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March 5, 2012

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of The Dayton Power and Light Company
to Update its Alternative Energy Rider, Case No. 10-89-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations with regard to The Dayton Power and Light Company application to update its alternative energy rider (AER).

Sincerely,

Robert B. Fortney
Chief, Rates & Tariffs, Energy & Water Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

this is to certify that the above enclosed are an
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**The Dayton Power and Light Company
Case No. 10-89-EL-RDR
Staff Review and Recommendation**

SUMMARY

On April 15, 2010 The Dayton Power and Light Company (DP&L) filed an application for approval to update its Alternative Energy Rider (AER). DP&L revised its application on July 22, 2010 as a result of having identified several improvements in methodology and presentation with respect to its supporting schedules. On June 1, 2011, DP&L amended its filing to reflect updates to its AER revenues and expenses.

The current uniform rate, \$0.0001146/kwh was authorized in Case No. 08-1094-EL-SSO. The proposed rate of \$0.0006405/kwh would result in a \$0.40 per month increase for a customer using 750 kwh.

STAFF REVIEW

The AER recovers costs DP&L incurs to comply with Section 4928.64, Revised Code. To meet those requirements, DP&L has incurred costs to procure renewable energy credits (RECs). In addition, it incurred costs to evaluate renewable energy projects and to administer its renewable energy program. Finally, carrying costs on under-recovered balances were included in the AER cost calculation.

DP&L procures RECs on behalf of itself and its wholly-owned affiliate, DPL Energy Resources, Inc. (DPLER). Staff verified that DP&L properly allocated both REC costs and REC-related administrative costs to DPLER based on the proportion of RECs assigned to DPLER.

In summary, Staff finds DP&L's AER costs are reasonable and should be approved.

CONCLUSION

The Staff recommends that DP&L's June 1, 2011 filing to update its AER be approved.