

FILE

BOEHM, KURTZ & LOWRY

ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255

TELECOPIER (513) 421-2764

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PUCO

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VIA HAND DELIVERY

February 10, 2017

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 11th Floor
Columbus, Ohio 43215

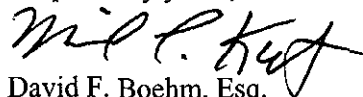
**In re: Ohio Energy Group's Supreme Court Appeal of PUCO Case Nos. 12-426-EL-SSO,
12-427-EL-ATA, 12-428-EL-AAM, 12-429-EL-WVR and 12-672-EL-RDR**

Dear Sir/Madam:

Please find attached an original and two (2) copies of **THE OHIO ENERGY GROUP'S NOTICE OF APPEAL** filed today with the Ohio Supreme Court in the above-referenced matter.

Copies have been served on all parties listed on the Commission's certificate of service. Please place this document of file.

Respectfully yours,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

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Encl.

Cc: Certificate of Service

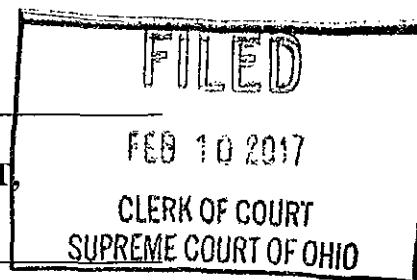
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IN THE SUPREME COURT OF OHIO

17-0205

In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan.) Case No. 2017-____
) Appeal from the Public Utilities Commission of Ohio
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.) Public Utilities Commission of Ohio
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority.) Case Nos. 12-426-EL-SSO
) 12-427-EL-ATA
) 12-428-EL-AAM
) 12-429-EL-WVR
In the Matter of the Application of The Dayton Power and Light Company for Waiver of Certain Commission Rules.) 12-672-EL-RDR
)
In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders.)

NOTICE OF APPEAL OF APPELLANT,
THE OHIO ENERGY GROUP



Michael L. Kurtz, Esq., Counsel of Record
(0033350)

David F. Boehm, Esq. (0021881)
Jody Kyler Cohn, Esq. (0085402)
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Telephone: (513)421-2255
Facsimile: (513)421-2764
dboehm@bkllawfirm.com
mkurtz@bkllawfirm.com
jkylercohn@bkllawfirm.com

COUNSEL FOR APPELLANT, THE OHIO
ENERGY GROUP

Michael DeWine (0009181)
ATTORNEY GENERAL OF OHIO

William L. Wright (0018010)
Section Chief, Public Utilities Section
Thomas W. McNamee (0017352)
John H. Jones (0051913)
Assistant Attorney General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215-3414
Telephone: (614)466-4397
Facsimile: (614)466-8764
William.wright@puc.state.oh.us
Thomas.mcnamee@puc.state.oh.us
John.jones@puc.state.oh.us

COUNSEL FOR APPELLEE, THE PUBLIC
UTILITIES COMMISSION OF OHIO

IN THE SUPREME COURT OF OHIO

In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan.)	Case No. 2017-____
)	
)	Appeal from the Public Utilities Commission of Ohio
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.)	
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In the Matter of the Application of The Dayton Power and Light Company for Waiver of Certain Commission Rules.)	12-672-EL-RDR
)	
In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders.)	
)	

NOTICE OF APPEAL OF APPELLANT, THE OHIO ENERGY GROUP

Appellant, The Ohio Energy Group, a party of record in the above-styled proceedings, hereby gives notice of its appeal, pursuant to R.C. 4903.11 and 4903.13 and S.Ct.Prac.R. 10.02(A), to the Supreme Court of Ohio and Appellee, the Public Utilities Commission of Ohio (“Commission”), from a Finding and Order issued August 26, 2016 (Exhibit A), a Sixth Entry on Rehearing issued October 12, 2016 (Exhibit B), and a Seventh Entry on Rehearing issued December 14, 2016 (Exhibit C) by Appellee in PUCO Case Nos. 12-426-EL-SSO, 12-427-EL-ATA, 12-428-EL-AAM, 12-429-EL-WVR, and 12-672-EL-RDR (collectively, the “Commission Cases”).

Appellant was and is a party of record in the Commission Cases, and timely filed its Application for Rehearing of Appellee's August 26, 2016 Finding and Order in accordance with R.C. 4903.10. Appellant's Application for Rehearing was denied, with respect to the issues on appeal herein, by Appellee's Seventh Entry on Rehearing issued December 14, 2016.

Appellant complains and alleges that Appellee's August 26, 2016 Finding and Order, October 12, 2016 Sixth Entry on Rehearing, and December 14, 2016 Seventh Entry on Rehearing issued in the Commission Cases are unlawful, unjust, and unreasonable in the following respects, as set forth in Appellant's Application for Rehearing.

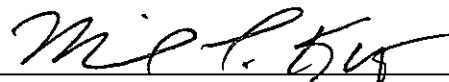
1. The Commission misapplied R.C. 4928.143(C)(2)(a) and (b), and undermined the statutory appellate process provided for under R.C. 4903.13, by allowing The Dayton Power and Light Company to withdraw the Electric Security Plan approved in PUCO Case No. 12-426-EL-SSO and to selectively reinstate most of the Electric Security Plan approved in PUCO Case No. 08-1094-EL-SSO in its place.

Appellant preserved this issue on pages 3 through 8 of its September 26, 2016 Application for Rehearing (Exhibit D).

WHEREFORE, Appellant respectfully submits that Appellee's August 26, 2016 Finding and Order, October 12, 2016 Sixth Entry on Rehearing, and December 14, 2016 Seventh Entry on Rehearing in the Commission Cases are unlawful, unjust, and unreasonable and should be

reversed. This case should be remanded to Appellee with instructions to correct the errors complained of herein.

Respectfully submitted,



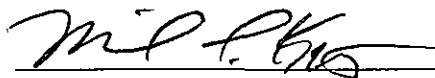
Michael L. Kurtz, Esq., Counsel of Record (0033350)
David F. Boehm, Esq. (0021881)
Jody Kyler Cohn, Esq. (0085402)
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Ph: (513) 421-2255 Fax: (513) 421-2764
dboehm@bkllawfirm.com
mkurtz@bkllawfirm.com
jkylercohn@bkllawfirm.com

February 10, 2017

COUNSEL FOR OHIO ENERGY GROUP

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing NOTICE OF APPEAL OF THE OHIO ENERGY GROUP was served by **OVERNIGHT MAIL** (unless otherwise noted) this 10th day of February, 2017 to the parties listed below:



Michael L. Kurtz, Esq. (0033350)

David F. Boehm, Esq. (0021881)

Jody Kyler Cohn, Esq. (0085402)

**COUNSEL FOR APPELLANT,
THE OHIO ENERGY GROUP**

William L. Wright (0018010)
Section Chief, Public Utilities Section
Thomas W. McNamee (0017352)
John H. Jones (0051913)
Assistant Attorney General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215-3414

**COUNSEL FOR APPELLEE,
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**PUCO CHAIRMAN AND COMMISSIONERS
VIA HAND DELIVERY:**

Chairman Asim Z. Haque
Commissioner M. Beth Trombold
Commissioner Thomas W. Johnson
Commissioner Lynn Slaby
PUBLIC UTILITIES COMMISSION OF OHIO
180 E. Broad Street, 12th Floor
Columbus, Ohio 43215

COMMISSION REPRESENTATIVES AND PARTIES OF RECORD
VIA ELECTRONIC MAIL:

Jeffrey S. Sharkey
Charles J. Faruki (Counsel of Record)
D. Jeffrey Ireland
Jeffrey S. Sharkey
FARUKI IRELAND & COX P.L.L.
110 North Main Street, Suite 1600
Dayton, OH 45402
Email: cfaruki@ficlaw.com
djireland@ficlaw.com
jsharkey@ficlaw.com

ATTORNEYS FOR THE DAYTON POWER AND
LIGHT COMPANY

Maureen R. Willis, Esq.
Michael E. Idzkowski, Esq.
OFFICE OF OHIO CONSUMERS' COUNSEL
10 West Broad Street, Suite 1800
Columbus, OH 43215
Maureen.willis@occ.ohio.gov
idzkowski@occ.ohio.gov

ATTORNEYS FOR OFFICE THE OHIO
CONSUMERS; COUNSEL

Colleen L. Mooney, Esq.
OHIO PARTNERS FOR AFFORDABLE
ENERGY
231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793
cmooney@ohiopartners.org

Tony G. Mendoza, Staff Attorney (pro hac vice)
Sierra Club Environmental Law Program
2101 Webster Street, 13th Floor
Oakland, CA 94612
Email: tony.mendoza@sierraclub.org

ATTORNEYS FOR SIERRA CLUB

Frank P. Darr (Counsel of Record)
Matthew R. Pritchard
McNees Wallace & Nurick
21 East State Street, 17th Floor
Columbus, OH 43215
Email: fdarr@mwncmh.com
mpritchard@mwncmh.com

ATTORNEYS FOR INDUSTRIAL ENERGY
USERS — OHIO

James F. Lang, Esq.
N. Trevor Alexander, Esq.
Mark T. Keaney, Esq.
CALFEE, HALTER & GRISWOLD LLP
1200 Huntington Center
41 South High Street
Columbus, OH 43215
jlang@clafee.com
talexander@calfee.com
mkeaney@calfee.com

ATTORNEYS FOR CITY OF DAYTON AND
HONDA OF AMERICA MFG, INC.

David I. Fein, Esq.
Cynthia A. Fonner Brady, Esq.
CONSTELLATION ENERGY GROUP INC.
550 West Washington Blvd., Suite 300
Chicago, IL 60661
davidlein@constellation.com
cynthia.brady@constellation.com

Tasha Hamilton
Manager, Energy Policy
CONSTELLATION ENERGY GROUP, INC.
111 Market Place, Suite 600
Baltimore, MD 21202
tasha.hamilton@constellation.com

Matthew W. Warnock
Dylan F. Borchers
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291
Email: mwarnock@bricker.com
dborchers@bricker.com

Richard L. Sites, Esq.
General Counsel and Senior Director of
Health Policy
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

Gregory J. Poulos, Esq.
EnerNOC, Inc.
471 East Broad Street
Columbus, OH 43215
gpoulos@enernoc.com

ATTORNEY FOR ENERNOC, INC.

Trent A. Dougherty, Esq.
OHIO ENVIRONMENTAL COUNCIL
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
trent@theoec.org

ATTORNEYS FOR THE OHIO
ENVIRONMENTAL COUNCIL

Craig I. Smith, Esq.
Attorney at Law
15700 Van Aken Blvd., Suite 26
Cleveland, OH 44120
Wis29@yahoo.com

ATTORNEY FOR CARGILL, INCORPORATED

Larry Gearhardt, Esq.
Chief Legal Counsel
OHIO FARM BUREAU FEDERATION
280 North High Street
P.O. Box 182383
Columbus, OH 43218-2383
lgearhardt@ofbf.org

ATTORNEY FOR THE OHIO FARM BUREAU
FEDERATION

Gary A. Jeffries, Esq.
Dominion Resources Services, Inc.
501 Martindale Street, Suite 400
Pittsburgh, PA 15212-5817
Gary.A.Jeffries@dom.com

Christopher L. Miller, Esq.
Gregory H. Dunn, Esq.
Nell B. Chambers, Esq.
Schottenstein Zox & Dunn Co., LPA
250 West Street
Columbus, OH 43215
cmiller@szd.com
gdunn@szd.com
aporter@szd.com

ATTORNEYS FOR DOMINION RETAIL, INC.

Ellis Jacobs
Advocates for Basic Legal Equality, Inc.
333 West First Street, Suite 500B
Dayton, OH 45402
ejacobs@ablelaw.org

ATTORNEY FOR THE EDMONTON
NEIGHBORHOOD COALITION

Mark A. Hayden, Esq.
FIRSTENERGY SERVICE COMPANY
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

Barth E. Royer, Esq.
BELL & ROYER CO., LPA
33 South Grant Avenue
Columbus, OH 43215-3927
BarthRoyer@aol.com

Todd Williams, Esq.
4534 Douglas Road
Toledo, OH 43613
Williams.toddm@gmail.com

Philip B. Sineneng, Esq.
THOMPSON HINE LLP
41 South High Street, Suite 1700
Columbus, OH 43215
Philip.Sineneng@ThompsonHine.com

Amy B. Spiller, Esq.
Deputy General Counsel
Jeanne W. Kingery, Esq.
Associate General Counsel
Duke Energy Retail Sales, LLC And
Duke Energy Commercial Asset
Management, Inc.
139 East Fourth Street, 1303-Main
Cincinnati, OH 45202
Amy.Spiller@duke-energy.com
Jeanne.Kingery@duke-energy.com

ATTORNEYS FOR DUKE ENERGY RETAIL
SALES, LLC AND DUKE ENERGY
COMMERCIAL ASSET MANAGEMENT, INC.

Stephen Chriss, Esq.
Wal-Mart Corporation
702 Southwest 8th Street
Bentonville, AR 72716-021
Stephen.Chriss@wal-mart.com

ATTORNEYS FOR WAL-MART STORES EAST,
LP AND SAM'S EAST, INC.

James F. Lang, Esq.
Laura C. McBride, Esq.
CALFEE, HALTER & GRISWOLD LLP
1400 KeyBank Center
800 Superior Avenue
Cleveland, OH 44114
jlang@calfee.com
Imcbride@calfee.com

David A. Kutik, Esq.
JONES DAY
North Point, 901 Lakeside Avenue
Cleveland, OH 44114
dakutik@jonesday.com

ATTORNEY FOR FIRSTENERGY SOLUTIONS
CORP.

Robert A. McMahon, Esq.
Eberly McMahon LLC
2321 Kemper Lane, Suite 100
Cincinnati, OH 45206
bcmcmahon@emh-law.com

Rocco D'Ascenzo, Esq.
Associate General Counsel
Elizabeth Watts, Esq., Associate General Counsel
DUKE ENERGY OHIO, INC.
139 East Fourth Street, 1303-Main
Cincinnati, OH 45202
Elizabeth.Watts@duke-energy.com
Rocco.D'Ascenzo@duke-energy.com

ATTORNEYS FOR DUKE ENERGY OHIO, INC.

Jay E. Jadwin, Esq.
AMERICAN ELECTRIC POWER
SERVICE CORPORATION
155 W. Nationwide Blvd., Suite 500
Columbus, OH 43215
jejadwin@aep.com

ATTORNEY FOR AEP RETAIL ENERGY
PARTNERS LLC

Mark A. Whitt, Esq.
Andrew J. Campbell, Esq.
WHITT STURTEVANT LLP
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, OH 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com

Vincent Parisi, Esq.
Interstate Gas Supply, Inc.
6100 Emerald Parkway
Dublin, OH 43016
vparisi@igsenergy.com
mwhite@igsenergy.com

ATTORNEYS FOR INTERSTATE GAS SUPPLY,
INC.

Lt Col John C. Degnan
Thomas A. Jernigan
Ebony M. Payton
Federal Executive Agencies (FEA)
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
John.Degnan@us.af.mil
Thomas.Jernigan.3@us.af.mil
Ebony.Payton.ctr@us.af.mil

ATTORNEY FOR FEDERAL EXECUTIVE
AGENCIES

Matthew J. Satterwhite, Esq.
Steven T. Nourse, Esq.
AMERICAN ELECTRIC POWER SERVICE
CORPORATION
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
mjsatterwhite@aep.com
stnourse@aep.com

ATTORNEYS FOR OHIO POWER COMPANY

Christopher L. Miller, Esq.
Gregory J. Dunn, Esq.
Alan G. Starkoff, Esq.
Ice Miller LLP
2540 West Street
Columbus, OH 43215
Christopher.Miller@icemiller.com
Gregory.Dunn@icemiller.com

DIRECT ENERGY SERVICES, LLC
AND DIRECT ENERGY BUSINESS, LLC

Thomas W. McNamee, Esq.
Assistant Attorney General
180 East Broad Street
Columbus, OH 43215
Thomas.mcnamee@ohioattomeygeneral.gov

ATTORNEYS FOR THE STAFF OF THE
PUBLIC UTILITIES COMMISSION OF OHIO

Stephen M. Howard, Esq.
VORYS, SATER, SEYMOUR AND
PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
smhoward@vorys.com

ATTORNEYS FOR THE RETAIL ENERGY
SUPPLY ASSOCIATION, EXELON
GENERATION COMPANY, LLC, EXELON
ENERGY COMPANY, INC., CONSTELLATION
ENERGY COMMODITIES GROUP, INC.,
AND CONSTELLATION NEWENERGY, INC.

Stephen Bennett, Manager
State Government Affairs
300 Exelon Way
Kenneth Square, PA 19348
stephen.bennett@exeloncorp.com

Mary W. Christensen, Esq.
Christensen Law Office LLC
8760 Orion Place, Suite 300
Columbus, OH 43240-2109
mchristensen@columbuslaw.org

ATTORNEYS FOR PEOPLE WORKING
COOPERATIVELY, INC.

Matthew R. Cox, Esq.
MATTHEW COX LAW, LTD.
4145 St. Theresa Blvd.
Avon, OH 44011
matt@matthewcoxlaw.com

ATTORNEY FOR THE COUNCIL OF SMALLER
ENTERPRISES

Scott C. Solberg, Esq.
Eimer Stahl LLP
224 South Michigan Avenue, Suite 1100
Chicago, OH 60604
ssolberg@eimerstahl.com

ATTORNEY FOR EXELON GENERATION
COMPANY, LLC

Angela Paul Whitfield
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, OH 43215
Email: paul@carpenterlipps.com

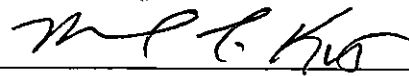
ATTORNEY FOR THE KROGER COMPANY

Joel E. Sechler, Esq.
Danielle G. Walter, Esq.
CARPENTER LIPPS & LELAND LLP
280 Plaza, Suite 1300, 280 North High Street
Columbus, OH 43215
Bojko@carpenterlipps.com
ghiloni@carpenterlipps.com
sechler@carpenterlipps.com
walter@carpenterlipps.com

ATTORNEYS FOR THE OHIO
MANUFACTURERS' ASSOCIATION ENERGY
GROUP AND ATTORNEYS FOR SOLARVISION
LLC

CERTIFICATE OF FILING

I certify that this NOTICE OF APPEAL has been filed with the docketing division of the Public Utilities Commission of Ohio in accordance with sections 4901-1-02(A) and 4901-1-36 of the Ohio Administrative Code.


Michael L. Kurtz, Esq. (0033350)
David F. Boehm, Esq. (0021881)
Jody Kyler Cohn, Esq. (0085402)

**COUNSEL FOR APPELLANT,
THE OHIO ENERGY GROUP**

EXHIBIT A

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE APPLICATION OF THE
DAYTON POWER AND LIGHT COMPANY TO
ESTABLISH A STANDARD SERVICE OFFER IN
THE FORM OF AN ELECTRIC SECURITY PLAN.**

CASE No. 12-426-EL-SSO

**IN THE MATTER OF THE APPLICATION OF THE
DAYTON POWER AND LIGHT COMPANY FOR
APPROVAL OF REVISED TARIFFS.**

CASE No. 12-427-EL-ATA

**IN THE MATTER OF THE APPLICATION OF THE
DAYTON POWER AND LIGHT COMPANY FOR
APPROVAL OF CERTAIN ACCOUNTING
AUTHORITY.**

CASE No. 12-428-EL-AAM

**IN THE MATTER OF THE APPLICATION OF THE
DAYTON POWER AND LIGHT COMPANY FOR
WAIVER OF CERTAIN COMMISSION RULES.**

CASE No. 12-429-EL-WVR

**IN THE MATTER OF THE APPLICATION OF THE
DAYTON POWER AND LIGHT COMPANY TO
ESTABLISH TARIFF RIDERS.**

CASE No. 12-672-EL-RDR

FINDING AND ORDER

Entered in the Journal on August 26, 2016

I. SUMMARY

{¶ 1} Based upon the opinion of the Supreme Court of Ohio reversing the Commission's Opinion and Order in this case, the Commission modifies The Dayton Power and Light Company's electric security plan. Further, the Commission grants the motion filed by The Dayton Power and Light Company to withdraw its application for an electric security plan and finds that this case should be dismissed.

II. PROCEDURAL HISTORY

{¶ 2} The Dayton Power and Light Company (DP&L) is a public utility as defined under R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility (EDU) shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} By Opinion and Order (Order) issued on June 24, 2009, in Case No. 08-1094-EL-SSO, the Commission approved a stipulation and recommendation to establish DP&L's first ESP (ESP I). *In re The Dayton Power and Light Co.*, Case No. 08-1094-EL-SSO, et al., (ESP I case), Opinion and Order (June 24, 2009).

{¶ 5} Thereafter, by Order issued on September 4, 2013, in this case, the Commission modified and approved DP&L's application for a second ESP (ESP II). Included in ESP II was a service stability rider (SSR) for DP&L's financial integrity. *In re The Dayton Power and Light Co.*, Case No. 12-426-EL-SSO, et al. (ESP II case), Opinion and Order (Sept. 4, 2013).

{¶ 6} On June 20, 2016, the Supreme Court of Ohio issued an opinion reversing the decision of the Commission approving ESP II and disposing of all pending appeals. *In re Application of Dayton Power & Light Co.*, ---Ohio St.3d---, 2016-Ohio-3490, ---N.E.3d---. Subsequently, on July 19, 2016, a mandate from the Supreme Court of Ohio was filed in this case requiring the Commission to modify its order or issue a new order.

{¶ 7} Thereafter, on July 27, 2016, DP&L filed a motion and memorandum in support to withdraw its application for an ESP in this matter. On August 11, 2016, memoranda contra the motion to withdraw its application for an ESP were filed by the Ohio Manufacturers' Association Energy Group (OMAEG), the Kroger Company (Kroger), the Ohio Consumers' Counsel (OCC), Industrial Energy Users - Ohio (IEU-Ohio), Ohio Partners for Affordable Energy and Edgemont Neighborhood Coalition (OPAE Edgemont), Ohio Energy Group (OEG), and the Retail Energy Supply Association (RESA).

In their memoranda contra, some parties combined arguments regarding DP&L's proposed tariffs to implement *ESP I* with arguments regarding DP&L's motion to withdraw *ESP II*. In this case, the Commission is only considering DP&L's motion to withdraw *ESP II*. Any arguments regarding DP&L's proposal to implement *ESP I* will be considered by the Commission in the *ESP I* case. On August 18, 2016, DP&L filed its reply to the memoranda contra regarding its motion to withdraw *ESP II*.

III. ARGUMENTS BY THE PARTIES

[¶ 8] Pursuant to R.C. 4928.143(C)(2)(a), "[i]f the Commission modifies and approves an application [for an electric security plan], the electric distribution utility may withdraw the application, thereby terminating it, and may file a new standard service offer under this section or a standard service offer under section 4928.142 of the Revised Code." DP&L filed a motion to withdraw its application for an ESP, thereby terminating *ESP II*, pursuant to R.C. 4928.143(C)(2)(a), arguing the Commission modified and approved *ESP II* when it authorized the ESP on September 4, 2013. Contemporaneous with its motion to withdraw *ESP II*, DP&L also filed a motion pursuant to R.C. 4928.143(C)(2)(b) to implement *ESP I*.

[¶ 9] DP&L asserts that even if it did not file a motion to withdraw *ESP II*, the Supreme Court of Ohio reversed *ESP II* in total, which effectively terminates its application for an ESP in this case. According to DP&L, the Supreme Court of Ohio reversed all aspects of *ESP II*. *In re Application of Dayton Power & Light Co.*, ---Ohio St.3d---, 2016-Ohio-3490, ---N.E.3d---. Therefore, the Commission should grant its motion to withdraw *ESP II*, thereby terminating it, and issue an order implementing *ESP I*. DP&L avers that continuing *ESP II* without the SSR would be inconsistent with the Supreme Court of Ohio's opinion and would make it very difficult for DP&L to continue to provide safe and reliable electric service. DP&L notes that recent actions by credit agencies demonstrate the possible adverse effects if DP&L does not receive adequate rate relief. DP&L argues that R.C. 4928.143(C)(2)(a) imposes no time limit on its right to withdraw an application for an ESP and, therefore, the Commission should grant its motion.

{¶ 10} OMAEG, Kroger, OCC, IEU-Ohio, OP&E Edgemont, OEG, and RESA argue that the Supreme Court of Ohio reversed just the SSR and not the entire *ESP II*. They assert the Supreme Court of Ohio's opinion reversed *ESP II* on the authority of *In re Application of Columbus S. Power Co.*, ---Ohio St.3d---, 2016-Ohio-1608, ---N.E.3d---, which means the scope of the Court's decision is limited by the Court's findings in *In re Application of Columbus S. Power Co.*, ---Ohio St.3d---, 2016-Ohio-1608, ---N.E.3d. The Supreme Court of Ohio found that financial integrity charges provide utilities with the equivalent of transition revenue in violation of R.C. 4928.38. Accordingly, the parties assert that the Commission should require *ESP II* to continue without the SSR.

{¶ 11} Additionally, OMAEG, Kroger, OCC, IEU-Ohio, OP&E Edgemont, OEG, and RESA argue that R.C. 4928.143(C)(2)(a) does not provide DP&L with authority to withdraw *ESP II* because the Commission did not modify *ESP II*, the Supreme Court of Ohio did. Therefore, under the plain language of the statute, DP&L cannot withdraw *ESP II*. Further, the parties argue it would be an unreasonable reading of the statute to find that it provides DP&L with an everlasting right to withdraw an ESP that was modified and approved by the Commission. The parties assert that a reasonable reading of R.C. 4928.143(C)(2)(a) is that the electric utility may withdraw a modified ESP within a reasonable period of time, or only while the ESP is pending prior to the approval of final tariffs. They argue it would be unreasonable in this case to allow DP&L to terminate *ESP II* after being effective for nearly three years.

IV. COMMISSION CONCLUSION

{¶ 12} The Commission finds that *ESP II* should be modified to remove the SSR, based upon the opinion of the Supreme Court of Ohio reversing the Commission's Order in this case. On June 20, 2016, the Supreme Court of Ohio reversed the Order of the Commission approving *ESP II*. Thereafter, on July 19, 2016, a mandate from the Supreme Court of Ohio was filed in this case requiring the Commission to modify its order or issue a new order. *In re Application of Dayton Power & Light Co.*, ---Ohio St.3d---, 2016-Ohio-3490, ---N.E.3d---. It is well established that, when the Supreme Court of Ohio reverses and

remands an order of the Commission, the reversal is not self-executing and the Commission must modify its order or issue a new order. *Cleveland Elec. Illuminating Co. v. Public Utilities Commission* (Ohio 1976) 46 Ohio St.2d 105, 346 N.E.2d 778, 75 O.O.2d 172. Accordingly, pursuant to the Court's reversal of our decision modifying and approving DP&L's proposed ESP II, the Commission hereby modifies its order authorizing ESP II in order to eliminate the SSR.

{¶ 13} Further, the Supreme Court of Ohio has established that when the Commission modifies an order approving an ESP, it effectively modifies the EDU's application for an ESP. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶29. R.C. 4928.143(C)(2)(a) provides that "[i]f the Commission modifies and approves an application [for an ESP], the electric distribution utility may withdraw the application, thereby terminating it, and may file a new standard service offer under this section or a standard service offer under section 4928.142 of the Revised Code." On July 26, 2016, DP&L filed a motion to withdraw its application for an ESP, terminating ESP II, pursuant to R.C. 4928.143(C)(2)(a).

{¶ 14} The Commission finds that, pursuant to R.C. 4928.143(C)(2)(a), we have no choice but to grant DP&L's motion and accept the withdrawal of ESP II. The Supreme Court of Ohio has held that "[i]f the Commission makes a modification to a proposed ESP that the utility is unwilling to accept, R.C. 4928.143(C)(2)(a) allows the utility to withdraw the ESP application." *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶24-30. DP&L filed its motion to withdraw ESP II after the Court issued its opinion in apparent anticipation that the Commission would modify its order or issue a new order. As noted above, the Court has held that "[p]ublic utilities are required to charge the rates and fees stated in the schedules filed with the commission pursuant to the commission's orders; that the schedule remains in effect until replaced by a further order of the commission; that this court's reversal and remand of an order of the commission does not change or replace the schedule as a matter of law, but is a mandate to the commission to issue a new order which replaces the reversed order; and that a rate schedule filed with

the commission remains in effect until the commission executes this court's mandate by an appropriate order." *Cleveland Elec. Illuminating Co.*, 46 Ohio St.2d at 116-117.

{¶ 15} In conclusion, the Commission grants DP&L's motion to withdraw its application for an ESP, thereby terminating *ESP II*. Accordingly, the Commission finds that this case should be dismissed.

V. ORDER

{¶ 16} It is, therefore,

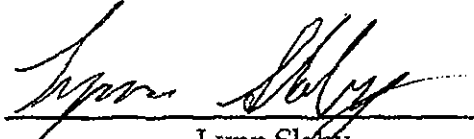
{¶ 17} ORDERED, That DP&L's motion to withdraw its application for an ESP, thereby terminating it, be granted. It is, further,

{¶ 18} ORDERED, That this case be dismissed. It is, further,

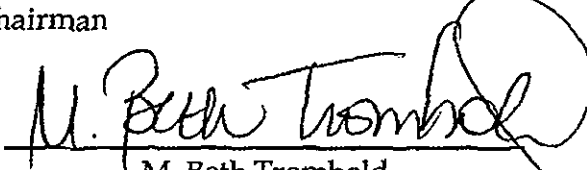
{¶ 19} ORDERED, That a copy of this Finding and Order be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

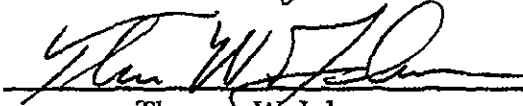
Asim Z. Haque, Chairman



Lynn Slaby



M. Beth Trombold

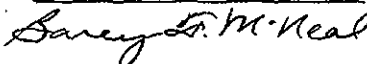


Thomas W. Johnson

M. Howard Petricoff

GAP/BAM/sc

Entered in the Journal AUG 26 2016



Barcy F. McNeal
Secretary

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH A STANDARD
SERVICE OFFER IN THE FORM OF AN
ELECTRIC SECURITY PLAN.

CASE NO. 12-426-EL-SSO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF REVISED
TARIFFS.

CASE NO. 12-427-EL-ATA

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF CERTAIN
ACCOUNTING AUTHORITY.

CASE NO. 12-428-EL-AAM

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR WAIVER OF CERTAIN
COMMISSION RULES.

CASE NO. 12-429-EL-WVR

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH TARIFF RIDERS.

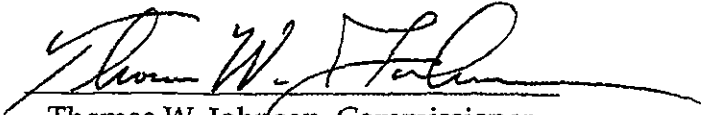
CASE NO. 12-672-EL-RDR

CONCURRING OPINION OF COMMISSIONER THOMAS W. JOHNSON

{¶ 1} The Commission's decision reaches the appropriate outcome in today's ruling, and does so in a manner that is well reasoned. I concur with its outcome. R.C. 4928.143(C)(2)(a)'s assertion that "[i]f the commission *modifies and approves* an application" for an ESP, the EDU "may withdraw the application, thereby terminating it" (emphasis added) has been the subject of many different interpretations by multiple intervenors. I merely wish to express one Commissioner's impression of this provision.

{¶ 2} While the Commission is not deciding today exactly when a modification triggers the right of an EDU to withdraw an ESP, I would like to express my belief that DP&L has had the right to withdraw their second ESP starting when it was originally

modified and approved. *In re The Dayton Power and Light Co.*, Case No. 12-426-EL-SSO, et al. I am not opining as to when this right to withdraw terminates. I merely express an opinion that this is a right created under the statute.


Thomas W. Johnson, Commissioner

TWJ/sc

Entered in the Journal

AUG 26 2016



Barcy F. McNeal
Secretary

EXHIBIT B

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH A STANDARD
SERVICE OFFER IN THE FORM OF AN
ELECTRIC SECURITY PLAN.**

CASE No. 12-426-EL-SSO

**IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF REVISED
TARIFFS.**

CASE No. 12-427-EL-ATA

**IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF CERTAIN
ACCOUNTING AUTHORITY.**

CASE No. 12-428-EL-AAM

**IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR WAIVER OF CERTAIN
COMMISSION RULES.**

CASE No. 12-429-EL-WVR

**IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH TARIFF RIDERS.**

CASE No. 12-672-EL-RDR

SIXTH ENTRY ON REHEARING

Entered in the Journal on October 12, 2016

I. SUMMARY

{¶ 1} The Commission grants the applications for rehearing for further consideration of the matters specified in the applications for rehearing.

II. DISCUSSION

{¶ 2} The Dayton Power and Light Company (DP&L) is a public utility as defined under R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} On August 26, 2016, the Commission issued an Order in this case granting DP&L's motion to withdraw its application for an ESP, thereby terminating it. The Commission then dismissed this case.

{¶ 4} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for rehearing with respect to any matters determined in that proceeding, by filing an application within 30 days after the entry of the order upon the journal of the Commission.

{¶ 5} On September 23, 2016, and on September 26, 2016, applications for rehearing were filed by Ohio Partners for Affordable Energy, the Edgemont Neighborhood Coalition, Industrial Energy Users - Ohio, Ohio Energy Group, the Ohio Manufacturers' Association Energy Group, the Kroger Company, and the Ohio Consumers' Counsel. Thereafter, on October 3, 2016, DP&L filed a memorandum contra to the applications for rehearing.

{¶ 6} The Commission finds that the applications for rehearing should be granted for the limited purpose of further consideration of the matters specified in the applications for rehearing. We find that sufficient reason has been set forth by the parties to warrant further consideration of the matters raised in the applications for rehearing.

III. ORDER

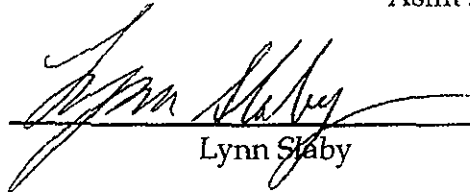
{¶ 7} It is, therefore,

{¶ 8} ORDERED, That the applications for rehearing be granted for further consideration of the matters specified in the applications for rehearing. It is, further,

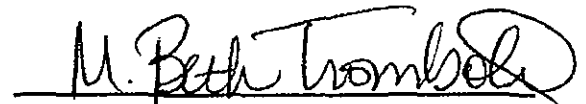
{¶ 9} ORDERED, That a copy of this Sixth Entry on Rehearing be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman



Lynn Slaby



M. Beth Trombold



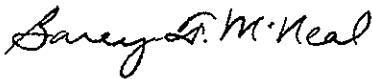
Thomas W. Johnson

M. Howard Petricoff

BAM/sc

Entered in the Journal

OCT 12 2018



Barcy F. McNeal
Secretary

EXHIBIT C

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH A STANDARD
SERVICE OFFER IN THE FORM OF AN
ELECTRIC SECURITY PLAN.

CASE NO. 12-426-EL-SSO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF REVISED
TARIFFS.

CASE NO. 12-427-EL-ATA

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR APPROVAL OF CERTAIN
ACCOUNTING AUTHORITY.

CASE NO. 12-428-EL-AAM

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR WAIVER OF CERTAIN
COMMISSION RULES.

CASE NO. 12-429-EL-WVR

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO ESTABLISH TARIFF RIDERS.

CASE NO. 12-672-EL-RDR

SEVENTH ENTRY ON REHEARING

Entered in the Journal on December 14, 2016

I. SUMMARY

{¶ 1} The Commission finds that the assignments of error raised in the applications for rehearing lack merit. Accordingly, the Commission denies the applications for rehearing.

II. PROCEDURAL HISTORY

{¶ 2} The Dayton Power and Light Company (DP&L) is a public utility as defined under R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility (EDU) shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service to customers, including a firm supply of electric generation service. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} By Order issued on September 4, 2013, in this case, the Commission modified and approved DP&L's application for its second ESP (*ESP II*). Included as a term of *ESP II* was a service stability rider (SSR) for DP&L's financial integrity.

{¶ 5} On June 20, 2016, the Supreme Court of Ohio issued an opinion reversing the Commission's decision approving *ESP II* and disposing of all pending appeals. *In re Application of Dayton Power & Light Co.*, ___Ohio St.3d___, 2016-Ohio-3490, ___N.E.3d___. Subsequently, on July 19, 2016, the mandate issued by the Supreme Court of Ohio was filed in this case.

{¶ 6} On July 27, 2016, DP&L filed a motion and memorandum in support to withdraw its application for *ESP II*. Thereafter, on August 11, 2016, memoranda contra to DP&L's motion to withdraw *ESP II* were filed by the Ohio Manufacturers' Association Energy Group (OMAEG), the Kroger Company (Kroger), the Ohio Consumers' Counsel (OCC), Industrial Energy Users - Ohio (IEU-Ohio), Ohio Partners for Affordable Energy and Edgemont Neighborhood Coalition (OPAE/Edgemont), Ohio Energy Group (OEG), and the Retail Energy Supply Association (RESA).

{¶ 7} By Order issued on August 26, 2016, the Commission granted DP&L's application to withdraw *ESP II*, thereby terminating it, pursuant to R.C. 4928.143(C)(2)(a). The Commission then dismissed this case.

{¶ 8} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for rehearing with respect to any matters determined in that proceeding, by filing an application within 30 days after the entry of the order upon the journal of the Commission.

{¶ 9} On September 23 and 26, 2016, applications for rehearing were filed by OP&E/Edgemont, IEU-Ohio, OEG, OMAEG, Kroger, and OCC. Thereafter, on October 3 and 6, 2016, DP&L filed memoranda contra to the applications for rehearing.

{¶ 10} By Entry issued on October 12, 2016, the Commission granted rehearing for the limited purpose of further consideration of the matters raised in the applications for rehearing. The Commission found that sufficient reason was set forth by the parties to warrant further consideration of the matters raised in the applications for rehearing.

{¶ 11} However, on November 14, 2016, OCC filed an application for rehearing regarding the Commission's granting of rehearing for the limited purpose of further consideration of the matters specified in the applications for rehearing. On November 25, 2016, DP&L filed its memorandum contra to OCC's application for rehearing.

III. DISCUSSION

A. *Assignment of Error 1*

{¶ 12} OMAEG, Kroger, and OEG argue the Commission's order was unjust and unreasonable because the Commission found that the Supreme Court of Ohio reversed in total the Commission's order authorizing *ESP II*. OMAEG, Kroger, and OEG each argue the Commission erred when it found the Court reversed *ESP II* in total. They assert the Supreme Court of Ohio only reversed the SSR, but not the remaining provisions, terms, and conditions of *ESP II*.

{¶ 13} DP&L responds by arguing that the Supreme Court of Ohio fully reversed *ESP II*. DP&L argues the Court could have reversed in part or modified the Commission's

order authorizing *ESP II* but did not. Further, the Court could have identified that it found just the SSR to be unlawful or unreasonable, but it did not. DP&L argues the parties' assertion that the Court's decision was limited just to the SSR or transition costs is plainly false. The Court's opinion does not instruct the Commission to excise the SSR from DP&L's tariff sheets and does not order rates to be lowered. Regardless, DP&L notes that the Commission specifically modified *ESP II* to eliminate the SSR, and that pursuant to R.C. 4928.143(C)(2)(a), the Commission's modification of *ESP II* to eliminate the SSR provided DP&L with the right to withdraw and terminate *ESP II*. However, DP&L asserts that it has maintained the unilateral right to withdraw *ESP II* at any time since the Commission's modification and approval of *ESP II* on September 4, 2013.

CONCLUSION

{¶ 14} The Commission finds that the parties' assignment of error lacks merit. The Commission recognized that the Supreme Court of Ohio's opinion was not self-executing and required the Commission to modify its order or issue a new order. Order at 5, citing *Cleveland Elec. Illuminating Co. v. Public Utilities Commission* (Ohio 1976) 46 Ohio St.2d 105, 346 N.E.2d 778, 75 O.O.2d 172 at 116-117 ("* * * this court's reversal and remand of an order of the commission does not change or replace the schedule as a matter of law, but is a mandate to the commission to issue a new order which replaces the reversed order; and a rate schedule filed with the commission remains in effect until the commission executes this court's mandate by an appropriate order."). Therefore, pursuant to the Supreme Court's mandate, the Commission modified "its order authorizing *ESP II* in order to eliminate the SSR." Finding and Order (Aug. 26, 2016) at 5. Having modified *ESP II*, as ordered by the Court, the Commission acknowledged and granted DP&L's previously-filed application to withdraw *ESP II*, pursuant to R.C. 4928.143(C)(2)(a).

{¶ 15} As the Supreme Court of Ohio has held, "[i]f the Commission makes a modification to a proposed ESP that the utility is unwilling to accept, R.C. 4928.143(C)(2)(a) allows the utility to withdraw the ESP application." *In re Application of*

Ohio Power Co., 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶24-30. Further, the Court has made it clear that, when the Commission modifies an order approving an ESP, the Commission effectively modifies the EDU's application for an ESP. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶29. Any modification, whether in part or in total, of an application for an ESP triggers the utility's right to withdraw the application, thereby terminating it, pursuant to R.C. 4928.143(C)(2)(a). Therefore, whether the Court reversed just the SSR or the ESP in total is moot, as in either instance, the Commission was required to modify its Order approving ESP II, which then provided DP&L the right to withdraw ESP II, pursuant R.C. 4928.143(C)(2)(a), even if such right did not already exist.

B. Assignment of Error 2

¶16 OEG, OPAE/Edgemont, OMAEG, Kroger, OCC, and IEU-Ohio argue the Commission's Order is unjust or unreasonable because the Commission allowed DP&L to withdraw its application for ESP II in violation of R.C. 4928.143(C)(2)(a). The parties aver that while the Commission was mandated to terminate the billing and collection of the SSR, the Commission erred when it apparently found that R.C. 4928.143(C)(2)(a) required the Commission to grant DP&L's withdrawal of ESP II upon elimination of the SSR. IEU-Ohio argues that because the Court's decision required the Commission to issue an order terminating the billing and collection of the SSR, the Commission order terminating the SSR is ministerial only. "A ministerial act may be defined to be one which a person performs in a given state of facts in a prescribed manner in obedience to the mandate of legal authority without regard to the exercise of his own judgment upon the propriety of the act being done." *State ex. rel. Trauger v. Nash*, 66 Ohio St. 612, 618 (1902). Further, "a ministerial duty is an absolute, certain and imperative duty imposed by law upon a public officer involving merely execution of a specific duty arising from fixed and designated facts." *State v. Moretti*, 1974 Ohio App. Lexis 3838 at *8 (10th Dist. Ct. App., Apr. 9, 1974).

{¶ 17} OCC argues the General Assembly intended for R.C. 4928.143(C)(2)(a) to allow a utility to withdraw and terminate an ESP within a relatively short period of time after implementing the ESP. OCC asserts that withdrawal of an ESP after 32 months is inconsistent with the law and the General Assembly's intent. OCC then argues the Commission violated R.C. 4928.143(C)(2)(b) by replacing the SSR with a charge that similarly allows the unlawful recovery of the equivalent of transition revenues.

{¶ 18} OMAEG, Kroger, and OP&E/Edgemont argue the Commission erred by impermissibly treating a Court-ordered reversal of a provision of *ESP II* as having the same effect as a Commission-ordered modification to the ESP. They argue that under R.C. 4928.143(C)(2)(a), the utility may terminate and withdraw its ESP only "[i]f the Commission modifies and approves an application" for an ESP (emphasis added). They assert the statute does not grant the utility the right to terminate and withdraw an ESP in response to a modification made by the Supreme Court of Ohio. Additionally, OMAEG and Kroger argue the Commission erred in finding that a utility retains an everlasting right to terminate an ESP. They assert the utility's right to withdraw and terminate an ESP ends upon the filing of tariffs.

{¶ 19} OMAEG, Kroger, and OP&E/Edgemont then aver the outcome of the Commission's determination in this case is to dilute the potency of the direct right of appeal granted by R.C. 4903.13, and has effectively allowed DP&L to override the Court's ruling by moving to withdraw and terminate *ESP II*.

{¶ 20} OEG argues that R.C. 4928.143(C)(2)(a) provides the utility with a right to withdraw an ESP only when a proposed ESP is modified by the Commission. OEG asserts the ESP in this case was not an *application* for an ESP, but a final and fully implemented ESP. Much like OCC, OEG argues the right to withdraw an ESP does not extend indefinitely, but OEG's argument rests on the premise that once the ESP is implemented, it is no longer an "application under division (C)(1) [for an ESP]" as contemplated in R.C. 4928.143(C)(2)(a).

{¶ 21} DP&L argues the Commission's decision to allow DP&L to withdraw *ESP II* is both mandated by law and necessary to allow DP&L to maintain its financial integrity so that it can continue to provide safe and reliable electric service. DP&L asserts the Commission correctly held that R.C. 4928.143(C)(2)(a) establishes DP&L's right to withdraw and terminate *ESP II*. R.C. 4928.143(C)(2)(a) is clear, if the Commission modifies and approves an application for an ESP, the utility may withdraw the application, thereby terminating the ESP. Additionally, DP&L avers the Court has long held that if the Commission makes a modification to an ESP, R.C. 4928.143(C)(2)(a) allows the utility to withdraw the ESP. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056, 40 N.E.3d 1060, ¶26.

{¶ 22} Further, DP&L argues that R.C. 4928.143(C)(2)(a) contains no limit on the utility's right to withdraw its application for an ESP. DP&L asserts that, although it sought to withdraw its application after the Court's ruling to reverse the Commission's decision to approve *ESP II*, there is no material difference whether the Commission modifies an ESP in the first instance, or after rehearing, or following reversal by the Supreme Court of Ohio. In each instance, DP&L argues, the utility may withdraw the ESP.

CONCLUSION

{¶ 23} The Commission finds that rehearing on this assignment of error should be denied. As we noted above, the Supreme Court of Ohio's opinion was not self-executing and required the Commission to modify its order or issue a new order. *Cleveland Elec. Illuminating Co. v. Public Utilities Commission* (Ohio 1976) 46 Ohio St.2d 105, 346 N.E.2d 778, 75 O.O.2d 172 at 116-117 ("* * * this court's reversal and remand of an order of the commission does not change or replace the schedule as a matter of law, but is a mandate to the commission to issue a new order which replaces the reversed order; and a rate schedule filed with the commission remains in effect until the commission executes this court's mandate by an appropriate order."). We are not persuaded, however, that the

Commission consideration of any matter on remand is simply a ministerial act, and IEU-Ohio has cited no precedent in support of this claim. In fact, in many cases, the Commission takes additional comments or holds additional hearings on remand. The Commission modified its Order approving *ESP II* to eliminate the SSR, as ordered by the Court. Because the Commission made a modification to the ESP, the plain language of R.C. 4928.143(C)(2)(a) allows DP&L to withdraw and terminate *ESP II*. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶24-30. Accordingly, pursuant to R.C. 4928.143(C)(2)(a), the Commission granted DP&L's application to withdraw and terminate *ESP II*.

{¶ 24} Further, regarding OEG's argument that the Commission modified DP&L's fully implemented ESP, not its *application* for an ESP, the Court has held that when the Commission modifies an order approving an ESP, it effectively modifies the utility's application for an ESP. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶29. By modifying its Order approving *ESP II*, the Commission modified DP&L's application for the ESP, thereby triggering the provisions of R.C. 4928.143(C)(2)(a).

{¶ 25} Additionally, regarding OCC's argument that the General Assembly intended for R.C. 4928.143(C)(2)(a) to allow a utility to withdraw and terminate an ESP only within a relatively short period of time, we note that the Supreme Court of Ohio has stated that it would "not weigh in on whether [the utility] could collect ESP rates for some period of time and then withdraw the plan." *In re Application of Columbus S. Power Co.*, 128 Ohio St.3d 512 (2011). The Court was referring to whether the utility has an indefinite right to withdraw an ESP after the Commission issues its initial Order modifying and approving an ESP. In the present case, the Commission modified *ESP II* by Order issued on August 26, 2016, and then granted the withdrawal in the same Order. Therefore, like the Supreme Court of Ohio, the Commission does not need to weigh in on whether DP&L could collect the ESP for some period of time and then withdraw it, because that issue is

not present here. In this case, *ESP II* was effectively withdrawn immediately upon the Commission's August 26, 2016 modification of *ESP II*.

C. Assignment of Error 3

{¶ 26} OCC and IEU-Ohio argue the Commission's Order granting DP&L's withdrawal and termination of *ESP II* violated R.C. 4903.09 for failing to set forth the reasons prompting the decision arrived at. IEU-Ohio asserts it sought a Commission order initiating a proceeding to determine the amount that DP&L billed and collected under the SSR and to establish future rate reductions to return the collected amount to customers. OCC and IEU-Ohio assert the Commission's Order was unlawful and unreasonable for both failing to address their argument and for failing to initiate such a proceeding.

{¶ 27} DP&L argues the Commission's Order authorizing DP&L to withdraw and terminate its *ESP II* application was consistent with and required by R.C. 4928.143(C)(2)(a). DP&L asserts the Commission followed the plain language and meaning of R.C. 4928.143(C)(2)(a). The Commission fully explained its reasoning, therefore, DP&L argues, rehearing should be denied.

CONCLUSION

{¶ 28} The Commission finds that the arguments raised by OCC and IEU-Ohio lack merit. Pursuant to R.C. 4928.143(C)(2)(a), if the Commission modifies an ESP, the utility may withdraw the ESP, thereby terminating it. OCC and IEU-Ohio cite to no other conditions or qualifications contained in the Revised Code that the utility must satisfy for it to withdraw an ESP. In this case, the Court issued an opinion requiring the Commission to modify its order or issue a new order. *Cleveland Elec. Illuminating Co. v. Public Utilities Commission* (Ohio 1976) 46 Ohio St.2d 105, 346 N.E.2d 778, 75 O.O.2d 172 at 116-117. The Commission modified its Order, which provided DP&L the right under R.C. 4928.143(C)(2)(a) to withdraw *ESP II*. DP&L exercised its right and filed a notice of

withdrawal of *ESP II*, which became effective immediately upon the Commission's August 26, 2016 Order modifying the SSR. Therefore, the SSR, which was not reconcilable, was terminated along with the rest of *ESP II*.

{¶ 29} Further, IEU-Ohio's previous request for a proceeding to determine the amount that DP&L billed and collected under the SSR, and to establish future rate reductions to return the collected amount to customers, is moot. The Commission cannot make a prospective adjustment to the SSR to return previously collected revenues to customers because the SSR has been terminated and no longer exists. Accordingly, rehearing on this assignment of error should be denied.

D. Assignment of Error 4

{¶ 30} OEG and IEU-Ohio argue the Commission's Order is unjust and unreasonable because it failed to require DP&L to refund all SSR charges paid by customers to DP&L from the time the SSR was initially approved by the Commission. IEU-Ohio asserts that the Court's opinion in *Keco* does not bind the Commission from initiating a proceeding to refund amounts collected under the SSR to customers. Further, if the Commission finds that its prior decisions extending *Keco* preclude such relief, the Commission or the Supreme Court of Ohio should overrule the cases extending *Keco* to Commission decisions. *Keco Industries v. Cincinnati and Suburban Telephone Co.*, 166 Ohio St. 254 (1957); *Lucas County Commissioners v. Public Utilities Commission of Ohio*, 80 Ohio St.3d 344 (1997).

{¶ 31} Further, IEU-Ohio notes the Supreme Court of Ohio reversed *ESP II* on the authority of *In re Application of Columbus S. Power. Co.*, ___ Ohio St.3d ___, 2016-Ohio-1608, ___ N.E.3d ___" (*Columbus Southern*). Therefore, the Commission must look to *Columbus Southern* to guide the Commission's actions following the Court's reversal of the SSR. In *Columbus Southern*, the Court directed the Commission on remand to make prospective adjustments to AEP-Ohio's balance of deferred capacity charges to account

for the revenue AEP-Ohio unlawfully collected under the rider. *Columbus Southern* at ¶39-40. Therefore, IEU-Ohio argues the Commission must initiate a proceeding to account for the effects of the SSR and adjust rates accordingly. Such a proceeding, IEU-Ohio argues, would not violate *Keco*.

{¶ 32} Further, IEU-Ohio argues this case is distinguishable from *Keco* in two respects. First, *Keco* was limited to whether a general division court had the authority to order restitution of rates the Court found to be unlawful. Second, in *Keco* the plaintiff was seeking restitution. IEU-Ohio asserts the Commission could authorize prospective relief to reduce future rates to eliminate the effect of the SSR, which would not violate *Keco* or frustrate the precedent prohibiting retroactive ratemaking. Additionally, even if the Commission determines that *Keco* prohibits a proceeding to make prospective adjustments to reduce DP&L's rates to account for the revenue collected under the SSR, the Commission or the Supreme Court of Ohio should overrule those decisions and initiate such a proceeding.

CONCLUSION

{¶ 33} The Commission finds the arguments raised by IEU-Ohio lack merit and the application for rehearing should be denied. In the first instance, the arguments are moot, as DP&L withdrew and terminated the SSR along with the rest of *ESP II*. In the second instance, IEU-Ohio's request would violate long-held precedent established in *Keco* and *Lucas County* prohibiting retroactive ratemaking. *Keco Industries v. Cincinnati and Suburban Telephone Co.*, 166 Ohio St. 254 (1957); *Lucas County Commissioners v. Public Utilities Commission of Ohio*, 80 Ohio St.3d 344 (1997).

{¶ 34} The issue is moot because DP&L withdrew and terminated the SSR along with the rest of *ESP II*. As noted above, R.C. 4928.143(C)(2)(a) provides that if the Commission modifies and approves an application for an ESP, the utility may withdraw its application, thereby terminating the ESP. In this case, the Commission modified its

order approving *ESP II* on remand from the Court. DP&L exercised its right and withdrew *ESP II*, which was effective immediately upon the Commission's Order modifying *ESP II*. The termination of *ESP II* includes the terms, conditions, and charges included in *ESP II*. The SSR was a term of *ESP II* and was terminated along with it. The facts in this case are different from AEP Ohio's rate stability rider (RSR) addressed by the Court in *Columbus Southern*. In *Columbus Southern*, the Court remanded the matter to the Commission to properly adjust the RSR, which was intended to be reconcilable and to extend past the term of AEP Ohio's second ESP, on a going forward basis to account for the Court's opinion. *Columbus Southern* at *7, ¶33, ("AEP will recover its costs in the following manner: * * * collecting any remaining balance of the deferred costs (plus carrying charges) after the ESP period ends."). However, in the present case, the Commission cannot adjust the SSR on a going forward basis because DP&L withdrew and terminated it along with the rest of *ESP II*. There are no prospective rates to adjust because the SSR was terminated. Further, the relief requested by IEU-Ohio would violate the Court's and this Commission's long-held precedent in *Keco* and *Lucas County* prohibiting retroactive ratemaking.

E. *Assignment of Error 5*

{¶ 35} OCC argues in its November 14, 2016, application for rehearing that the Commission erred by not granting and holding rehearing on the matters specified in OCC's previous application for rehearing. OCC asserts that the errors in the Commission's Order, for which OCC filed its previous application for rehearing, were clear and the Commission should have granted rehearing. Further, OCC argues the Commission failed to fulfill its duty to hear matters pending before it without unreasonable delay and with due regard to the rights and interests of all litigants before it. OCC asserts the Commission's Entry on Rehearing permits the Commission to evade a timely review and reconsideration of its order by the Ohio Supreme Court and

precludes parties from exercising their rights to appeal, which is a right established, *inter alia*, under R.C. 4903.10, 4903.11, and 4903.13

{¶ 36} DP&L asserts that the Commission has a longstanding practice of granting applications for rehearing for further consideration, which allows the Commission to review the myriad of complex issues facing Ohio's diverse public utilities. DP&L argues that this practice is not only consistent with R.C. 4903.10, but has been expressly permitted by the Supreme Court of Ohio. *State ex rel. Consumers' Counsel v. Pub. Util. Comm.*, 102 Ohio St.3d 301, 2004-Ohio-2894, 809 N.E.2d 1146, ¶19. DP&L avers that it was lawful and reasonable for the Commission to take additional time to consider the issues raised in the many applications for rehearing filed in this case.

CONCLUSION

{¶ 37} The Commission finds that this assignment of error is moot and that rehearing should be denied. As set forth above, the Commission has fully considered the assignments of error raised by OCC in its September 26, 2016 application for rehearing. As we discussed above, OCC's assignments of error lack merit and we have denied rehearing on those assignments of error. Further, we note that DP&L has ceased collecting charges under the SSR pursuant to our August 26, 2016 Finding and Order terminating ESP II. Accordingly, OCC has not demonstrated any prejudice or undue delay as the result of our October 12, 2016 Entry on Rehearing in this proceeding.

IV. ORDER

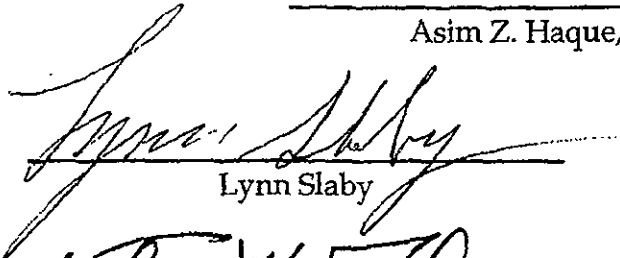
{¶ 38} It is, therefore,

{¶ 39} ORDERED, That the applications for rehearing be denied. It is, further,

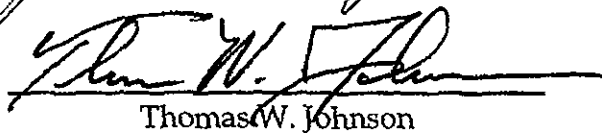
{¶ 40} ORDERED, That a copy of this Entry on Rehearing be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Asim Z. Haque, Chairman


Lynn Slaby


M. Beth Trombold

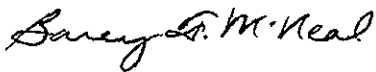

Thomas W. Johnson

M. Howard Petricoff

BAM/sc

Entered in the Journal

DEC 14 2016


Barcy F. McNeal

Barcy F. McNeal
Secretary

EXHIBIT D

BOEHM, KURTZ & LOWRY

ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255
TELECOPIER (513) 421-2764

VIA E-FILE

September 26, 2016

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

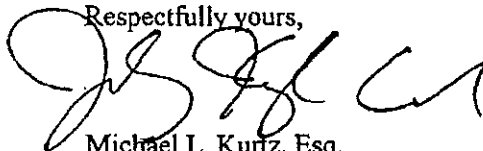
In Re: Case Nos. 08-1094-EL-SSO, 08-1095-EL-ATA, 08-1096-EL-AAM, 08-1097-EL-UNC, 12-426-EL-SSO, 12-427-EL-ATA, 12-428-EL-AAM, 12-429-EL-WVR, and 12-672-EL-RDR

Dear Sir/Madam:

Please find attached the APPLICATION FOR REHEARING AND MEMORANDUM IN SUPPORT OF THE OHIO ENERGY GROUP for filing in the above-referenced matters.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY

MLK:kew

Cc: Certificate of Service

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan.	:	Case No. 08-1094-EL-SSO
	:	
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.	:	Case No. 08-1095-EL-ATA
	:	
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority Pursuant to Ohio Rev. Code § 4905.13.	:	Case No. 08-1096-EL-AAM
	:	
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Amended Corporate Separation Plan.	:	Case No. 08-1097-EL-UNC
	:	
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Its Electric Security Plan.	:	Case No. 12-426-EL-SSO
	:	
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Revised Tariffs.	:	Case No. 12-427-EL-ATA
	:	
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Certain Accounting Authority.	:	Case No. 12-428-EL-AAM
	:	
	:	
In the Matter of the Application of Dayton Power And Light Company For Waiver of Certain Commission Rules.	:	Case No. 12-429-EL-WVR
	:	
	:	
In the Matter of the Application of Dayton Power And Light Company to Establish Tariff Riders.	:	Case No. 12-672-EL-RDR
	:	

APPLICATION FOR REHEARING OF THE OHIO ENERGY GROUP

Pursuant to R.C. 4903.10 and Ohio Adm. Code 4901-1-35, the Ohio Energy Group ("OEG") submits this Application for Rehearing of the Finding and Orders ("Orders") issued by the Public Utilities Commission of Ohio ("Commission") in the above-captioned dockets on August 26, 2016. OEG submits that the Orders are unlawful and unreasonable because:

- 1) The Commission erred by finding that the Supreme Court of Ohio ("Court") reversed the Commission's entire decision with respect to The Dayton Power and Light Company's ("DP&L" or "Company") 2016 Electric Security Plan ("ESP").
- 2) The Commission erred by allowing DP&L to withdraw its 2016 ESP in violation of R.C. 4928.143(C)(2)(a).
- 3) The Commission misapplied R.C. 4928.143(C)(2)(b) by selectively retaining elements of DP&L's 2016 ESP.
- 4) The Commission erred by failing to address OEG's request for a refund of the unlawful transition revenues collected by DP&L through the Service Stability Rider ("SSR") since that rider's inception.

A memorandum in support of this Application for Rehearing is attached.

Respectfully submitted,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-Mail: Dboehm@BKLawfirm.com

Mkurtz@BKLawfirm.com

Jkylercohn@BKLawfirm.com

September 26, 2016

COUNSEL FOR OHIO ENERGY GROUP

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan.	:	Case No. 08-1094-EL-SSO
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.	:	Case No. 08-1095-EL-ATA
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority Pursuant to Ohio Rev. Code § 4905.13.	:	Case No. 08-1096-EL-AAM
	:	
In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Amended Corporate Separation Plan.	:	Case No. 08-1097-EL-UNC
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Its Electric Security Plan.	:	Case No. 12-426-EL-SSO
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Revised Tariffs.	:	Case No. 12-427-EL-ATA
	:	
In the Matter of the Application of Dayton Power And Light Company For Approval of Certain Accounting Authority.	:	Case No. 12-428-EL-AAM
	:	
In the Matter of the Application of Dayton Power And Light Company For Waiver of Certain Commission Rules.	:	Case No. 12-429-EL-WVR
	:	
In the Matter of the Application of Dayton Power And Light Company to Establish Tariff Riders.	:	Case No. 12-672-EL-RDR
	:	

MEMORANDUM IN SUPPORT

I. The Commission Erred By Finding That The Supreme Court Of Ohio Reversed The Commission's Entire Decision With Respect To DP&L's 2016 Electric Security Plan.

Contrary to the Commission's interpretation, the Court did not reverse the entire Opinion and Order approving the DP&L's 2016 ESP.¹ In addressing the limited legal challenges to DP&L's 2016

¹ Finding and Order, Case Nos. 12-426-EL-SSO *et al* ("2012 Case Order") at 4 (citing *In re Application of Dayton Power & Light Co.*, Slip Opinion No. 2016-Ohio-3490 (June 20, 2016)).

ESP, the Court was concise, stating: “[t]he decision of the Public Utilities Commission is reversed on the authority of *In re Application of Columbus S. Power Co....2016- Ohio-1608...*”² Hence, the scope of the Court’s decision with respect to DP&L’s 2016 ESP was limited by its findings in the *Columbus S. Power Co.* case (the “AEP Ohio ESP Appeal”).

The vast majority of the Court’s decision in the AEP Ohio ESP Appeal was dedicated to addressing Ohio Power Company’s (“AEP Ohio”) “*financial integrity*” charge – the Retail Stability Rider (“RSR”).³ The Court found that a “*financial integrity*” charge such as the RSR provided the utility with “*the equivalent of transition revenue*” in violation of R.C. 4928.38.⁴ The Court reversed and remanded the part of the Commission’s decision approving the RSR, ordering the Commission to determine the amount of unlawful “*transition revenue*” that AEP Ohio had collected from customers through the RSR and to refund that amount to customers on remand through an offset to its current RSR charge.⁵ The only other part of the AEP Ohio’s ESP reversed and remanded to the Commission concerned the utility’s significantly excessive earnings test threshold.⁶ Aside from those two components reversed by the Court, the remainder of the AEP Ohio’s ESP stayed intact.

Given the limited scope of the Court’s decision in the AEP Ohio ESP Appeal, the Court’s citation to that case as the sole basis for its decision on DP&L’s 2016 ESP can have only one meaning: that DP&L’s SSR, which is a “*financial integrity*” charge equivalent to AEP Ohio’s RSR, similarly provides DP&L with unlawful transition revenue and is therefore barred by R.C. 4928.38. But no aspect of the Court’s limited AEP Ohio ESP Appeal decision provides a rationale upon which to reverse all of the non-SSR components of DP&L’s 2016 ESP. For example, in DP&L’s 2016 ESP, the Commission approved a competitive bidding process and master supply agreement,⁷ changes to the Alternative

² Id. (emphasis added).

³ *In re Application of Columbus S. Power Co.*, Slip Opinion No. 2016-Ohio-1608.

⁴ Id. at ¶25.

⁵ Id. at ¶40.

⁶ Id. at ¶66.

⁷ Opinion and Order, Case Nos. 12-426-EL-SSO *et al* (September 4, 2013) at 16.

Energy rider true-up process,⁸ Reconciliation Riders,⁹ bifurcation of the Transmission Cost Recovery Rider,¹⁰ competitive retail enhancements,¹¹ and an Economic Development Fund.¹² Nowhere in the AEP Ohio ESP Appeal is there language that could reasonably be interpreted as reversing these components of DP&L's 2016 ESP. Consequently, the Commission's finding that the *entire* 2016 ESP Order was reversed on the basis of the AEP Ohio ESP Appeal is unfounded.

II. The Commission Erred By Allowing DP&L To Withdraw Its 2016 ESP In Violation of R.C. 4928.143(C)(2)(a).

The Commission misapplied R.C. 4928.143(C)(2)(a) when it allowed DP&L to withdraw the Electric Security Plan initially approved in Case Nos. 12-426-EL-SSO *et al* (the "2016 ESP") and to reinstate most of the ESP approved in Case Nos. 08-1094-EL-SSO *et. al* (the "2008 ESP") in its place.¹³ R.C. 4928.143(C)(2)(a) provides:

*If the commission modifies and approves an application under division (C)(1) of this section, the electric distribution utility may withdraw the application, thereby terminating it, and may file a new standard service offer under this section or a standard service offer under section 4928.142 of the Revised Code.*¹⁴

The right of a utility to withdraw an ESP under R.C. 4928.143(C)(2)(a) is intended to address circumstances under which a *proposed* ESP application is modified by the *Commission*.

Here, the circumstances at issue were vastly different than those envisioned by the Legislature in enacting R.C. 4928.143(C)(2)(a). DP&L's 2016 ESP was not merely a proposal. Rather, that ESP was the result of a final, appealable Commission order, as the Company itself conceded.¹⁵ And the Commission did not *voluntarily* modify DP&L's 2016 ESP. Rather, the only modifications required –

⁸ Id. at 31.

⁹ Id. at 35.

¹⁰ Id. at 36.

¹¹ Id. at 38.

¹² Id. at 42.

¹³ 2012 Case Order at 4-6; Finding and Order, Case Nos. 08-1094-LE-SSO *et al* at ("2008 Case Order") at 7-11.

¹⁴ Emphasis added.

¹⁵ Fifth Entry on Rehearing, Case Nos. 12-426-EL-SSO *et al* (July 23, 2014); Notice of Cross-Appeal of the Dayton Power and Light Company (September 19, 2014) at 2 ("*Consequently, the Commission's ESP Orders are now final and appealable.*").

immediate cessation of the SSR during the 2016 ESP period and a refund of previously collected SSR charges - were entirely the result of the Court's mandate and therefore involuntary on the part of the Commission. Accordingly, given that DP&L's requests strayed far from the situation contemplated by the plain language R.C. 4928.143(C)(2)(a), that statute was not a basis upon which to approval withdrawal of its 2016 ESP.

A utility's statutory right to withdraw an ESP does not extend indefinitely. That right does not apply when the utility accepts a Commission-modified ESP by allowing that ESP to go into effect and then the Commission's final order is later modified by the Court. The law gives the utility a limited "veto" right over Commission modifications of a proposed application; it does not give the utility a "veto" right over decisions of the Court.

Once the 2016 ESP was subject to a final, appealable Commission order and DP&L allowed the ESP to go into effect, the Company could no longer invoke R.C. 4928.143(C)(2)(a) to withdraw that ESP. Allowing the Company to do so undermines the statutory appellate process provided for under R.C. 4903.13. The utility's statutory right to withdraw a proposed ESP must be read in concert with the other parties' statutory right to appeal a final Commission order and to receive the full relief ultimately provided by the Court. *"All statutes relating to the same general subject matter must be read in pari material, and in construing these statutes in pari material, this court must give them a reasonable construction so as to give proper force and effect to each and all of the statutes."*¹⁶ The best way to harmonize those two statutes is to bar a utility from invoking R.C. 4928.143(C)(2)(a) after the date upon which the Commission issues a final appealable order on the utility's proposed ESP and the utility has accepted the Commission's modifications by allowing the ESP to go into effect.

In 2015, the Court stated that *"[i]f the commission makes a modification to a proposed ESP that the utility is unwilling to accept, R.C. 4928.143(C)(2)(a) allows the utility to withdraw the ESP*

¹⁶ *State ex rel. Herman v. Klopffleisch*, 72 Ohio St. 3d 581, 585, 651 N.E.2d 995, 998 (1995) (citing *United Tel. Co. v. Limbach* (1994), 71 Ohio St.3d 369, 372, 643 N.E.2d 1129, 1131).

application.”¹⁷ But the Court has never stated that a utility is entitled to thwart the Court’s appellate mandate by withdrawing its ESP after receiving an unfavorable decision from the Court.

Approving DP&L’s requests renders the appellate process ineffective and puts this Commission on a collision course with the Court. Reinstatement of most of DP&L’s 2008 ESP simply replaces one unlawful “*financial integrity*” charge (the SSR) with another (the Rate Stabilization Charge included in DP&L’s 2008 ESP). The cursory nature of the Court’s remand order seems to demonstrate a certain amount of frustration with the Commission’s recent handling of ESP matters. That frustration will only grow if the Court is effectively ignored in this instance. Approving DP&L’s attempted end-run around the Court’s recent decision substantially harms customers by forcing them to continue to pay unlawful transition revenues in direct contravention of the Court’s mandate, unjustly enriching DP&L’s corporate parent, Virginia-based AES.

III. The Commission Misapplied R.C. 4928.143(C)(2)(b) By Selectively Retaining Elements of DP&L’s 2016 ESP.

While the Commission invoked R.C. 4928.143(C)(2)(b) to reinstate most of DP&L’s 2008 ESP, the Commission did not restore every aspect of that ESP as directed by the statute. Instead, the Commission established a new hybrid ESP, which deviated, at a minimum, from DP&L’s 2008 ESP by: 1) allowing DP&L to recover competitive bid process energy and capacity costs through base generation rates and setting the fuel rider to zero, excluding amount being reconciled from prior periods; and 2) retaining the Company’s current transmission cost recovery riders.¹⁸ The Commission’s decision misapplied R.C. 4928.143(C)(2)(b). The latter statute provides:

If the utility terminates an application pursuant to division (C)(2)(a) of this section or if the commission disapproves an application under division (C)(1) of this section, the commission shall issue such order as is necessary to continue the provisions, terms, and conditions of the utility's most recent standard service offer, along with any expected

¹⁷ *In re Application of Ohio Power Co.*, 144 Ohio St. 3d 1, 2015-Ohio-2056 at ¶26 (emphasis added).

¹⁸ 2008 Case Order at 8-10.

increases or decreases in fuel costs from those contained in that offer, until a subsequent offer is authorized pursuant to this section or section 4928.142 of the Revised Code, respectively.

Hence, the Commission is barred from selectively choosing which portions of a prior ESP will be reinstated and which will be overridden by components of a subsequent ESP. If an ESP is withdrawn pursuant to R.C. 4928.143(C)(2)(a), the Commission must simply reinstate the previous ESP with adjustments for expected fuel costs increases or decreases. The Commission seems aware of this statutory limitation on its authority, seeking to recharacterize competitive bidding process costs as “*fuel costs*” in order to fit that portion of its decision within the parameters of R.C. 4928.143(C)(2)(b).¹⁹ But the costs associated with the competitive bidding process are much more than “*fuel costs*” since they reflect all of the costs of energy and capacity needed to serve non-shopping customers. And the statute’s allowance of adjustments for “*fuel costs*” cannot be extended to grant the Commission authority for its decision to retain DP&L’s current transmission riders. Accordingly, the Commission exceeded its statutory authority when it crafted a new hybrid ESP to replace DP&L’s 2016 ESP.

IV. The Commission Erred By Failing To Address OEG’s Request For A Refund Of The Unlawful Transition Revenues Collected By DP&L Through The SSR Since That Rider’s Inception.

In its Memorandum Contra, OEG argued that the Court’s recent decisions require the Commission to order a refund of all SSR charges paid by customers to DP&L since September 4, 2013, when the SSR was initially approved by the Commission.²⁰ OEG further explained that the Court found no conflict between such a remedy and the retroactive ratemaking principles set forth in *Keco Industries, Inc. v. Cincinnati & Suburban Bell Telephone Co.*, 166 Ohio St. 254 (March 27, 1957). Yet the Commission completely failed to address this argument. The Commission cannot simply ignore material arguments

¹⁹ Id. at 8.

²⁰ OEG Memorandum Contra at 5 (citing *See In re Application of Dayton Power & Light Co.*, Slip Opinion No. 2016-Ohio-3490 (June 20, 2016) and Opinion and Order, Case Nos. 12-426-EL-SSO *et al* (September 4, 2013) at 25).

raised by parties.²¹ The Commission should therefore grant rehearing to consider and approve OEG's requested refund.

Respectfully submitted,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-Mail: Dboehm@BKLawfirm.com

Mkurtz@BKLawfirm.com

Jkylercohn@BKLawfirm.com

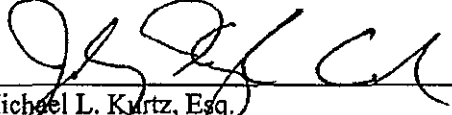
September 26, 2016

COUNSEL FOR OHIO ENERGY GROUP

²¹ *In re Comm Rev. of Capacity Charges of Ohio Power Co.*, Slip Opinion No. 2016-Ohio-1607 at ¶51 ("AEP is correct that the commission failed to address its arguments in any substantive manner. Accordingly, we remand the cause to correct this error.").

CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) or ordinary mail, unless otherwise noted, this 26th day of September, 2016 to the parties listed on the attached Certificate of Service.



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.

CERTIFICATE OF SERVICE

Philip B. Sineneng, Esq.
THOMPSON HINE LLP
41 South High Street, Suite 1700
Columbus, OH 43215
Philip.Sineneng@ThompsonHine.com

Amy B. Spiller, Esq.
Deputy General Counsel
Jeanne W. Kingery, Esq.
Associate General Counsel
DUKE ENERGY RETAIL SALES, LLC and
DUKE ENERGY COMMERCIAL ASSET
MANAGEMENT, INC.
139 East Fourth Street
1303-Main
Cincinnati, OH 45202
Amy.Spiller@duke-energy.com
Jeanne.Kingery@duke-energy.com

Attorneys for Duke Energy Retail Sales, LLC and
Duke Energy Commercial Asset Management,
Inc.

Stephen Chriss, Esq.
Wal-Mart Corporation
702 Southwest 8th Street
Bentonville, AR 72716-021
Stephen.Chriss@wal-mart.com

Attorneys for Wal-Mart Stores East, LP
and Sam's East, Inc.

Mark A. Hayden, Esq.
FIRSTENERGY SERVICE COMPANY
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

James F. Lang, Esq.
Laura C. McBride, Esq.
CALFEE, HALTER & GRISWOLD LLP
1400 KeyBank Center
800 Superior Avenue
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com

N. Trevor Alexander, Esq.
CALFEE, HALTER & GRISWOLD LLP
1100 Fifth Third Center
21 E. State Street
Columbus, OH 43215-4243
talexander@calfee.com

David A. Kutik, Esq.
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, OH 44114
dakutik@jonesday.com

Attorney for FirstEnergy Solutions Corp.

Samuel C. Randazzo, Esq.
Frank P. Darr, Esq.
Matthew R. Pritchard, Esq.
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4225
sarn@mwncmh.com
fdarr@mwncmh.com
mpritchard@mwncmh.com

Attorneys for Industrial Energy Users-Ohio

M. Anthony Long, Esq.
Senior Assistant Counsel
HONDA OF AMERICA MFG., INC.
24000 Honda Parkway
Marysville, OH 43040
tony_long@ham.honda.com

Attorney for Honda of America Mfg., Inc.

David F. Boehm, Esq.
Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street Suite 1510
Cincinnati, OH 45202-4454
dboehm@BKLLawfirm.com
mkurtz@BKLLawfirm.com

Attorneys for Ohio Energy Group

Gregory J. Poulos, Esq.
EnerNOC, Inc.
471 East Broad Street
Columbus, OH 43215
Telephone: (614) 507-7377
gpoulos@enernoc.com

Attorney for EnerNOC, Inc.

Robert A. McMahon, Esq.
EBERLY MCMAHON LLC
2321 Kemper Lane, Suite 100
Cincinnati, OH 45206
bmcmahon@emh-law.com

Rocco O. D'Ascenzo, Esq.
Associate General Counsel
Elizabeth Watts, Esq.
Associate General Counsel
DUKE ENERGY OHIO, INC.
139 East Fourth Street, 1303-Main
Cincinnati, OH 45202
Elizabeth.Watts@duke-energy.com
Rocco.D'Ascenzo@duke-energy.com

Attorneys for Duke Energy Ohio, Inc.

Jay E. Jadwin, Esq.
AMERICAN ELECTRIC POWER
SERVICE CORPORATION
155 W. Nationwide Blvd., Suite 500
Columbus, OH 43215
jejadwin@aep.com

Attorney for AEP Retail Energy Partners LLC

Richard L. Sites, Esq.
General Counsel and Senior Director of
Health Policy
OHIO HOSPITAL ASSOCIATION
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

Matthew W. Warnock, Esq.
Dylan F. Borchers, Esq.
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
mwarnock@bricker.com
dborchers@bricker.com

Attorneys for Ohio Hospital Association

Colleen L. Mooney, Esq.
OHIO PARTNERS FOR AFFORDABLE
ENERGY

231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793
cmooney2@columbus.rr.com

Attorney for Ohio Partners for Affordable Energy

Ryan P. O'Rourke
Carpenter Lipps & Leland LLP
280 Plaza, Suite 1300
280 North High Street
Columbus, OH 43215
Email: o'rourke@carpenterlipps.com

Attorneys for The Kroger Company

Mark A. Whitt, Esq.
Andrew J. Campbell, Esq.
WHITT STURTEVANT LLP
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, OH 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com

Vincent Parisi, Esq.
INTERSTATE GAS SUPPLY, INC.
6100 Emerald Parkway
Dublin, OH 43016
vparisi@igsenergy.com
mswhite@igsenergy.com

Attorneys for Interstate Gas Supply, Inc.

Trent A. Dougherty, Esq.
OHIO ENVIRONMENTAL COUNCIL
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
trent@theoec.org

Attorneys for the Ohio Environmental Council

Thomas W. McNamee, Esq.
Assistant Attorney General
180 East Broad Street
Columbus, OH 43215
Thomas.mcnamee@ohioattorneygeneral.gov

Attorneys for the Staff of the Public Utilities
Commission of Ohio

Maureen R. Willis, Esq.
Assistant Consumers' Counsel
Office of The Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
Maureen.willis@occ.ohio.gov

Attorneys for Office of the Ohio Consumers'
Counsel

M. Howard Petricoff, Esq.
Stephen M. Howard, Esq.
VORYS, SATER, SEYMOUR AND
PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mhpeticoff@vorys.com
smhoward@vorys.com

Attorneys for the Retail Energy Supply
Association, Exelon Generation Company,
LLC, Exelon Energy Company, Inc.,
Constellation Energy Commodities Group,
Inc., and Constellation NewEnergy, Inc.

Ellis Jacobs, Esq.
Advocates for Basic Legal Equality, Inc.
130 West Second Street, Suite 700 East
Dayton, OH 45402
ejacobs@ablelaw.org

Attorney for Edgemont Neighborhood
Coalition

Jennifer L. Spinosi, Esq.
21 East State Street, Suite 1900
Columbus, OH 43215
jennifer.spinosi@directenergy.com

Christopher L. Miller, Esq.
Gregory J. Dunn, Esq.
Alan G. Starkoff, Esq.
ICE MILLER LLP
2540 West Street
Columbus, OH 43215
Christopher.Miller@icemiller.com
Gregory.Dunn@icemiller.com

Attorneys for City of Dayton, Ohio,
Direct Energy Services, LLC
and Direct Energy Business, LLC

Matthew J. Satterwhite, Esq.
Steven T. Nourse, Esq.
AMERICAN ELECTRIC POWER SERVICE
CORPORATION
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
mjsatterwhite@aep.com
stnourse@aep.com

Attorneys for Ohio Power Company

Matthew R. Cox, Esq.
MATTHEW COX LAW, LTD.
4145 St. Theresa Blvd.
Avon, OH 44011
matt@matthewcoxlaw.com

Attorney for the Council of Smaller Enterprises

Stephen Bennett, Manager
State Government Affairs
300 Exelon Way
Kenneth Square, PA 19348
stephen.bennett@exeloncorp.com

Bill C. Wells, Esq.
AFMCLO/CL
Industrial Facilities Division
Bldg 266, Area A
Wright Patterson AFB, OH 45433
bill.wells@wpafb.af.mil

Christopher C. Thompson, Esq.
Staff Attorney (admitted *pro hac vice*)
USAF Utility Law Field Support Center
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319

Attorneys for Federal Executive Agencies

Kimberly W. Bojko, Esq.
Joel E. Sechler, Esq.
Mallory M. Mohler, Esq.
CARPENTER LIPPS & LELAND LLP
280 Plaza, Suite 1300
280 North High Street
Columbus, OH 43215
Bojko@carpenterlipps.com
Sechler@carpenterlipps.com
Mohler@carpenterlipps.com

Attorneys for SolarVision, LLC

Scott C. Solberg, Esq.
Eimer Stahl LLP
224 South Michigan Avenue, Suite 1100
Chicago, OH 60604
ssolberg@eimerstahl.com

Attorney for Exelon Generation Company,
LLC

Cynthia Fonner Brady, Esq.
Assistant General Counsel
EXELON BUSINESS SERVICES COMPANY
4300 Winfield Road
Warrenville, IL 60555
Cynthia.Brady@constellation.com

Attorney for Constellation
an Exelon Company

Lt Col John C. Degnan
Thomas A. Jernigan
Ebony M. Payton
Federal Executive Agencies (FAE)
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
John.Degnan@us.af.mil
Thomas.Jernigan.3@us.af.mil
Ebony.Payton.ctr@us.af.mil

Attorney for Federal Executive Agencies

Robert A. Brundrett, Esq.
The Ohio Manufacturers' Association
33 North High Street
Columbus, OH 43215
Email: rbrundrett@ohiomfg.com

Attorneys for The Ohio Manufacturers'
Association Energy Group

Mary W. Christensen, Esq.
Christensen Law Office LLC
8760 Orion Place, Suite 300
Columbus, OH 43240-2109
mchristensen@columbuslaw.org

Attorneys for People Working Cooperatively,
Inc.

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Summary: App for Rehearing Ohio Energy Group (OEGs) Application for Rehearing and Memorandum in Support electronically filed by Mr. Michael L. Kurtz on behalf of Ohio Energy Group