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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**PUCO**

In the Matter of the Application of The )  
Dayton Power and Light Company for ) Case No. 05-276-EL-AIR  
The Creation of a Rate Stabilization )  
Surcharge Rider and Distribution Rate )  
Rate Increase. )

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**OBJECTIONS AND SUMMARY OF MAJOR ISSUES  
OF OHIO PARTNERS FOR AFFORDABLE ENERGY**

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**INTRODUCTION**

On March 1, 2005, The Dayton Power and Light Company ("DP&L") filed a Notice of Intent to file an application for an increase in rates. The Application to establish a Rate Stabilization Surcharge Rider ("RSS") was subsequently filed on April 4, 2004. Pursuant to R.C. §4909.19 and O.A.C. §4901-1-28(B), Ohio Partners for Affordable Energy ("OPAE"), a party to the above-captioned case, hereby submits these objections to the Staff Report of Investigation ("Staff Report") filed on August 26, 2005, and a summary of major issues.

**OBJECTIONS**

- I. **OPAE objects to the failure of the Staff Report to require the RSS to be placed within the generation tariffs of DP&L.**

The Applicant proposes that the RSS be placed on the Electric Distribution Tariff (Sheet No. D30). The Staff report fails to note that this approach to collecting the RSS runs afoul of the Stipulation and Recommendation in Case No. 02-2779-EL-ATA et al. ("Stipulation") entered into on May 28, 2003 to which OPAE was a signatory party. The RSS is

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clearly related to the generation function. The Stipulation requires that increased costs related to fuel and environmental improvements, and security-related costs as delineated in the document should be ascribed to the generation function and thus be bypassable by customers who choose to shop.<sup>1</sup> Further, the Stipulation specifically requires that distribution rates are frozen during the Rate Stabilization Period ("RSP") period of 2006-2008.<sup>2</sup>

**II. OPAE objects to the failure of the Staff Report to require the 2.5% additional residential discount be applied to residential generation rates during the RSP.**

The Stipulation which underlies this Application requires the continuation of the 5% residential discount required by SB 3 and the Stipulation in Case No. 99-1678-EL-ETP ("the ETP case") and an additional 2.5% beginning in 2006.<sup>3</sup> The Staff Report fails to note this requirement and the absence of this provision from the Application in this case. The provision was specifically approved in the Finding and Order in Case No. 03-2779-EL-ATA et.al., as a surrogate for the potential positive impact of a competitive market should shopping fail to materialize in the DP&L service territory.

**III. OPAE objects to the failure of the Staff Report to require funding for an energy efficiency program targeted to customers with incomes below 200% of the federal poverty line to mitigate the impact of the RSS.**

The Application requests the full 11% increase in generation rates as permitted by the Stipulation. The Staff Report affirms this conclusion. The Staff Report further indicates that the total increase in revenue from the

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<sup>1</sup> Stipulation at 13, Section IX.E. (May 28, 2003).

<sup>2</sup> Id. at 12.

<sup>3</sup> Id.

residential class amounts to \$29,849,497, or 6.04%. The increase over current generation revenue is 10.99% and for distribution and transmission revenue is 15.50%<sup>4</sup> Given the current increases in costs associated with other energy sources, particularly including natural gas – the dominant heating fuel in DP&L service territory, these increases will have a significant negative impact on the affordability of essential energy services on low-income households. Data gathered by the Office of Energy Efficiency of the Ohio Department of Development indicates that the Electric Partnership Program (“EPP”), a baseload electric energy efficiency program authorized under SB 3 and targeted to Percentage Income Payment Plan (“PIPP”) customers, can reduce electric bills by an average of 11.6%, a percentage adequate to offset the increase proposed in this Application. Because the EPP is not available to low-income households that do not participate in PIPP nor are any programs available to assist households with incomes between 151 -- 200% of the federal poverty line and are thus responsible for paying their entire bill, the need for additional funding to mitigate the price increases is appropriate and should have been required by the Staff Report.<sup>5</sup> OPAE estimates that \$1 million per year over the life of the RSP would ensure the availability of energy efficiency measures to reduce the impact of the proposed generation rate increases on customers with incomes below 200% of the federal poverty level.

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<sup>4</sup> Staff Report at 29.

<sup>5</sup> Households with incomes between 151 and 200% of the federal poverty line generally include the working poor and low-income elderly people receiving minimum payments from Social Security.

## **SUMMARY OF MAJOR ISSUES**

- I. DP&L should be required to place the RSS within the Company's generation tariffs as required by the Stipulation in Case No. 03-2779-EL-ATA et.al. The RSS would therefore be bypassable by customers who shop as required by the Stipulation. By placing the RSS within the distribution tariffs, the Application and Staff Report would violate the distribution rate freeze required by the above-referenced Stipulation.
- II. The 2.5% residential generation discount should be added to the existing 5% discount which is extended through 2008 by virtue of the Stipulation in Case No. 03-2779-EL-ETP. The increase in the generation discount is triggered by the lack of shopping in the DP&L service territory.
- III. The Company should be required to mitigate the impact of the proposed rate increases on households with incomes below 200% of the federal poverty line by funding an energy efficiency program in the amount of \$1 million per year during the RSP.

## **CONCLUSION**

OPAE hereby submits these Objections and Summary of Major issues to require that the Application be modified to comply with the underlying Stipulation in Case No. 03-2779-EL-ETP.

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Objections and Summary of Major Issues was served by regular U.S. Mail upon the parties of record identified below in this case on this 23rd day of September, 2005.

  
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