wouldn't all expenses be incremental to base
18 rates since there is no baseline for the storm cost
19 recovery rider?

20 A. In the context of the storm rider, it is
21 the case that there is no level of expenses for major
22 storms in the base rates as it states in the sentence
23 just prior, so there is no baseline, so anything
24 would be, yes, by definition, incremental.

25 Q. Okay. And similar to what you've

1 testified to earlier, Ms. Schroder, the PUCO and the
2 staff would have the authority to do a prudence
3 review audit and disallow cost recovery under the
4 storm cost recovery rider, correct?

5 A. Yes. I think similar to my answer
6 earlier, they always have the option for reviewing,
7 approving, and as you mentioned, disallowing if
8 that's appropriate.

9 Q. If I could draw your attention to page 24
10 of the amended stipulation, Ms. Schroder, and if you
11 look about two-thirds of the way down, the sentence
12 reading "DP&L's 50 percent share will be recovered in
13 the RCR." Do you see that sentence?

14 A. I'm sorry, page 24?

15 Q. Yes, ma'am.

16 A. Okay. And can you point me again to
17 where you are?

18 Q. Certainly. It's about a third of the way
19 down, the sentence that reads "DP&L's 50 percent
20 share will be recovered in a regulatory compliance
21 rider." My question will be about that sentence.

22 A. Okay.

23 Q. The company doesn't know how much in the
24 aggregate during the course of the ESP that
25 50 percent share recovered through the regulatory

1 compliance rider will be, correct?

2 A. No, but I would say there are several
3 protections in here regarding the costs. There will
4 be an extensive review and study that's performed to
5 try to identify what those are, and methodology, so
6 that we can identify those costs. The staff will be
7 involved in that review.

8 And, secondly, there is a cap on the
9 regulatory compliance rider to ensure that it's only
10 to the extent it's under that cap.

11 Q. Okay. So I will ask the question again.
12 The company doesn't know how much in the aggregate,
13 during the course of the ESP, will be recovered
14 through the regulatory compliance rider as referenced
15 in that sentence, correct?

16 A. We don't -- no, we don't know the exact
17 amount, but we do know it's capped.

18 Q. Dayton Power and Light Company hasn't
19 established specific criteria to evaluate the success
20 or failure of the consolidated bill -- billing pilot
21 program, correct?

22 A. No. The methodology and any criteria, as
23 you mentioned, will be determined. It has not yet
24 been determined.

25 Q. Has Dayton Power and Light ever run a

1 pilot program before?

2 A. I don't know.

3 Q. Could you turn to page 37, paragraph
4 No. 2, please, Ms. Schroder.

5 A. Page 37?

6 Q. Yes, ma'am. I draw your attention
7 specifically to the sentence that reads "Except as
8 modified by this Stipulation, DP&L's Application in
9 these matters is approved." Do you see that
10 sentence?

11 A. Not yet but I am still reading. Okay. I
12 am reading paragraph 3 on page 37?

13 Q. No, ma'am, paragraph 2, please.

14 A. Okay.

15 Q. And my question is, Ms. Schroder, as you
16 are sitting there right now, what -- what parts of
17 DP&L's applications are not modified by the
18 stipulation?

19 A. I can't think of any right now. I don't
20 know.

21 MR. MICHAEL: Okay. I did turn the page,
22 your Honor. I didn't know if you noticed that, but
23 if your Honor was inclined to take a lunch break, I
24 do see it is the noon hour, I might be able to look
25 at some of my questions.

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EXAMINER PRICE: Let's go off the record.

(Discussion off the record.)

(Thereupon, at 12:06 p.m., a lunch recess
was taken.)

- - -

1 Tuesday Afternoon Session,
2 April 4, 2017.

3 - - -

4 EXAMINER PRICE: Let's go on the record.
5 Mr. Michael, please proceed.

6 MR. MICHAEL: Thank you, your Honor.

7 - - -

8 SHARON R. SCHRODER

9 being previously duly sworn, as prescribed by law,
10 was examined and testified further as follows:

11 CROSS-EXAMINATION

12 By Mr. Michael:

13 Q. Ms. Schroder, I've got a few more
14 questions for you, but I want to backtrack and ask
15 some questions of clarification on some subject
16 matters we discussed before break very quickly.
17 Page 11 of the amended stipulation, please, paragraph
18 c at the bottom of page 11. Are you there?

19 A. I'm sorry. I am just looking for context
20 of which section it's under.

21 Q. Paragraph c.

22 A. Okay.

23 Q. And my question is is that -- the partial
24 offset is available only to some, not all members of
25 a particular rate class, correct?

1 A. I would say this paragraph is specific to
2 the parties that are described in this paragraph.

3 Q. So not all members of the rate class, the
4 same rate class that those parties are, will get the
5 partial offset, correct?

6 A. That's correct.

7 Q. And so relative to those members of the
8 rate class identified, those not receiving the
9 partial offset will see an increase as a result of
10 the partial offset, correct?

11 A. No. These -- these offsets were agreed
12 to as part of the overall package and are paid for by
13 shareholders. There is no offsetting amounts.

14 Q. Well, I mean, just by virtue of the fact
15 they don't get the offset, they are going to be
16 paying more than as compared to like IEU-Ohio, for
17 example, correct?

18 A. No. I would disagree with that
19 characterization. There are a number of factors that
20 come into play with regards to all of the customers
21 at a particular rate class and how much they might
22 pay compared to IEU members, for example.

23 Q. Okay. Let's stick with IEU. All else
24 being equal, to partially offset the costs of the
25 stipulation and rate design modifications, IEU will

1 receive a payment of \$145,000, correct?

2 A. IEU for the benefit of its members.

3 Q. And other -- there are other customers in
4 the same rate class that IEU-Ohio's members are also
5 in, correct?

6 A. Yeah, I would agree with that and there
7 are more than one rate class of IEU customers as
8 well.

9 Q. Okay. And for those members of the rate
10 class that IEU-Ohio's members are members of, they
11 will be paying comparatively more because they don't
12 get the benefit of the \$145,000 partial offset,
13 correct?

14 A. No. I wouldn't characterize it that way.
15 What I would say is that the entire stipulation is a
16 package and as a result of certain parties
17 negotiating certain benefits within the stipulation,
18 IEU being one of them, there are benefits that accrue
19 to all members of those particular rate classes. And
20 so I do think that they are -- there are benefits for
21 members of those particular rate classes as a result
22 of IEU's settlement.

23 Q. And I appreciate that but that's Dayton
24 Power and Light's position. I want to focus only on
25 the partial offset for paragraph c for purpose of my

1 question, okay? And to restate my question, for
2 those businesses in the same rate class as IEU-Ohio's
3 members, they will be paying comparatively more
4 because they do not get the benefit of the \$145,000
5 partial offset of costs, correct?

6 A. As I said a minute ago, I would
7 characterize it differently. It may depend on what
8 you are comparing it to. More than they otherwise
9 would without a stipulation, more than they otherwise
10 would here, and as I mention, I think in both those
11 cases that that's not the case.

12 Q. Okay. I'm making the comparison between
13 IEU-Ohio's members and other members of those same
14 rate classes that were not a signatory party to the
15 stipulation, okay?

16 A. Uh-huh.

17 Q. And as it relates to those rate class
18 members that didn't sign the stipulation, they are
19 going to be paying comparatively more in relation to
20 IEU-Ohio because they are not going to get the
21 \$145,000 partial offset, correct?

22 MS. BOJKO: Objection.

23 EXAMINER PRICE: Grounds?

24 MS. BOJKO: Well, it calls for
25 speculation on many fronts. I am not even sure that

1 there are the members or the customers outside of the
2 classes or the description that Counsel is
3 describing. I am not sure that they exist, so I
4 think it's very speculative.

5 MR. MICHAEL: She already testified they
6 did exist so.

7 EXAMINER PRICE: Reask that question.

8 MR. MICHAEL: Can I have it reread, your
9 Honor?

10 EXAMINER PRICE: This question? Read
11 that question back again, the pending question.

12 (Record read.)

13 MS. BOJKO: Objection still, your Honor.
14 There are many levels of speculation in there. First
15 of all, we haven't taken into consideration the
16 different rate classes, the different rate designs,
17 how -- what does the word "comparatively" mean. I
18 mean, there are many levels of vagueness,
19 speculation, and I am not sure that it can be
20 answered.

21 EXAMINER PRICE: Let me try, Mr. Michael.

22 You have two factories in your service
23 territory, the exact same load profile, exact same
24 demand, exact same usage, okay? They make widgets.
25 Both make the same exact number of widgets every day.

1 All use characteristics are identical. One of those
2 factories is a member of OMAEG, Ms. Bojko's client;
3 one is not. After Ms. Bojko's client distributes the
4 \$18,000 to -- for the benefit of its members, will --
5 taking that into consideration, will the customer
6 that is not a member of OMAEG paying slightly more
7 than the customer that is not?

8 MS. BOJKO: I am going to object, your
9 Honor.

10 EXAMINER PRICE: Overruled. It's
11 overruled.

12 MS. BOJKO: I think yours is still
13 speculative about that --

14 EXAMINER PRICE: It's a hypothetical and
15 it's a hypothetical that has only one variable. It
16 was not one of Mr. Olikier's multi-level
17 hypotheticals. It is a one-variable hypothetical.

18 MS. BOJKO: Your Honor, you are assuming
19 the one customer that has the exact same usage is
20 going to be the customer that actually receives the
21 money for the benefit of the members in your
22 question, in your hypothetical.

23 EXAMINER PRICE: That is very true so I
24 guess that's the second variable. We are not going
25 to ask you if you are going to give the money to the

1 customers. We are assuming that to be true. The
2 witness can answer my question.

3 THE WITNESS: Under all of those
4 hypotheticals, I think that is true.

5 EXAMINER PRICE: Thank you. Okay. Let's
6 move on.

7 MR. MICHAEL: Thank you, your Honor.

8 Q. (By Mr. Michael) I want to revisit the
9 OVEC reconciliation rider, page 13. You would agree
10 that the reconciliation rider is purportedly an
11 incentive to shop, correct?

12 A. No, I would not agree with that.

13 Q. Okay. Notwithstanding that people who
14 shop don't have to pay the reconciliation rider, you
15 still don't agree that it's a purported incentive to
16 shop.

17 A. I would not characterize it that way. If
18 it is approved as it's agreed to in the stipulation
19 that it's bypassable, I think that's one of the
20 factors that customers could take into consideration
21 if they are to evaluate their choice.

22 Q. Okay. So as -- as more customers shop,
23 the total OVEC costs for any given year remain the
24 same for purposes of my question, the impact on the
25 individual SSO customer will increase, correct?

1 A. I think this is a similar question we
2 talked about earlier.

3 Q. It is.

4 A. And as I characterized earlier, I think
5 it depends on a number of other factors, some of them
6 being the usage of those customers. It was not
7 dependent on a customer charge as it's proposed, and
8 so the usage of the remaining customers that are on
9 the SSO would be part of what comes into play to
10 determine whether someone is paying more or less in
11 addition to their own usage.

12 Q. Okay. You have OVEC costs. With me so
13 far?

14 A. Yes.

15 Q. You have shopping customers that don't
16 have to pay the reconciliation rider. Are you with
17 me so far?

18 A. No. Just one moment. Say the second
19 part again.

20 Q. The reconciliation rider is bypassable,
21 so shopping customers don't have to pay it, correct?

22 A. Correct.

23 Q. Okay. OVEC costs remain the same. As
24 shopping increases, the impact for paying those OVEC
25 costs that are sought to be recovered under the

1 reconciliation rider will increase on the individual
2 customer level because less customers have to pay a
3 greater percentage of the OVEC costs, correct?

4 A. I think that's where I was saying there
5 are a number of variables, not the least of which is
6 whether the costs for that particular year are higher
7 or lower, and I think you made a hypothetical that
8 they were the same and that they are costs, not
9 benefits.

10 Q. Correct.

11 A. But I think the other two factors are the
12 customers that are still on Standard Service Offer,
13 you said there are less customers but those fewer
14 customers could be using more energy. And if they
15 are using more energy, one particular customer who is
16 not using any more could be paying the same or less.

17 Q. Okay. Explain to me in paragraph ii how
18 you could reach that conclusion, little ii.

19 A. On page 13?

20 Q. Yes, ma'am.

21 A. That leaves a couple of points that I had
22 made that are outlined here in paragraph ii under the
23 reconciliation rider on page 13. So the first
24 sentence describes the fact that DP&L will
25 defer/recover or credit the net proceeds from selling

1 OVEC energy and capacity into the marketplace and
2 OVEC costs. So that's where I had mentioned the fact
3 that it may not be a cost.

4 Q. And I asked you to assume --

5 MR. IRELAND: Could she finish her answer
6 before you get to the next question?

7 EXAMINER PRICE: Please.

8 A. That's where I had referenced it could be
9 a benefit. The next part where I was referencing the
10 changes in the usage is the next-to-last sentence
11 where it talks about that it's charged on a kWh
12 basis. And my explanation was that if you have less
13 customers but some of those customers are using more
14 kWh, some other customer might be spending less.

15 Q. Okay. But so on an individual level, you
16 are saying there would be a variation, but on an
17 aggregate SSO level, the SSO customers would be
18 paying more of the OVEC costs as shopping increases?

19 A. Yes, under your hypothetical, that's
20 right.

21 Q. Okay. I would like to turn to your
22 testimony, if we could, Mrs. Schroder -- Ms.
23 Schroder. I apologize. Page 3, line 17, please.
24 Actually lines 16 through 18. Let me know when you
25 are there, please.

1 A. Okay.

2 Q. DPL has a contingency plan if it's not
3 awarded the DMR, correct?

4 A. Not that I am aware of, no.

5 Q. If you could turn to page 5, line 1,
6 please, of your testimony.

7 A. Page 5?

8 Q. Yes, ma'am.

9 A. Uh-huh.

10 Q. And you will see the sentence there that
11 states "The settlement negotiations involved a
12 diverse group of experienced parties." Do you see
13 that?

14 A. I do.

15 Q. And do you make that assertion because
16 you believe that it's important for the Commission to
17 consider the diversity of interest that's supported
18 the stipulation?

19 A. I state that it "involved a diverse group
20 of experienced parties" because, as I understand it,
21 that's one of the three prongs that the Commission
22 will review when it's looking at a stipulation, and I
23 believe this stipulation did involve settlement
24 negotiations that were represented by a diverse group
25 of experienced parties.

1 Q. If you could turn to page 13, lines 1
2 through 4, please, Ms. Schroder. And you'll see a
3 reference in those lines, Ms. Schroder, to a
4 multiplier effect. Do you see that?

5 A. I'm sorry. I was looking at the
6 question. You are on line?

7 Q. The multiplier effect is referenced on
8 lines 3 and 4.

9 A. Yes, I see that.

10 Q. You haven't attempted to quantify that
11 purported multiplier effect, correct?

12 A. No. I just said that more in a
13 nonquantifiable exact number that it would be clear
14 to me that as those businesses retain existing
15 employees and hire new ones, it's logical that those
16 employees would spend money, would support other
17 local businesses, that seems logical, but it wasn't
18 quantified.

19 MR. MICHAEL: I would like to strike --
20 move to strike, your Honor, everything after "no." I
21 believe it was a "yes" or "no" question, and she
22 answered "no."

23 EXAMINER PRICE: I don't think it was
24 strictly a "yes" or "no" question. Your motion is
25 denied.

1 MR. MICHAEL: Thank you, your Honor.

2 Q. Page 14, Ms. Schroder, lines 6 through 8,
3 please.

4 EXAMINER PRICE: Could I have that
5 reference again?

6 MR. MICHAEL: Yes, your Honor, page 14,
7 lines 6 through 8.

8 EXAMINER PRICE: Thank you.

9 A. Yes.

10 Q. Do operational decisions, as referenced
11 there, include capital expenditures?

12 A. I don't know.

13 Q. Does it include costs, for example, for
14 operation and maintenance?

15 A. I'm sorry. You said costs for operations
16 and maintenance?

17 Q. Uh-huh.

18 A. I don't know.

19 Q. And you don't know if all decisions
20 regarding costs have to be unanimous, correct?

21 A. I don't know.

22 Q. If you would turn to page 14, lines 11
23 through 14, please.

24 A. Yes.

25 Q. Is Dayton Power and Light's OVEC

1 entitlement currently bid into the PJM market?

2 A. Yes, it's my understanding that it is.

3 Q. Okay. And how long has Dayton Power and
4 Light sold the OVEC entitlement into the PJM market?
5 Do you know?

6 A. No, I don't.

7 Q. At the bottom of page 14, Ms. Schroder,
8 lines 19 through 20. Let me know when you are there,
9 please.

10 A. Okay.

11 Q. "DP&L's financial integrity issues would
12 be further exacerbated" only if its costs exceeded
13 its revenues, correct?

14 A. When you say "its," who are you referring
15 to?

16 Q. Well, that's referring to the
17 reconciliation rider and collection thereunder and
18 you assert in your testimony "Third, without OVEC
19 recovery through the Reconciliation Rider, DP&L's
20 financial integrity issues would be further
21 exacerbated," and so it's referring to DP&L's
22 financial integrity issues. And my question is the
23 financial integrity issues would be further
24 exacerbated only if OVEC's costs exceeded OVEC's
25 revenues as it relates to the reconciliation rider.

1 A. I am not sure if only because there may
2 be other issues at stake here with regards to DP&L's
3 financial integrity, but I agree with you where it
4 talks about being further exacerbated that's based on
5 the current forecast that it's a net cost.

6 Q. And that it's being the reconciliation
7 rider is forecasted to be a net cost, correct?

8 A. For the years that it's been forecasted
9 for.

10 EXAMINER PRICE: And you show that as a
11 net cost on your bill impacts in your exhibits; is
12 that correct?

13 THE WITNESS: That's correct. For the
14 years that we forecasted, it does show as a net cost
15 and those are in the typical bill analysis as well
16 as, as I understand it, the financial analysis that
17 the other company witnesses have shared.

18 EXAMINER PRICE: Thank you.

19 Q. Page 20, lines 6, please, Ms. Schroder.

20 A. I'm on page 20.

21 Q. Okay. And you assert that a typical
22 residential utility consumer can expect a monthly
23 bill decrease of 25 cents, correct?

24 A. Yes, based on our analysis of the overall
25 package of the stipulation and the typical rate

1 analysis.

2 Q. And as part of that analysis, in order to
3 get to the 25 cents, the purported decrease, you took
4 out the money being collected under the RCR, correct?

5 A. No, I wouldn't characterize it that way,
6 no. What we did is the calculation is that it's
7 incremental to today's rates so we did a comparison
8 of today's rates compared to that.

9 Q. Okay.

10 A. Things -- I'm sorry, things would not be
11 taken out. It would be more incremental to today or
12 comparison to today.

13 Q. In your modeling though, you modeled --
14 in order to get to the 25 cents charge minus the RCR
15 rider, you didn't include that in your modeling.

16 A. No, I didn't include that because as I
17 understand it from our -- one of the most recent
18 orders with the company that the RCR would be in
19 place until an outcome of the ESP III.

20 Q. Okay. Page 21, lines 1 and 2, please.

21 A. I'm sorry. Which page?

22 Q. 21.

23 A. And which lines?

24 Q. 1 and 2.

25 A. Yes.

1 Q. Are you referring to just base rates
2 there?

3 EXAMINER PRICE: Can we rollback for just
4 one second?

5 MR. MICHAEL: Certainly.

6 EXAMINER PRICE: I'm confused by that
7 prior line of questioning. When you say "RCR rider,"
8 which rider are you referring to?

9 THE WITNESS: I was referring to the one
10 that I was showing an incremental increase with our
11 proposed DMR which is the current nonbypassable
12 financial rider, the rate stability charge.

13 EXAMINER PRICE: So you're referring to
14 the current rate stability charge.

15 THE WITNESS: Yes, the one in place
16 today.

17 EXAMINER PRICE: That's what you are
18 calling the "RCR."

19 THE WITNESS: I am not sure if I called
20 it --

21 EXAMINER PRICE: He did.

22 THE WITNESS: I agreed with him that was
23 the name of it, yep. RSC is I think how we have it
24 in our tariff.

25 EXAMINER PRICE: I was confused so that's

1 more clear to me now. Thank you.

2 Q. (By Mr. Michael) All right. Page 21,
3 lines 1 through 2, and the pending question was does
4 that just -- are you just talking about base rates
5 there?

6 A. What do you mean by "base rates"?

7 Q. You are involved in the AIR case, right?

8 A. I am.

9 Q. And utilities establish base rates
10 through distribution rate cases, denominated at the
11 Commission as "AIR," correct?

12 A. I'll not sure.

13 Q. When you make that statement, do you
14 include riders?

15 A. Yes. I think in Exhibit B what this is
16 showing the comparison would be a total delivery
17 charge to a customer who is on SSO, so this would
18 include all of the riders as we interpret them as
19 well as generation, transmission. This would be a
20 customer being serviced on Standard Service Offer.

21 EXAMINER PRICE: Total bill impact.

22 THE WITNESS: Total bill impact.

23 Q. Ms. Schroder, does Dayton Power and Light
24 own 100 percent of Conesville?

25 A. No, I don't think so.

1 Q. Does it own 100 percent of Miami Fort?

2 A. No, I don't think so.

3 Q. Does it own 100 percent of Zimmer?

4 A. No, I don't think so.

5 Q. If you would sell all three of those
6 plans, Ms. Schroder, would that reduce or eliminate
7 the need for the DMR rider?

8 A. I don't know. I think determine -- be a
9 number of factors involved at the end. I don't know.

10 MR. MICHAEL: May we approach, your
11 Honor?

12 EXAMINER PRICE: You may.

13 MR. MICHAEL: Thank you. I would like to
14 have marked OCC Exhibit 7, please.

15 EXAMINER PRICE: So marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 Q. Ms. Schroder, can you please identify
18 what was previously marked as OCC Exhibit 7?

19 A. Yes. This is OCC Interrogatory 378 as
20 well as the response.

21 Q. And you are the witness responsible for
22 the response, correct?

23 A. Correct.

24 Q. And my question is are the dollar figures
25 in your response, does -- do they apply only to the

1 value of DP&L's ownership interest?

2 A. That would be my interpretation. These
3 numbers were provided to me by our accounting group.
4 I am not very familiar with the details of what these
5 represent. As I stated earlier, we do not own a
6 hundred percent of those stations, but due to the
7 wording here that I've stated DP&L's net book value
8 and so forth, that would be my interpretation.

9 Q. Has Dayton Power and Light investigated
10 auctioning those plants at all in order to generate
11 revenue?

12 A. I don't know.

13 MR. MICHAEL: Could we approach, please,
14 your Honor?

15 EXAMINER PRICE: You may.

16 MR. MICHAEL: Have marked as OCC Exhibit
17 8.

18 EXAMINER PRICE: It will be so marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 Q. Ms. Schroder, could you please identify
21 what was previously marked as OCC Exhibit 8.

22 A. This is Interrogatory 412 and the
23 response.

24 Q. And you are the witness responsible for
25 the response, correct?

1 A. That's correct.

2 Q. Okay. Focus on subparagraph a in the
3 response, please. If the stipulation is approved,
4 Dayton Power and Light is not committed to keeping
5 that number of employees, correct?

6 A. Well, what we've committed to regarding
7 the headquarters is articulated in the stipulation.
8 One moment, I can find that. It's a bit of a long
9 section but in our stipulation beginning on page 29,
10 section f where it states that "AES agrees to
11 maintain DP&L's operating headquarters in the City of
12 Dayton, Ohio," and there are a number of
13 qualifications that follow in the next several pages
14 that provide the overall benefit to the region of us
15 maintaining a headquarters in Dayton, Ohio.

16 Q. Okay. And if the stipulation is
17 approved, Dayton Power and Light is not committing to
18 keeping that number of employees, correct?

19 A. The commitment is outlined in the
20 stipulation. I don't think that it includes a
21 specific number of 139 employees in the stipulation.

22 Q. You would be right. If the stip -- focus
23 on subparagraph b, please, Ms. Schroder.

24 A. Of the interrogatory or?

25 Q. Yes, ma'am, of the interrogatory. If the

1 stipulation is approved, Dayton Power and Light is
2 not committing to keep at least that amount of
3 payroll, correct?

4 A. That specific number I know is not in the
5 stipulation but there is a commitment here. That's
6 what I was trying to look for to see.

7 EXAMINER PRICE: Take your time.

8 A. That specific number is not there but
9 what I do see is on page 29 that "We will maintain
10 DP&L's operating headquarters in the City of Dayton,
11 Ohio," and so I understand that we have other
12 commitments that are similar to this. And in those
13 commitments typically the way that it's interpreted
14 by the company that the operating headquarters is
15 staying in the city is that there are certain level
16 of payroll taxes, employees, and payroll, so I don't
17 think the specific number that's listed here in this
18 interrogatory answer is in the stipulation, but the
19 commitment remains.

20 Q. Okay. And the commitment that Dayton
21 Power and Light will retain that amount of payroll if
22 the stipulation is approved?

23 A. It's not specific to that number of
24 payroll.

25 Q. Okay. If you can, I am trying to ask

1 "yes" or "no" questions to move this thing along.
2 Is -- if the stipulation is approved, is Dayton Power
3 and Light committing to maintaining the amount of
4 payroll that is in paragraph b in the response to
5 Interrogatory 412?

6 A. The stipulation, I think, speaks for
7 itself, and it doesn't contain that specific number.
8 What it contains is a commitment to stay with the
9 headquarters there which keeps high-paying jobs. It
10 doesn't have a specific number of payroll.

11 MR. MICHAEL: I would move to strike,
12 your Honor, and ask for an instruction she answer a
13 "yes" or "no" question "yes" or "no," please.

14 EXAMINER PRICE: Why don't we strike it.
15 You can go ahead and follow up and ask her in terms
16 of "yes" or "no," and she will answer "yes" or "no"
17 this time.

18 MR. MICHAEL: Okay. You raised the bar
19 so high, your Honor.

20 THE WITNESS: That's the first cue.

21 Q. Okay. Will The Dayton Power and Light
22 Company commit to maintaining a payroll of
23 \$18,788,253 at the MacGregor Park facility if the
24 stipulation is approved?

25 A. I don't know.

1 Q. Regarding paragraph --

2 EXAMINER PRICE: Try this again.

3 THE WITNESS: Sorry. He did ask a
4 slightly different question. He asked if we will
5 commit.

6 MR. MICHAEL: Asked and answered.

7 EXAMINER PRICE: I am going to ask this
8 time. In the stipulation has Dayton Power and Light
9 committed to maintain at least a total payroll of \$18
10 million -- \$18,788,253?

11 THE WITNESS: No, that is not in the
12 stipulation.

13 EXAMINER PRICE: Thank you.

14 Q. (By Mr. Michael) All right. Now,
15 paragraph c, that relates to the MacGregor Park
16 property taxes and not the Dryden Road facility tax,
17 correct?

18 A. That's right.

19 Q. Okay. And as part of the stipulation,
20 Dayton Power and Light isn't committing to keeping
21 the Dryden facility where it's at currently, correct?

22 A. That's not covered in the stipulation.

23 MR. MICHAEL: I have no further
24 questions. Thank you, Ms. Schroder.

25 EXAMINER PRICE: Thank you.

1 Mr. Collier.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Collier:

5 Q. Ms. Schroder, I would like to go over
6 your testimony briefly to understand the purpose
7 again of what you are testifying to. Directing your
8 attention to page 1 of your testimony, you indicate
9 you are employed by Dayton Power and Light as
10 Director of Regulatory Affairs; is that correct?

11 A. That's correct.

12 Q. And to whom do you directly report?

13 A. Directly report to the general counsel of
14 The Dayton Power and Light Company and the AES
15 Corporation.

16 Q. And AES Corporation?

17 A. That's my understanding of her role, yes.

18 Q. You indicate in your current position you
19 have overall responsibility for evaluating regulatory
20 and legislative initiatives, the company's retail and
21 wholesale rates, and overall regulatory operations;
22 is that correct?

23 A. That's correct.

24 Q. And with regard to the stipulation would
25 that be an evaluation of regulatory and legislative

1 initiatives?

2 A. Can you repeat that?

3 Q. The stipulation that you are discussing
4 in your testimony, does that fall within the
5 bailiwick of evaluating regulatory and legislative
6 initiatives?

7 A. Yes, in this context it does.

8 Q. All right. With regard to your statement
9 of position, are you the highest employee of Dayton
10 Power and Light that has that -- those
11 responsibilities?

12 A. I am not sure I follow what you mean "the
13 highest."

14 Q. As Director of Regulatory Affairs, are
15 you the -- do you have the most authority over
16 evaluating regulatory and legislative initiatives?

17 A. No.

18 Q. Who does?

19 A. I don't know, but it's not me.

20 Q. All right. I assume you have been
21 authorized to give this testimony by Dayton Power and
22 Light.

23 A. That's correct, I have.

24 Q. All right. Going on to page 3 of your
25 testimony, you indicate that the purpose of your

1 testimony is to provide the facts showing that the
2 Commission should approve the amended stipulation and
3 recommendation filed on March 14, 2017; is that
4 accurate?

5 A. Yes, it is.

6 Q. And you say that you are to provide the
7 facts because it is the product of serious
8 negotiations, benefits customers and public interest,
9 and does not violate any important regulatory
10 principle and practice; is that correct?

11 A. Yes.

12 Q. All right. And then with regard to the
13 issue of the transfer of the generating assets,
14 you've addressed that at several points in your
15 testimony, have you not?

16 A. I'm not sure. Is there a specific place?

17 Q. Well, let's start with page 10 of 23.
18 The question appearing at line 3 "How does the
19 Amended Stipulation facilitate reducing the debt at
20 DPL Inc. and DP&L," and you provide a response to
21 that question, don't you?

22 A. I do.

23 Q. And included in that response is the
24 agreement to commence a process to sell certain
25 coal-fired generation assets and not -- and to use

1 any proceeds to further reduce debt; is that correct?

2 A. Yes. In there what I am referring to is
3 the stipulation on page 4.

4 Q. Right.

5 A. Section d where DP&L is committed to
6 commence the sale process and the following section e
7 where those proceeds will be used to make debt
8 repayments.

9 Q. And then at the very end of your
10 testimony you indicate that 'no riders or terms in
11 the Amended Stipulation will support generation
12 service." That's your statement, is it not?

13 A. That is my statement.

14 Q. And you go on "As mentioned above, DP&L
15 has agreed to commence a process to sell to a third
16 party three of its coal-fired generating assets (868
17 megawatt total) and use all the proceeds from that
18 sale to pay off debt," correct?

19 A. Correct.

20 Q. And that is, in fact, the term of the
21 amended stipulation, is it not?

22 A. That is -- as I mentioned, that's a term
23 on page 4, several terms on page 4 of the
24 stipulation.

25 Q. All right. Well, let's go to page 4 of

1 the amended stipulation if you have that in front of
2 you.

3 A. Okay.

4 Q. And starting with subparagraph c, you
5 state "Assuming FERC approval, DP&L agrees to
6 transfer its generation assets and non-debt
7 liabilities to AES Ohio Generation, LLC"; is that
8 correct?

9 A. Yes.

10 Q. And do you know what FERC approval is
11 required for this transfer?

12 A. I know that FERC approval is required.
13 When you say "what approval," I'm not sure what you
14 mean by that, but FERC approval is required.

15 Q. I am talking about the approval you
16 reference here. What FERC approval is required?

17 A. FERC has to approve our application to
18 transfer the generating assets to AES Ohio
19 Generation, LLC, an affiliated subsidiary of DPL Inc.

20 Q. Has that approval occurred?

21 A. It has not.

22 Q. Isn't it a fact, I believe it's well
23 established now, that the generation assets are owned
24 and operated by Dayton Power and Light?

25 A. Which generating assets are you referring

1 to?

2 Q. The stations, Stuart, Killen, Conesville,
3 Miami Fort, Zimmer.

4 A. It's my understanding DP&L does not
5 operate all of those plants, no.

6 Q. They have an ownership interest in all of
7 those plants, correct?

8 A. Yes. All the ones you just mentioned
9 DP&L has an ownership share.

10 Q. And it's with respect to the ownership
11 share that FERC approval is required in the event
12 there is a transfer, right?

13 A. I don't know.

14 Q. You state that "DP&L agrees to transfer
15 its generation assets and non-debt liabilities within
16 180 days following final Commission approval to the
17 stipulation"; is that correct?

18 A. That's a portion of that paragraph.
19 There are some other modifications in that paragraph
20 that it does begin, as we mentioned earlier, assuming
21 FERC approval, and it also ends with "provided that
22 the Commission approves this stipulation without
23 material modifications."

24 Q. All right. But subject to those
25 approvals, the time period you've picked is 180 days

1 following final Commission approval.

2 A. Not exactly. I wouldn't say that I
3 picked those 180 days or that the company necessarily
4 picked 180 days. That's part of the settlement
5 package that was agreed upon.

6 Q. Well, what -- what's the magic of 180
7 days?

8 A. I would say the magic it was agreed upon
9 within the stipulation as part of the negotiations.

10 Q. An agreement among the parties to the
11 stipulated amended --

12 A. Yes.

13 Q. Amended stipulation, okay. So it's not
14 driven by any market condition, is it?

15 A. I don't know.

16 Q. It's not driven by any regulatory
17 requirement, is it?

18 A. I would say going back to, in part, I
19 would say, yes, it is, because, in part, it does
20 require FERC approval and part of the agreement here
21 is that provided the Commission approves this
22 stipulation without material modification, so I think
23 because all of that combined in that paragraph, that
24 it does have an impact.

25 Q. Okay. With regard to the transfer, that

1 issue only, isn't PUCO approval required for a
2 transfer of generational assets?

3 A. I think in general. Is your question in
4 general?

5 Q. Sure. Start with in general.

6 A. I think it depends.

7 Q. It depends on what?

8 A. For example, they were already in an
9 affiliated -- if they are already in a subsidiary
10 that's not regulated by the Commission and they were
11 being transferred to another subsidiary, that's
12 not --

13 Q. That's not the situation we have here.

14 A. That's why I was asking if it was in
15 general.

16 Q. Okay. Well, let's talk specifics then.

17 A. Okay.

18 Q. Don't I understand under the statute the
19 Commission must approve a transfer or sale of
20 generational asset -- generation assets?

21 A. No. I am not familiar with that.

22 MR. WANNIER: Your Honor, objection.

23 This line of questioning is getting increasingly
24 legal. This witness is not an attorney.

25 MR. COLLIER: Is not what?

1 EXAMINER PRICE: She's Director of
2 Regulatory Affairs, and I think we've established
3 already she is not an attorney, and none of the
4 counsel are asking for legal opinions. So she can
5 answer the questions as best she can, and if she
6 can't answer, which I think she did before your
7 objection was registered, then she can't answer.

8 But just so the record is clear, why
9 don't we have that question back and you can give
10 your answer again.

11 Q. (By Mr. Collier) Ms. Schroder, RC
12 4928.17(E) states "No electric distribution utility
13 shall sell or transfer any generating asset it wholly
14 or partly owns at any time without obtaining prior
15 Commission approval." Are you familiar -- do you
16 have a working knowledge of that statute?

17 A. I am not familiar with it. I would like
18 to see it if you have it though.

19 Q. Sure.

20 MR. COLLIER: May I approach, your Honor?

21 EXAMINER PRICE: You may.

22 MR. IRELAND: If he is coming up, may I
23 come up as well, your Honor?

24 EXAMINER PRICE: You may.

25 A. Thank you.

1 Q. Ms. Schroder, has Dayton Power and Light
2 sought the approval of the Public Utilities
3 Commission of any transfer of any of its generating
4 assets?

5 A. Yes, it has.

6 Q. And in what proceeding? Do you recall?

7 A. If you give me a minute, I can find it
8 because I think it's referenced in here but, yes,
9 there is a separate proceeding.

10 Q. Let me go back and ask you the facts.
11 The fact of the matter is --

12 EXAMINER PRICE: Wait a minute. She has
13 not finished her answer.

14 MR. COLLIER: Oh, I'm sorry.

15 EXAMINER PRICE: Let her finish her
16 answer as to what proceeding and then we will go on
17 with the next question.

18 A. I am not finding it where I thought it
19 was but there is a separate proceeding.

20 MR. COLLIER: Let me ask that we mark
21 this document as Murray Energy Corporation Exhibit 1.

22 EXAMINER PRICE: So marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 EXAMINER PRICE: Well, conveniently
25 there's your reference.

1 THE WITNESS: I didn't get it.

2 Q. Do you have Exhibit 1 in front of you?

3 A. Yes, and there we have it.

4 Q. The Finding and Order in Case No.

5 13-2420-EL-UNC, I believe it was -- the Finding and
6 Order is dated September 17, 2014. Do you have that
7 document in front of you?

8 A. I have that document. Thank you.

9 Q. All right. Isn't this the case in which
10 Dayton Power and Light sought authority to transfer
11 or sell its generating assets?

12 A. Yes. That's my nonlegal interpretation
13 of what this is doing is it's establishing a plan and
14 asking for this authority.

15 Q. And those generating assets would have
16 included Stuart and Killen, Miami Fort, Conesville,
17 and Zimmer, right?

18 A. Yes, I believe it would have.

19 Q. All right. I want to direct your
20 attention to page 9 of that document. You see the
21 statement "Commission finds that Dayton Power and
22 Light should transfer the environmental liabilities
23 with the generation assets consistent with DP&L's
24 representation that it has agreed to do so"? Do you
25 see that?

1 A. I'm sorry. Where are you?

2 Q. Paragraph 27, page 12. "Commission finds
3 that Dayton Power and Light should transfer the
4 environmental liabilities with the generation assets
5 consistent with DP&L's representation that it has
6 agreed to do so."

7 A. I am on page 12 and looking at -- you are
8 reading from 27, okay?

9 Q. Yes. Paragraph 27.

10 A. Yes.

11 Q. Is that what it says?

12 A. Yes.

13 Q. Okay. Do you have a definition of what
14 those environmental liabilities are?

15 MR. IRELAND: Your Honor, I object to the
16 line of questioning. First of all, she is a
17 nonlawyer. She is being asked to interpret an order.
18 No. 2, there's been no foundation laid that she had
19 anything to do with this case; that she was involved
20 in the preparation of it; and, third, I don't think
21 it's relevant to the three-prong consideration that
22 is before the Commission at this time in this
23 stipulation.

24 EXAMINER PRICE: No. 2, as to your second
25 point, I think she did express a familiarity with the

1 proceeding. She just could not recall the actual
2 case number, and I think she kind of acknowledged
3 refreshed recollection as to what the case number is.

4 As to the relevance, I am sure
5 Mr. Collier will prove this up in due course, but I
6 will say we're starting to get very close to simply a
7 legal issue that's left to briefs. So I am going to
8 allow this limited line of questioning, but, for the
9 most part, interpreting Commission orders is a matter
10 for briefs and should be left to that and not to
11 witnesses. So we will allow a couple more questions,
12 and then we will move on.

13 MR. COLLIER: Very well, your Honor.

14 Q. (By Mr. Collier) I am just asking your
15 position as Director of Regulatory Affairs whether
16 you have a definition of what constitutes
17 environmental liabilities associated with these
18 generation assets.

19 A. No, I don't know what the environmental
20 liabilities are associated with those generation
21 assets.

22 Q. All right. And you understand by this
23 order the Commission ordered the transfer of the
24 generating assets at net book value.

25 MR. IRELAND: Objection.

1 EXAMINER PRICE: Grounds?

2 MR. IRELAND: It doesn't say that there,
3 and I don't know how that can be the basis for her
4 understanding. Again, there is no foundation for it.

5 EXAMINER PRICE: It says page 9,
6 paragraph 12. Paragraph 22, sorry.

7 A. I would say I'm not familiar with that,
8 but subject to reading what I am looking at now in
9 paragraph 22 and your Honor's characterization, I see
10 that.

11 Q. Okay. Isn't it true that the Commission
12 ordered the transfer by a date certain?

13 EXAMINER PRICE: I think now we are
14 definitely into a legal question.

15 MR. COLLIER: All right.

16 EXAMINER PRICE: As to the meaning of
17 this order, the meaning of the SSO order in the ESP
18 II and what's left of the ESP II order after the
19 court's action on appeal. So I think that is -- we
20 are definitely in a legal issue, and it's not
21 appropriate for this witness.

22 MR. COLLIER: Your Honor, I would request
23 that the Commission take administrative notice of
24 this exhibit.

25 EXAMINER PRICE: We don't need to do

1 that. This is a Commission order, speaks for itself
2 all the time.

3 MR. COLLIER: Can I move -- exactly and
4 can I move then -- may I move the admission of the
5 exhibit?

6 EXAMINER PRICE: It's not necessary.

7 MR. COLLIER: It's not necessary. Okay.

8 EXAMINER PRICE: You can cite to this
9 freely in your brief.

10 MR. COLLIER: I appreciate that very
11 much. Thank you.

12 Q. (By Mr. Collier) Let's go back then to
13 the -- well, strike that.

14 Let's go back to the amended stipulation
15 for a moment, page 4 again.

16 A. Okay. I'm there.

17 Q. All right. First of all, currently
18 Dayton Power and Light operates the Killen station;
19 is that correct?

20 A. That's my understanding, yes.

21 Q. Does it also operate the Stuart station?

22 A. That's also my understanding, yes.

23 Q. All right. Those stations both have
24 clean air permits to operate, don't they?

25 A. I don't know.

1 Q. Do you know if those permits can be
2 transferred?

3 A. I am not aware of what permits they have
4 or how they work.

5 Q. So when you address the conditions that
6 relate to the transfer and in certain cases the sale
7 of these facilities, you are not addressing the
8 potential for transfer of the permits.

9 A. Where are you referring to where I
10 address this?

11 Q. I don't think you are. That's why I am
12 asking. When you address the terms and conditions of
13 this transfer, you are not addressing any of the
14 permits and whether the permits can be transferred.

15 A. So when I address anything about the
16 transfer, I am referring only to the stipulation and
17 in references on the stipulation on page 4,
18 section d, where it says "DP&L (or the affiliate to
19 whom the generation assets are transferred) will
20 commit to commence a sale." And then the paragraph
21 right above it where it says "Assuming FERC approval,
22 DP&L agrees to transfer its generation assets and
23 non-debt liabilities to AES Ohio Generation, LLC, an
24 affiliated subsidiary of DPL Inc., within 180 days
25 following final Commission approval of this

1 Stipulation, provided that the Commission approves
2 this Stipulation without material modifications."
3 That's how I reference it.

4 Q. Great. Okay. Next paragraph, d, the
5 "DP&L (or the affiliate to whom the generation assets
6 are transferred) will commit to commence a sale
7 process to sell to a third party its ownership in
8 Conesville, Miami Fort, and Zimmer Stations." Do you
9 see that?

10 A. Yes, I do.

11 Q. All right. And I think we've established
12 that Dayton Power and Light, in fact, has an
13 ownership interest in those units, correct?

14 A. That's correct.

15 Q. Other witnesses at least have
16 specifically testified with regard to the percentage
17 ownership interests, haven't they?

18 A. I'm not sure about that.

19 Q. All right. Now, you don't include in
20 this sale process under paragraph d the Killen and
21 Stuart station, do you?

22 A. They are not part of the stipulation, no.

23 Q. They are not included or referenced in d,
24 are they?

25 A. They are not included in d.

1 Q. All right. Has -- all right. And then
2 in paragraph e "AES Corporation will use all proceeds
3 from any sale of the coal-generating assets to make
4 discretionary debt repayments at DP&L and DPL Inc."
5 Do you see that reference?

6 A. I see that.

7 Q. All right. And I think you were
8 questioned, and we have an exhibit as to what is
9 referred to as discretionary debt repayments. Do you
10 recall that?

11 A. Yes, I do.

12 Q. Does Dayton Power and Light have any
13 contracts with PJM to maintain capacity, if you know?

14 A. I don't know.

15 Q. Will PJM approval be required for any of
16 the transfer of these generating units?

17 A. I don't think so, but I don't know.

18 Q. Is there a notice provision that requires
19 Dayton Power and Light to give notice to PJM of the
20 deactivation of any generating units?

21 A. Can you repeat that?

22 MR. COLLIER: Would you repeat.

23 EXAMINER PRICE: Let's have it back,
24 please.

25 (Record read.)

1 MR. IRELAND: I am going to object to the
2 question, your Honor. I think it's irrelevant. I
3 don't know that deactivation of the units is a part
4 of this stipulation.

5 EXAMINER PRICE: It's true though, is it
6 not, as part of the stipulation or something they are
7 seeking Commission authorization to do but, again, as
8 we discussed yesterday, I think intervenors are
9 entitled to argue that the stipulation of the ESP
10 should be modified to allow any legal provision, and
11 I think that's where Counsel is going with this, so I
12 am going to overrule the objection.

13 MR. IRELAND: Thank you.

14 EXAMINER PRICE: You can answer if you
15 know.

16 A. I don't know if there is any such
17 requirement.

18 Q. Do you know when the next PJM capacity
19 auction will occur?

20 A. At a high level in general, but I don't
21 know the exact dates.

22 Q. Tell us what you know in general.

23 A. They typically occur each year on or
24 around May.

25 Q. May, all right. So the next generating

1 auction will -- capacity will occur May 2017.

2 A. That's my understanding.

3 Q. And if Dayton Power and Light chooses to
4 participate in that capacity auction, they will
5 undertake a contractual obligation to provide
6 capacity for a period of time, will they not?

7 A. I don't know.

8 Q. Did the capacity auction of PJM play any
9 role in the determination of the date for transfer of
10 these assets?

11 MR. IRELAND: Objection.

12 EXAMINER PRICE: Grounds?

13 MR. IRELAND: Well, I think she has
14 already testified the date for the transfer of the
15 assets was a part of the negotiation of the
16 stipulation, so to the extent that the inquiry is
17 going into the settlement discussions I think is
18 confidential.

19 EXAMINER PRICE: I am going to sustain
20 the objection on those grounds. Also if we start to
21 veer into confidential territory, I am counting on
22 Counsel.

23 MR. IRELAND: I am cognizant of that, or
24 trying to be, yes.

25 Q. (By Mr. Collier) Ms. Schroder, do you

1 have any knowledge of what the capacity factor was
2 for the Killen station in say 2016?

3 A. No, I don't know what the capacity factor
4 was.

5 Q. Or 2015 or any other year?

6 A. Any other year, no.

7 Q. And you provide no evidence in your
8 testimony concerning whether any of these plants
9 operate at a profit.

10 A. That's correct. I don't think anything
11 in my testimony addresses the profit at all.

12 Q. Similarly, if I were to ask you the same
13 questions with regard to Stuart or any of the
14 generating plants, you don't know what capacity
15 factor any of those plants operated under in 2016,
16 would you?

17 A. I don't know the capacity factor for any
18 of the plants.

19 Q. And you've done no study or analysis for
20 purposes of your testimony as to the operating cash
21 flow less capital expenditures associated with those
22 plants on an annual basis, have you?

23 A. I have not.

24 Q. Have you considered for purposes of your
25 testimony any labor pension costs associated with

1 employees employed at the stations?

2 A. Can you repeat that?

3 MR. COLLIER: Would you repeat.

4 EXAMINER PRICE: Can we have the question
5 back, please.

6 (Record read.)

7 A. No, I have not.

8 Q. There was discussion earlier about the
9 non-debt liabilities in conjunction with the
10 stipulation. Are you familiar with the debt
11 outstanding in The Dayton Power and Light Company?

12 A. I'm aware at a very high level there
13 exists some. I am not familiar with it, no.

14 Q. Isn't it a fact that there are pollution
15 control bonds associated with these generating
16 facilities?

17 A. I don't know.

18 Q. Do you know whether there is \$300 million
19 in outstanding liability for -- under the Ohio
20 pollution control bond?

21 A. No, I don't know. I am not familiar with
22 that at all.

23 Q. But yet it's your testimony that those
24 debt obligations will remain with Dayton Power and
25 Light and will not be transferred to any other

1 affiliate?

2 A. I wouldn't characterize that as my
3 testimony, no.

4 Q. All right. Is that your understanding?

5 A. I don't have any understanding of any
6 pollution control bonds.

7 Q. Has Dayton Power and Light made the
8 determination to close Stuart and Killen stations at
9 this point in time?

10 MR. IRELAND: Objection.

11 EXAMINER PRICE: Grounds?

12 MR. IRELAND: Beyond the scope of the
13 hearing and --

14 MR. COLLIER: I can't hear.

15 MR. IRELAND: It's beyond the scope of
16 what we -- of the purpose of this hearing, and we may
17 be veering into some area of confidential testimony.
18 I'm not sure.

19 MS. HARRIS: Can you ask him to use the
20 microphone? It's kind of hard to hear down here.

21 EXAMINER PRICE: If you can turn on your
22 microphone when you are making your objections.

23 Mr. Collier, your response?

24 MR. COLLIER: There was evidence
25 yesterday, in fact, a Dayton Power and Light exhibit

1 concerning the response of S&P global ratings with
2 regard to the impact that -- regarding the closure of
3 Stuart and Killen. It's a Dayton Power and Light
4 exhibit. There's also been testimony that Dayton
5 Power and Light has, in fact, made the decision.

6 EXAMINER PRICE: Yeah. I think they've
7 opened the door. We will allow the question.

8 THE WITNESS: Will you repeat the
9 question for me?

10 MR. COLLIER: Would you repeat the
11 question, court reporter.

12 EXAMINER PRICE: Please.

13 (Record read.)

14 A. I don't know for sure but what I've seen
15 in the press releases that indicate that's the case.

16 Q. And you have not addressed in your
17 testimony any quantifiable or nonquantifiable costs
18 or benefits regarding -- that may result from the
19 closure of these two plants, have you?

20 A. That's right, I haven't. In my testimony
21 it only focuses on the costs and benefits and the
22 benefits to the region as well as the three prongs
23 that's contained within the stipulation.

24 Q. It talks about the benefits to the region
25 as you've addressed, but you haven't talked at all

1 about any of the detriments to the region, have you?

2 A. What I have characterized is my
3 interpretation of the benefits and why the
4 stipulation should be approved and according to the
5 three-prong test.

6 Q. And you haven't talked at all about the
7 detriments, have you?

8 A. Of the stipulation?

9 Q. Of closure of the plant and the
10 stipulation.

11 A. I certainly haven't talked about anything
12 about the closure, that's correct, because it's not
13 part of the stipulation.

14 Q. All right. And you haven't addressed any
15 of the detriments of the stipulation that might
16 impact the community, have you?

17 A. No. I don't think that's a correct
18 characterization. When I look at the overall
19 benefits of the stipulation, there are a number of
20 items that have been negotiated and give and take.
21 Not all of those items are for one party or
22 everything that one party wanted, so I believe there
23 was some give or take there. I don't know that I
24 would characterize them as detriments, but I do
25 believe there is some give and take, and the final

1 outcome of the stipulation I believe is in the public
2 interest.

3 Q. You have not addressed, in the context of
4 what constitutes the public interest, any of the
5 negative implications of the result of this transfer
6 and sale of any of these generating plants, have you?

7 MR. IRELAND: Objection.

8 EXAMINER PRICE: Grounds?

9 MR. IRELAND: It's way -- I mean, I agree
10 the door has been opened a little bit through the
11 Standard & Poor's exhibit and what Standard & Poor's
12 thinks, but we are now way beyond that in terms of,
13 first of all, there is no understanding or foundation
14 laid for whatever the detriments may be. But more
15 importantly in terms of this witness and her
16 testimony and what we are doing here, we are way
17 beyond that.

18 EXAMINER PRICE: I certainly think we
19 already have a response to the question you asked
20 her, did she analyze the detriments to the closure.
21 She said, no, it's not part of the stipulation, so I
22 am going to sustain on the basis -- the objection on
23 that basis.

24 Q. (By Mr. Collier) Just to be clear, let's
25 limit it to the sale of the three plants that you do

1 contemplate. Have you considered any of the negative
2 implications of the sale of those plants on the
3 community?

4 A. I haven't considered any negative
5 consequences to the sale of those three plants, no.

6 MR. COLLIER: If I can have a moment,
7 your Honor.

8 EXAMINER PRICE: Certainly. Let's go off
9 the record.

10 (Discussion off the record.)

11 EXAMINER PRICE: Let's go back on the
12 record.

13 Mr. Collier.

14 MR. COLLIER: Just a couple more
15 questions.

16 Q. (By Mr. Collier) I would like to direct
17 your attention to page 17 of the stipulation.

18 A. Page 17 of the stipulation?

19 Q. Yes.

20 A. Yes, I'm there.

21 Q. All right. This discusses the regulatory
22 compliance rider?

23 A. Yes.

24 Q. Including the component generation
25 separation costs?

1 A. Yes.

2 Q. And those generation separation costs
3 were addressed in Case No. 13-2420-EL-UNC?

4 A. Yes, they are addressed there.

5 Q. And they were capped for deferral at \$10
6 million, correct?

7 A. Capped at \$10 million as set forth in
8 that case.

9 MR. COLLIER: That's all the questions I
10 have. Thank you.

11 EXAMINER PRICE: Thank you. Any other
12 party opposed to the stipulation care to cross?

13 MR CRAWFORD: Yes, your Honor, just
14 briefly.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Crawford:

18 Q. Good afternoon.

19 A. Good afternoon.

20 Q. Just briefly direct you to the amended
21 stipulation at page 11. Do you see at section V.1.b.
22 on that page?

23 A. Yes, I'm there.

24 Q. In the second -- in the third full
25 sentence that begins with "The funds will be used

1 specifically for (a) economic development activities,
2 (b) workforce development, and (c) direct financial
3 education assistance for job training at state or
4 federally licensed educational institutions for
5 individual DP&L employees who work at generation
6 facilities in Adams and Brown Counties, Ohio, and
7 surrounding communities." Do you see that language?

8 A. I do.

9 Q. This was included in the stipulation with
10 the understanding that the company was planning on
11 closing the Stuart and Killen facilities; is that
12 correct?

13 MR. IRELAND: Objection, your Honor.
14 Again, we are veering into the area of how the
15 stipulation was negotiated and give or take
16 associated with that which I think is beyond the
17 scope.

18 EXAMINER PRICE: Sustained.

19 Q. Ms. Schroder, without asking you to get
20 into any confidential information regarding
21 settlement negotiations to what led to this amended
22 stipulation, what is your understanding of this
23 language and why it applies to employees working at
24 generation facilities in Adams and Brown Counties?

25 MR. IRELAND: Objection to the form.

1 That's two questions.

2 EXAMINER PRICE: Sustained. If you could
3 rephrase.

4 MR CRAWFORD: I'll try, your Honor.

5 Q. As sponsoring this amended stipulation,
6 Ms. Schroder, what is your understanding of that
7 portion that I just read in subparagraph b?

8 A. My understanding of subparagraph b in
9 this section is that it is one of the many benefits
10 of the overall package of the stipulation that was
11 negotiated with among a number of parties, and as
12 part of that, there are several economic development
13 grant fund components and this is one of those
14 components.

15 Q. And what is your understanding of why
16 individual DP&L employees who work at generation
17 facilities in Adams and Brown Counties would benefit
18 from such an economic development fund?

19 A. Can you repeat that?

20 MR CRAWFORD: Can you read the question
21 back, please.

22 EXAMINER PRICE: Please.

23 (Record read.)

24 A. I think in general there are many
25 benefits from an economic development fund and

1 customers and in this case employees can benefit from
2 those. And this is one of the three different areas
3 where we have economic development grant funds, the
4 first of which is the million dollars that's granted
5 for within DP&L's service territory for energy
6 programs and infrastructure.

7 The second one is -- relates to employees
8 that are actually outside of the service territory.
9 So there is a distinction between a and b and c, I
10 think, we've talked about already.

11 MS. HARRIS: I am going to move to strike
12 the response to the extent it deals with anything
13 other than the individual DP&L employees referenced
14 in paragraph b and deals with any other economic
15 development grants that might be contained in the
16 amended stipulation.

17 EXAMINER PRICE: Denied. I think her
18 answer is trying to answer in the context of why
19 there is a, b, and c, and why b is in there.

20 Q. Ms. Schroder, what's your understanding
21 of why this benefit is included for employees within
22 Adams and Brown Counties but not the other three
23 plants?

24 MR. IRELAND: Objection.

25 EXAMINER PRICE: Grounds?

1 MR. IRELAND: It goes to the settlement
2 negotiations.

3 EXAMINER PRICE: Ms. Schroder, without
4 disclosing any settlement negotiations, is it fair to
5 observe that the coal generation business in this
6 part of the country has been in significant distress
7 lately?

8 THE WITNESS: Yes, I think that's fair.

9 EXAMINER PRICE: Thank you.

10 MR CRAWFORD: If I could have just one
11 moment, your Honor.

12 EXAMINER PRICE: You may.

13 Q. Are you aware, Ms. Schroder, of whether
14 Stuart and Killen stations are, in fact, both located
15 in Adams County?

16 A. I don't know.

17 Q. Would you have any reason to dispute
18 that?

19 A. No.

20 MR CRAWFORD: Okay. I have no further
21 questions. Thank you.

22 EXAMINER PRICE: Thank you. Any other
23 non -- intervenors opposing the stip?

24 Seeing none, redirect.

25 MR. IRELAND: None, your Honor. Thank

1 you.

2 EXAMINER PRICE: Thank you. I just have
3 one question.

4 THE WITNESS: Yes.

5 EXAMINER PRICE: And it relates to the
6 line of questioning that was just discussed. The
7 second -- the paragraph b on page 11, if approved by
8 the Commission, is binding upon Dayton Power and
9 Light irrespective -- irrespective of whether Stuart
10 and Killen closed or not closed; is that correct?

11 THE WITNESS: That is correct.

12 EXAMINER PRICE: Thank you. You are
13 excused.

14 THE WITNESS: Thank you.

15 EXAMINER PRICE: Mr. Ireland.

16 MR. IRELAND: Oh, I need -- I would move
17 the admission of Exhibits 3 and 4.

18 EXAMINER PRICE: Any objection to the
19 admission of -- Company Exhibits 3 and 4?

20 Seeing none, they will be admitted.

21 (EXHIBITS ADMITTED INTO EVIDENCE.)

22 MR. IRELAND: Thank you.

23 EXAMINER PRICE: Mr. Michael.

24 MR. MICHAEL: We would move for the
25 admission of Exhibits 4 through 8, your Honor.

1 EXAMINER PRICE: Any objection to the
2 admission of OCC's Exhibits 4 through 8?

3 MR. IRELAND: Let me just quickly take a
4 look at them but I don't think so. No, your Honor.

5 EXAMINER PRICE: No objection?

6 They will be admitted.

7 (EXHIBITS ADMITTED INTO EVIDENCE.)

8 EXAMINER PRICE: As we discussed earlier,
9 Murray Energy Exhibit 1 is a Commission order, speaks
10 for itself and does not need to be admitted or
11 administrative notice taken of it.

12 Let's go off the record.

13 (Discussion off the record.)

14 EXAMINER WALSTRA: We'll go back on the
15 record.

16 MR. SETTINERI: Your Honors, at this time
17 I would like to call Matthew White.

18 EXAMINER WALSTRA: All right.

19 (Witness sworn.)

20 EXAMINER WALSTRA: Please state your name
21 and business address.

22 THE WITNESS: My name is Matthew White,
23 and my business address is 6100 Emerald Parkway,
24 Dublin, Ohio 43106.

25 EXAMINER WALSTRA: Thank you. Go ahead.

1 MR. SETTINERI: Your Honor, if I may
2 approach?

3 EXAMINER WALSTRA: You may.

4 MR. SETTINERI: At this time I would like
5 to mark as RESA Exhibit 1 the direct testimony of
6 Matthew White on behalf of Interstate Gas Supply,
7 Inc., and Retail Energy Supply Association.

8 EXAMINER WALSTRA: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 - - -

11 MATTHEW WHITE

12 being first duly sworn, as prescribed by law, was
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 By Mr. Settineri:

16 Q. Good afternoon, Mr. White.

17 A. Good afternoon.

18 Q. Could you please state your name and
19 address for the record, please.

20 A. Matthew White and my address is 6100
21 Emerald Parkway, Dublin, Ohio 43106.

22 Q. And do you have before you what's been
23 marked as RESA Exhibit 1?

24 A. Yes.

25 Q. And could you identify that exhibit for

1 me, please.

2 A. It is the direct testimony of Matthew
3 White on behalf of Interstate Gas Supply, Inc., and
4 Retail Energy Supply Association.

5 Q. And to be clear, on whose behalf are you
6 testifying today?

7 A. I'm testifying on behalf of the Retail
8 Energy Supply Association and Interstate Gas Supply,
9 Inc.

10 Q. And this was testimony prepared by you or
11 at your direction?

12 A. Yes.

13 Q. Okay. And do you have any changes or
14 corrections to your testimony today, sir?

15 A. No.

16 Q. If I asked you the questions in your
17 testimony today, would your answers be the same as
18 written?

19 A. Yes.

20 MR. SETTINERI: Thank you. At this time,
21 your Honor, the witness is available for
22 cross-examination.

23 EXAMINER WALSTRA: Thank you.

24 MR. COLLIER: Your Honor, could I inquire
25 is there an extra copy of that testimony?

1 EXAMINER WALSTRA: Is there any proponent
2 questions? No?

3 OCC.

4 MR. GARVER: Thank you.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. Garver:

8 Q. Good afternoon, Mr. White.

9 A. Good afternoon.

10 Q. I would like to direct you to page 3 of
11 your testimony if you have that handy. And I am
12 looking specifically at the first question and answer
13 at the top of the page. That pertains to SmartGrid.

14 A. Yes.

15 Q. When you -- when you use the word
16 Smart -- or the term "SmartGrid," what do you mean?

17 A. Generally speaking, I mean upgraded
18 distribution infrastructure.

19 Q. And the main component of that is smart
20 meters or advanced metering infrastructure; is that
21 right?

22 A. That's one of the components of
23 SmartGrid.

24 Q. In your opinion is that the most
25 important from a marketer's perspective?

1 A. I would say it's important.

2 Q. What other important features of
3 SmartGrid are there then?

4 A. The parts that enable the grid to operate
5 more efficiently.

6 Q. Okay. And for purposes of your
7 testimony, are you focused on efficient grid
8 operation or are you more focused on things that will
9 help you provide new innovative products and services
10 as you reference in line 4?

11 A. I think in some respects they go
12 together, but the goal would be to enable customers
13 to receive more innovative products and services.

14 Q. Okay. And do you know if DP&L has any
15 smart meters installed in its service territory right
16 now?

17 A. I believe that they do. It's a very
18 small amount. I don't think they have any material
19 installation of smart meters in their service
20 territory.

21 Q. And on page -- or in that question and
22 answer in line 4 you mention "innovative products and
23 services." Do you see that?

24 A. Yes.

25 Q. And your testimony is that if DP&L had

1 investment in SmartGrid, a marketer like IGS or
2 members of RESA would be able to offer new innovative
3 services and products; is that correct?

4 A. Can you repeat the question, please?

5 MR. GARVER: Can you please reread the
6 question.

7 EXAMINER PRICE: Yes.

8 (Record read.)

9 A. Yes. I believe that the deployment of
10 SmartGrid could enable customers to receive more
11 innovative products and services from competitive
12 suppliers.

13 Q. And you say "could" there, so it is not a
14 guarantee, correct?

15 A. Nothing is a guarantee, but I do believe
16 that it would -- it's highly likely that competitive
17 suppliers would be more able to offer more advanced
18 products and services to customers with the
19 deployment of SmartGrid.

20 Q. So it's still possible there could be
21 investment in SmartGrid and no new innovative
22 services or products, correct?

23 A. I think if SmartGrid deployment is done
24 correctly, then it will lead to more innovative
25 products and services to customers.

1 Q. And when you say if SmartGrid was done
2 correctly, could you tell me what you mean by that,
3 please?

4 A. Sure. If -- if SmartGrid was deployed in
5 such a way that it did not enable competitive
6 suppliers to receive access to customer data or
7 otherwise bill products and services to customers
8 appropriately, or otherwise preclude competitive
9 suppliers from offering products and services to
10 customers, then I suppose there could be -- there
11 would be a scenario where those products and services
12 would not materialize for customers.

13 Q. So those -- are there any other reasons
14 or factors that go into if SmartGrid is done
15 correctly or not?

16 A. I think if it's done correctly, it will
17 lead to more innovative products and services to
18 customers.

19 Q. But the three kind of factors you just
20 mentioned are the -- that means if the SmartGrid is
21 done with those things in mind, then you would -- in
22 your opinion it would be done correctly.

23 A. Yes. And in -- in markets where they
24 have deployed SmartGrid in such a way, we have seen
25 those products and services materialize for

1 customers.

2 Q. And could you give me some examples of
3 those markets where SmartGrid has been deployed
4 correctly?

5 A. Texas is one example.

6 Q. Thank you. And can you give me some
7 examples of the innovative products and services that
8 you reference in -- in line 4?

9 A. Yes. Some of those products would
10 include but aren't necessarily limited to time-of-use
11 pricing, residential demand response, residential
12 peak load control, SmartGrid can be deployed in such
13 a way that would enable distributed generation for
14 customers' two-way metering. Those are some of the
15 products and services that I would be referring to.

16 Q. So is it correct that IGS and RESA do not
17 offer those products currently in DP&L's service
18 territory because there is no SmartGrid?

19 A. We don't offer them in -- well, I don't
20 want to speak for all of RESA members because I don't
21 know what every RESA member offers. But for the most
22 part it's my understanding that while we are able to
23 offer these products and services in some other
24 markets that have deployed SmartGrid, we don't offer
25 them in Dayton Power and Light because the technology

1 is not available to do so.

2 Q. And has there -- you gave Texas as an
3 example of where a SmartGrid has been deployed
4 correctly. Are there any examples within Ohio where
5 it has been done correctly?

6 A. Unfortunately --

7 EXAMINER PRICE: Let me mull over the
8 relevance of this question to this proceeding.

9 THE WITNESS: Where do you want me to
10 start?

11 EXAMINER PRICE: This proceeding is about
12 The Dayton Power and Light case and let's just leave
13 it at that.

14 MR. GARVER: Okay.

15 Q. So is it correct that because the
16 advanced infrastructure is not in place in DP&L's
17 service territory, is that the main driver as to why
18 IGS or to the extent you know RESA members do not
19 offer such products as time-of-use in the Dayton
20 Power and Light service territory?

21 A. Yes, because the -- my understanding is
22 the functionality as it is would not allow us even if
23 we wanted to provide those more granular load and
24 resistance pricing for customers effectively based on
25 time-of-use pricing or PLC -- individual PLC

1 contribution of a residential customer, we would be
2 unable to do so because we do not have the data
3 necessary to track that on an individual customer
4 basis and bill that to the customers.

5 Q. And you said that Texas was a state that
6 has done this correctly. Do you have access to that
7 data in Texas?

8 A. Yes, we do.

9 Q. And do you offer time-of-use products in
10 Texas?

11 A. My company doesn't specifically, but I
12 know several RESA members that do. We offer a
13 product that enables peak demand reduction in
14 Illinois where they have smart meter deployment.

15 MR. GARVER: Motion to strike the portion
16 of his response pertaining to Illinois.

17 EXAMINER PRICE: I am going to grant the
18 motion. If that's a piece of evidence you think is
19 essential to the Commission, I am sure Mr. Settineri
20 will ask that on redirect.

21 Q. So is it true, in Texas, IGS only offers
22 fixed rate products?

23 A. I don't think that's true.

24 Q. If you wanted to look at what products
25 IGS offered in Texas, would your website be a good

1 place to look?

2 A. Our website would be the best place to
3 look for residential mass market offers, although we
4 have a number of other offers that are available in
5 the commercial and industrial that are not generally
6 posted on the website. And also there may be offers
7 that we sell to residential customers that aren't
8 necessarily available via the website.

9 Q. So how would -- how would residential
10 customers become aware of offers that are not on your
11 website?

12 A. Through sales agents of ours or some
13 other -- some other non-web-based marketing.

14 Q. And one purpose of your testimony
15 generally is to suggest ways that would encourage
16 people to engage in the competitive retail market in
17 Ohio; is that correct?

18 A. Generally speaking, yes. I seek to
19 promote customer engagement in the competitive retail
20 market.

21 Q. And would another way of doing that be
22 posting all relevant offers on your website?

23 A. The web is not the only way to reach
24 customers. Generally speaking, most companies that
25 engage in business have other offers, whether it's

1 un -- whether it's retail electric or some other
2 business, insurance, they have other web offers that
3 are not necessarily offers posted on the website.

4 Q. I didn't ask if the website was the only
5 way to do it. I asked if there was another way to do
6 it; would you agree with that?

7 A. The website is one way to make available
8 offers to customers, but the fact that you don't have
9 all your offers on a website really generally doesn't
10 speak much to what offers in total are available in
11 the market.

12 Q. And, further, in line 4 you mention some
13 of the benefits of a SmartGrid would be to reduce
14 man -- reduce demand on the grid and incentivize
15 customers to use energy more efficiently. Do you see
16 that?

17 A. Yes.

18 Q. And when you are talking about reducing
19 demand, could you describe what you mean by that,
20 please.

21 A. Sure. Just as an example, as I had
22 mentioned earlier, which got stricken, but so I don't
23 know if I am allowed to mention it again, but in
24 Illinois we install smart thermostats in customers'
25 homes, and we are able to directly reduce customer

1 usage, residential customer usage during peak times,
2 and we give customers credit for a reduction on their
3 bill that when -- when that reduction is implemented.

4 Q. And do you offer smart thermostat
5 products in Ohio?

6 A. We --

7 EXAMINER WALSTRA: Talk through it.

8 A. We do, although we are unable to offer
9 the demand reduction. We tried to offer that in the
10 Duke service territory -- the demand -- automatic
11 residential demand reduction component, we tried to
12 offer that in the Duke service territory. That was
13 initially where we wanted to roll out that pilot
14 program, but because we didn't get customer data from
15 the Duke utility through their smart meters, we had
16 to start that pilot in Illinois where they did have
17 the customer data.

18 Q. And if you were able to offer a product
19 like that in Ohio, and demand was reduced, would that
20 mean that there would be less distribution sales at
21 the DP&L level?

22 MR. OLIKER: Objection, calls for
23 speculation, but if the witness knows the answer.

24 EXAMINER WALSTRA: If he knows.

25 EXAMINER PRICE: Let's go off the record.

1 (Discussion off the record.)

2 EXAMINER PRICE: Let's go back on.

3 MR. OLIKER: I will remember that ruling,
4 your Honor.

5 MR. GARVER: Would you reread the
6 question, please.

7 (Record read.)

8 A. I would imagine if the recovery of
9 distribution rates was volumetric, a component of the
10 recovery of debt distribution rates was volumetric,
11 and the demand of the customer was reduced, the
12 volume of the customer was reduced, then it would in
13 some way produce the recovery of distribution
14 revenues.

15 Q. And you also mention energy -- use energy
16 more efficiently. Do you see that?

17 A. Yes.

18 Q. And could you tell me what you mean by
19 that, please.

20 A. Similarly to the products we discussed,
21 time-of-use rates, distributed generation.

22 Q. Okay. And if you were able to offer
23 those products in Ohio and -- or in the DP&L service
24 territory after SmartGrid investment, would the
25 sales, if you know, also result in lower distribution

1 sales in the DP&L level?

2 A. Perhaps, but it's my understanding that
3 many of the electric utilities are switching from a
4 volumetric-based distribution recovery to more of a
5 fixed-based distribution recovery, so that would have
6 a mitigating impact in the reduction of Dayton's
7 sales.

8 Q. Do you know if Dayton has that more fixed
9 rate structure in place now?

10 A. I don't know.

11 Q. So to the extent that they don't, there
12 would be none of this potential reduction you just
13 discussed; is that correct?

14 A. I'm sorry. Can you clarify the question?

15 Q. To the extent that DP&L still has a
16 volumetric rate, there would be more potential for
17 more of a decrease in distribution sales as compared
18 to if they were under a fixed rate structure as you
19 just described?

20 A. Yes. If the customer's consumption was
21 reduced and they were -- they were on a more
22 volumetric rate, then their revenues would be more
23 likely to decrease than if they were on a --
24 receiving more of a fixed cost recovery.

25 Q. And to the extent that any DP&L revenues

1 are not recoverable because it's -- strike that.

2 To the extent that a customer -- one of
3 your customers, as a result of the product you offer,
4 engages in an energy efficiency product and reduces
5 load on the DP&L system, DP&L may not be able to
6 recover that lost revenue if it is not an energy
7 efficiency program it offers itself; is that correct?

8 A. I don't know what -- whether or not DP&L
9 would be able to recover the lost revenue. That
10 would be up to the Commission as to how they seek to
11 set DP&L's distribution rate.

12 EXAMINER PRICE: Can I ask you a question
13 about your pilot?

14 THE WITNESS: Yes.

15 EXAMINER PRICE: Two questions. Is it in
16 MISO or PJM?

17 THE WITNESS: It's in PJM.

18 EXAMINER PRICE: Are you able to
19 aggregate the peak-demand reduction from the
20 residential customers and bid it in capacity
21 response, capacity market?

22 THE WITNESS: Yes. So you can do that.
23 We are working with PJM -- the PJM requires that
24 there's -- there's data that demonstrates the -- the
25 bid in, in order to bid it into the capacity. So we

1 are going through the process now with PJM to show
2 that we've run a number of events. We can reduce the
3 customer's capacity, and then they can -- they can
4 give a profiled amount of capacity per -- per device
5 installed, but that takes -- that's a process with
6 PJM if it's not already a predefined program that PJM
7 has already approved.

8 EXAMINER PRICE: But that's the goal you
9 are working towards.

10 THE WITNESS: Yes. Our goal would
11 certainly be to get capacity credit for this.

12 EXAMINER PRICE: Thank you.

13 Q. (By Mr. Garver) And to the extent you are
14 successful in that and DP&L still has generation,
15 that would lower the clearing price of the capacity
16 market; is that correct?

17 A. There's -- there's a lot of factors that
18 goes into capacity prices and I don't want to
19 speculate on the impact, the long-term impact of the
20 addition or subtraction of capacity into the capacity
21 market onto the price of capacity.

22 Q. But you would agree that all else equal,
23 more supply would tend to lead to a lower price; is
24 that correct?

25 A. Perhaps in the short run, but then you

1 could argue that would increase consumption which
2 would then lead to a higher price, so there's --
3 there's a lot of factors you need to know before you
4 can say whether or not bidding in a resource
5 increases or decreases the price.

6 EXAMINER PRICE: Okay. Let's assume
7 Consumers' Counsel's hypothetical is true.

8 THE WITNESS: Yeah.

9 EXAMINER PRICE: All of Dayton's service
10 territory right now is out to market either through
11 the SSO or through individual marketers. If capacity
12 prices were going to be lowered, then the Consumers'
13 Counsel clients, residential customers in Ohio, would
14 enjoy lower rates, wouldn't they?

15 THE WITNESS: Yes. If you bid into the
16 auction and that reduced the overall capacity prices
17 for customers, then that would reduce the overall
18 capacity prices for all customers.

19 EXAMINER PRICE: That's the first time
20 I've ever seen OCC argue for higher rates.

21 Q. And that would also lower revenues of
22 generation if DP&L still had generation; is that
23 correct?

24 A. It would depend on where the capacity is
25 bid, what -- A, we are operating under the assumption

1 it would -- it would lower the capacity prices, but
2 it would also depend on where you are bidding in -- I
3 guess if you were bidding in Dayton, and it did lower
4 the capacity price, and then Dayton's generation was
5 in the zone that -- that was in the same zone where
6 you are bidding in the residential demand response
7 and in the capacity markets, then it could have an
8 effect on reducing the capacity payments for Dayton's
9 generation.

10 Q. Which might lead to future financial
11 problems that we're encountering in this docket now;
12 is that correct in your opinion?

13 A. I would hope that it's successful enough
14 to make a material impact on capacity markets and
15 lower the capacity prices. I think that would be
16 good for everybody.

17 Q. I want to switch gears to the supplier
18 consolidated billing. Do you have a copy of the
19 amended stipulation in front of you, Mr. White?

20 A. I do not.

21 Q. I have one extra copy.

22 MR. GARVER: Do you mind if I approach,
23 your Honor?

24 EXAMINER WALSTRA: Go ahead.

25 Q. Do you have a copy now, Mr. White?

1 A. Yes.

2 Q. Could you please turn to page 23. And
3 specifically I am looking at paragraph f at the
4 bottom of that page. Do you want to take a look at
5 that, please.

6 A. Yes.

7 Q. And that paragraph continues on to
8 page 24 and it discusses how costs for the potential
9 supplier consolidated billing pilot program will be
10 recovered; is that correct?

11 A. Yes.

12 Q. Would you agree that there are some
13 customers of DP&L that may not benefit from a
14 supplier consolidated billing program?

15 A. No.

16 Q. Could you tell me who -- how -- so let's
17 do one of a hypothetical. I will try to keep it
18 shorter than Mr. Oliker's here.

19 MR. MICHAEL: Good luck.

20 MR. OLIKER: Shorter is not always
21 better.

22 MR. MICHAEL: You would know.

23 Q. So leave that one there. Would you agree
24 that a customer who takes service under the SSO and
25 is billed by DP&L would not benefit from supplier

1 consolidated billing?

2 A. No.

3 Q. How would they benefit?

4 A. I think by enhancing DP&L's billing
5 system to enable more innovative products and
6 services to the customers that are available to them,
7 benefits those customers even if they don't
8 necessarily elect that product or service.

9 Q. And what ways specifically would they
10 benefit from a product that they do not use?

11 A. They have the option to use it, and they
12 may use it in the future.

13 Q. So let's assume that there is a customer
14 who takes SSO service from DP&L and is billed by DP&L
15 and they do that for at least the entire life of the
16 supplier billing pilot. So they are not going to
17 benefit under the pilot, term of the pilot; would you
18 agree with that?

19 MR. SETTINERI: I will just object as to
20 form, ambiguity as to what type of customer we are
21 describing here. We have a multitude of customers in
22 Ohio.

23 EXAMINER WALSTRA: Could you be more
24 specific? Go ahead.

25 Q. I will restate the question. If you have

1 a residential consumer that takes service from DP&L
2 through the SSO and is billed by DP&L and they
3 continue to do that during the entire length of the
4 pilot program, that the supplier consolidated
5 billing, would you agree that customer would not
6 benefit during that period?

7 A. I believe that that customer would
8 benefit from the development of a more robust
9 competitive market; so, no, I would not agree to
10 that.

11 Q. Even if they continued to take service
12 under the SSO?

13 A. Yes, I think all customers benefit from a
14 more -- development of a more robust, competitive
15 market even if they take service under the SSO.

16 Q. What about a PIPP customer who can't
17 shop?

18 A. I think to the extent that the PIPP
19 customer in the future may have the opportunity to
20 shop if the rules change, you could argue that they
21 would also benefit from the development of a more
22 robust market.

23 Q. And that potential future use or option
24 value, as you have termed it, a customer who gets
25 that type of benefit from this program is going to

1 pay the same as someone who actually uses it; is that
2 correct?

3 MR. SETTINERI: Objection as to form.
4 Pay to what?

5 A. Could you clarify?

6 Q. Sure. The costs of the supplier
7 consolidated billing pilot program are going to be
8 allocated as described on page 23 and 24 of the
9 amended stipulation where 50 percent of those costs
10 are going to be paid by DP&L ratepayers; is that
11 true?

12 A. Yes, that's what it says.

13 Q. So those costs are allocated to DP&L
14 customers and let's just assume for the purposes of
15 this hypothetical that you have one customer who is a
16 PIPP customer who they may have some benefit from
17 future option value to potentially use this product
18 in the future, they are going to pay the same as a
19 customer who shops and uses the supplier consolidated
20 billing; is that correct?

21 A. No.

22 Q. Would you explain, please.

23 A. So when a customer that shops has --
24 has -- is a consolidated billing customer, the CRES
25 supplier will still incur costs to bill that

1 customer. So DP&L would not be paying for the entire
2 cost of the CRES supplier's billing. Even the --
3 even -- there would still be additional costs, send
4 the bills, maintain the bill system on the CRES
5 supplier side. So that cost would be reflected in
6 the price that the CRES customers pay so the non --
7 the nonshopping SSO customer would not be paying the
8 same cost as the shopping customers for supplier
9 consolidated billing.

10 Q. But isn't the PIPP customer in this
11 hypothetical also paying costs for billing that DP&L
12 would incur?

13 A. Well, I don't know how the Commission is
14 ultimately going to choose to allocate the cost to --
15 throughout distribution customers. There's no
16 specific requirement in that settlement that --
17 that -- how they allocate it amongst customer
18 classes.

19 Q. I would like to talk about the
20 noncommodity billing which is discussed on the
21 amended stipulation at page 21. So similar questions
22 here, Mr. White. Would a customer who never buys a
23 noncommodity product benefit from noncommodity
24 billing?

25 A. Yes.

1 Q. Could you explain how.

2 A. I believe noncommodity billing, the
3 adoption of noncommodity billing will lead to a more
4 robust, competitive retail electric market which I
5 believe benefits customers regardless of whether they
6 choose a particular noncommodity product or not.

7 Q. And I believe in your testimony you say
8 that AEP offers at least some type of noncommodity
9 billing; is that correct?

10 A. Can you point to the spot in the
11 testimony where I say that?

12 Q. Sure. If you look at page 11, your
13 answer starting on page 10 to 13 -- or on lines 10 to
14 13, sorry. That last sentence you say "Further, Duke
15 Energy Ohio, FirstEnergy and AEP Ohio allow for
16 certain noncommodity charges to be billed on the
17 utility bill for select third party companies." Did
18 I read that correctly?

19 A. Yes.

20 Q. Is the shopping rate in AEP's territory
21 higher than it is in DP&L's for residential
22 customers? If you know.

23 A. I don't know off the top of my head, but
24 to clarify your question, because I think it is
25 relevant knowledge that probably you would be

1 interested in, is that the AEP Ohio ability to bill
2 for noncommodity is limited only to the utility SSO
3 service so -- or only the customers can receive
4 noncommodity billing from -- from the utility AEP
5 Ohio, and it is not open to all CRES providers.

6 Q. So then is the example of AEP Ohio that
7 you have given in line 12 not really that great of an
8 example then?

9 A. No. I think it's a fine example of an
10 instance where the Commission has been comfortable
11 allowing customers to receive noncommodity services
12 on their utility bill.

13 Q. So let's -- let's assume that the
14 shopping rate for residential consumers is lower in
15 AEP's service territory than it is in DP&L's. Would
16 that be an indication that, I know there are a lot of
17 factors, that perhaps noncommodity billing does not
18 encourage a more competitive retail market?

19 A. No. It's because of what I had said
20 earlier, that the actual noncommodity billing in the
21 AEP service territory is only done by the utility.
22 AEP does not allow CRES providers to bill
23 noncommodity billing. Now, there are other utilities
24 in Ohio that do allow CRES providers to bill
25 noncommodity billing, but currently AEP does not.

1 And what I mean CRES providers, I mean competitive
2 energy supplier. There is gas utilities that allow
3 competitive energy suppliers to provide noncommodity
4 billing.

5 EXAMINER PRICE: So AEP, when you say
6 select third-party companies, do you mean that AEP
7 selects the third-party companies?

8 THE WITNESS: AEP selects only one
9 third-party company. I think it's HomeServe that
10 they allow to bill for home warranty and I believe
11 some other products and services on the utility bill,
12 but they have not made that open to all competitive
13 suppliers.

14 Q. And is that the same for Duke Energy
15 Ohio, they allow -- sorry.

16 A. Sorry. Go ahead.

17 Q. Go ahead.

18 A. That's the same I think if you -- if
19 you -- if you read the testimony, I discuss how the
20 electric utilities, Duke Energy Ohio, FirstEnergy
21 Ohio, and AEP allow for just selected third-party
22 companies that the utilities have selected and are
23 exclusive, made exclusive; whereas, Vectren and
24 Columbia Gas has allowed competitive suppliers to
25 bill for products and services.

1 Q. So it's correct that no electric utility
2 in Ohio allows CRES providers to bill for
3 noncommodity services?

4 A. Yes.

5 Q. And if you look at page 21 of the stip,
6 looking under Section IX, Competitive Retail Market
7 Enhancements, the first paragraph there it's numbered
8 1? Do you want to take a look? You can just let me
9 know when you are ready, please.

10 A. I'm sorry. What page were you talking
11 about?

12 Q. Page 21. And I am looking at the
13 paragraph that's numbered 1. It's the first one
14 under the "Competitive Retail Markets Enhancements"
15 heading?

16 A. Yes.

17 Q. And this section of the stip only
18 requires that a rules review process be initiated; is
19 that correct?

20 A. No.

21 Q. Could you explain that, please.

22 A. Sure. It requires the initiation of a
23 rules review process, but my understanding of that
24 specific provision of the stip is that if the rules
25 review process isn't complete within 18 months, then

1 DP&L shall file an application with the Commission to
2 proceed with the noncommodity billing component.

3 Q. So let's say the rules review process is
4 complete and the Commission decides not to allow
5 rules for noncommodity billing. Do you think that --
6 how would that -- what is your understanding of how
7 that would affect DP&L's responsibility to make no
8 filing in 18 months?

9 MR. SETTINERI: Object. Calls for a
10 legal conclusion.

11 EXAMINER WALSTRA: Response?

12 MR. GARVER: Sure. I am just asking him
13 as a signatory to this stipulation how he thinks that
14 a future Commission decision that's contemplated
15 within the amended stipulation itself would affect
16 his ability to get noncommodity billing in the
17 future.

18 EXAMINER WALSTRA: Overruled.

19 A. Can you repeat the question, please?

20 MR. GARVER: Your Honor, could you please
21 have the question reread.

22 EXAMINER WALSTRA: Please.

23 (Record read.)

24 A. My understanding is that if there is no
25 order or final order on the rules review, that DP&L

1 is still required to submit an application to the
2 Commission.

3 Q. Okay. But you would agree there could be
4 a decision on the rules review process that would not
5 allow noncommodity billing, correct?

6 A. I agree that I think that if the
7 Commission had made a decision that noncommodity
8 billing was not allowed on the utility bill, then
9 that provision would no longer require Dayton to
10 submit the application. I think that provision was
11 in there only in the event there was not a final
12 order.

13 Q. Okay. And if you look in the middle of
14 that paragraph, there's a sentence that reads "DP&L
15 will be permitted to seek cost recovery associated
16 with providing noncommodity billing in part from CRES
17 providers utilizing noncommodity billing and other
18 third parties and ratepayers equally in another
19 proceeding, with any application for cost recovery to
20 be submitted on an expedited basis to ensure timely
21 imple" -- "timely implementation of noncommodity
22 billing." I read that correctly?

23 A. Yes.

24 Q. So is it correct that CRES providers who
25 do not partake in noncommodity billing will not have

1 to pay for noncommodities being placed on utility
2 bills?

3 A. I don't know. I think that would be
4 determined in the cost recovery proceeding.

5 Q. Then could you please explain for me your
6 understanding of the phrase in that sentence that
7 says "in part from CRES providers utilizing
8 noncommodity billing"?

9 A. I'm sorry. Can you repeat the question?

10 Q. Sure. Could you please explain to me
11 your understanding of the phrase in that sentence
12 that reads "in part from CRES providers utilizing
13 noncommodity billing"?

14 A. It -- my understanding is that in part
15 some of the costs that CRES providers utilizing
16 noncommodity billing would be recovered from those
17 CRES providers in part.

18 Q. Only the CRES providers that use it
19 though, correct?

20 A. It doesn't say only the CRES providers
21 that use it in that sentence. That would be up to
22 the Commission to determine.

23 MR. GARVER: I have no further questions,
24 your Honor.

25 EXAMINER WALSTRA: Thank you.

1 Anyone else?

2 Any redirect?

3 MR. SETTINERI: If we could have a few
4 minutes, your Honor, we would appreciate it.

5 EXAMINER WALSTRA: Sure. We will take a
6 5-minute recess.

7 (Recess taken.)

8 EXAMINER WALSTRA: We will go back on the
9 record.

10 MR. SETTINERI: Thank you, your Honor.

11 - - -

12 REDIRECT EXAMINATION

13 By Mr. Settineri:

14 Q. Mr. White, do you recall getting
15 questions about benefits and rates related to
16 individuals that are nonshopping versus shopping in
17 respect to consolidated billing, or I should say
18 supplier consolidated billing and noncommodity
19 billing?

20 A. Yes.

21 Q. And do you -- in regards to the benefits
22 related to supplier consolidated billing and
23 noncommodity billing implementation, do you believe
24 there are specific benefits that would apply to all
25 customers?

1 A. Yes, I do. Just as an example, the -- as
2 I said in my testimony, many of the -- having the
3 ability to offer a more diverse range of products and
4 services enables us to offer many of the products and
5 services that help customers use energy more
6 efficiently.

7 So just as a specific example, if you are
8 able to offer a customer -- expand your ability to
9 offer customers a product such as time-of-use or bill
10 a more sophisticated demand response residential
11 product, it -- it reduces the energy consumption on
12 the grid, and it reduces demand on the grid which
13 would reduce the need to bill new generation which
14 would benefit all customers, all distribution
15 customers regardless of whether they are receiving
16 that particular product from the CRES supplier.

17 MR. SETTINERI: Thank you.

18 No further questions, your Honor.

19 EXAMINER WALSTRA: Thank you.

20 MR. GARVER: No questions.

21 EXAMINER WALSTRA: Anyone else?

22 Thank you, Mr. White.

23 THE WITNESS: Thank you.

24 MR. SETTINERI: Your Honors, at this time
25 we would move for admission of RESA Exhibit 1.

1 EXAMINER WALSTRA: Any objections?

2 Hearing none, it will be admitted

3 (EXHIBIT ADMITTED INTO EVIDENCE.)

4 EXAMINER WALSTRA: Mr. McNamee.

5 MR. McNAMEE: Thank you, your Honor. At
6 this time staff would call Jacob J. Nicodemus.

7 (Witness sworn.)

8 EXAMINER WALSTRA: Thank you. Please be
9 seated. State your name and business address.

10 THE WITNESS: My name is Jacob J.
11 Nicodemus, that's N-I-C-O-D-E-M-U-S, and my business
12 address is 180 East Broad Street, Columbus, Ohio
13 43215.

14 - - -

15 JACOB J. NICODEMUS

16 being first duly sworn, as prescribed by law, was
17 examined and testified as follows:

18 DIRECT EXAMINATION

19 By Mr. McNamee:

20 Q. Mr. Nicodemus, by whom are you employed
21 and in what capacity?

22 A. I'm employed by the Public Utilities
23 Commission of Ohio as a Utility Specialist 2.

24 Q. Okay.

25 MR. McNAMEE: At this time, your Honor, I

1 would ask to have marked for identification as Staff
2 Exhibit 1 a multi-page document filed in this case on
3 March 22, denominated prefiled testimony of Jacob J.
4 Nicodemus.

5 EXAMINER WALSTRA: So marked.

6 (EXHIBIT MARKED FOR IDENTIFICATION.)

7 Q. Mr. Nicodemus, do you have before you
8 what's just been marked as Staff Exhibit 1?

9 A. Yes.

10 Q. What is it?

11 A. It is my testimony in this case.

12 Q. Was it prepared by you or under your
13 direction?

14 A. Yes.

15 Q. Are the contents true to the best of your
16 knowledge and belief?

17 A. Yes.

18 Q. Do you have any corrections that you need
19 to make to that document this afternoon?

20 A. No.

21 Q. If I were to ask you the questions that
22 are contained within what's been marked for
23 identification as Staff Exhibit 1 here again today,
24 would your answers today be as represented therein?

25 A. Yes.

1 MR. McNAMEE: With that, your Honor, the
2 witness is available for cross-examination.

3 EXAMINER WALSTRA: Thank you.

4 Any proponent questions?

5 Mr. Kumar, go ahead.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Kumar:

9 Q. Good afternoon, Mr. Nicodemus. My name
10 is Ajay Kumar. I am an attorney with the Ohio
11 Consumers' Counsel. Could you turn to page 5 of your
12 testimony.

13 A. Yes.

14 Q. And on page 5 you discuss the annual
15 report that's been -- that's filed by electric
16 utilities regarding reliability performance?

17 A. That's right.

18 Q. Can I refer to this report as the Rule 10
19 report?

20 A. Yes.

21 Q. And these are filed on March 31 of every
22 year; isn't that true?

23 A. By March 31 each year, yes.

24 Q. And so the latest one for all the
25 utilities was filed on Friday of last week.

1 A. That's correct.

2 MR. KUMAR: Your Honor, could I have an
3 exhibit marked?

4 EXAMINER WALSTRA: You may.

5 MR. KUMAR: OCC Exhibit 9. It's the
6 filing from 17-0229-EL-ESS. It's Dayton Power and
7 Light's most recent Rule 10 report.

8 EXAMINER WALSTRA: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. And it's from reports like these that you
11 derive your CAIDI and SAIFI numbers that you include
12 in your testimony; isn't that correct?

13 A. That's right.

14 Q. And so if you look at I guess what's
15 referred to as the main page of this Rule 10 report
16 marked as OCC Exhibit 9.

17 A. Yes.

18 Q. This has the most recent CAIDI and SAIFI
19 numbers for Dayton Power and Light; isn't that
20 correct?

21 A. That's right.

22 Q. And compared to the chart on page 5 of
23 your testimony, the performance standards have
24 remained the same; isn't that correct?

25 A. Yes, the standards have remained the

1 same.

2 Q. And the performance for the CAIDI
3 standard still exceeds the standard that was -- that
4 has been set in the previous cases, in the
5 previous -- the case where you set the standards.

6 A. Yes, that's right.

7 Q. And the SAIFI standard has, in fact,
8 improved from the standard in your chart; isn't that
9 correct?

10 A. Can you restate the question, please?

11 Q. How about I rephrase? The after
12 exclusions SAIFI's performance that's in the Rule 10
13 report that I just provided you is .69; isn't that
14 correct?

15 A. That's right.

16 Q. And the one in your chart is .85.

17 A. That's right.

18 Q. And .69 is an improvement over .85; isn't
19 that correct?

20 A. That's right.

21 Q. Okay. Could you turn to page 6 of your
22 testimony.

23 A. Yes.

24 Q. And on lines 5 --

25 MR. McNAMEE: Did you say 6?

1 MR. KUMAR: Yes, 6.

2 Q. Lines 5 through 8 you describe a customer
3 perception survey that was provided to staff in May
4 of 2015.

5 A. The results of the survey were provided,
6 yes.

7 Q. Yes. The results of that survey. Now,
8 in that customer perception survey, were there
9 included any questions on whether customers would be
10 willing to pay more for increased reliability?

11 A. Not as far as I know.

12 Q. Okay.

13 MR. KUMAR: Your Honor, could I have
14 another exhibit marked?

15 EXAMINER WALSTRA: You may.

16 MR. KUMAR: I guess this will be OCC
17 Exhibit 10.

18 EXAMINER WALSTRA: So marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MR. KUMAR: It's the "Metrix Matrix
21 Dayton Power & Light Customer Perception Survey" from
22 May of 2015. May we approach?

23 EXAMINER WALSTRA: You may.

24 Q. Mr. Nicodemus.

25 A. Yes.

1 Q. Do you have a copy of what's been marked
2 as OCC Exhibit 10?

3 A. Yes.

4 Q. Is this the customer perception survey
5 that you described in your testimony?

6 A. Yes.

7 Q. And now that you have a copy of that
8 customer perception survey, does it include any
9 questions on whether customers would be willing to
10 pay more for increased reliability?

11 A. If it does, I am not seeing it.

12 Q. Does that survey include any questions on
13 whether customers would be willing to pay more for
14 the same level of reliability?

15 A. I don't see anything in the survey
16 results that address costs.

17 Q. Okay. Thank you. Now, on page 5 --
18 sorry, back on lines 4 through 5 you state that
19 Dayton Power and Light has met reliability standards
20 every year since their current standard became
21 effective.

22 A. Which page are you on?

23 Q. Page 5, lines 4 and 5 of your testimony,
24 sorry.

25 A. Yes.

1 Q. And to move around a little bit again, on
2 page 2 you describe the statutory tests that's been
3 enumerated in 4928.143(B) (2) (h) which requires that
4 an electric utility, before approval of an electric
5 utility's distribution infrastructure incentive, that
6 the Commission must examine the reliability of a
7 utility's distribution system to ensure that the
8 reliability expectations are aligned with those of
9 its customers.

10 A. Yes.

11 Q. And have you conducted this sort of
12 analysis for other utilities in Ohio?

13 A. Yes, I have.

14 Q. So you are familiar in general with the
15 other utilities' distribution infrastructure
16 incentive riders?

17 A. Generally speaking, yes.

18 Q. So AEP has a distribution investment
19 rider?

20 A. Yes.

21 Q. FirstEnergy has a delivery capital rider,
22 I believe they call it?

23 A. Yes.

24 Q. And Duke has a distribution capital
25 incentive?

1 A. It's called something like that, yes, I
2 believe so.

3 Q. But they all generally serve the same
4 purpose to provide accelerated recovery of
5 distribution investment?

6 MR. McNAMEE: Objection. While this may
7 be interesting to some people, it's outside the scope
8 of the witness's testimony. It's not speaking to
9 the -- to the DIR. He is speaking to just the
10 standard that the Commission -- or that the
11 Commission is using to assure the alignment of -- of
12 customers and the company's expectations.

13 EXAMINER WALSTRA: I will give him a
14 little leeway and see where he is going, but.

15 A. Was there a question? I'm sorry.

16 MR. KUMAR: Yeah. Can I have the
17 question reread?

18 (Record read.)

19 A. To the best of my knowledge, generally,
20 that's correct, but I don't know much about the
21 specifics of each rider or their purpose.

22 Q. Just that they exist.

23 A. I know that they exist.

24 Q. Yeah. Dayton Power and Light does not
25 currently have one of those riders.

1 A. I don't believe so, no.

2 Q. In fact, they are proposing one in this
3 ESP.

4 A. Yes.

5 Q. Okay. Now, isn't it true that other
6 utilities in Ohio have missed their reliability
7 standards in previous cases, in previous years?

8 MR. McNAMEE: Objection, relevance.

9 MR. KUMAR: Your Honor, I think the
10 importance in this case, one of the main issues we
11 are discussing DIR and I think the existence of those
12 riders and -- and other utilities provide a useful
13 comparison as to how the existence of those riders
14 affects the reliability standards that those
15 utilities have.

16 EXAMINER WALSTRA: I don't necessarily
17 see how the other utilities meeting those standards
18 is relevant here. I am going to sustain.

19 Q. Are you familiar with Duke's reliability
20 standards, Mr. Nicodemus?

21 A. Yes.

22 Q. And have you reviewed Duke's most recent
23 reliability standards filing, their Rule 10 filing?

24 MR. McNAMEE: Objection, relevance again.
25 The case is about Dayton Power and Light, not Duke.

1 MR. KUMAR: Again, your Honor, I think
2 the ability of a utility to meet its reliability
3 standards based on distribution, the existence of a
4 distribution incentive rider is an issue in this
5 case; and, therefore, I think whether or not other
6 utilities have been able to meet those reliability
7 standards as a result of the existence of their
8 riders I think is an area -- appropriate area of
9 cross-examination, especially since we have a witness
10 who has examined the filings of all those utilities.

11 EXAMINER WALSTRA: Just I sustained the
12 last one for the same reason, so I am going to
13 sustain this one as well.

14 MR. KUMAR: All right. Thank you, your
15 Honor. I have no more questions.

16 EXAMINER WALSTRA: Thank you.

17 Anyone else? No?

18 Any redirect?

19 MR. McNAMEE: No.

20 EXAMINER WALSTRA: All right.

21 MR. McNAMEE: At this time staff would
22 move for the admission of what's been marked as Staff
23 Exhibit 1.

24 EXAMINER WALSTRA: Any objections?

25 It will be admitted.

1 (EXHIBIT ADMITTED INTO EVIDENCE.)

2 MR. KUMAR: And, your Honor, I would like
3 to move for the admission of OCC Exhibit 9, the most
4 recent reliability standards.

5 MR. McNAMEE: No objection.

6 EXAMINER WALSTRA: It will be admitted.

7 (EXHIBIT ADMITTED INTO EVIDENCE.)

8 MR. KUMAR: 10 is attached to
9 Mr. Williams' testimony.

10 MR. ALEXANDER: So you are not moving it.

11 MR. KUMAR: I am not moving it.

12 MR. McNAMEE: Oh, it is?

13 EXAMINER WALSTRA: Thank you. If there
14 is nothing else, we are adjourned until Thursday at
15 9:00 a.m. with Ms. Cronmiller.

16 Thank you. We are off the record.

17 (Thereupon, at 4:01 p.m., the hearing was
18 adjourned.)

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1 CERTIFICATE

2 I do hereby certify that the foregoing is
3 a true and correct transcript of the proceedings
4 taken by me in this matter on Tuesday, April 4, 2017,
5 and carefully compared with my original stenographic
6 notes.

7
8
9 Karen Sue Gibson, Registered
10 Merit Reporter.

11 (KSG-6341)

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

Summary: Transcript in the matter of The Dayton Power and Light Company hearing held on 04/04/17 - Volume II electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.