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November 22, 2005

Public Utilities Commission of Ohio
PUCO Docketing
180 East Broad Street, 13 th Floor
Columbus, Ohio 43215

Greetings:

I enclose for filing on behalf of Cargill, Incorporated an original and 20 copies of a Brief for Case No. 05-276-EL-AIR.

Regards



Attorney for Cargill, Incorporated

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the
Dayton Power and Light Company for the
Creation of A Rate Stabilization Surcharge
Rider and Distribution Rate Increase

Case No. 05-276-EL-AIR

BRIEF BY CARGILL, INCORPORATED

Cargill, Incorporated [Cargill] intervened, objected to the Staff Report of Investigation, and supported its objections with the expert testimony of Anthony Yankel. The objections and testimony were withdrawn without prejudice after serious, arm's-length bargaining resulted in the Stipulation and Recommendation [Stipulation] with Dayton Power & Light Company [DP&L], and other parties, filed on November 3, 2005, and introduced during the hearings. [Signatory Parties Ex. 1]

The Stipulation entered into by capable and knowledgeable parties, as a package, benefits ratepayers and the public interest without violating any important regulatory principles and practices. *[See In Re DP&L, Case No. 02-2779-EL-ATA, Opinion and Order, dated September 2, 2005 at 14]*

The 2003 Rate Stabilization Plan [RSP] approved by the Commission allows DP&L to recover increases in its market based generation costs for fuel, environmental compliance and taxes through an unavoidable Rate Stabilization Surcharge [RSS], capped at 11% over such costs incurred for providing generation services during the 12-month period ending May 31, 2003. *[Staff Ex. 2, Staff Report of Investigation at pg. 1]*

Since 2003, market prices for fuel have substantially increased, and the US EPA have imposed stringent environmental restrictions. As a result, the 11% cap will cause DP&L to substantially under recover its costs to provide market based generation services. *[Signatory Parties Ex. 1, Stipulation at pg. 3]*

The under recoveries of current and future cost increases for providing market based generation services through 2008 expose DP&L to less financial stability than intended for by the 2003 RSP. Furthermore, projected market rates for generation services during 2009 and 2010 without a rate stabilization plan in effect for DP&L expose its customers to rate shock. *[Signatory Parties Ex. 1, Stipulation at 3-4]*

The Stipulation sets forth a Rate Stabilization Period using the regulatory principles and practices established by the Commission in the earlier DP&L and in other rate stabilization plan cases for FirstEnergy and Cinergy.

The Rate Stabilization Period extends from 2006 through 2010, during which customers continue to receive generation services at rates in effect on January 1, 2004. An unavoidable Rate Stabilization Charge equal to 11% of those generation rates compensates DP&L for providing stabilized rates to customers receiving service, and POLR services for shopping customers. Between 2007 through 2010, an Environmental Investment Rider applies to recover costs for environmental compliance, depreciation and taxes. The EIR cumulatively increase by 5.4% per year over 2004 generation rates. However, under the Stipulation, shopping customers avoid all of the 5.4% increase for 2009 and 2010. *(Signatory Parties Ex. 1, Stipulation at 4-5)*

The Stipulation meets the standards for approval by the Commission. Arguments by the Consumers' Counsel for ending the 2003 RSP on December 31, 2008 needlessly expose all customers to unnecessary market risks since the Stipulation continues to provide for a market price comparison to determine whether the plan should continue through 2010. *[Signatory Parties Ex. 1, Stipulation at pg. 6]*

Cargill reserves all rights to respond in its reply brief to issues and arguments raised by other parties.

Respectfully submitted



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Certificate of Service

I hereby certify that a true copy of the foregoing Brief was served by E-mail this 22 nd
day of November 2005 upon the following parties:

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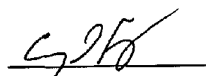
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