

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company to) Case No. 14-401-EL-RDR
Update its Economic Development Rider)

FINDING AND ORDER

The Commission finds:

- (1) The Dayton Power and Light Company (DP&L) is a public utility as defined in R.C. 4905.02, and an electric utility as defined in R.C. 4928.01, and, as such, is subject to the jurisdiction of this Commission.
- (2) On March 31, 2014, DP&L filed an application to update its Economic Development Rider (EDR), pursuant to R.C. 4905.31(E) and Ohio Adm.Code 4901:1-38-08. In its application, DP&L seeks recovery of costs resulting from Commission approved reasonable arrangements in *In re The Dayton Power and Light Company and Caterpillar, Inc.*, Case No. 10-734-EL-AEC, and *In re The Dayton Power and Light Company and Wright-Patterson Air Force Base*, Case No. 11-1163-EL-AEC. DP&L requests that the updated rates be made effective on a bills-rendered basis by the first billing cycle in May 2014.
- (3) On April 22, 2014, Staff filed its Staff Review and Recommendations in regard to the application of DP&L to update its EDR. Staff found that the proposed EDR charges reflect the current and projected costs resulting from the reasonable arrangements approved by the Commission. Staff further found that the proposed charges are expected to provide recovery of approximately \$7.23 million in costs over the next twelve months, which results in an increase to current rates beginning in May 2014. The proposed rates include projected costs of approximately \$6.91 million and approximately \$0.32 million in under recovered costs.

Staff also found that DP&L included labor costs (actual and forecasted) as part of the total administrative expenses used to calculate the revenue requirement. Staff reviewed the labor cost and believes that such labor is already included in base rates and is non-incremental in relation to the EDR. Staff recommends the removal of labor and associated carrying charges from the EDR, which results in a reduction of \$64,730

from the EDR revenue requirement. Staff found that, with the recommended adjustment, the proposed EDR charges reflect the current and projected costs resulting from reasonable arrangements approved by the Commission. Accordingly, Staff recommends approval of DP&L's application to update its EDR in accordance with the recommended adjustment.

- (4) On April 25, 2014, DP&L filed reply comments in response to Staff's Review and Recommendations. DP&L argues that Ohio Adm.Code 4901:1-38-08(A)(2) authorizes it to request recovery of direct incremental administrative costs related to the programs as part of the rider. DP&L asserts that it has several employees who performed additional work activities related to the economic development unique arrangements that were truly incremental to their normal work responsibilities. DP&L avers that it has included only incremental costs that it can directly assign to economic development efforts and that it has a policy and procedure for employees to document incremental administrative costs and submit their labor hours and expenses. Accordingly, DP&L asserts that the labor costs for the EDR should be recoverable.
- (5) Ohio Adm.Code 4901:1-38-03(C) provides that, upon the filing of an economic development application, the Commission may fix a time and place for a hearing if the application appears to be unjust or unreasonable.
- (6) Upon review of DP&L's application to update its EDR, Staff's recommendations, and the reply comments filed by DP&L, the Commission finds that the application may be unjust or unreasonable and, therefore, that a hearing on this matter should be held, consistent with Ohio Adm.Code 4901:1-38-03(C). Accordingly, the Commission directs the attorney examiner to set this matter for hearing.
- (7) Additionally, in light of the disagreement between the parties as to the costs that should be recovered by DP&L, the Commission directs DP&L to file revised tariffs reflecting Staff's proposed EDR rates, to be effective with the June 2014 billing cycle and until otherwise ordered by the Commission. DP&L's EDR shall be subject to a reconciliation adjustment to account for any difference between the EDR rates authorized today and the EDR rates approved upon conclusion of the hearing on this matter.

It is, therefore,

ORDERED, That the attorney examiner set this matter for hearing. It is, further,

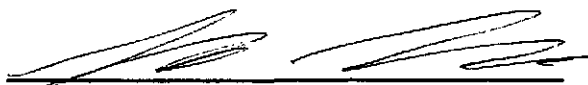
ORDERED, That DP&L file, in final form, four complete copies of tariffs, consistent with this Finding and Order. One copy shall be filed with this case docket, one shall be filed with DP&L's TRF docket, and the remaining two copies shall be designated for distribution to the Rates and Tariffs Division of the Commission's Utilities Department. It is, further,

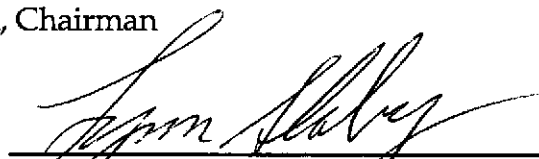
ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the June 2014 billing cycle, and the date upon which four complete copies of DP&L's final tariffs are filed with the Commission. The new tariffs shall be effective for bills rendered on or after such effective date. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties of record.

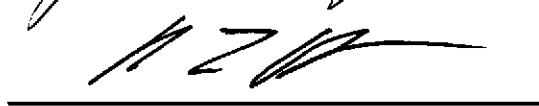
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


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Secretary