

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 15-1830-EL-AIR
CASE NO. 15-1831-EL-AAM
CASE NO. 15-1832-EL-ATA

SUPPLEMENTAL DIRECT TESTIMONY
OF CRAIG A. FORESTAL

PUBLIC VERSION

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

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1 **I. INTRODUCTION**

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

3 A. My name is Craig Forestal. My business address is One Monument Circle, Indianapolis,
4 IN 46204.

5 **Q. Did you previously submit prefiled direct testimony in this case?**

6 A. Yes.

7 **Q. Do you adopt as your own the testimony of any other witness?**

8 A. Yes. Former Company Witness Yvonna Steadman has retired, and I am adopting her
9 testimony.

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

11 A. On March 12, 2018, the Staff of the Public Utilities Commission of Ohio ("Staff") filed a
12 report ("Staff Report") in response to the Application of The Dayton Power & Light
13 Company to Increase its Rates for Electric Distribution filed November 30, 2015
14 ("DP&L's Application"). The purpose of this testimony is to support and explain my
15 Objections to the recommendations in the Staff Report and to provide and support
16 alternative expense adjustments that DP&L recommends the PUCO adopt for calculation
17 of DP&L's revenue increase in this case

18 **Q. What are your Objections?**

19 A. I have determined that the Staff Report: (i) includes data errors; (ii) omits certain actual
20 labor and benefits costs incurred by DP&L with no justification; and (iii) fails to

1 recognize the full impacts of fixed, known and measurable pay increases. Such errors
2 and omissions, which I will explain in this testimony, understate DP&L's distribution
3 operating expenses by \$9.9 million. The data errors understate DP&L distribution
4 Operating Expenses by \$5.3 million¹, while the omitted labor costs and pay increases
5 together understate DP&L distribution Operating Expenses by another \$4.5 million. The
6 following is a list of my Objections:

- 7 1. Objection to the method in which the Staff calculated DP&L employee labor costs
- 8 2. Objection to Staff's calculation of AES Services wages
- 9 3. Objection to Staff's calculation of payroll taxes
- 10 4. Objection to Staff's proposal to use Test Year 401K benefits
- 11 5. Objection to Staff's proposal to eliminate long-term compensation expense

12 **Q. What Schedule(s) and Workpapers are you supporting?**

13 A. I am supporting the following Supplemental Schedules and the related Supplemental
14 Workpapers:

15 **Supplemental Schedule C-3.11** – *Annualize AES Services Labor, Benefits, and Payroll*
16 *Tax For the Twelve Months Ended May 31, 2016*

17 **Supplemental Schedule C-3.12** – *Annualize Test Year Labor and Payroll Taxes For the*
18 *Twelve Months Ended May 31, 2016*

¹ Calculated as the sum of: (i) Supplemental Workpaper WPC-3.12, page 2, column T, rows 5, 27 and 29; (ii) Supplemental Workpaper WPC-3.12, page 3, column E, row 9; and (iii) Supplemental Workpaper WPC-3.12, page 3, column F, rows 15 and 21.

Supplemental Schedule C-3.13 – *Annualize Employee Benefits Expense For the Twelve Months Ended May 31, 2016*

**II. OBJECTIONS TO THE STAFF REPORT PRO FORMA
ADJUSTMENTS TO LABOR AND BENEFITS EXPENSES**

Q. Please explain DP&L Objection No. 24 to the Staff Report regarding the method in which Staff calculated DP&L employee labor costs as included on Staff Schedule C-3.12.

A. As I will explain further, DP&L objects to the Staff Report's calculation of DP&L employee labor costs because the calculation: (i) used a number for hours that included a data summation error; (ii) used certain employee headcount data previously provided by DP&L in response to PUCO DR 116, which DP&L later determined was incorrect; (iii) failed to apply the same methodology of determining average hours *per position* for part-time employees; (iv) failed to recognize the annualization of known pay increases; (v) eliminated 50% of DP&L actual distribution short-term compensation expense incurred during the Test Year; (vi) excluded the effect on short-term compensation that the January 1, 2016 DP&L non-union employee 3% pay increase had; and (vii) failed to include certain contractually-obligated wage amounts that DP&L paid during the Test Year.

Q. Please explain the first three components of Objection No. 24 that identified errors in Staff's methodology.

A. The Staff Report employed a calculation for average number of hours worked per position for DP&L employees that included a data summation error, which significantly understated the number of hours. Instead of dividing the sum of Distribution O&M hours

1 per position by the number of employees per position, Staff's Workpapers show that Staff
2 inadvertently divided the sum of Distribution O&M hours per position by the number of
3 unique Distribution O&M allocation percentages per position over a twelve-month
4 period. Staff derived such amount by utilizing the "Distinct Count" of the column "Dist
5 O&M Emp." See Supplement Exhibit CAF-1 which is the Staff's Workpaper and
6 Supplemental Exhibit CAF-2 which is an excerpt of the information on which Staff
7 relied.² This column shows the portion of the employee that worked on Distribution
8 O&M, or in other words, that employee's allocation to Distribution O&M for the month.
9 Thus the values in "Dist O&M Emp" vary between zero and one. The "Distinct Count"
10 statistic that was applied to this data provides the total unique values applicable for each
11 position. Therefore, this statistic did not provide the number of employees per position,
12 as intended, but rather the number of unique allocations to Distribution O&M per
13 position over a twelve-month period. As each employee's allocation to Distribution
14 O&M can vary slightly month to month (each time creating an additional distinct
15 allocation percentage), the resulting total was higher than the actual number of
16 employees. By dividing the Distribution O&M number of hours by an overstated amount
17 (intended to be, but not equivalent to, number of employees), the Staff understated the
18 average hours worked per position.

19 The Staff Report then multiplied the aforementioned average hours worked per position
20 by certain DP&L employee headcount data that had been provided by DP&L in response
21 to PUCO DR 116, which DP&L later found to be incorrect. Upon review of the Staff

² The information in Supplemental Exhibits CAF 1 and 2 should be kept confidential because those exhibits contain confidential employee salary information. Salary is personal information of each employee and should not be disclosed in this matter. Further, DP&L would be at a disadvantage in its hiring efforts if the salaries that it pays became public. DP&L maintains that information as confidential in the ordinary course of business, and restricts who can have access to it.

1 Report, DP&L discovered a clerical error whereby the April 2016 data that DP&L
2 provided in response to DR 116 inadvertently included lines of payroll data that were not
3 actually allocated to DP&L distribution. As a result, the April 2016 DR 116-06
4 discovery response incorrectly reflected an additional 398 employees and an additional
5 \$323,578 being allocated to Distribution O&M for that month. DP&L has since revised
6 its response to PUCO DR 116 to reflect the correct payroll data for April 2016.

7 Both of these errors affected Staff's calculation of Pro Forma distribution DP&L labor
8 costs, combining to understate Pro Forma distribution DP&L labor costs by \$5,022,094.

9 Finally, Staff did not utilize average hours per position for part-time DP&L employees,
10 which more accurately reflects the actual hours worked on Distribution O&M by each
11 part-time position. This has the effect of understating DP&L's part-time labor costs by
12 \$715,904.

13 The significant difference in Staff's calculated Test Year base labor (\$19,949,422) and
14 DP&L's actual incurred Test Year base labor (\$25,734,090)³ demonstrates that these data
15 errors in the Staff Report truly understated DP&L's Distribution O&M labor costs.

16 **Q. Does the Staff Report adequately account for known and measurable changes in**
17 **DP&L employee hourly labor rates?**

18 A. No. DP&L's Application demonstrated that DP&L employee hourly and salaried wages
19 increase periodically for both union and non-union employees. As explained by
20 Company Witness Tregenza, to remain competitive in attracting talented employees,

³ The DP&L actual incurred Test Year base labor was provided in the updated response to PUCO DR 116 and include base and overtime pay.

1 DP&L and AES Services must offer such increases. In Company Witness Steadman's
2 prefiled direct testimony, she explained that there were known contracted union pay
3 increases of 2.5% in each of November 1, 2015 and November 1, 2016, as well as an
4 expected (and later confirmed by DP&L in its response to PUCO DR 120) 3.0% annual
5 pay increase for non-union employees effective January 1, 2016. Ms. Steadman also
6 explained that union employees receive merit increases as the employee reaches certain
7 levels of experience in a position. The hourly wage rate that DP&L used to calculate
8 expenses during the test year incorporated each of these increases and annualized the
9 impact for an entire year, because all of the increases took place prior to the originally
10 expected timeline of the base rate increase petitioned for in this case, in addition to being
11 before the actual base rate increase which of course has not yet happened. The Staff
12 Report, however, recommends using the average hourly pay for the Test Year, which
13 ignores the effect of those pay increases.

14 DP&L thus objects to the Staff's recommendation, because the Staff Report's calculation
15 includes an hourly pay rate that is too low, and results in a pro forma labor adjustment
16 that significantly understates the expenses that DP&L was incurring by the end of the
17 Test Year and at the end of 2016.

18 **Q. Do you agree with the Staff's recommendation to disallow 50% of the DP&L**
19 **employee short-term compensation?**

20 **A.** No. The Staff Report recommends excluding 50% of short-term compensation without
21 citing any rationale or historical precedent. DP&L witness Tregenza explains why
22 DP&L's short-term incentive pay should be included in rate-making. Further, the 3%
23 non-union pay increase in January 2016 is a fixed, known and measurable event that took

1 place during the Test Year and permanently raised the targeted and forecasted level of
2 short-term compensation for DP&L employees going forward and therefore must be
3 included in the ratemaking calculations.

4 **Q. Have you identified any other DP&L employee labor calculations in the Staff**
5 **Report with which you disagree?**

6 A. Yes. The Staff Report failed to include certain other actual wage amounts that DP&L
7 paid during the Test Year. Examples of such wages amounts include union pay increases
8 for shifts worked outside of the employees' normal hours or for performing functions
9 outside of their normal duties, incentives earned by non-union employees for working
10 above 80 hours in a pay period during storm outage repair, and incentives related to high
11 performing meter readers. The Test Year distribution Operating Expense total of such
12 amounts was \$290,989 for non-union employees and \$167,182 for union employees for a
13 Test Year total of \$458,171.

14 **Q. What is your recommendation with respect to Staff's adjustments to DP&L**
15 **employee labor costs?**

16 A. DP&L thus recommends an adjusted distribution Operating Expense labor cost for DP&L
17 employees of \$28,024,139, which constitutes a pro forma increase of \$1.7 million from
18 the Jurisdictional Test Year Unadjusted amount of \$26.3 million as shown in our original
19 Workpaper C-3.12, Page 2 of 2, column P, line 26. Such amount is \$0.4 million lower
20 than the adjusted amount originally requested by DP&L in this case. The \$28,024,139
21 was calculated by summing up the following items: (i) the annualized distribution
22 Operating Expense portion of actual base labor costs for DP&L non-union employees;
23 (ii) the annualized distribution Operating Expense portion of actual labor costs for DP&L

1 union employees, including the impact of the 2.5% union annual pay increase that
2 occurred November 1, 2016; (iii) the Distribution Operating Expense Test Year level of
3 short-term compensation multiplied by 103%; (iv) union overtime pay calculated
4 consistent with the Staff Report as 43.51% of base pay; and (v) the Distribution
5 Operating Expense Test Year level of contractually-obligated wage amounts that DP&L
6 paid during the Test Year, such as union pay increases for shifts worked outside of the
7 employees' normal hours. The annualization for both union and non-union base pay was
8 derived by utilizing the average standard hourly pay rates for each type of position from
9 the Test Year annual pay increase date through the end of the Test Year (November 2015
10 through May 2016 for union and January 2016 through May 2016 for non-union)
11 multiplied by the estimated total Distribution O&M hours worked. The total Distribution
12 O&M hours worked was derived by taking the average number of filled positions for
13 January through May 2016 multiplied by the average number of hours per position for the
14 Test Year. The latter five months of the test year provide a practical representation of the
15 going-forward operating employee level after the Test Year, while the full test year
16 provides a reasonable demonstration of hours applied to distribution O&M over the
17 course of a calendar year. In addition, the annualized union amount was then multiplied
18 by 102.5% to include the impact of the contractually obligated union annual pay increase
19 that occurred November 1, 2016.

20 This method recognizes the full effect of the raises implemented November 1, 2015,
21 January 1, 2016 and November 1, 2016. This method is conservative in that it does not
22 include a full annualization of union merit increases that took place between November 1
23 2016 and the end of the Test Year.

1 **Q. Are you supporting any Supplemental Schedules or Workpapers in support of**
2 **DP&L Objection No. 24?**

3 A. Yes, I am supporting Supplemental Schedule C-3.12 and Supplemental Workpapers
4 WPC-3.12, which show the calculations that I described above. For ease of comparison,
5 I started with Staff Workpapers in Excel, and then made the correcting updates that I
6 described above.

7 **Q. If the Commission accepts the Staff Recommendation and rejects DP&L Objection**
8 **No. 24, what would be the result?**

9 A. DP&L now proposes a total DP&L employee labor cost of \$28,024,139, compared to the
10 amount in the Staff Report of \$20,475,084. If the Commission accepts the Staff
11 Recommendation and rejects DP&L Objection No. 24, then DP&L would fail to recover
12 its incurred DP&L distribution operating labor expenses by \$7,549,055. This difference
13 is composed of the following elements of DP&L's Objection No. 24:

<u>Objections to DP&L Employees Labor Costs</u>	<u>Expense Impact</u>
Headcount and average hour corrections to the Staff computation	\$5,022,094
Part-time position average hour corrections	715,904
Annualization of pay increases incurred during the Test Year	367,924
Annualization of DP&L union November 1, 2016 pay increase	427,760
Staff elimination of 50% of distribution short-term compensation	525,662
Impact of January 2016 pay increase on short-term compensation	31,540
Staff failure to include contractually obligated wage amounts	458,171
Total	<u>\$7,549,055</u>

1 **Q. Please explain DP&L Objection No. 25 to the Staff Report regarding Staff's**
2 **proposal to use Test Year actual wages for AES Services as included on Staff**
3 **Schedule C-3.11.**

4 A. DP&L objects to Staff's recommendation for the amount of AES Services wages, because
5 it omits the following items: (i) annualization of pay increases that occurred during the
6 Test Year; (ii) 50% of short-term compensation; (iii) the impact on short-term
7 compensation that the January 1, 2016 AES Services non-union employee 3% pay
8 increase will have and (iv) all actual labor expenses incurred during the Test Year that
9 were coded to DPL accounts 4120002, 9210600, 9230000, and 9260040. Items (i), (ii)
10 and (iii) for AES Services are substantially similar to items (iv), (v), and (vi) above for
11 DP&L employees.

12 **Q. Does the Staff Report adequately account for known and measurable changes in**
13 **AES Services hourly labor rates?**

14 A. No. DP&L's Application demonstrated employee wage increases periodically for AES
15 Services employees. In Company Witness Steadman's prefiled direct testimony, she
16 identified a known and measurable 3% annual pay raise effective January 1, 2016 for
17 AES Services employees. Because this increase was not effective until after seven
18 months of the Test Year had passed, only 42% (5/12) of the annual impact is reflected in
19 the Test Year amounts. This means that 58% (7/12) of the impact is not reflected in the
20 Test Year. Consequently, DP&L objects to the Staff's recommendation for AES Services
21 base labor costs, because the Staff Report pay rate is too low and results in a pro forma
22 labor adjustment that significantly understates the expenses that DP&L was incurring by
23 the end of the Test Year.

1 **Q. Do you agree with the Staff's recommendation to disallow 50% of the AES Services**
2 **short-term compensation and/or their omissions of the impact of the 3% pay**
3 **increase on short-term compensation and the incurred labor expenses that were**
4 **coded to DPL accounts 4120002, 9210600, 9230000, and 9260040?**

5 A. No. The Staff provided no explanation as to why they recommended excluding 50% of
6 the short-term compensation or the portion of AES Services labor expense initially coded
7 to DPL accounts 4120002, 9210600, 9230000, and 9260040, which were incurred during
8 the Test Year. Further, the 3% AES Services employee pay increase in January 2016 is a
9 fixed, known and measurable event that took place during the Test Year and permanently
10 raised the targeted and forecasted level of short-term compensation for AES Services
11 employees going forward and therefore should be included in the ratemaking
12 calculations. Company Witness Tregenza explains why all of the short-term
13 compensation should be included in the rate-making formula. And finally, page 14 of the
14 Staff Report states, "For service company employees, (AES and IPL), Staff included
15 actual test year O&M labor expense." This statement demonstrates that it was the Staff's
16 intention to include AES Services labor at the actual full Test Year distribution amount
17 and therefore the omission of the amounts recorded to accounts 4120002, 9210600,
18 9230000, and 9260040 appears to be an error that should be corrected. If these changes
19 from the Staff's recommendations are not made, then the revenue requirement will be
20 calculated using expenses that do not represent DP&L's ongoing costs at the end of the
21 Test Year and therefore will not allow DP&L to recover its expenses and earn a fair
22 return on its rate base.

1 **Q. What is your recommendation with respect to Staff's adjustments to AES Services**
2 **labor costs?**

3 A. DP&L recommends a distribution base AES Services labor cost of \$7,572,547. This
4 amount was calculated by taking the sum of the AES Services jurisdictional distribution
5 Operating Expense actual base labor costs from January 1, 2016 through May 31, 2016
6 and annualizing that cost to a full year and then adding in the actual distribution O&M
7 portion of short-term compensation multiplied by 103%. The annualization was simply
8 dividing the distribution Operating Expense portion of payroll by the number of pay
9 periods in those months and then multiplying that by the number of pay periods in a year
10 to annualize five months of activity to twelve months. This method recognizes the full
11 effect of the raises implemented January 1, 2016. Again, the 103% multiplier for short-
12 term compensation gives effect to the 3% AES Services average pay increase effective
13 January 1, 2016 to provide the expected level of short-term compensation at the end of
14 the Test Year.

15 **Q. Are you supporting any Supplemental Schedules or Workpapers in support of**
16 **DP&L Objection No. 25?**

17 A. Yes, I am supporting Supplemental Schedule C-3.11 and Supplemental Workpapers
18 WPC-3.11, which show the calculations I described above. Once again, for ease of
19 comparison, I started with Staff Workpapers in Excel, and then made the correcting
20 updates that I described above.

21 **Q. If the Commission accepts the Staff Recommendation and rejects DP&L Objection**
22 **No. 25, what would be the result?**

- 1 A. DP&L now proposes a total AES Services employee labor cost of \$7,572,547, as
2 compared to the amount in the Staff Report of \$6,354,853. If the Commission accepts the
3 Staff Recommendation and rejects DP&L Objection No. 25, then DP&L would fail to
4 recover its incurred AES Services distribution operating labor expenses by \$1,217,694.
5 This difference is composed of the following elements of DP&L's Objection No. 25:

<u>Objections to AES Services Labor Costs</u>	<u>Expense Impact</u>
Staff failure to annualize pay increases incurred in Test Year	\$429,883
Staff elimination of 50% of distribution short-term compensation	603,671
Impact of January 2016 pay increase on short-term compensation	36,186
Actual Test Year labor expenses initially coded to DPL accounts	147,954
4120002, 9210600, 9230000, and 9260040	
Total	\$1,217,694

- 6 **Q. Please explain DP&L Objection No. 27 to the Staff Report's calculation of payroll**
7 **taxes.**

- 8 A. DP&L's Objection is that Staff's calculation of payroll tax expense on both DP&L and
9 AES Services labor is based upon a flawed calculation of pro forma wages. Many of the
10 calculations and assumptions Staff used to determine payroll expense are invalid and/or
11 inappropriate for the reasons described above in this Supplemental Testimony, and
12 therefore, the payroll tax expenses that Staff calculated are also invalid and inappropriate.
13 Additionally, in the case of AES Services, Staff underestimated the amount of payroll
14 taxes by making allocations to distribution O&M twice, once through the Number of
15 Employees and once via the O&M Percentage. DP&L recommends using the
16 Distribution O&M employees provided (or calculated) through DR 116 for both DP&L
17 and AES Services employees as the Number of Employees. This straight-forward

1 approach eliminates the need to apply the O&M Percentage when calculating the Federal
2 Unemployment Tax Act ("FUTA") or State Unemployment Tax Act ("SUTA") amounts.
3 For the Federal Insurance Contributions Act ("FICA"), DP&L accepts Staff's approach,
4 using the taxable labor expenses included in my Supplemental Schedules and
5 Workpapers (see below), which incorporate the Objections described herein.

6 **Q. Are you supporting any Supplemental Schedules or Workpapers in support of**
7 **DP&L Objection No. 27?**

8 A. Yes, I am supporting Supplemental Schedules C-3.11 and 3.12. I am also supporting
9 Supplemental Workpapers WPC-3.11 and WPC-3.12, which show the calculations I
10 described above. Once again, for ease of comparison, I started with Staff Workpapers in
11 Excel, and then made the correcting updates that I described above.

12 **Q. If the Commission accepts the Staff Recommendation and rejects DP&L Objection**
13 **No. 27, what would be the result?**

14 A. DP&L now proposes a total DP&L employee distribution operating payroll tax expense
15 (including FICA, FUTA and SUTA) of \$2,137,473, and AES Services distribution
16 operating payroll tax expense of \$463,743, as compared to the corresponding amounts in
17 the Staff Report of \$1,637,279 and \$377,662, respectively. If the Commission accepts the
18 Staff Recommendation and rejects DP&L Objection No. 27, then DP&L would fail to
19 recover its incurred payroll tax expense related to distribution O&M by \$586,275. This
20 difference is composed of the following elements of DP&L's Objection No. 27:

<u>Items affecting payroll tax expense</u>	<u>Expense Impact</u>
Headcount and average hour corrections to the Staff computation	\$317,128
Part-time position average hour corrections	51,864
Annualization of pay increases incurred during the Test Year	53,774
Annualization of DP&L union November 1, 2016 pay increase	30,988
Elimination of 50% of short-term compensation	76,130
Impact of January 2016 pay increase on short-term compensation	4,566
Actual AES Services Test Year labor expenses coded to DPL accounts 4120002, 9210600, 9230000, and 9260040	9,237
Staff failure to include DP&L contractually obligated wage amounts	33,192
Correction of O&M Allocation in FUTA/SUTA calculation	9,396
Total	<u>\$586,275</u>

1 **Q. Please explain DP&L Objection No. 28 to the Staff Report regarding Staff's**
2 **proposal to use the Test Year 401K benefits as included on Staff Schedule C-3.11**
3 **and Staff Schedule C-3.13.**

4 A. The Staff Report includes amounts for 401K benefit expense that are equal to the
5 expenses that DP&L incurred during the Test Year for DP&L and AES Services
6 employees. Those amounts are not representative of DP&L's ongoing level of expenses,
7 in that, as described in the prefiled Direct Testimony of Company Witness Steadman and
8 described above, pay increases occurred throughout the Test Year as well as the
9 contractually obligated 2.5% pay increase for union employees effective November 1,
10 2016. These fixed, known and measurable increases had the effect of increasing DP&L's
11 401K expense, and therefore the Test Year level of 401K benefit expense is lower than
12 the ongoing level that DP&L was incurring at the end of the Test Year and at the end of
13 2016. Consequently, the Staff's approach would not allow DP&L to recover its expenses
14 and earn a fair return on its rate base.

1 DP&L therefore recommends a DP&L employee distribution operating 401K expense of
2 \$577,023 and an AES Services 401K expense of \$381,536. These amounts were
3 calculated by taking the distribution O&M 401K expense for the Test Year and
4 annualizing the 2015 and 2016 pay increases described previously. For both the DP&L
5 401K and the AES Services 401K, I annualized the pay increases by calculating the
6 percentage increase in base labor that the pay increases had in DP&L's Supplemental
7 Working Papers WPC-3.11 and 3.12 and grossed up the respective 401K expenses by
8 those same percentages.

9 **Q. Are you supporting any Supplemental Schedules or Workpapers in support of**
10 **DP&L Objection No. 28?**

11 A. Yes, I am supporting Supplemental Schedules C-3.11 and 3.13. I am also supporting
12 Supplemental Workpapers WPC-3.11 and WPC-3.13, which show the calculations I
13 described above. Once again, for ease of comparison, I started with Staff Workpapers in
14 Excel, and then made the correcting updates I described above.

15 **Q. If the Commission accepts the Staff Recommendation and rejects DP&L Objection**
16 **No. 28, what would be the result?**

17 A. DP&L now proposes a total DP&L employee distribution operating 401K expense of
18 \$577,023, and AES Services distribution operating 401K expense of \$381,536, as
19 compared to the corresponding amounts in the Staff Report of \$559,686 and \$353,063,
20 respectively. If the Commission accepts the Staff Recommendation and rejects DP&L
21 Objection No. 28, then DP&L would fail to recover its incurred 401K expense related to
22 distribution O&M by \$45,810. Such difference includes \$17,337 for the annualization of

1 DP&L employee pay increases and \$28,473 for the annualization of AES Services
2 Employee raises.

3 **Q. Please explain DP&L Objection No. 26 to the Staff Report regarding Staff's**
4 **proposal to eliminate long-term compensation expense for both DP&L and AES**
5 **Services employees as included on Staff Schedule C-3.11 and Staff Schedule C-3.13.**

6 A. As explained by DP&L Witness Tregenza, long-term compensation is a tool that DP&L
7 and AES Services use to attract and retain talented employees, and the expense thus
8 should be included in operating expenses. My testimony calculates the financial effect of
9 including those amounts upon the Staff Report's recommended revenue requirement.

10 **Q. Are you supporting any Supplemental Schedules or Workpapers in support of**
11 **DP&L Objection No. 26?**

12 A. Yes, I am supporting Supplemental Schedules C-3.11 and 3.13. I am also supporting
13 Supplemental Workpapers WPC-3.11 and WPC-3.13, which include long-term
14 compensation expense at the level originally proposed by DP&L. Once again, for ease of
15 comparison, I started with Staff Workpapers in Excel, and then made the correcting
16 update that I described above.

17 **Q. If the Commission accepts the Staff Recommendation and rejects DP&L Objection**
18 **No. 26, what would be the result?**

19 A. If the Commission accepts the Staff Recommendation and rejects DP&L Objection
20 No. 26, DP&L would fail to recover its incurred DP&L employee distribution operating
21 long-term compensation expense related to distribution O&M by \$150,309, and AES
22 Services distribution operating long-term compensation expense by \$330,509.

1 **III. CONCLUSION**

2 **Q. Please summarize your testimony.**

3 A. In summary, I believe the Staff Report included data errors, omitted actual labor and
4 benefits costs incurred by DP&L without explanation, and failed to recognize the impacts
5 of fixed, known and measurable pay increases. Such errors, omissions and incorrect
6 presumptions have the effect of significantly understating the level of distribution
7 operating expenses that DP&L was incurring by the end of the Test Year and by the time
8 that new distribution rates would have been expected to be put in place in this proceeding
9 under normal circumstances. If the Commission accepts the amounts provided in the
10 Staff Report as a basis for ratemaking, then the resulting revenue requirement will
11 understate DP&L's true costs and not allow DP&L to earn a fair return on its rate base.

12 **Q. Does this conclude your direct testimony?**

13 A. Yes, it does.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Supplemental Direct Testimony of Craig A.

Forestal (Public Version) has been served via electronic mail upon the following counsel of record, this 11th day of April, 2018:

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/s/ Christopher C. Hollon
Christopher C. Hollon

Supplemental Exhibit CAF-1
REDACTED

March 26 Empls

DR 116-03 Att 1

D/C (Multiple Items)

Batch (Multiple Items)

Union Batch March 26

Row Labels	Distinct Count of File No
Accountant	2
Analyst	7
Clerk	14
Dispatcher	6
Draftsman	2
Electrician	20
Journeyman	2
Lineman	6
Machinist	4
Material Processor	2
Mechanic	133
Operator	179
Representative	100
Specialist	22
Technician	190
Tester	4
Welder	14
Grand Total	707

D/C (Multiple Items)

Batch (Multiple Items)

FT/PT (Multiple Items)

Management - Full Time Batch March 26

Row Labels	Distinct Count of File No
Account Executive	4
Accountant	1
Administrative Assistant	1
Analyst	18
Coordinator	4
Director	5
Engineer	13
Executive Staff	1
Manager	24
Operator	2
Program Manager	8
Representative	5
Specialist	9
Strategist	4
Team Leader	42
Grand Total	141

D/C (Multiple Items)

Batch (Multiple Items)

FT/PT (Multiple Items)

Management - Part Time Batch March 12

Row Labels	Distinct Count of File No
Analyst	1
Co-op	1
Engineer	1
Meter Reader	125
Representative	22
Grand Total	150

TY O&M HRs Avg \$

DR 116

D/C (Multiple Items)

Earnings Code (Multiple Items)

Union TY Straight Time

Row Labels	Distinct Count of Dist O&M Emp	Sum of Dist O&M	Sum of Dist O&M Hours
Accountant	5.00		2,449
Analyst	4.00		1,242
Clerk	23.00		11,757
Dispatcher	2.00		9,433
Draftsman	5.00		1,876
Electrician	29.00		33,243
Engineer	3.00		142
Journeyman	2.00		871
Lineman	14.00		3,119
Machinist	2.00		40
Material Processor	1.00		245
Mechanic	7.00		3,028
Meter Reader	2.00		829
Operator	35.00		8,052
Representative	156.00		173,797
Specialist	23.00		14,586
Technician	320.00		186,366
Tester	3.00		64
Welder	4.00		230
Grand Total	602.00		451,369

D/C (Multiple Items)

Earnings Code (Multiple Items)

FT/PT (Multiple Items)

Management TY Straight Time

Row Labels	Distinct Count of Dist O&M Emp	Sum of Dist O&M	Sum of Dist O&M Hours
Account Executive	10.00		8,426
Accountant	7.00		2,817
Administrative Assistant	2.00		827
Analyst	32.00		30,931
Coordinator	7.00		4,979
Director	10.00		6,813
Engineer	31.00		9,548
Executive Staff	2.00		398
Manager	47.00		26,043
Operator	8.00		2,892
Program Manager	24.00		7,387
Representative	3.00		4,043
Specialist	15.00		7,982
Strategist	6.00		1,541
Team Leader	79.00		46,764
Grand Total	243.00		161,391

D/C (Multiple Items)

Earnings Code (Multiple Items)

FT/PT (Multiple Items)

Union TY Straight Time

Row Labels	Distinct Count of Dist O&M Emp	Sum of Dist O&M	Sum of Dist O&M Hours
Analyst	2.00		1,006
Co-op	8.00		865
Engineer	3.00		575
Meter Reader	3.00		133,656
Program Manager	2.00		22
Representative	52.00		25,698
Grand Total	63.00		161,823

Test Year O&M Employees, HRS, \$/HRS

DR 116

Union

Job Title	# empl	\$	HRS	HRS/Empl	\$/HRS
Accountant	5.00		2,449.02	489.80	
Analyst	4.00		1,241.73	310.43	
Clerk	23.00		11,757.22	511.18	
Dispatcher	2.00		9,432.91	4,716.46	
Draftsman	5.00		1,876.02	375.20	
Electrician	29.00		33,242.53	1,146.29	
Engineer	3.00		142.28	47.43	
Journeyman	2.00		871.40	435.70	
Lineman	14.00		3,119.01	222.79	
Machinist	2.00		39.75	19.88	
Material Processor	1.00		244.99	244.99	
Mechanic	7.00		3,027.79	432.54	
Meter Reader	2.00		828.55	414.27	
Operator	35.00		8,052.04	230.06	
Representative	156.00		173,797.15	1,114.08	
Specialist	23.00		14,586.21	634.18	
Technician	320.00		186,366.07	582.39	
Tester	3.00		64.10	21.37	
Welder	4.00		230.44	57.61	
	640.00		451,369.21		

Management

Job Title	# empl	\$	HRS	HRS/Empl	\$/HRS
Account Executive	10.00		8,426	842.60	
Accountant	7.00		2,817	402.38	
Administrative Assistant	2.00		827	413.52	
Analyst	32.00		30,931	966.60	
Coordinator	7.00		4,979	711.36	
Director	10.00		6,813	681.28	
Engineer	31.00		9,548	308.01	
Executive Staff	2.00		398	199.11	
Manager	47.00		26,043	554.10	
Operator	8.00		2,892	361.48	
Program Manager	24.00		7,387	307.80	
Representative	3.00		4,043	1,347.70	
Specialist	15.00		7,982	532.14	
Strategist	6.00		1,541	256.90	
Team Leader	79.00		46,764	591.94	
	283.00		161,391		

Part Time

Job Title	# empl	\$	HRS	HRS/Empl	\$/HRS
Analyst	2.00		1,006	502.81	
Co-op	8.00		865	108.16	
Engineer	3.00		575	191.81	
Meter Reader	3.00		133,656	44,551.87	
Program Manager	2.00		22	11.18	
Representative	52.00		25,698	494.20	
	70.00		161,823		

SUPPLEMENTAL EXHIBIT CAF-2

CASE NO. 15-1830-EL-AIR
PUCO DR 116-06 ATTACHMENT 1 - APR UPDATE - CORRECTION
REDACTED

DP&L

File No	Job Title	GL Month	D/C	D/C Desc	Code	Earnings Code	GL Account	Hours	Earning	O&M (S&E)	Dist O&M	Dist %	Dist O&M Hours	Batch	FT/PT	Emp Count	Dist O&M Emp
	Meter Reader	4/1/2016	PR	Management	BM	Bonus Metread	9020000			100%	-	23APR138	PT	-	-	1.0	1.0
	Meter Reader	4/1/2016	PR	Management	BM	Bonus Metread	9020000			100%	-	09APR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	BM	Bonus Metread	9020000			100%	-	26MAR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	Reg	Regular	9020000	40		100%	40	23APR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	Reg	Regular	9020000	67		100%	67	09APR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	Reg	Regular	9020000	55		100%	55	26MAR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	SM	Safety Meeting	9020000	1		100%	1	23APR138	PT	-	-	-	-
	Meter Reader	4/1/2016	PR	Management	SM	Safety Meeting	9020000	3		100%	3	26MAR138	PT	-	-	-	-
	Technician	4/1/2016	UR	Union	FP	Frstday Ill	6710000	32		56%	18	26MAR460	FT	-	-	1.0	0.6
	Technician	4/1/2016	UR	Union	HO	Holiday	6710000	8		56%	4	26MAR460	FT	-	-	-	-
	Technician	4/1/2016	UR	Union	IF	Illnessfullpay	6710000	40		56%	22	26MAR460	FT	-	-	-	-
	Technician	4/1/2016	UR	Union	IF	Illnessfullpay	6710000	80		56%	45	09APR460	FT	-	-	-	-
	Technician	4/1/2016	UR	Union	IF	Illnessfullpay	6710000	80		56%	45	23APR460	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	3		100%	3	23APR142	FT	-	-	1.0	0.8
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	17		100%	17	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	5930000	2		100%	2	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	5930000	37		100%	37	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	16		100%	16	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	SP	Sun Premium	5930000	10		100%	10	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	3		100%	3	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	2		100%	2	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	41		100%	41	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	1		100%	1	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	12		100%	12	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	9250008	5		100%	5	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	SM	Safety Meeting	9250008	5		100%	5	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	9250008	10		100%	10	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	FH	Floating Holdy	6710000	10		56%	6	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	FP	Frstday Ill	6710000	16		56%	9	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	PA	Paid Absence	6710000	6		56%	3	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	VA	Vacation	6710000	4		56%	2	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	VA	Vacation	6710000	38		56%	21	09APR142	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	HO	Holiday	9030000	8		100%	8	26MAR061	FT	-	-	1.0	1.0
	Representative	4/1/2016	UR	Union	IF	Illnessfullpay	9030000	3		100%	3	09APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	OT	Overtime	9030000	1		100%	1	23APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	OT	Overtime	9030000	1		100%	1	09APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	OT	Overtime	9030000	2		100%	2	26MAR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	Reg	Regular	9030000	69		100%	69	23APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	Reg	Regular	9030000	69		100%	69	09APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	Reg	Regular	9030000	56		100%	56	26MAR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	VA	Vacation	9030000	11		100%	11	23APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	VA	Vacation	9030000	8		100%	8	09APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	PA	Paid Absence	6710000	8		56%	4	26MAR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	VA	Vacation	6710000	8		56%	4	26MAR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	HO	Holiday	9200000	8		100%	8	26MAR061	FT	-	-	1.0	1.0
	Representative	4/1/2016	UR	Union	Reg	Regular	9200000	80		100%	80	23APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	Reg	Regular	9200000	72		100%	72	09APR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	Reg	Regular	9200000	72		100%	72	26MAR061	FT	-	-	-	-
	Representative	4/1/2016	UR	Union	VA	Vacation	9200000	8		100%	8	09APR061	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	27.5		100%	28	26MAR142	FT	-	-	1.0	1.0
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	17		100%	17	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	26.5		100%	27	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	8		100%	8	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	DT	Double Time	5930000	13		100%	13	23APR142	FT	-	-	-	-
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	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	12		100%	12	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	9		100%	9	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	12		100%	12	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	9		100%	9	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	5		100%	5	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	OT	Overtime	5930000	9		100%	9	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	5930000	40		100%	40	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	5930000	20		100%	20	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	Reg	Regular	5930000	44		100%	44	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	18		100%	18	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	5.5		100%	6	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	7.5		100%	8	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	3		100%	3	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	5		100%	5	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	5.5		100%	6	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	RP	Rest Period	5930000	24		100%	24	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	SP	Sun Premium	5930000	10		100%	10	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	49.5		100%	50	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	9		100%	9	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	31.5		100%	32	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	8		100%	8	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	46		100%	46	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	7		100%	7	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T1	First Trick	5930000	14		100%	14	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	10.5		100%	11	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	4		100%	4	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	9		100%	9	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	9		100%	9	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	13		100%	13	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	0.5		100%	1	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T2	Second Trick	5930000	29		100%	29	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	19.5		100%	20	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	4		100%	4	26MAR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	15		100%	15	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	3		100%	3	09APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	7		100%	7	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	4.5		100%	5	23APR142	FT	-	-	-	-
	Technician	4/1/2016	UI	Union	T3	Third Trick	5930000	22									

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize AES Services Labor, Benefits, and Payroll Tax
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual

Type of Filing: Supplemental

Work Paper Reference No(s): WPC-3.11

Supplemental Schedule C-3.11

Page 1 of 1

Line No.	Acct. No.	Description	Jurisdictional Amount
(A)	(B)	(C)	(D)
1		Purpose and Description:	
2		Annualize AES Services labor, benefits, and payroll tax	
3			
4		Labor	
5		Total Service Company Labor Expense	\$ 483,283
6			
7			
8		Payroll Taxes	
9		Total Payroll Tax Expense	\$ 59,990
10			
11			
12		Pension and Benefits	
13		Total Pension and Benefits Expense	\$ (289,659)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize AES Services Labor, Benefits, and Payroll Tax
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual

Type of Filing: Supplemental

Work Paper Reference No(s): None

Supplemental Workpaper WPC-3.11

Page 1 of 3

Line No.	Description	Schedule / Workpaper Reference	Amount
(A)	(B)	(C)	(D)
<u>Annualized Test Year Labor - AES Service Company Employees - Jurisdictional</u>			
(1)	AES Service Company	Supplemental WPC-3.11 p2	\$ 7,008,125
(2)	IPL Service Company	Supplemental WPC-3.11 p2	\$ 564,422
(3)	Total Service Company O&M Labor Expense (1) + (2)		\$ 7,572,547
(4)	Less: Test Year Service Company O&M Labor Expense	As Filed WPC-3.11	\$ 7,089,264
(5)	Total O&M Labor Expense Adjustment (3) - (4)		\$ 483,283
<u>Annualized Test Year Payroll Taxes - AES Service Company Employees - Jurisdictional</u>			
(6)	Service Company Employees FICA	Supplemental WPC-3.11 p3	\$ 441,704
(7)	Service Company Employees FUTA	Supplemental WPC-3.11 p3	\$ 18,988
(8)	Service Company Employees SUTA	Supplemental WPC-3.11 p3	\$ 3,052
(9)	Total Service Company Employees Payroll Taxes (7) + (8) + (9)		\$ 463,743
(10)	Less: Test Year Service Company Payroll Taxes	As Filed WPC-3.11	\$ 403,753
(11)	Total Payroll Tax Adjustment (9) - (10)		\$ 59,990
<u>Annualized Test Year Pension and Benefits - AES Service Company Employees - Jurisdictional</u>			
(12)	Employee Pension and Benefits (Pension) Actual	Supplemental WPC-3.11 p2	\$ 173,364
(13)	Employee Pension and Benefits (401k) Actual	Supplemental WPC-3.11 p2	\$ 381,536
(14)	Employee Pension and Benefits (Health Benefits) Actual	Supplemental WPC-3.11 p2	\$ 575,633
(15)	Administrative and General Salaries (LTC Expense) Actual	Supplemental WPC-3.11 p2	\$ 330,509
(16)	Total Service Company Pension and Benefits (12) + (13) + (14) + (15)		\$ 1,461,042
(17)	Less: Test Year Service Company Payroll Taxes	As Filed WPC-3.11	\$ 1,750,701
(18)	Total Pension and Benefits Adjustment (16) - (17)		\$ (289,659)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize AES Services Labor, Benefits, and Payroll Tax
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual
Type of Filing: Supplemental
Work Paper Reference No(s): None

Supplemental WPC-3.11
Page 2 of 3

Line No.	Acct. No.	Description	Jun Jun-15	Jul Jul-15	Aug Aug-15	Sep Sep-15	Oct Oct-15	Nov Nov-15	Dec Dec-15	Jan Jan-16	Feb Feb-16	Mar Mar-16	Apr Apr-16	May May-16	Company Test Year Total	As Filed Test Year Total	Short Term Compensation (STC) (a)	Apply 2016 Raise to STC	Annualize Raises	DP&L's Adjusted Test Year Total	Adjustment
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P) = (D):(O)	(Q)	(R)	(S)	(T)	(U) = (R)+(S)+(T)	(V) = (U)-(Q)

AES Service Company Labor - Jurisdictional Costs Expensed:

(1)	580	Operation Supervision and Engineering (a)	\$ 8,302	\$ 8,072	\$ 4,043	\$ 5,621	\$ 11,626	\$ 7,681	\$ 5,636	\$ 6,547	\$ 13,718	\$ 14,142	\$ 16,287	\$ 9,511	\$ 111,186	\$ 161,124	\$ -	\$ -	\$ 142,302	\$ 142,302	\$ (18,822)
(2)	590	Maintenance Supervision and Engineering (a)	\$ 4,916	\$ 4,916	\$ 4,918	\$ 4,917	\$ 7,381	\$ 4,918	\$ 4,915	\$ 4,915	\$ 4,918	\$ 5,545	\$ 7,743	\$ 5,167	\$ 65,171	\$ 146,705	\$ -	\$ -	\$ 66,864	\$ 66,864	\$ (79,841)
(3)	593	Maintenance of Overhead Lines (a)	\$ -	\$ -	\$ 477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477	\$ 26,594	\$ -	\$ -	\$ -	\$ -	\$ (26,594)
(4)	902	Meter Reading Expense (a)	\$ 1,312	\$ 984	\$ 656	\$ 1,312	\$ 1,967	\$ 1,312	\$ 1,312	\$ 437	\$ 874	\$ 959	\$ 1,361	\$ 454	\$ 12,939	\$ 27,735	\$ -	\$ -	\$ 9,658	\$ 9,658	\$ (18,077)
(5)	903	Customer Records and Collection Expenses (a)	\$ 2,510	\$ 2,582	\$ 1,055	\$ 1,312	\$ 2,367	\$ 2,510	\$ 2,910	\$ 1,127	\$ 1,455	\$ 2,065	\$ 3,817	\$ 3,894	\$ 27,604	\$ 53,503	\$ -	\$ -	\$ 29,210	\$ 29,210	\$ (24,293)
(6)	920	Administrative and General Salaries (a)	\$ 344,665	\$ 346,624	\$ 352,076	\$ 358,176	\$ 534,935	\$ 352,679	\$ 361,091	\$ 379,411	\$ 388,708	\$ 448,557	\$ 661,198	\$ 443,016	\$ 4,971,137	\$ 5,852,932	\$ 1,206,192	\$ 36,186	\$ 5,485,741	\$ 6,728,118	\$ 875,186
(7)	923	Outside Services Employed	\$ -	\$ 1,019	\$ 1,033	\$ 1,630	\$ 3,724	\$ 3,169	\$ 439	\$ 3,106	\$ 206	\$ 2,672	\$ 1,163	\$ -	\$ 18,161	\$ -	\$ -	\$ -	\$ 16,893	\$ 16,893	\$ 16,893
(8)	926	Employee Pension and Benefits	\$ 350	\$ 2,007	\$ 966	\$ 1,316	\$ 2,982	\$ 700	\$ 1,750	\$ 966	\$ -	\$ 995	\$ 2,428	\$ 1,991	\$ 16,451	\$ -	\$ -	\$ -	\$ 15,080	\$ 15,080	\$ 15,080
(9)	412	SC S&E Clearing	\$ 15,312	\$ 18,263	\$ 17,252	\$ 10,384	\$ 21,736	\$ 14,079	\$ 15,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(10)		Total O&M Expense	\$ 377,368	\$ 384,467	\$ 382,477	\$ 384,668	\$ 586,718	\$ 387,048	\$ 393,365	\$ 396,510	\$ 409,879	\$ 474,936	\$ 693,998	\$ 464,032	\$ 5,335,465	\$ 6,268,593	\$ 1,206,192	\$ 36,186	\$ 5,765,747	\$ 7,008,125	\$ 739,532

(a) Staff Data Request 116

Line No.	Acct. No.	Description	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Company Test Year Total	As Filed Test Year Total	DP&L's Adjusted Test Year Total	Adjustment
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P) = (D):(O)	(Q)	(R) = (P)	(S)
(11)	580	Operation Supervision and Engineering	\$ 1,199	\$ 464	\$ 200	\$ 96	\$ 191	\$ 143	\$ 2,412	\$ 911	\$ 84	\$ 98	\$ 1,315	\$ 208	\$ 7,321	\$ 12,381	\$ 7,321	\$ (5,060)
(12)	590	Maintenance Supervision and Engineering	\$ 4,128	\$ 2,084	\$ 1,879	\$ 1,886	\$ 1,774	\$ 1,573	\$ 2,517	\$ 1,725	\$ 1,905	\$ 1,875	\$ 1,689	\$ 1,803	\$ 24,839	\$ 29,064	\$ 24,839	\$ (4,225)
(13)	920	Administrative and General Salaries	\$ 52,533	\$ 34,968	\$ 39,691	\$ 41,569	\$ 39,649	\$ 41,102	\$ 61,813	\$ 42,299	\$ 46,120	\$ 43,818	\$ 44,671	\$ 43,027	\$ 531,259	\$ 779,226	\$ 531,259	\$ (247,967)
(14)	921	Office Supplies and Expenses	\$ 246	\$ -	\$ 162	\$ 63	\$ 200	\$ 254	\$ 77	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,003	\$ -	\$ 1,003	\$ 1,003
(15)		Total O&M Expense	\$ 58,106	\$ 37,516	\$ 41,932	\$ 43,614	\$ 41,814	\$ 43,072	\$ 66,819	\$ 44,935	\$ 48,109	\$ 45,791	\$ 47,675	\$ 45,038	\$ 564,422	\$ 820,671	\$ 564,422	\$ (256,249)

(a) Staff Data Request 116

Line No.	Acct. No.	Description	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Company Test Year Total	As Filed Test Year Total	DP&L's Adjusted Test Year Total	Adjustment
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P) = (D):(O)	(Q)	(R)	(S)
Benefits																		
(16)	926	Employee Pension and Benefits (Pension) Actual (a)	\$ 22,993	\$ 22,951	\$ 23,320	\$ 22,988	\$ 22,898	\$ 22,547	\$ 22,544	\$ 12,745	\$ 14,071	\$ 13,970	\$ 14,734	\$ 14,447	\$ 230,208	\$ 276,156	\$ 173,364	\$ (102,792)
(17)	926	Employee Pension and Benefits (401k) Actual (a)	\$ 149,224	\$ 22,497	\$ 88,501	\$ 35,694	\$ (49,714)	\$ 19,354	\$ (126,740)	\$ 4,317	\$ 10,678	\$ 112,820	\$ 45,526	\$ 40,906	\$ 353,063	\$ 649,337	\$ 381,536	\$ (267,801)
(18)	926	Employee Pension and Benefits (Health Benefits) Actual (a)	\$ 41,240	\$ 39,412	\$ 41,620	\$ 41,792	\$ 36,143	\$ 45,466	\$ 45,799	\$ 47,913	\$ 56,505	\$ 57,674	\$ 51,555	\$ 70,514	\$ 575,633	\$ 525,655	\$ 575,633	\$ 49,978
(19)	920	Administrative and General Salaries (LTC Expense) Actual (a)	\$ 28,262	\$ 30,140	\$ 2,561	\$ 26,510	\$ 16,237	\$ 27,173	\$ 22,430	\$ 16,472	\$ 32,215	\$ 46,666	\$ 40,418	\$ 41,425	\$ 330,509	\$ 299,553	\$ 330,509	\$ 30,956
		Total Pension and Benefits Expense	\$241,719	\$115,000	\$156,002	\$126,984	\$25,564	\$114,540	\$(\$35,967)	\$81,447	\$113,469	\$231,130	\$152,233	\$167,292	\$ 1,489,413	\$ 1,750,701	\$ 1,461,042	\$ (289,659)

(a) Derived from response to Staff Data Request 108

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize AES Services Labor, Benefits, and Payroll Tax
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual
Type of Filing: Supplemental
Work Paper Reference No(s): None

Supplemental WPC-3.11

Page 3 of 3

Line No.	Description	Payroll Tax FICA	Staff Calculation	Missing Accounts	Annualize Pay Increases	50% STC	1/1/16 Raise on STC
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
(1)	O&M Labor Expense (a)	\$ 7,008,125	\$ 5,791,434	\$ 5,937,986	\$ 6,368,268	\$ 6,971,939	\$ 7,008,125
(2)	Percentage of OASDI Taxable Wages (b)	78.27%	78.27%	78.27%	78.27%	78.27%	78.27%
(3)	Taxable Income (1) x (2)	\$ 5,485,259	\$ 4,532,956	\$ 4,647,662	\$ 4,984,443	\$ 5,456,936	\$ 5,485,259
(4)	OASDI Tax Rate (c)	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
(5)	OASDI Tax (3) x (4)	\$ 340,086	\$ 281,043	\$ 288,155	\$ 309,035	\$ 338,330	\$ 340,086
(6)	Medicare Tax Rate (c)	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
(7)	Medicare Tax (1) x (6)	\$ 101,618	\$ 83,976	\$ 86,101	\$ 92,340	\$ 101,093	\$ 101,618
(8)	FICA Taxes (5) + (7)	<u>\$ 441,704</u>	<u>\$ 365,019</u>	<u>\$ 374,256</u>	<u>\$ 401,375</u>	<u>\$ 439,423</u>	<u>\$ 441,704</u>
(9)	Effect of Changes on Payroll Tax	\$ 76,685		\$ 9,237	\$ 27,119	\$ 38,048	\$ 2,281

- (a) Supplemental WPC-3.11
(b) Derived from response to Staff Data Request 122
(c) Derived from response to Staff Data Request 64

Line No.	Description	Payroll Tax FUTA	Staff	Correct O&M Allocation
(A)	(B)	(C)	(D)	(E)=(C)-(D)
(10)	Number of Employees (a)	113		
(11)	Federal Unemployment Tax Base (b)	\$ 7,000		
(12)	Total Taxable Wages (10) x (11)	\$ 791,154		
(13)	Federal Unemployment Rate (b)	2.40%		
(14)	Federal Unemployment Tax (12) x (13)	<u>\$ 18,988</u>	<u>\$ 10,892</u>	\$ 8,095

- (a) Employees allocated to Distribution O&M calculated using PUCO DR 116
(b) Derived from response to Staff Data Request 64

Line No.	Description	Payroll Tax SUTA	Staff	Correct O&M Allocation
(A)	(B)	(C)	(D)	(E)=(C)-(D)
(15)	Number of Employees (a)	113		
(16)	State Unemployment Tax Base (b)	\$ 9,000		
(17)	Total Taxable Wages (15) x (16)	\$ 1,017,198		
(18)	State Unemployment Tax Rate (b)	0.30%		
(19)	State Unemployment Tax (17) x (18)	<u>\$ 3,052</u>	<u>\$ 1,751</u>	\$ 1,301

- (a) Employees allocated to Distribution O&M calculated using PUCO DR 116
(b) Derived from response to Staff Data Request 64

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Test Year Labor and Payroll Taxes
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual

Type of Filing: Supplemental

Supplemental Schedule C-3.12

Work Paper Reference No(s): WPC-3.12

Page 1 of 1

Line No.	Acct. No.	Description	Jurisdictional Amount
(A)	(B)	(C)	(D)
1		Purpose and Description:	
2		Annualize labor and payroll taxes	
3			
4			
5		Labor	
6		Total O&M Expense Adjustment	<u>1,674,910</u>
7			
8			
9		Payroll Taxes	
10		Total Payroll Tax Adjustment	<u>545,806</u>

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Test Year Labor and Payroll Taxes
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual

Type of Filing: Supplemental

Supplemental WPC-3.12

Work Paper Reference No(s): None

Page 1 of 3

Line No.	Description	Schedule / Workpaper	Amount
(A)	(B)	(C)	(D)
	<u>Annualized Test Year Labor - DP&L Employees - Jurisdictional</u>		
1	DP&L Management O&M Annualized Labor Expense	Supplemental WPC-3.12 p2	\$ 10,318,843
2			
3	DP&L Union O&M Annualized Labor Expense	Supplemental WPC-3.12 p2	\$ 17,705,295
4			
5	Total DP&L O&M Labor Expense (1) + (3)		\$ 28,024,139
6			
7	Less: Test Year DP&L O&M Labor Expense	As Filed WPC-3.12	\$ 26,349,229
8			
9	Total O&M Labor Expense Adjustment (5) - (7)	To Schedule C-3.12	\$ 1,674,910
10			
11	<u>Annualized Test Year Payroll Taxes - DP&L Employees - Jurisdictional</u>		
12			
13	DP&L Employees FICA	Supplemental WPC3.12 pg3	\$ 2,030,214
14			
15	DP&L Employees FUTA	Supplemental WPC3.12 pg3	\$ 92,408
16			
17	DP&L Employees SUTA	Supplemental WPC3.12 pg3	\$ 14,851
18			
19	Total DP&L Employees Payroll Taxes (13) + (15) + (17)		\$ 2,137,473
20			
21	Less: Test Year DP&L Payroll Taxes	As Filed WPC-3.12	\$ 1,591,667
22			
23	Total Payroll Tax Adjustment (19) - (21)	To Schedule C-3.12	\$ 545,806

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Test Year Labor and Payroll Taxes
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual
Type of Filing: Supplemental
Work Paper Reference No(s): None

Supplemental WPC-3.12

Page 2 of 3

Line No.	Management - Non-Union	Acct Executive	Accountant	Admin Assist	Analyst	Coordinator	Director	Engineer	Exec Staff	Manager	Operator	Program Manager	Representative	Specialist	Strategist	Team Leader	Total	Staff Total	Correct Data Errors
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)=(C):(Q)	(S)	(T)
(1)	Jan-May 2016 Average Employees (a)	4.0	2.2	1.0	18.6	3.6	5.0	12.0	1.0	22.8	3.6	8.6	2.2	6.8	0.8	37.6	130		
(2)	Test Year O&M Straight-Time Hours per Employee (a)	2,064	732	827	1,632	1,417	1,509	742	398	1,113	770	822	1,985	1,146	949	1,211	17,319		
(3)	Total O&M Straight-Time Hours (1) x (2)	8,254	1,611	827	30,360	5,103	7,544	8,901	398	25,379	2,772	7,070	4,368	7,796	759	45,551	156,693	85,939	70,754
(4)	Test Year O&M Average Hourly Rate (a)	\$ 33.42	\$ 34.61	\$ 43.76	\$ 34.88	\$ 35.06	\$ 78.30	\$ 43.47	\$ 95.87	\$ 52.16	\$ 29.05	\$ 44.43	\$ 29.80	\$ 35.65	\$ 45.12	\$ 36.84			
(5)	Updated Test Year O&M Straight-time Dollars (3) x (4)	\$ 275,849	\$ 55,757	\$ 36,190	\$ 1,058,957	\$ 178,911	\$ 590,695	\$ 386,926	\$ 38,156	\$ 1,323,769	\$ 80,527	\$ 314,120	\$ 130,166	\$ 277,927	\$ 34,246	\$ 1,678,099	\$ 6,460,295	\$ 3,433,936	\$ 3,026,359
(6)	Jan-May 2016 O&M Average Hourly Rate (a)	\$ 34.38	\$ 34.23	\$ 45.47	\$ 35.44	\$ 34.24	\$ 78.07	\$ 45.77	\$ 96.86	\$ 52.89	\$ 34.94	\$ 44.86	\$ 29.66	\$ 35.94	\$ 45.24	\$ 37.61			
(7)	Annualized O&M Straight-time Dollars (3) x (6)	\$ 283,773	\$ 55,145	\$ 37,604	\$ 1,075,958	\$ 174,727	\$ 588,960	\$ 407,399	\$ 38,550	\$ 1,342,295	\$ 96,854	\$ 317,160	\$ 129,555	\$ 280,188	\$ 34,337	\$ 1,713,173	\$ 6,575,678		
(8)	Additional Test Year O&M Employee Earnings (a)	\$ 4,994	\$ -	\$ -	\$ 7,048	\$ 4,586	\$ -	\$ 19,010	\$ -	\$ 49,070	\$ 836	\$ 20,504	\$ 75	\$ 1,013	\$ 810	\$ 68,130	\$ 176,074		
(9)	Short Term Compensation (STC) (a)																\$ 1,045,502		
(10)	Apply Jan 2016 Increase to STC (9) x 3%																\$ 31,365		
(11)	Annualized O&M Dollars (7) + (8) + (9) + (10)																\$ 7,828,619		

Line No.	Management - Part-time	Analyst	Engineer	Meter Reader	Representative	Intern	Total	Staff Total	Correct Data Errors
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=(C):(G)	(I)	(J)
(12)	Jan-May 2016 Average Employees (a)	1.0	1.0	128.8	27.0	1.8	160		
(13)	Test Year O&M Hours per Employee (a)	1,006	575	1,036	1,045	415	4,077		
(14)	Total O&M Hours (12) x (13)	1,006	575	133,475	28,220	747	164,023	114,720	49,303
(15)	Test Year O&M Average Hourly Rate (a)	\$ 27.81	\$ 33.21	\$ 14.51	\$ 13.54	\$ 15.10			
(16)	Updated Test Year O&M Dollars (14) x (15)	\$ 27,977	\$ 19,096	\$ 1,936,722	\$ 382,099	\$ 11,280	\$ 2,377,174	\$ 1,661,270	\$ 715,904
(17)	Jan-May 2016 O&M Average Hourly Rate (a)	\$ 28.55	\$ 34.02	\$ 14.46	\$ 13.45	\$ 15.29			
(18)	Annualized O&M Dollars (14) x (17)	\$ 28,721	\$ 19,562	\$ 1,930,049	\$ 379,559	\$ 11,422	\$ 2,369,313		
(19)	Additional Test Year O&M Employee Earnings (a)	\$ -	\$ -	\$ 114,569	\$ 345	\$ -	\$ 114,914		
(20)	Short Term Compensation (STC) (a)						\$ 5,822		
(21)	Apply Jan 2016 Increase to STC (20) x 3%						\$ 175		
(22)	Annualized O&M Dollars (18) + (19) + (20) + (21)						\$ 2,490,224		

Line No.	Union	Accountant	Analyst	Clerk	Dispatcher	Draftsman	Electrician	Engineer	Journeyman	Lineman	Mechanic	Meter Reader	Operator	Representative	Specialist	Technician	Company Total	Staff Total	Correct Data Errors
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)=(C):(Q)	(S)	(T)
(23)	Nov 2015 - May 2016 Average Employees (a)	2.7	1.0	13.0	6.0	2.0	20.0	0.6	1.0	5.9	0.3	0.4	16.0	96.3	14.0	183.0	362.1		
(24)	Test Year O&M Straight-Time Hours per Employee (a)	840	1,004	916	1,577	938	1,670	189	801	485	316	1,242	340	1,771	1,052	998	14,137		
(25)	Total O&M Straight-Time Hours (23) x (24)	2,279	1,004	11,904	9,463	1,876	33,395	108	801	2,839	90	532	5,437	170,538	14,722	182,691	437,679	399,783	37,896
(26)	Test Year O&M Average Hourly Rate (a)	\$ 29.14	\$ 32.17	\$ 27.03	\$ 27.76	\$ 30.30	\$ 32.91	\$ 29.32	\$ 28.68	\$ 36.69	\$ 33.63	\$ 12.85	\$ 27.66	\$ 18.32	\$ 30.41	\$ 33.06			
(27)	Updated Test Year O&M Straight-time Dollars (25) x (26)	\$ 66,410	\$ 32,299	\$ 321,765	\$ 262,693	\$ 56,843	\$ 1,099,029	\$ 3,167	\$ 22,973	\$ 104,163	\$ 3,027	\$ 6,836	\$ 150,387	\$ 3,124,256	\$ 447,696	\$ 6,039,764	\$ 11,741,308	\$ 10,933,631	\$ 807,677
(28)	Overtime Percentage (b)	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%	43.51%			
(29)	Overtime Dollars (27) x (28)	\$ 28,895	\$ 14,053	\$ 140,000	\$ 114,298	\$ 24,732	\$ 478,188	\$ 1,378	\$ 9,996	\$ 45,321	\$ 1,317	\$ 2,974	\$ 65,433	\$ 1,359,364	\$ 194,793	\$ 2,627,901	\$ 5,108,643	\$ 3,920,585	\$ 1,188,058
(30)	Nov 2015 - May 2016 O&M Average Hourly Rate (a)	\$ 27.79	\$ 32.49	\$ 27.37	\$ 28.04	\$ 30.61	\$ 32.76	\$ 29.72	\$ 28.97	\$ 39.12	\$ 33.63	\$ 20.07	\$ 27.97	\$ 18.60	\$ 30.72	\$ 33.70			
(31)	Annualized O&M Straight-time Dollars (25) x (30)	\$ 63,333	\$ 32,620	\$ 325,812	\$ 265,343	\$ 57,424	\$ 1,094,020	\$ 3,210	\$ 23,205	\$ 111,062	\$ 3,027	\$ 10,677	\$ 152,073	\$ 3,172,007	\$ 452,260	\$ 6,156,687	\$ 11,922,760		
(32)	Annualized Overtime Dollars (28) x (31)	\$ 27,556	\$ 14,193	\$ 141,761	\$ 115,451	\$ 24,985	\$ 476,008	\$ 1,397	\$ 10,096	\$ 48,323	\$ 1,317	\$ 4,646	\$ 66,167	\$ 1,380,140	\$ 196,778	\$ 2,678,775	\$ 5,187,593		
(33)	November 1, 2016 Contracted Raise	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%			
(34)	November 1, 2016 Contracted Raise Dollars (31) x (33)	\$ 64,916	\$ 33,436	\$ 333,957	\$ 271,977	\$ 58,860	\$ 1,121,371	\$ 3,290	\$ 23,785	\$ 113,839	\$ 3,103	\$ 10,944	\$ 155,875	\$ 3,251,307	\$ 463,567	\$ 6,310,604	\$ 12,220,829		
(35)	Annualized Overtime Dollars (28) x (34)	\$ 28,245	\$ 14,548	\$ 145,305	\$ 118,337	\$ 25,610	\$ 487,908	\$ 1,432	\$ 10,349	\$ 49,531	\$ 1,350	\$ 4,762	\$ 67,821	\$ 1,414,644	\$ 201,698	\$ 2,745,744	\$ 5,317,284		
(36)	Annualized O&M Straight-time and Overtime Dollars (34) + (35)	\$ 93,161	\$ 47,984	\$ 479,262	\$ 390,314	\$ 84,470	\$ 1,609,279	\$ 4,722	\$ 34,134	\$ 163,370	\$ 4,453	\$ 15,706	\$ 223,696	\$ 4,665,951	\$ 665,265	\$ 9,056,348	\$ 17,538,113		
(37)	Additional Test Year O&M Employee Earnings (a)	\$ -	\$ 239	\$ 612	\$ 11,959	\$ -	\$ 499	\$ -	\$ 128	\$ 712	\$ -	\$ 65	\$ 1,210	\$ 24,291	\$ 928	\$ 126,541	\$ 167,182		
(38)	Annualized O&M Dollars (36) + (37)																\$ 17,705,295		

(a) Staff Data Request 116

(b) Derived From Applicant's Schedule C-9.1, 3 Year Non-union Overtime Average 2012-2014.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Test Year Labor and Payroll Taxes
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual
Type of Filing: Supplemental
Work Paper Reference No(s): None

Supplemental WPC-3.12

Page 3 of 3

Line No.	Description	Payroll Tax FICA	Staff Calculation	Correct Data Errors	Correct Part-Time Hours	Annualize Pay Increases	11/1/16 Union Raise	50% STC	1/1/16 Raise on STC	Additional Wages
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
		<u>Total DP&L Management and Union</u>								
(1)	Adjusted O&M Labor Expense (a)	\$ 28,024,139	\$ 20,475,084	\$ 25,497,178	\$ 26,213,082	\$ 26,581,006	\$ 27,008,766	\$ 27,534,428	\$ 27,565,968	\$ 28,024,139
(2)	Taxable Percentage (b)	93.46%	93.46%	93.46%	93.46%	93.46%	93.46%	93.46%	93.46%	93.46%
(3)	Taxable Income (1) x (2)	\$ 26,191,360	\$ 19,136,014	\$ 23,829,663	\$ 24,498,746	\$ 24,842,608	\$ 25,242,393	\$ 25,733,676	\$ 25,763,153	\$ 26,191,360
(4)	OASDI Tax Rate (c)	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
(5)	OASDI Tax (3) x (4)	\$ 1,623,864	\$ 1,186,433	\$ 1,477,439	\$ 1,518,922	\$ 1,540,242	\$ 1,565,028	\$ 1,595,488	\$ 1,597,315	\$ 1,623,864
(6)	Medicare Tax Rate (c)	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
(7)	Medicare Tax (1) x (6)	\$ 406,350	\$ 296,889	\$ 369,709	\$ 380,090	\$ 385,425	\$ 391,627	\$ 399,249	\$ 399,707	\$ 406,350
(8)	Annualized FICA Taxes (5) + (7)	\$ 2,030,214	\$ 1,483,322	\$ 1,847,148	\$ 1,899,012	\$ 1,925,667	\$ 1,956,655	\$ 1,994,737	\$ 1,997,022	\$ 2,030,214
(9)	Effect of Changes on Payroll Tax	\$ 546,892		\$ 363,826	\$ 51,864	\$ 26,655	\$ 30,988	\$ 38,082	\$ 2,285	\$ 33,192
(a)	Supplemental WPC-3.12									
(b)	Staff's DR 122									
(c)	Derived Staff Data Request 57-2 Attachment 3 Tab "Labor and Benefits"									

Line No.	Description	Payroll Tax FUTA		Staff	Correct Data Errors
(A)	(B)	(C)	(D)	(E)	(F)=(D)-(E)
		<u>Management</u>	<u>Union</u>		
(10)	Number of Employees (a)	250.6	299.4		
(11)	Federal Unemployment Tax Base (b)	\$ 7,000	\$ 7,000		
(12)	Total Taxable Wages (10) x (11)	\$ 1,754,369	\$ 2,095,961		
(13)	Federal Unemployment Tax Rate (b)	2.40%	2.40%		
(14)	Federal Unemployment Tax (12) x (13)	\$ 42,105	\$ 50,303		
(15)	Total DP&L	\$ 92,408	\$ 132,640		\$ (40,232)

- (a) Employees allocated to Distribution O&M calculated using PUCO DR 116
(b) Derived Staff Data Request 57-2 Attachment 3 Tab "Labor and Benefits"

Line No.	Description	Payroll Tax SUTA		Staff	Correct Data Errors
(A)	(B)	(C)	(D)	(E)	(F)=(D)-(E)
		<u>Management</u>	<u>Union</u>		
(16)	Number of Employees (a)	250.6	299.4		
(17)	State Unemployment Tax Base (b)	\$ 9,000	\$ 9,000		
(18)	Total Taxable Wages (16) x (17)	\$ 2,255,618	\$ 2,694,807		
(19)	State Unemployment Tax Rate (b)	0.30%	0.30%		
(20)	State Unemployment Tax (18) x (19)	\$ 6,767	\$ 8,084		
(21)	Total DP&L	\$ 14,851	\$ 21,317		\$ (6,466)

- (a) Employees allocated to Distribution O&M calculated using PUCO DR 116
(b) Derived from Data Request 57-2 Attachment 3 Tab "Labor and Benefits"

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Employee Benefits Expense
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual

Type of Filing: Supplemental

Supplemental Schedule C-3.13

Work Paper Reference No(s): WPC-3.13

Page 1 of 1

Line No.	Acct. No.	Description	Jurisdictional Amount
(A)	(B)	(C)	(D)
1		Purpose and Description:	
2		Annualize employee benefits expense	
3			
4		<u>Expense</u>	
5	926	Employee Pensions and Benefits (Pension)	\$ (1,832,760)
6	926	Employee Pensions and Benefits (OPEB)	(113,148)
7	926	Employee Pensions and Benefits (401k)	(39,803)
8	926	Employee Pensions and Benefits (Health Benefits)	(1,738,541)
9	920	Administrative and General Salaries (LTC)	<u>6,704</u>
10			
11		Total Expense	<u><u>\$ (3,717,548)</u></u>

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR
Annualize Employee Benefits Expense
For the Twelve Months Ended May 31, 2016

Data: 12 Months Actual
Type of Filing: Supplemental
Work Paper Reference No(s): None

Line No.	Acct. No.	Description	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Test Year Unadjusted		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Company Test Year Total	As Filed Test Year Total	DP&L's Adjusted Test Year	Adjustment
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P) = (D):(O)	(Q)	(R)	(S)
Jurisdictional Costs Expensed:																		
(1)	926	Employee Pensions and Benefits (Pension) (a)	\$ 312,672	\$ 312,672	\$ 312,672	\$ 312,672	\$ 312,672	\$ 312,672	\$ 302,862	\$ 160,250	\$ 159,942	\$ 159,942	\$ 159,942	\$ 159,942	\$ 2,978,912	\$ 3,752,064	\$ 1,919,304	\$ (1,832,760)
(2)	926	Employee Pensions and Benefits (OPEB) (a)	\$ (1,821)	\$ (1,821)	\$ (1,821)	\$ (1,821)	\$ (1,821)	\$ (1,821)	\$ (1,826)	\$ (11,258)	\$ (11,250)	\$ (11,250)	\$ (11,250)	\$ (11,250)	\$ (69,010)	\$ (21,852)	\$ (135,000)	\$ (113,148)
(3)	926	Employee Pensions and Benefits (401k) (a)	\$ 110,462	\$ -	\$ -	\$ 61,530	\$ -	\$ -	\$ 80,231	\$ -	\$ -	\$ 310,573	\$ (3,110)	\$ -	\$ 559,686	\$ 616,826	\$ 577,023	\$ (39,803)
(4)	926	Employee Pensions and Benefits (Health Benefits) (a)	\$ 195,639	\$ 327,996	\$ 306,380	\$ 522,987	\$ 109,260	\$ 219,798	\$ (14,307)	\$ 203,088	\$ 179,881	\$ 307,813	\$ 6,229	\$ 163,073	\$ 2,527,837	\$ 4,266,378	\$ 2,527,837	\$ (1,738,541)
(5)	920	Administrative and General Salaries (LTC) (a)	\$ 12,829	\$ 6,546	\$ 11,196	\$ 12,552	\$ 8,292	\$ 13,214	\$ 11,046	\$ 12,897	\$ 10,341	\$ 18,787	\$ 15,957	\$ 16,652	\$ 150,309	\$ 143,605	\$ 150,309	\$ 6,704
(6)		Total Pensions and Benefits Expensed	<u>\$ 629,781</u>	<u>\$ 645,393</u>	<u>\$ 628,427</u>	<u>\$ 907,920</u>	<u>\$ 428,403</u>	<u>\$ 543,863</u>	<u>\$ 378,006</u>	<u>\$ 364,977</u>	<u>\$ 338,914</u>	<u>\$ 785,865</u>	<u>\$ 167,768</u>	<u>\$ 328,417</u>	<u>\$ 6,147,734</u>	<u>\$ 8,757,021</u>	<u>\$ 5,039,473</u>	<u>\$ (3,717,548)</u>

(a) Staff Data Request 108-1 Attachment 1

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in

Case No(s). 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA

Summary: Testimony Supplemental Direct Testimony of Craig A. Forestal (Public Version)
electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light
Company