

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the)	
Application of Dayton Power and Light)	Case No. 18-1875-EL-GRD
Company for Approval of Its Plan to)	
Modernize Its Distribution Grid.)	

In the Matter of the Application of the)	
Dayton Power and Light Company for)	Case No. 18-1876-EL-WVR
Approval of A Limited Waiver of Ohio)	
Adm. Code 4901:1-18-06(A)(2).)	

In the Matter of the Application of the)	
Dayton Power and Light Company for)	Case No. 18-1877-EL-AAM
Approval of Certain Accounting Methods.)	

In the Matter of the Application of the)	
Dayton Power and Light Company for)	
Administration of the Significantly)	Case No. 19-1121-EL-UNC
Excessive Earnings Test under R.C.)	
4928.143(F) and Ohio Adm. Code 4901:1-)	
35-10 for 2018.)	

In the Matter of the Application of the)	
Dayton Power and Light Company for A)	
Finding That Its Current Electric Security)	Case No. 20-680-EL-UNC
Plan Passes the Significantly Excessive)	
Earnings Test and More Favorable in the)	
Aggregate Test in R.C. 4928.143(E).)	

In the Matter of the Application of the)	
Dayton Power and Light Company for)	
Administration of the Significantly)	Case No. 20-1041-EL-UNC
Excessive Earnings Test under R.C.)	
4928.143(F) and Ohio Adm. Code 4901:1-)	
35-10 for 2019.)	

**DIRECT TESTIMONY
OF
JAMES D. WILLIAMS**

On Behalf of
The Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215

December 17, 2020

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ATTACHMENTS

JDW-1	List of Previous Testimony Filed at the PUCO by James Williams
JDW-2	DP&L Response to OCC INT-38
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1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

4 ***A1.*** My name is James D. Williams. My business address is 65 East State Street, 7th
5 Floor, Columbus, Ohio 43215. I am employed by the Office of the Ohio
6 Consumers' Counsel ("OCC") as a Utility Consumer Policy Expert.

7

8 ***Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 ***A2.*** I am a 1994 graduate of Webster University, in St. Louis, Missouri, with a Master
11 of Business Administration, and a 1978 graduate of Franklin University, in
12 Columbus, Ohio, with a Bachelor of Science, Engineering Technology. My
13 professional experience includes a career in the United States Air Force and over
14 24 years of utility regulatory experience with the OCC.

15

16 Initially, I served as a compliance specialist with the OCC and my duties included
17 the development of compliance programs for electric, natural gas, and water
18 industries including competitive suppliers of natural gas and electric service.

19 Later, I was designated to manage all of the agency's specialists who were
20 developing compliance programs in each of the utility industries. My role evolved
21 into the management of OCC's consumer hotline, the direct service provided to
22 consumers to resolve complaints and inquiries that involved Ohio utilities and

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1 competitive suppliers of retail natural gas and electric services. More recently,
2 following a stint as a Consumer Protection Research Analyst, I was promoted to a
3 Utility Consumer Policy Expert. In this role, I am responsible for developing and
4 recommending policy positions on advanced utility policy issues that affect
5 residential consumers.

6
7 I have been directly involved in the development of comments in various
8 rulemaking proceedings at the Public Utilities Commission of Ohio (“PUCO”)
9 and the Ohio Development Services Agency. Those comments have included
10 advocacy for consumer protections, affordability of utility rates, and the provision
11 of reasonable access to essential utility services for residential consumers. I have
12 also been involved in the review, analysis and evaluation of the costs and
13 effectiveness of the smart grid deployments that are underway across the state.¹ I
14 helped formulate OCC comments in the minimum Electric Service and Safety
15 Standards rules,² set forth in Ohio Administrative Code 4901:1-10 and the
16 minimum competitive retail electric service standards in Ohio Adm. Code 4901:1-

¹ *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2010 SmartGrid Costs and Mid-Deployment Review*, Case No. 10-2326-EL-RDR. *In the Matter of The Application of Ohio Power Company to Initiate Phase 2 of its GridSMART Project and to Establish the GridSMART Phase 2 Rider*, Case No. No. 13-1939-EL-RDR. *In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan*. Case No. 16-481-EL-UNC. *In the Matter of the Application of Ohio Power Company to Initiate Phase 3 of Its gridSMART Project*, Case No. 19-1475-EL-RDR.

² *In the Matter of the Commission's Review of Chapter 4901:1-10, Ohio Administrative Code*, Case No. 17-1842-EL-ORD. *In the Matter of the Commission's Review of Chapter 4901:1-10, Ohio Administrative Code*, Case No. 12-2050-EL-ORD.

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1 21.³ I have also participated in the review, analysis, and assisting in the formation
2 of agency policy regarding the minimum electric distribution reliability standards
3 for each of the Ohio Electric Distribution Utilities (“EDUs”) including those filed
4 by Dayton Power and Light (“DP&L” or “Utility”).⁴

5
6 In this proceeding, I have reviewed the DP&L’s Application for approval of its
7 plan to modernize the distribution grid including the testimony of various Utility
8 witnesses.⁵ Additionally, I reviewed the responses to OCC interrogatories and
9 PUCO Staff data requests. I have reviewed the Stipulation and Recommendation
10 (“Settlement”) that was agreed upon by DP&L, the PUCO Staff, and various other
11 parties and testimony filed by the Utility and others supporting the Settlement.⁶ I
12 also reviewed specific filings and provisions related to the Smart Grid Plan
13 (“SGP”) in the DP&L Electric Security Plan (“ESP”) III proceeding,⁷ as well as

³ *In the Matter of the Commission’s Review of its Rules For Competitive Retail Electric Service Contained in Chapters 4901:1-21 and 4901:1-24 of the Ohio Administrative Code*, Case No. 12-1924-EL-ORD.

⁴ *In the Matter of the Application of The Dayton Power and Light Company for Establishing New Reliability Standards.*, Case 12-1832-EL-ESS. Also see Case No. 09-754-EL-ESS.

⁵ *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Plan to Modernize Its Distribution Grid*, Case No. 18-1875-EL-GRD, Application, (December 21, 2018).

⁶ Case 18-1875-EL-GRD. Testimony of DP&L witness Sharon Schroder (November 30, 2020). Testimony of Michael Murray on Behalf of Mission: Data Coalition, (November 30, 2020).

⁷ *In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case No. 16-395-EL-SSO, Opinion and Order (October 20, 2017).

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1 the Customer Conservation and Energy Management (“CCEM”) program DP&L
2 applied for in the ESP I proceeding.⁸

3
4 ***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED***
5 ***BEFORE THE COMMISSION?***

6 ***A3.*** Yes. The cases in which I have submitted testimony and/or have testified before
7 the PUCO can be found in Attachment JDW-1.

8
9 ***II. PURPOSE OF MY TESTIMONY***

10
11 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
12 ***PROCEEDING?***

13 ***A4.*** The purpose of my testimony is to address certain issues related to the
14 Settlement reached between the PUCO Staff, Dayton Power and Light,
15 and other parties⁹ related to the proposed Smart Grid Plan (“SGP”) that
16 was filed in this proceeding on October 23, 2020. I also provide my

⁸ *In the Matter of the Application of The Dayton Power and Light Company For Approval of its Electric Security Plan*, 08-1094-EL-SSO Opinion and Order, (June 24, 2009). Application Section 2, (October 10, 2008).

⁹ In addition to Staff and DP&L, the signatory parties include City of Dayton, Industrial Energy Users-Ohio, Ohio Energy Group, Ohio Manufacturers’ Association Energy Group, Ohio Hospital Association, Ohio Partners for Affordable Energy, University of Dayton, Honda of America Mfg, Inc., the Kroger Company, Interstate Gas Supply, Inc. and IGS Solar, LLC, Sierra Club, Ohio Energy Council, Environmental Law and Policy Center, National Resources Defense Council, The Smart Thermostat Coalition, Charge Point, Inc., Armada Power, LLC, and Mission: data Coalition.

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1 opinion on whether the Settlement meets the three-prong test used by the
2 PUCO in evaluating stipulations (It does not for numerous reasons).

3
4 ***Q5. PLEASE DESCRIBE THE SETTLEMENT THAT WAS REACHED***
5 ***BETWEEN THE COMMISSION STAFF, DP&L AND OTHER***
6 ***PARTIES.***

7 ***A5.*** This Settlement, if approved by the PUCO, would enable DP&L to spend
8 up to \$267,600,000 in capital and operations and maintenance expenses
9 for smart grid and other purposes that would be collected from customers
10 through an Infrastructure Investment Rider (“IIR”), approved in DP&L’s
11 ESP 3, despite the fact that DP&L is supposedly under its ESP I plan. I
12 discuss later on in my testimony a number of reasons why this rider charge
13 should be rejected, including that it is not an ESP I charge.

14
15 By year 4 of the Settlement, a typical residential customer using 1,000
16 kWh will pay \$1.88 monthly or approximately \$23.00 annually.¹⁰ Under
17 the Settlement, DP&L is permitted to make investments before the PUCO
18 approves the Settlement and to collect costs that DP&L claims were
19 deferred (for later collection from customers) as part of its supposed Grid
20 Mod R&D Asset. Specific to the items I consider to be grid
21 modernization, the Settlement is intended to:

¹⁰ DP&L witness Schroder Testimony (November 30, 2020) at 30.

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- 1 • Replace approximately 95% of existing meters with Advanced
- 2 Metering Infrastructure (“AMI” or smart meters”);
- 3 • Deploy Distribution Automation technology on 88 circuits;
- 4 • Deploy Substation Automation to approximately 30 substations;
- 5 • Deploy Volt-Var Optimization technology (targeting circuits that
- 6 serve hospitals) on 132 circuits;
- 7 • Propose Time of Use (“TOU”) rates and prepare an
- 8 implementation plan;
- 9 • Provide for customer, CRES, and third-party access to customer
- 10 energy usage data (CEUD);
- 11 • Incent DP&L to file a distribution base rate case sometime before
- 12 January 1, 2025 as a condition for continuing to collect costs under
- 13 the IIR;
- 14 • Conduct annual audits by the PUCO Staff or by a third-party;
- 15 • Establish a Grid Mod Implementation Group with interested
- 16 signatory parties, and
- 17 • Require the filing of a revised reliability standards case no later
- 18 than 60 months after an Order in this case.

19

20 Other provisions included in the Settlement that are touted as benefits for

21 residential customers that are either tangentially- related or that have

22 nothing to do with grid modernization include:

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- 1 • Paying \$5.1 million for an Electric Vehicle (“EV”) rebate program
2 funded by DP&L customers through the IIR;
- 3 • Paying \$1.8 million for a Smart Thermostat rebate program;
- 4 • Paying \$200,000 in marketing and education that will be collected
5 from DP&L customers under the IIR for marketing and educating
6 residential customers about the smart thermostat rebate program;
- 7 • Implementing a new Customer Information System (“CIS”);
- 8 • Deferring approximately \$8.8 million in expenses associated with
9 the CIS to collect later from customers;
- 10 • Paying \$900,000 for a low-income weatherization program in
11 years 2021 and 2022;
- 12 • Paying \$48,000 for a Percentage of Income Payment Plan (“PIPP”)
13 Water Heater Controller Pilot Program;
- 14 • Prioritizing the installation of smart grid equipment that
15 purportedly benefits customers in specific segments of the City of
16 Dayton;
- 17 • Exploring a joint partnership with the City of Dayton and the
18 University of Dayton Hanley Sustainability Institute for a program
19 that supports mutual goals;
- 20 • Paying \$600,000 towards the Property Assessed Clean Energy
21 (“PACE”) program in partnership with Montgomery County.
22 Provide funding to be used towards property owner’s escrow

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1 reserve requirements. This also includes funding towards a
2 revolving loan program to help small businesses in Dayton;
3 • Exempting the City of Dayton electric accounts that have
4 redundant service from being charged for redundant service; and
5 • Paying \$800,000 to assist the City of Dayton in providing
6 economic development programs and providing essential city
7 services to its residents.

8
9 While I recognize that in the Settlement DP&L agreed to fund some of
10 these items with shareholder dollars, I find it disappointing that DP&L
11 extends its goodwill to the special interests of some signatory parties to
12 sign a bad Settlement over the interests of its residential customers.

13
14 ***Q6. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.***

15 ***A6.*** I recommend that the PUCO reject the Settlement because it violates
16 important prongs of the test that the PUCO has used in evaluating
17 settlements.

18
19 OCC witness Alvarez testifies as to how the public interest is not served if
20 the PUCO were to approve the proposed Settlement. If the PUCO were to
21 reject the Settlement, DP&L's Smart Grid Plan spending, charges, and
22 benefits should be comprehensively reviewed in an appropriate regulatory

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1 proceeding. Such a proceeding would fully examine the costs and benefits
2 associated with deploying the DP&L Smart Grid Plan under regulatory
3 standards, including the just and reasonable standard.¹¹ DP&L would have
4 the opportunity to seek cost collection for cost-effective and prudently
5 incurred investments that are demonstrated to provide used and useful
6 benefits for customers. The charges proposed to be collected from
7 customers in the Settlement have not been subject to such a review and
8 demonstration.

9
10 The PUCO should also reject the Settlement because it violates Ohio law
11 and important regulatory principles and practices.

12
13 One important principle the PUCO has recognized is that, consistent with
14 Ohio law, after DP&L withdrew from ESP III, it must restore the
15 provisions, terms and conditions of ESP I which were in effect prior to
16 ESP III. DP&L Rider IIR was not a provision, term or condition of ESP I.
17 Rather, that Rider is an ESP III provision. PUCO practice and policy and
18 Ohio law does not support allowing the IIR rider as a provision under
19 DP&L's continued ESP I.

¹¹ Ohio Revised Code 4909.15(A).

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1 Additionally, the Settlement does not promote reasonably priced retail
2 electric service and a cost-effective smart grid as required under the law.
3 The Settlement includes provisions that have nothing to do with AMI and
4 smart grid programs as required for collection from customers under the
5 IIR. Ohio law has eliminated customer-subsidized, energy-efficiency
6 programs. Yet the Settlement includes many provisions that do nothing
7 more than continue these energy-efficiency related programs like EV
8 charging units and smart thermostat programs that have nothing to do with
9 DP&L providing the core functionality of providing safe, reliable, and
10 reasonably priced electric service, or that are common in other smart grid
11 programs approved by the PUCO.¹²

12
13 **III. EVALUATION OF THE SETTLEMENT REGARDING THE THREE-**
14 **PRONG TEST USED BY THE COMMISSION FOR EVALUATING**
15 **SETTLEMENTS**

¹² The core smart grid functionality that has generally been included in other Ohio smart grid programs include AMI meters and communications infrastructure, distribution automation, Volt-Var optimization, and the sharing of customer energy usage data with customers and CRES.

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1 ***Q7. WHAT CRITERIA DOES THE PUCO USUALLY RELY UPON FOR***
2 ***CONSIDERING WHETHER TO ADOPT A SETTLEMENT?***

3 ***A7.*** It is my understanding that the PUCO will adopt a settlement only if it meets all
4 of the three criteria delineated below. The PUCO must analyze the Settlement and
5 decide the following:

- 6 1. Is the settlement a product of serious bargaining among capable,
7 knowledgeable parties representing diverse interests?¹³
8 2. Does the settlement, as a package, benefit customers and the public
9 interest?
10 3. Does the settlement package violate any important regulatory
11 principle or practice?¹⁴
12

13 ***Q8. DOES THE SETTLEMENT FILED IN THIS PROCEEDING MEET ALL***
14 ***THREE CRITERIA?***

15 ***A8.*** No. The proposed Settlement does not meet the three-prong test, as I elaborate
16 below.

¹³ See *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger Is Approved, as a Merged Company (collectively, AEP Ohio) for an Increase in Electric Distribution Rates*, Case No. 11-351-EL-AIR, et al., Opinion and Order (December 14, 2011) at 9. The PUCO recently stated that the first prong does not incorporate a diversity requirement. *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider*, Case No. 14-1693-EL-RDR, et al., Opinion and Order (March 31, 2016) at 52. Nevertheless, the PUCO did consider the diversity of the signatory parties in that case. See *id.*

¹⁴ *Consumers' Counsel v. Pub. Util. Comm'n.* (1992), 64 Ohio St.3d 123, 126.

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1 ***Q9. DOES THE SETTLEMENT VIOLATE IMPORTANT REGULATORY***
2 ***PRINCIPLES AND PRACTICES?***

3 ***A9.*** Yes.

4

5 DP&L unilaterally decided to terminate its ESP III. When it did so under
6 Ohio law it goes back to ESP I. ESP I did not have a placeholder rider or
7 charge to customers that was the IIR or the equivalent of the IIR. The IIR,
8 as a placeholder, was an ESP III concept, which was offered by DP&L
9 after it withdrew any plans it had for smart grid investment that it had
10 discussed in ESP I. The policies and practices of the PUCO, consistent
11 with Ohio law, are that ESP I provisions, terms and conditions are to be in
12 effect, after DP&L's withdrawal from ESP III. Allowing DP&L to
13 implement the IIR, an ESP III provision, is inconsistent with Ohio law and
14 the PUCO practices and policies.

15

16 It is the policy of the state of Ohio to ensure the availability of adequate,
17 reliable, safe, efficient, nondiscriminatory, and reasonably priced retail
18 electric service.¹⁵ Contrary to Ohio policy, the Settlement fails to ensure
19 that customers are provided with reasonably priced retail electric service.

20

21 The Smart Grid Phase 1 ("SGP 1") as proposed under the Settlement is
incapable of performing even the most basic billing functions associated

¹⁵ R.C. 4928.02(A).

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1 with AMI meters without substantial additional capital investment by
2 DP&L in a new CIS system and the deferral of several million dollars in
3 additional O&M expense. By the 4th year of the Settlement, typical
4 residential customers will be paying upwards of \$23.00 annually through
5 the IIR rider¹⁶ for grid modernization capabilities that are dependent on
6 other capabilities like a new (\$53.3 million) CIS¹⁷ that the Utility must
7 deploy in order for core functions in the SGP to work. And this increase in
8 DP&L customer bills pales in comparison to what the total bill impacts
9 will be when the full price tag of approximately \$867 million for smart
10 grid is imposed on customers.¹⁸ Additionally, this bill impact does not
11 include increases that are likely to occur when new rates are enacted as a
12 result of DP&L's recently filed distribution rate case.¹⁹ And this bill
13 impact does not include bill increases that will likely result from the ESP
14 IV that DP&L is required to file under the Settlement by October 1,
15 2023.²⁰

16
17 The Signatory Parties to the Settlement somehow concluded that the SGP
18 1 produces a positive cost-benefit ratio for customers even though there

¹⁶ Testimony of Sharon Schroder (November 30, 2020) at 30.

¹⁷ Case 18-1875-EL-GRD, Schedules and Workpapers filed with Application.

¹⁸ Application (December 21, 2018) at 5.

¹⁹ *In the Matter of the Application of The Dayton Power and Light Company for an Increase in its Electric Distribution Rates*, Case 20-1651-EL-AIR, Application (October 30, 2020).

²⁰ Stipulation and Recommendation at 45.

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1 was no serious evaluation or analysis of the costs or benefits. The
2 Settlement document itself shows that considerable effort was made
3 through the payments to Signatory Parties of cash and cash equivalents
4 and conceding to the special interests of some Signatory Parties and far
5 less emphasis was placed on protecting customers. The SGP 1 is merely a
6 part of an overall approximate \$867 million distribution modernization
7 plan that has also not been subjected to any level of regulatory scrutiny,
8 analysis, or assessment of the costs and benefits to consumers.

9
10 Protecting reasonably priced retail electric service means that customers
11 should not be placed at risk for funding grid modernization under the new
12 IIR rider that is dependent on DP&L implementing other significant
13 capabilities like the CIS. Customers should not be placed at risk to pay
14 smart grid costs now that may or may not result in future benefits.
15 Customers should not be required to pay smart grid charges for energy
16 efficiency type charges that have nothing to do with smart grid. And
17 customers should not be placed at risk for paying smart grid costs until the
18 PUCO has considered the overall financial impact that smart grid will
19 impose on DP&L customers. This means that the SGP 1 costs in the
20 Settlement should be considered along with the full range of costs of smart
21 grid and other DP&L rate increases that are expected to occur that will

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1 impact the ability for customers to receive reasonably priced retail electric
2 service.

3
4 ***Q10. CAN YOU EXPLAIN HOW ALLOWING THE RIDER IIR TO BE***
5 ***CHARGED TO CUSTOMERS UNDER THE SETTLEMENT***
6 ***VIOLATES IMPORTANT REGULATORY PRINCIPLES AND***
7 ***PRACTICES?***

8 ***A10.*** Yes. The simple answer is that Rider IIR is an ESP III provision and not
9 an ESP I provision.

10

11 The Opinion and Order in Case No. 16-395-EL-SSO (ESP III) approved a
12 Settlement that required DP&L to file a comprehensive Distribution
13 Infrastructure Modernization Plan within three months of the completion
14 of the PUCO's Power Forward initiative or February 1, 2018. The costs
15 associated with implementing the DP&L infrastructure modernization
16 plan, once approved by the PUCO, would be recovered in a new Smart
17 Grid Rider ("SGR") that was also approved by the PUCO as part of
18 DP&L's ESP III.

19

20 In fact, the application filed by DP&L in this proceeding cited to the terms
21 for cost recovery under the Smart Grid Rider ("SGR") that were included
22 in the Amended Stipulation and Recommendation in Case No. 16-395-EL-

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1 SSO.²¹ The specific language in the Stipulation and Recommendation

2 states:

3 “3. Smart Grid Rider

- 4
- 5 a. Distribution Infrastructure Modernization Plan: DP&L will file a
- 6 comprehensive Distribution Infrastructure Modernization Plan
- 7 ("Modernization Plan") within three months of completion of the
- 8 Commission's Power Forward initiative or February 1, 2018, whichever is
- 9 earlier unless an extension is recommended by Staff or granted by the
- 10 Commission.
- 11
- 12 b. The Modernization Plan should assess and analyze the cost-effectiveness
- 13 and provide a cost/benefit analysis of all of its components and provide
- 14 anticipated timelines for deployment. The Modernization Plan will
- 15 identify operational cost savings from the program. The Modernization
- 16 Plan will include a proposal for specific technology components, including
- 17 but not limited to: advanced metering infrastructure (AMI), including
- 18 smart meters; meter data management systems capable of providing bill
- 19 quality data, i.e., data that has gone through the validation, estimation, and
- 20 editing "VEE" process, to CRES providers and authorized third parties;
- 21 system-wide distribution automation; and volt-VAR optimization.
- 22
- 23 c. The costs of DP&L's grid modernization efforts as outlined in the to-be
- 24 filed Modernization Plan, once approved by the Commission, will be
- 25 recovered through a new Smart Grid Rider ("SGR"). The costs of the grid
- 26 modernization program will be subject to an annual prudence review. The
- 27 SGR shall be set initially at zero. All other matters relating to the SGR
- 28 shall be addressed in a future proceeding seeking approval of the
- 29 Modernization Plan. Any Signatory Parties or Non-Opposing Parties to
- 30 this Stipulation may advocate for or oppose all or some components of the
- 31 Modernization Plan.”²²
- 32
- 33

34 The Smart Grid Rider that DP&L intends to use, according to its

35 application, to collect distribution modernization plan costs doesn't exist.

²¹ Case No. 18-1875-EL-GRD, Application (December 21, 2018) at 2.

²² *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan*, Case 16-395-EL-SSO, Amended Stipulation and Recommendation (March 13, 2017) at 7.

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1 DP&L chose to withdraw from its ESP III. DP&L is now operating under
2 its first electric security plan (ESP I) approved by the PUCO in Case No.
3 08-1094-EL-SSO.
4

5 ***Q11. MR. WILLIAMS WHAT ELSE BESIDES THE ESP III ORDER***
6 ***MAKES YOU THINK THAT THE RIDER IIR IS NOT A PROVISION***
7 ***OF DP&L'S ESP I?***

8 ***A11.*** A review of the filed tariffs implementing DP&L's ESP I in 2009 show
9 that there was no tariff implementing DP&L's infrastructure investment
10 rider.²³ Nor was there a tariff that approved Customer Conservation and
11 Energy Management ("CCEM") charges to customers.²⁴ Nor was there a
12 placeholder rider approved for future collection of smart grid investment.
13

14 In fact, DP&L filed a motion to withdraw its AMI and Smart Grid
15 business cases (that it committed to file in ESP I) and requested that the
16 PUCO issue an order closing the proceedings.²⁵ DP&L supported its
17 motion based on the current economic conditions, the fact that DP&L was
18 not awarded federal stimulus dollars, and other Ohio EDU Smart Grid

²³ Case No. 08-1094-EL-SSO and 89-6004-EL-TRF, Revised tariff sheets for PUCO Tariff No. 17, (June 29, 2009).

²⁴ *Id.*

²⁵ Case No. 08-1094-EL-ATA, Motion of The Dayton Power and Light Company to Withdraw its Revised Advanced Metering Infrastructure and Smart Grid Business Cases, (October 19, 2010).

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1 programs that might be instructive to future DP&L programs.²⁶ There was
2 no mention of collection of costs under the non-existent IIR.
3 The PUCO granted DP&L's motion to withdraw and encouraged the
4 Company to continue exploring the potential for future investments in
5 AMI and Smart Grid programs. DP&L was instructed to, when
6 appropriate, file a new AMI and/or Smart Grid proposals in a new
7 docket.²⁷

8

9 ***Q12. DID DP&L FILE A NEW AMI AND/OR SMART GRID PROPOSAL,***
10 ***AND IF SO, IN WHAT DOCKET WAS THAT FILING MADE?***

11 ***A12.*** Under the Amended Stipulation and Recommendation in the DP&L ESP
12 III (Case 16-395-EL-SSO), DP&L agreed to establish a Smart Grid
13 Rider.²⁸ Furthermore, the Company agreed to file a Distribution
14 Infrastructure Modernization Plan within three months of the completion
15 of the Commission's Power Forward initiative or February 1, 2018. DP&L
16 filed its Distribution Modernization Plan in the instant proceeding on
17 December 21, 2018 (almost seven years after the PUCO approved
18 DP&L's withdrawal from its earlier ESP I proposal).

²⁶ *Id.*

²⁷ Case 08-1094-EL-SSO, Entry (January 5, 2011).

²⁸ Case 16-395-EL-SSO, Amended Stipulation and Recommendation (March 3, 2017) at 7.

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1 ***Q13. DID THE PUCO APPROVE THE AMENDED STIPULATION AND***
2 ***RECOMMENDATION FROM THE ESP III AND THE***
3 ***ESTABLISHMENT OF A SMART GRID RIDER?***

4 ***A13.*** Yes. The PUCO approved in DP&L's ESP III, the Amended Stipulation
5 and Recommendation and the collection of costs from customers
6 associated with the to-be-filed modernization plan through the new Smart
7 Grid Rider.²⁹ And in fact, at that time, DP&L filed a new tariff to reflect
8 the new Smart Grid Rider.³⁰ This tariff is identified as P.U.C.O. No. 17
9 Electric Distribution Service Smart Grid Rider, Fourteen Revised Sheet
10 No. 29, Effective November 1, 2017. The Revised Sheet 29 further states
11 that it's a "PLACEHOLDER TARIFF Per Opinion and Order in PUCO Case
12 No. 16-395-EL-SSO the Dayton Power and Light Company was authorized to
13 file a placeholder Tariff for the Company's Smart Grid Rider. This rider is
14 initially set at zero until such time as the Company files its comprehensive
15 Distribution Infrastructure Modernization Plan and seeks recovery of its costs
16 through a separate proceeding."³¹

²⁹ Case 16-395-EL-SSO, Opinion and Order (October 20, 2017) at 7.

³⁰ Case 16-395-EL-SSO and 89-6004-EL-TRF (October 31, 2017).

³¹ *Id.*

1 **Q14. DIDN'T THE PUCO APPROVE AN INFRASTRUCTURE**

2 **INVESTMENT PLACEHOLDER RIDER AS PART OF ESP I, AFTER**

3 **DP&L WITHDREW FROM ESP III?**

4 **A14.** Yes. But here is the problem. It seems that the PUCO, its Staff, and OCC
5 were under the impression that the rider was an ESP I provision, based on
6 statements DP&L made in its withdrawal from ESP III. On November
7 25, 2019 when DP&L sought to withdraw from its ESP III, it represented
8 that the Infrastructure Investment Rider existed before ESP III. In its tariff
9 filing DP&L stated "The following riders and tariffs from DP&L's most
10 recent standard service offer will be implemented as they existed in 2017
11 before the Commission's decision in ESP III:

12 1. Infrastructure Investment Rider (D29)

13 2. Rate Stabilization Charge (Previously G25, now G12)."³²

14
15 It Attached to its pleading a red line tracked tariff entitled "Tariff Sheet
16 No. D29," "Fifteenth Revised Cancels Fourteenth Revised" showing an
17 "Infrastructure Investment Rider" with the language indicating that it was
18 a "Placeholder Tariff" "authorized by the PUCO in Case No. 08-1094-EL-
19 SSO." The tariff language provided by DP&L states that it was "initially
20 set at zero until such time as the Company files its independent business

³² The Dayton Power and Light Company's Notice of Filing Proposed Tariffs, Case 08-1094-EL-SSO, (November 25, 2019).

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1 cases for its AMI and Smart Grid Plans for review and approval by the
2 Commission in a separate proceeding.”

3
4 However, a review of DP&L’s tariffs **as they existed in 2017 before**
5 **October 10, 2017**, shows they DID NOT CONTAIN AN
6 INFRASTRUCTURE INVESTMENT RIDER (D29) or the tariff
7 language as represented by DP&L in its November 25, 2019 filing.

8
9 DP&L’s filing appears to have misled the PUCO, its Staff, and the parties
10 into believing that the Infrastructure Investment Rider D29 had been
11 approved by the Commission in ESP I. But this is simply not true. While
12 the PUCO decision that authorized DP&L to withdraw from the ESP III
13 appears to have approved a placeholder Infrastructure Investment Rider,
14 that decision appears to be in question because of DP&L’s
15 misrepresentation that the tariff existed prior to ESP III.³³

16
17 ***Q15. HOW DOES THE SETTLEMENT ADDRESS COLLECTION OF***
18 ***COSTS FROM CUSTOMERS ASSOCIATED WITH THE***
19 ***DISTRIBUTION MODERNIZATION PLAN?***

20 ***A15.*** The Settlement states that “Any return on and of those actual capital
21 expenditures and recovery of O&M expenditures shall be through the

³³ Case 16-395-EL-SSO, Finding and Order (December 18, 2019).

1 Infrastructure Investment Rider (“IIR”), and recovery will commence after
2 the date of the Commission’s Order approving this Stipulation.”³⁴

3
4 ***Q16. HOW WAS THE INFRASTRUCTURE INVESTMENT RIDER***
5 ***DEFINED IN THE PUCO ORDER APPROVING THE ESP I?***

6 ***A16.*** The Opinion and Order in Case No. 08-1094-EL-SSO approved a
7 Settlement that required DP&L to present to the PUCO independent
8 business cases for its AMI and Smart Grid plans for review and
9 approval.³⁵ The ESP I committed to future implementation of an
10 infrastructure investment rider to prudently incurred costs related solely to
11 DP&L’s approved AMI and Smart Grid plans.³⁶ The specific language
12 from the Stipulation and Recommendation states:

13
14 “4. Advanced Metering Infrastructure and Smart Grid

15
16 a. DP&L will develop independent business cases for both its AMI
17 and Smart Grid proposals, which include accompanying billing,
18 communications and information technology infrastructure. Both
19 the AMI and Smart Grid business cases shall address rollouts that
20 encompass the Company's entire service territory. Energy
21 Efficiency and Peak Demand Reduction programs that are not
22 dependent upon AMI will not be included in the Company's
23 business case analyses and will go forward immediately. This
24 would include their costs and benefits as well.

³⁴ Settlement at 5.

³⁵ *In the Matter of the Application of The Dayton Power and Light Company For Approval of its Electric Security Plan*, Case 08-1094-EL-SSO (June 24, 2009) at 5.

³⁶ *Id.*

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- 1 b. The AMI and Smart Grid business cases that demonstrate a
2 positive benefit cost analysis will be filed in this docket no later
3 than September 1, 2009. The analysis shall include projected
4 reliability impacts that will result from the full Smart Grid
5 deployment. Prior to September 1, 2009, DP&L shall consult with
6 interested Signatory Parties to seek their advice with regard to the
7 costs and benefits of the Company's AMI and Smart Grid business
8 cases.
9
- 10 c. DP&L will delay implementation of the Infrastructure Investment
11 Rider (IIR) until reviewed by the Commission's Staff and approved
12 by the Commission. Staff will endeavor to complete its review in the
13 fourth quarter of 2009 so that the rider may be implemented January
14 1, 2010. This IIR rate will recover any prudently incurred costs
15 related solely to the Company's AMI and/or Smart Grid approved
16 plans. Prudently incurred costs and IIR revenues will be trued up on
17 a two-year basis and the levelized IIR rate design will be eliminated.
18 The Company will be entitled to recover those prudently incurred
19 AMI and/or Smart Grid costs net of the Company's capital and
20 operational savings solely due to their investment. IIR rate design
21 will be eliminated. The Company will be entitled to recover those
22 prudently incurred AMI and/or Smart Grid costs net of the
23 Company's capital and operational savings solely due to
24 their investment.
- 25 d. Should renewable energy projects be added to the grid that cause
26 verifiable voltage fluctuations on DP&L's distribution system, any
27 Smart Grid or switching costs incurred to address this issue will be
28 included in the IIR.
29
- 30 e. As the delay in implementing AMI and Smart Grid may affect the
31 Company's ability to meet the SB 221 targets, the Company may
32 file an application with the Commission to amend the Company's
33 annual energy efficiency and peak demand reduction benchmarks
34 due to a delay in approving or denial of the Company's revised
35 AMI or Smart Grid business cases.”³⁷

³⁷ *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan*, Stipulation and Recommendation (February 24, 2009) at 5.

1 As noted, though the PUCO did not approve a rider charge in a tariff or a
2 placeholder rider for the infrastructure investment in DP&L's ESP I.
3 Instead, the infrastructure rider mechanism was established as an ESP III
4 tariff. And the PUCO relied upon DP&L's misrepresentation when it
5 unknowingly approved the tariff as an ESP I tariff.
6

7 ***Q17. ASSUMING THAT THE PUCO DID (ALBEIT MISTAKENLY)***
8 ***APPROVE THE INFRASTRUCTURE RIDER AS A PLACEHOLDER***
9 ***IN ESP I, CAN DP&L IN THIS FILING IMPLEMENT A RIDER***
10 ***THAT DIFFERS FROM THE STRUCTURE SET FORTH IN ESP I?***

11 ***A17.*** No. The DP&L application for a distribution modernization plan filed here
12 appears to be closely linked to DP&L's ESP III, which is no longer controlling
13 because DP&L unilaterally withdrew from that plan. The settlement in this case
14 encompasses vastly different proposals than what was set forth in DP&L's ESP I.
15

16 For example, the distribution modernization plan DP&L filed (and the PUCO
17 approved) in ESP III required DP&L to assess and analyze the cost-effectiveness
18 of proposals and to provide a cost/benefit analysis. There was no specific
19 requirement for a positive cost-benefit analysis for AMI and other smart grid
20 proposals as a condition for inclusion in the application. But, under the ESP I
21 settlement independent business cases are required for both the AMI and Smart
22 Grid proposals. And under ESP I *only* AMI and Smart Grid business cases that

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1 demonstrate a positive benefit-cost analysis can be filed for approval at the
2 PUCO.

3
4 Yet the Settlement states that “The Signatory Parties agree that DP&L’s SGP
5 Phase I produces a positive cost-benefit ratio for its customers on a nominal and
6 net present-value basis, as shown on Exhibit 4.”³⁸ But the standard under the ESP
7 I was that independent business cases for AMI and other smart grid proposals
8 must demonstrate a positive cost-benefit in order for the IIR to be used to collect
9 the costs. Exhibit 4 to the Settlement does not demonstrate a separate positive
10 business case for AMI and Smart Grid proposals as required for inclusion
11 consistent with ESP I. Furthermore, the signatory parties only set up a future
12 Phase 1 of the SGP. There was no analysis or examination of the overall total
13 cost-benefit of AMI and additional smart grid programs because independent
14 business cases were not part of the distribution modernization plan that DP&L
15 applied for under the terms of its ESP III.

16
17 ***Q18. ARE THERE OTHER PROVISIONS IN THE SETTLEMENT THAT***
18 ***VIOLATE THE PUCO ORDER IN THE ESP?***

19 ***A18.*** Yes. The Settlement includes provisions where DP&L can make investments in
20 its distribution modernization plan before the PUCO approves the Settlement, and

³⁸ Settlement at 42.

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1 include recovery of those investments in the IIR.³⁹ The costs must be incurred
2 after December 21, 2018, or be included as part the Grid Mod R&D Asset
3 deferral.⁴⁰ In response to OCC INT-1-38 (attached herein as JDW-2), DP&L was
4 unwilling to answer the significance of the date December 21, 2018 for qualifying
5 expenses that could be collected under the IIR claiming this was “confidential
6 settlement communications.” Additionally, the Utility claimed that any
7 investments and expenditures are limited to the \$267.6 million cap and that
8 amounts recovered under the IIR are subject to an annual audit.

9
10 Collection of costs under ESP I for grid modernization are specifically
11 conditioned upon prior approval by the PUCO.⁴¹ The Settlement fails to identify
12 the purpose of any costs or the amount of such costs that could be included in the
13 IIR prior to PUCO approval of the Settlement. Additionally, only prudently
14 incurred costs can be collected from customers under the ESP I conditions.⁴² My
15 review of the audit section of the Settlement indicates that this is primarily an
16 accounting audit rather than a prudence review to assess if the costs were actually
17 prudently incurred.⁴³

³⁹ Settlement at 7.

⁴⁰ *Id.*

⁴¹ Case 08-1094-EL-SSO, Stipulation and Recommendation at 5.

⁴² *Id.*

⁴³ Settlement pages 7-9.

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1 The purpose and scope of the Grid Mod R&D Asset deferral is also undefined
2 even though DP&L included \$10.7 million in the revenue requirement over the
3 four years included in the Settlement.⁴⁴ OCC inquired about the significance of
4 the December 21, 2018 date that is referenced in the Settlement and DP&L
5 objected claiming that OCC was seeking information about confidential
6 settlement discussions.⁴⁵ OCC inquired about the annual costs that DP&L claims
7 it incurred related to the deferral since the ESP I was authorized under Case 08-
8 1094-EL-SSO. DP&L provided a worksheet (DP&L_GRD_0000987) that is
9 attached herein as JDW-3 showing a total cost of \$11,977,233 in a table titled
10 Grid Modernization R&D Asset Detail. DP&L failed to disclose when the costs
11 were incurred or explain why the costs are included under the Settlement. When
12 asked by OCC to provide a citation to any Entry or Order from the PUCO that
13 authorized DP&L to establish a Grid Mod R&D Asset Deferral, the Utility
14 responded with the June 24, 2009 Opinion and Order in Case 08-1094-EL-SSO
15 and the January 5, 2011 Entry in the same case.

16
17 The citation to the Order in the 08-1094-EL-SSO case makes no mention of
18 PUCO approval for a Grid Modernization R&D Asset deferral. The citation to the
19 January 5, 2011 Entry in the same case, where the PUCO authorized DP&L to

⁴⁴ Settlement, Exhibit 1.

⁴⁵ See DP&L Response to OCC INT 1-38 (attached herein as JDW-2).

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1 withdraw an application for funding under the IIR, provides no explicit approval
2 from the PUCO for DP&L to defer costs associated with a Grid Mod R&D Asset.

3
4 Any costs that DP&L may have incurred to prepare its distribution modernization
5 plan under the requirements for the ESP III should not be paid for by customers
6 because ESP III is no longer the relevant plan. Instead, DP&L chose to withdraw
7 that plan and now lives under ESP I. It would be fundamentally unfair and
8 inconsistent with PUCO holdings for customers to be required to pay for
9 commitments that DP&L made under the ESP III when that plan is no longer in
10 effect. As the PUCO has noted if ESP I is in effect, DP&L cannot cherry-pick
11 provisions of ESP III to add on top. If there are any costs associated with the
12 preparation of the distribution modernization plan, this would be an appropriate
13 cost for DP&L shareholders to pay. Afterall, the Settlement significantly alters the
14 original plan filed by DP&L.

15
16 ***Q19. ARE THERE OTHER PROVISIONS IN THE SETTLEMENT THAT***
17 ***VIOLATE IMPORTANT REGULATORY PRINCIPLES AND PRACTICES?***

18 ***A19.*** Yes. The Settlement includes \$5.1 million in funding under the IIR that is specific
19 for an Electric Vehicle (“EV”) rebate program. The EV rebate program has
20 nothing to do with the purpose of cost-effective independent AMI and grid smart
21 proposals that are eligible for funding under DP&L’s ESP I. EV charging
22 infrastructure is a behind the meter competitive service that goes well beyond

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1 DP&L's responsibility to provide consumers with adequate, safe, efficient,
2 nondiscriminatory, and reasonably priced retail electric service.⁴⁶ Captive DP&L
3 electric customers should not be held responsible for subsidizing EV incentives
4 that benefit only those few customers who have interest in purchasing electric
5 vehicles. The PUCO has already determined that it does not have jurisdiction over
6 Electric Vehicle Charging Services (EVCS) and as such, the PUCO must reject a
7 settlement that results in DP&L customers paying for EV rebates that are intended
8 to incentivize and promote charging services that are outside the jurisdiction of
9 the PUCO.⁴⁷

10
11 ***Q20. ARE THERE PROVISIONS IN THE SETTLEMENT THAT VIOLATE THE***
12 ***PUCO ORDER THAT APPROVED THE IIR, AND IMPORTANT***
13 ***REGULATORY PRINCIPLES AND PRACTICES?***

14 ***A20.*** Yes. Under the Settlement, \$50,000 annually (or \$200,000 over the term of the
15 Settlement) will be spent towards marketing and educating residential customers
16 about the Smart Thermostat Rebate Program.⁴⁸ This money will be collected from
17 customers through a customer education line item that is part of the new IIR. In
18 addition, DP&L agreed to provide \$450,000 annually, funded by DP&L
19 shareholders for four years to offer marketing, administration, and

⁴⁶ R.C. 4928.02(A).

⁴⁷ *In The Matter of The Commission's Investigation Into Electric Vehicle Charging Services in the State.* Case No. 20-434-EL-COI, Finding and Order (July 1, 2020).

⁴⁸ Settlement at 30.

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1 rebate/incentives for “smart thermostats”.⁴⁹ Thus under the Settlement, \$2 million
2 in total for smart thermostat rebates. Furthermore, the Settlement includes
3 requirements where DP&L must propose in any future IIR proceeding, that costs
4 for smart thermostats be collected through the new IIR.⁵⁰

5
6 Smart thermostats are neither AMI nor grid smart proposals that can qualify for
7 funding under ESP I IIR. Additionally, smart thermostats are after the meter
8 products and services that are readily available at retail outlets on a competitive
9 basis across the state. Smart thermostats are unrelated to DP&L’s obligation to
10 provide efficient, safe, reliable, nondiscriminatory and reasonably priced retail
11 electric service. Therefore, all costs associated with the smart thermostat rebate
12 program should be eliminated from the Settlement. Additionally, the Settlement
13 should eliminate any provisions that require future DP&L grid modernization
14 proposals to include funding for smart thermostats. Captive DP&L electric
15 customers should not be required to subsidize the costs for smart thermostats for
16 other customers who may have an interest in smart thermostats.

17
18 Smart thermostats contribute to energy efficiency and peak demand reduction
19 types of programs that are being eliminated in Ohio effective January 1, 2021.

⁴⁹ Settlement at 18.

⁵⁰ Settlement at 20.

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1 Therefore, the Settlement is inconsistent with the Ohio mandate and PUCO Order
2 to end energy efficiency programs by January 1, 2021.⁵¹

3
4 ***Q21. ARE THERE PROVISIONS IN THE SETTLEMENT THAT VIOLATE THE***
5 ***PUCO ORDER THAT APPROVED THE IIR OR IMPORTANT***
6 ***REGULATORY PRINCIPLES AND PRACTICES?***

7 ***A21.*** Yes. The Settlement includes an excused compliance section that claims DP&L
8 will not be in violation of the Settlement or any Order approving the Settlement if
9 complying with certain provisions are made “impractical or impossible due to
10 events beyond DP&L’s reasonable control.”⁵² These provisions include: the AMI
11 meter provisions; the distribution automation provisions; the substation
12 automation provisions; the VVO/ CVR implementation provisions proposing
13 TOU rates and an implementation plan; the provisions implementing the new
14 CIS; and the customer, CRES, and third party access to customer data provisions.
15 This language is overly broad and could be used by DP&L to shield itself from
16 the responsibilities it committed to under the Settlement. When asked in discovery
17 for examples of what constitutes events beyond DP&L’s control, DP&L objected
18 and would not respond.⁵³ Had DP&L prepared reasonable independent business
19 cases for the AMI and Smart Grid programs like it is required to do for programs

⁵¹ *In The Matter of the Application of The Dayton Power and Light Company For Approval of its Energy Efficiency And Peak Demand Reduction Program Portfolio Plan for 2018 – 2020*. Finding and Order (November 18, 2020).

⁵² Settlement, at 43.

⁵³ See DP&L Response to OCC INT-1-54 (Attached herein as JDW-4).

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1 to be funded under the ESP I IIR, there would be no reason for an excused
2 compliance section like DP&L has included in this Settlement. Based on a review
3 of Settlements for other smart grid related programs by other Ohio utilities,⁵⁴ I can
4 find no similar excused compliance section where an EDU would not be required
5 to meet the terms of the settlement. Customers should not be required to pay for
6 grid modernization if DP&L fails to comply with the terms of the Settlement it
7 agreed upon.

8

9 ***Q22. ARE THERE OTHER PROVISIONS IN THE SETTLEMENT THAT***
10 ***VIOLATE IMPORTANT REGULATORY PRINCIPLES OR PRACTICE?***

11 ***A22.*** Yes. The Settlement establishes a regulatory deferral of operations and
12 maintenance expenses associated with implementation of a new Customer
13 Information System and to collect those costs later from customers through base
14 distribution rates or a future rider.⁵⁵ The amount of the deferral is estimated at
15 \$8.8 million. First, the need for the deferral has never been explicitly identified or
16 quantified. Second, I question the need for a regulatory deferral given the amount
17 of money that DP&L is spending to buy signatures to the Settlement. As
18 explained earlier, DP&L is spending approximately \$9.5 million to buy signatures
19 for the Settlement. This includes only provisions in the Settlement that supposedly
20 benefit residential customers. The amount of money being spent for getting

⁵⁴ 13-1939-EL-RDR, AEP GridSmart II Stipulation and Recommendation, (April 7, 2016). *Also see* FirstEnergy Stipulation and Recommendation related to grid modernization (November 9, 2018).

⁵⁵ Settlement at 21.

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1 special interests to sign the Settlement is much higher if the pay-off for
2 commercial and/or industrial parties were also included. DP&L's good will
3 towards special interest signatory parties should also extend to the residential
4 customers of DP&L. Afterall, these customers will face higher electric bills as a
5 result of the Settlement. Money that DP&L is spending to compensate signatory
6 parties is far better spent avoiding the need to defer another \$8.8 million in costs.
7 DP&L can request regulatory authority to defer expenses (if any) through a
8 separate filing with the PUCO and not in the Settlement.

9

10 **IV. CONCLUSION**

11

12 **Q23. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A23.** Yes. However, I reserve the right to incorporate new information that may
14 subsequently become available through outstanding discovery or otherwise.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Direct Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers' Counsel* has been served via electronic transmission this 17th day of December 2020.

/s/ Angela D. O'Brien
Angela D. O'Brien
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

SERVICE LIST

Case No. 18-1875-EL-GRD, et al.

steven.beeler@ohioattorneygeneral.gov	ccox@elpc.org
Robert.eubanks@ohioattorneygeneral.gov	Michael.schuler@aes.com
Bethany.allen@igs.com	jsharkey@ficlaw.com
Joe.oliker@igs.com	djireland@ficlaw.com
Michael.nugent@igs.com	chollon@ficlaw.com
dstinson@bricker.com	fdarr@mwncmh.com
kherstein@bricker.com	mpritchard@mwncmh.com
jspottswood@bricker.com	mfleisher@dickinsonwright.com
jdunnlegal@gmail.com	cpirik@dickinsonwright.com
kevin.oles@thompsonhine.com	mkurtz@bkllawfirm.com
stephanie.chmiel@thompsonhine.com	kboehm@bkllawfirm.com
cmooney@opae.org	jkylercohn@bkllawfirm.com
whitt@whitt-sturtevant.com	Bojko@carpenterlipps.com
glover@whitt-sturtevant.com	Dressel@carpenterlipps.com
drinebolt@opae.org	Paul@carpenterlipps.com
nvijaykar@elpc.org	Dutton@carpenterlipps.com
glpetrucci@vorys.com	slessor@beneschlaw.com
dparram@bricker.com	talexander@beneschlaw.com
dstinson@bricker.com	mkeaney@beneschlaw.com

Attorney Examiners:

Patricia.schabo@puco.ohio.gov
gregory.price@puco.ohio.gov

Case No. 19-1121-EL-UNC

steven.beeler@ohioattorneygeneral.gov
Michael.schuler@aes.com
mkurtz@bkllawfirm.com
kboehm@bkllawfirm.com
talexander@beneschlaw.com

jkylercohn@bkllawfirm.com
bojko@carpenterlipps.com
paul@carpenterlipps.com
mpritchard@mcneeslaw.com
rglover@mcneeslaw.com

Attorney Examiners:

Patricia.schabo@puco.ohio.gov
gregory.price@puco.ohio.gov

Case No. 20-1041-EL-UNC

steven.beeler@ohioattorneygeneral.gov
Michael.schuler@aes.com
Bojko@carpenterlipps.com
Paul@carpenterlipps.com

mpritchard@mcneeslaw.com
rglover@mcneeslaw.com
talexander@beneschlaw.com

Attorney Examiners:

Patricia.schabo@puco.ohio.gov
Michael.williams@puco.ohio.gov

Case No. 20-680-EL-UNC

thomas.lindgren@ohioattorneygeneral.gov
dparram@bricker.com
dstinson@bricker.com
jspottswood@bricker.com
bojko@carpenterlipps.com
Bethany.allen@igs.com
Joe.oliker@igs.com
Michael.nugent@igs.com
Fdarr2019@gmail.com
paul@carptenterlipps.com
kevin.oles@thompsonhine.com
stephanie.chmiel@thompsonhine.com

jsharkey@ficlaw.com
djireland@ficlaw.com
chollon@ficlaw.com
michael.schuler@aes.com
mkurtz@bkllawfirm.com
kboehm@bkllawfirm.com
jkylercohn@bkllawfirm.com
mpritchard@mcneeslaw.com
rglover@mcneeslaw.com
slesser@beneschlaw.com
talexander@beneschlaw.com
mkeaney@beneschlaw.com
khehmeyer@beneschlaw.com

Attorney Examiners:

Patricia.schabo@puco.ohio.gov
Michael.williams@puco.ohio.gov

Testimony of James D. Williams
Filed at the Public Utilities Commission of Ohio

1. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 95-0656-GA-AIR (August 12, 1996).*
2. *In the Matter of the Application of the Cincinnati Gas and Electric Company for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 01-1228-GA-AIR (February 15, 2002).*
3. *In the Matter of the Commission's Investigation into the Policies and Procedures of Ohio Power Company, Columbus Southern Power Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company and Monongahela Power Company regarding installation of new line extensions, Case No. 01-2708-EL-COI (May 30, 2002).*
4. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for an Increase in Its Rates for Gas Service to All Jurisdictional Customers, Case No. 07-0829-GA-AIR (June 23, 2008).*
5. *In the Matter of the Application of the Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Distribution, Case No. 08-072-GA-AIR (September 25, 2008).*
6. *In the Matter of a Settlement Agreement Between the Staff of the Public Utilities Commission of Ohio, The Office of the Consumers' Counsel and Aqua Ohio, Inc. Relating to Compliance with Customer Service Terms and Conditions Outlined in the Stipulation and Recommendation in Case No. 07-564-WW-AIR and the Standards for Waterworks Companies and Disposal System Companies, Case No. 08-1125-WW-UNC (February 17, 2009).*
7. *In the Matter of the Application of the Ohio American Water Company to Increase its Rates for water and Sewer Services Provided to its Entire Service Area, Case No. 09-391-WS-AIR (January 4, 2010).*
8. *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in its Masury Division, Case No. 09-560-WW-AIR (February 22, 2010).*
9. *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase its Rates and Charges in Its Lake Erie Division, Case No. 09-1044-WW-AIR (June 21, 2010).*

- IO. *In the Matter of the Application of The Ohio American Water Company to Increase its Rates/or Water Service and Sewer Service*, Case No. 11-4161-WS-AIR (March 1, 2012).
11. *In the Matter of/Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, et al (May 4, 2012).
12. *In the Matter of the Application of/The Dayton Power and Light Company for Approval of its Market Rate Offer*, Case No. 12-426-EL-SSO (June 13, 2012).
13. *In the Matter of the Application of Ohio Power Company to Establish Initial Storm Damage Recovery Rider Rates*, Case No. 12-3255-EL-RDR (December 27, 2013).
14. *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 13-2385-EL-SSO (May 6, 2014).
15. *In the Matter of the Application of Duke Energy Ohio/or Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service*, Case 14-841-EL-SSO (May 29, 2014).
16. *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan*, Case No. 14-1297-EL-SSO (December 22, 2014).
17. *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR- IM and Rider AU for 2013 Grid Modernization Costs*, Case No. 14-1051-EL- RDR (December 31, 2014) and (February 6, 2015).
18. *In the Matter of the Application Not for an Increase in Rates Pursuant to Section 4901:18, Revised Code, of Ohio Power Company to Establish Meter Opt-Out Tariff*, Case No. 14-1158-EL-ATA (April 24, 2015).
19. *In the Matter of the Application of Duke Energy of Ohio, Inc., for Approval of a Grid Modernization Opt-out Tariff and for a Change in Accounting Procedures Including a Cost Recovery Mechanism.*, Case 14-1160-EL-UNC and 14-1161-EL- AAM (September 18, 2015).

20. *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Rate Plan Pursuant to Section 4929.05, Revised Code, for an Accelerated Service Line Replacement Programs*, Case No. 14-1622-GA-ALT (November 6, 2015).
21. *In the Matter of the Complaint of Jeffrey Pitzer, Complainant, v. Duke Energy Ohio, Inc. Respondent.*, Case No. 15-298-GE-CSS (December 30, 2015).
22. *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of Its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR (July 22, 2016).
23. *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of Demand Side Management Program for Its Residential and Commercial Customers*, Case No. 16-1309-GA-UNC (September 13, 2016).
24. *In the Matter of the Application of the Dayton Power and Light Company for Approval of Its Electric Security Plan*, Case No. 16-0395-EL-SSO (November 21, 2016). Supplemental Testimony, (March 29, 2017).
25. *In the Matter of the Application of Aqua Ohio, Inc. to Increase Its Rates and Charges for Its Waterworks Service.*, Case No. 16-0907-WW-AIR (December 19, 2016).
26. *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143, in the Form of an Electric Security Plan*, Case No. 16-1852-EL-SSO, (May 2, 2017).
27. *In the Matter of the Application of the Ohio Development Services Agency for an Order Approving Adjustments to the Universal Service Fund Riders of Jurisdictional Ohio Electric Distribution Utilities*, Case No. 17-1377-EL-USF, (August 11, 2017).
28. *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider AU for 2016 Grid Modernization Costs*, Case No. 17-690-GA-RDR, (August 18, 2017).
29. *In the Matter of the Application of Duke Energy Ohio, Inc., for an Adjustment to Rider AMRP Rates*, Case No. 17-2318-GA-RDR, (April 5, 2018).
30. *In the Matter of the Application of Dayton Power and Light Company for an Increase in Electric Distribution Rates*, Case No. 15-1830-EL-AIR, (April 11, 2018).
31. *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates*, Case No. 17-032-EL-AIR, et al, (June 25, 2018).

32. *In the Matter of the Complaint of Citizens Against Clear Cutting, et al., Complainants, v. Duke Energy Ohio, Inc. Respondent*, Case No. 17-2344-EL-CSS (August 27, 2018). Supplemented Direct Testimony (November 9, 2018).
33. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates*, Case No. 18-0298-GA-AIR (November 7, 2018). Supplemental Testimony (January 22, 2019).
34. *In the Matter of the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider*, Case No. 17-1914-EL-RDR (May 3, 2019).
35. *In the Matter of the Application of the Review of Duke Energy Ohio, Inc.'s Distribution Capital Investment Rider*, Case No. 18-1036-EL-RDR, (July 8, 2019).
36. *In the Matter of the Review of the Distribution Investment Rider Contained in the Tariff of Ohio Power Company*, Case No. 17-38-EL-RDR (August 20, 2019).
37. *In the Matter of the Commission's Investigation into Verde Energy USA Ohio, LLC's Compliance with the Ohio Administrative Code and Potential Remedial Actions for Non-Compliance*, Case No. 19-958-GE-COI, (October 2, 2019).
38. *In the Matter of the Application of Columbia Gas of Ohio, Inc. for an Adjustment to Rider IRP and Rider DSM Rates*, Case No. 19-1940-GA-RDR, (April 20, 2020).
39. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval to Continue Demand Side Management Program for its Residential, Commercial, and Industrial Customers*, Case No. 19-2084-GA-UNC (August 11, 2020).
40. *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Plan to Modernize Its Distribution Grid*, Case No. 18-1875-EL-GRD (December 14, 2020).

INT-1-38. Referring to the Stipulation and Recommendation on page 7, describe the SGP Phase 1 investments that DP&L either made after December 21, 2018, or plans to make that it will seek costs recovery under the IIR before the PUCO approves the Stipulation.

- a) Are there any limitations in the Settlement pertaining to the amount of costs that DP&L could include in the IIR before the Commission approves the Settlement?
- b) What is the significance of the December 21, 2018 date regarding cost recovery under the IIR?
- c) What is the amount of the Grid Mod R&D Asset deferral?
- d) Describe, and quantify on an annual basis since the ESP 1 was authorized in Case 08-1094-EL-SSO, the costs that DP&L claims to have incurred that are included in the Grid Mod R&D Asset deferral amount. .
- e) Provide a citation to any Entry or Order from the PUCO that authorized DP&L to establish a Grid Mod R&D Asset Deferral.
- f) When will the audit of the Grid Mod R&D Asset occur and whom will be performing the audit? When will the audit of SGP Phase 1 investments that are made prior to the PUCO approval of the Settlement occur and whom will be performing the audit?

RESPONSE: General Objections Nos. 2 (unduly burdensome), 3 (privileged and work product), 4 (proprietary), 6 (calls for narrative answer), 7 (available on PUCO website), 9 (vague or undefined), 11 (calls for a legal conclusion), 12 (seeks information that DP&L does not know at

this time), 13 (mischaracterization). DP&L further objects that the Stipulation speaks for itself.

Subject to all general objections, DP&L states that:

(a) Yes; investments and expenditures that will be recovered through the IIR are subject to the \$267,600,000 cap as specified in the Stipulation. Additionally, as stated in the Stipulation paragraph 5, the amounts to be recovered through the IIR will be subject to an annual audit.

(b) DP&L objects that the request is vague. DP&L further objects that this request seeks information about confidential settlement communications.

(c) DP&L objects that this request is vague. Subject to all objections, the Stipulated Grid Mod R&D Asset Deferral amount is \$10.7M.

(d) See OCC Set 1 INT-38d Attachment 1, DP&L_GRD_0000987

e) Please see the June 24, 2009, Commission Opinion and Order and the January 5, 2011 Entry issued in Case No. 08-1094-EL-SSO.

(f) and (g) DP&L objects to responding to this request since it would require it to speculate as to future events.

Witness Responsible: Sharon Schroder

OCC Set 1 INT-38d Attachment 1

Grid Modernization R&D Asset Detail

Consultant	\$7,926,940
Other	\$4,050,293
Internal Labor	\$2,538,081
Legal Fees	\$1,080,693
Meeting, Office, Printing Costs	\$431,520
Total	\$11,977,233

INT-1-54. Referring to the Settlement on page 43, provide examples of the types of events that are excused under the Settlement because they are beyond DP&L's reasonable control.

RESPONSE: General Objections Nos. 2 (unduly burdensome), 3 (privileged and work product), 6 (calls for narrative answer), 11 (calls for a legal conclusion). DP&L objects to responding to this request because the Stipulation speaks for itself and DP&L cannot predict what future events will be beyond its control that will make complying with the stipulation impracticable or impossible.

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Case No(s). 18-1875-EL-GRD, 18-1876-EL-WVR, 18-1877-EL-AAM, 19-1121-EL-UNC, 20-0680-EL-UNC

Summary: Testimony Direct Testimony of James D. Williams on Behalf of The Office of The Ohio Consumers' Counsel electronically filed by Mrs. Tracy J Greene on behalf of O'Brien, Angela D