

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company and) Case No. 14-1217-EL-AEC
Wright-Patterson Air Force Base for)
Approval of a Unique Arrangement.)

OPINION AND ORDER

The Commission, having considered the record in this matter, and being otherwise fully advised, hereby issues its opinion and order.

APPEARANCES:

Judi L. Sobecki, Assistant General Counsel, 1065 Woodman Drive, Dayton, Ohio, 45432, on behalf of The Dayton Power and Light Company.

Thomas J. Menza, United States Air Force, Judge Advocate General's Corps, 5135 Pearson Road, 88ABW/JA, Wright-Patterson AFB, Ohio, 45433, on behalf of Wright-Patterson Air Force Base and the United States Air Force.

Mike DeWine, Ohio Attorney General, by William Wright, Section Chief, and Thomas W. McNamee, 180 East Broad Street, Columbus, Ohio, 43215, on behalf of the Staff of the Public Utilities Commission of Ohio.

OPINION:

I. Background

The Commission has the authority to approve a unique arrangement between an electric utility and a customer or group of customers upon application by the customer or the utility, pursuant to R.C. 4905.31 and Ohio Adm.Code 4901:1-38-05. On July 10, 2014, The Dayton Power and Light Company (DP&L) and Wright-Patterson Air Force Base (WPAFB) filed a joint application with the Commission requesting approval of a unique arrangement between DP&L and WPAFB (Jt. Ex. 1). WPAFB is a customer of DP&L, taking service under the High Voltage tariff. DP&L is an electric light company, as defined by R.C. 4905.03(A)(3), and a public utility, as defined under R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

Pursuant to Ohio Adm.Code 4901:1-38-05(F), interested persons had the opportunity to file comments or objections regarding the application for a unique arrangement. No comments or objections were filed in this proceeding.

An evidentiary hearing was held on September 16, 2014, in order to consider the joint application. At the evidentiary hearing, testimony was provided by Dona R. Seger-Lawson, director of regulatory operations for DP&L (Jt. Ex. 2).

II. Summary of the Joint Application

In the joint application, DP&L and WPAFB explain that a unique arrangement is necessary to create favorable economic conditions within Ohio and to encourage additional expansion at WPAFB. The parties assert that it is anticipated that the savings realized by WPAFB as a result of this unique arrangement will be reinvested in the infrastructure of the base, which will create additional direct and indirect job opportunities within the region. DP&L and WPAFB contend that the proposed unique arrangement will encourage job growth and retention at WPAFB by providing WPAFB with a long-term, reliable supply of electric generation, transmission, and distribution service at reasonable and predictable prices. The joint application explains that WPAFB is Ohio's largest single-site employer, employing more than 24,000 people in the Dayton area, while contributing more than \$4.4 billion to the Dayton-area economy each year. (Jt. Ex. 1 at 1-2.)

The joint application notes that the Department of Defense is currently in a period of downsizing so the focus is on retention of employment within Ohio. The joint application explains that WPAFB will be gaining 58 positions in Fiscal Year 2015 and is being considered to receive two separate organizations with a total of 700 positions, and the potential for additional jobs with the award of contracts. Additionally, the joint application notes that WPAFB is planning for two new capital construction projects totaling \$64 million, as well as approximately \$30 to \$50 million a year for renovation, modification, and restoration of building and infrastructure systems. (Jt. Ex. 2 at 2-3.)

Under the proposed unique arrangement, in 2015 WPAFB will take service under DP&L's approved distribution, transmission, and generation tariffs. WPAFB will receive a 14 percent discount on total monthly DP&L charges. Thereafter, in 2016 and 2017, WPAFB will receive an 11 percent discount on total monthly DP&L charges. WPAFB and DP&L request that the Commission approve the recovery of 100 percent of the delta revenues, as that is defined in Ohio Adm.Code 4901:1-38-01(C) and as permitted in R.C. 4905.31(E) and Ohio Adm.Code 4901:1-38-8, through DPL's existing Economic Development Rider (EDR). (Jt. Ex. 2 at 3.)

DP&L and WPAFB assert that the application is consistent with state policy set forth in R.C. 4928.02 by encouraging additional expansion at WPAFB. The joint application avers that WPAFB intends to reinvest the savings, thus facilitating the state's effectiveness in the global economy. The parties assert that the arrangement is not anti-competitive or discriminatory and, thus, does not violate R.C. 4905.33 and 4905.35. (Jt. Ex. 2 at 3-4.)

IV. Summary of the Testimony

Dona R. Seger-Lawson, director of regulatory operations, explained that the proposed unique arrangement is designed to foster the creation and retention of jobs in Ohio and the Miami Valley region. She asserts that it is structured to ensure that economic conditions which encourage job growth and retention exist at WPAFB by maintaining reliable supply of electric generation, transmission, and distribution service at reasonable and predictable prices for use at the facility. Ms. Seger-Lawson testified that the annual discount is established by the contract terms, but will vary based on WPAFB's actual electricity consumption, energy efficiency initiatives, load growth, timing, and DP&L's tariff rates. Based upon WPAFB's last 12 months of billing determinants, adjusted for load growth and energy efficiency results, applying projected rates, DP&L estimates the delta revenue to be approximately \$4 million in 2015 and to decrease in years thereafter. Ms. Seger-Lawson asserts that DP&L estimates that in 2015, the bill impacts for a typical residential customer that uses 750 kWh a month will be approximately \$0.41 per month.

V. Conclusion

Ohio Adm.Code 4901:1-38-05 authorizes an electric utility, with one or more of its customers, to file an application for approval to enter into a unique arrangement. The applicant bears the burden of proof to show that the proposed arrangement is reasonable, does not directly or indirectly provide rebates, special rates, and free service in violation of R.C. 4905.33, and does not provide an unreasonable advantage or prejudice towards any party under R.C. 4905.35.

Upon our review of the requirements for an electric utility to enter into a unique arrangement with one of its customers, the Commission finds that the requirements are clearly met. The joint application is reasonable in that it is cost-effective, and promotes State policy consistent with R.C. 4928.02 by facilitating the creation and retention of jobs in Ohio. In fostering a favorable economic climate at WPAFB, the unique arrangement will encourage expansion at WPAFB, while furthering the potential for the creation of additional jobs.

We find that the unique arrangement does not directly or indirectly provide rebates, special rates, or free service in violation of R.C. 4905.33. Additionally, we find that the unique arrangement does not provide an unreasonable advantage or prejudice towards any party in violation of R.C. 4905.35. The application demonstrates that the unique arrangement does not violate R.C. 4905.33 or 4905.35, and is just and reasonable. Further, the Commission finds that no hearing is necessary in this proceeding. Accordingly, we find that the unique arrangement is reasonable and should be adopted.

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

- (1) On July 10, 2014, DP&L and WPAFB filed a joint application requesting that the Commission approve a unique arrangement.
- (2) Pursuant to Ohio Adm.Code 4901:1-38-05(F), interested persons had the opportunity to file comments or objections regarding the application. No comments or objections were filed.
- (3) Based on the application, the Commission finds that DP&L and WPAFB should be authorized to enter into a unique arrangement consistent with this Order.

It is, therefore,

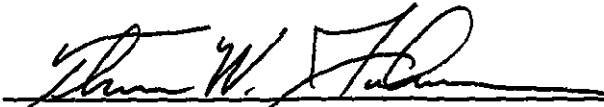
ORDERED, That the application for approval of a unique arrangement between The Dayton Power and Light Company and Wright-Patterson Air Force Base be approved. It is, further,

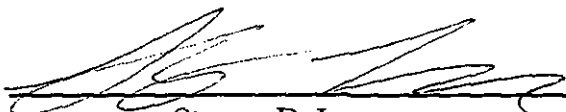
ORDERED, That The Dayton Power and Light Company and Wright-Patterson Air Force Base take all necessary steps to carry out the terms of this Opinion and Order. It is, further,

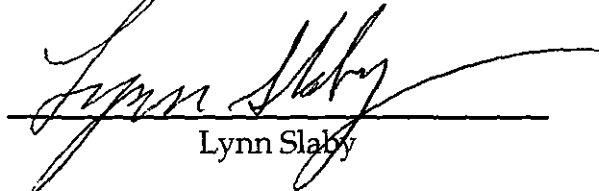
ORDERED, That nothing in this Opinion and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

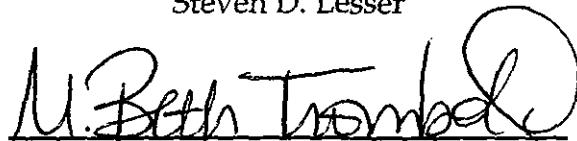
ORDERED, That a copy of this Opinion and Order be served upon each party of record.

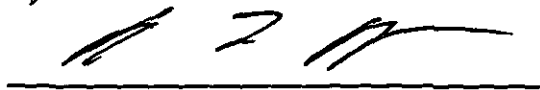
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser


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OCT 22 2014



Barcy F. McNeal
Secretary