

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
The Dayton Power and Light Company)
to Update its Energy Efficiency Rider) Case No. 14-1080-EL-RDR

In the Matter of the Application of)
The Dayton Power and Light Company)
to Update its Energy Efficiency Rider) Case No. 16-0329-EL-RDR

**THE DAYTON POWER AND LIGHT COMPANY’S REPLY COMMENTS TO
COMMISSION STAFF’S JANUARY 25, 2017 REVIEW AND
RECOMMENDATION
AND
REPLY COMMENTS TO THE OFFICE OF OHIO CONSUMERS COUNSEL’S
FEBRUARY 17, 2017 COMMENTS**

I. Reply Comments to Commission Staff’s January 25, 2017 Review and Recommendation

On January 25, 2017, Commission Staff filed its Review and Recommendation regarding the Dayton Power and Light Company’s (“DP&L” or “the Company”) Applications to Update its Energy Efficiency Rider (“EER”) in the above-referenced cases. In its Review and Recommendation, Staff recommended, in part, that portions of bonus incentives for employees in DP&L’s Energy Efficiency Department that were recovered through the EER be removed.¹ Specifically, Staff stated it “typically does not allow financial incentives paid to employees to be recovered from ratepayers.”² DP&L does not support Staff’s recommendation to remove these specific amounts from the respective EERs.

¹ In Case No. 14-1080-EL-RDR, Staff recommended that 70% of the bonus incentives be removed from the EER, and for Case No. 16-329-EL-RDR, Staff recommended that 60% of the bonus incentives be removed from the EER.

² Staff’s January 25, 2017 Review and Recommendation at pgs. 2 and 3.

Employee bonuses are a fundamental part of DP&L employee overall compensation structure and are integral to attracting and maintaining talent. For DP&L employees in its Energy Efficiency Department, bonuses aimed at achieving DP&L's energy efficiency goals, which translate to effective programs for customers and financial recovery for DP&L, are critical in incentivizing those employees to work in a productive manner. Consistent throughout the Company, there are multiple components to the bonus structure, which balances the fiduciary duty to the Company's shareholders with the interests of customers. The portion of the bonus incentives related to financial performance drive employees to work more efficiently, stay within allotted budgets, meet established energy efficiency targets, and run successful programs that DP&L's customers can use to reduce energy consumption and, correspondingly, their electric bills. This helps ensure that customers are receiving innovative and successful energy efficiency programs in the most cost-effective manner.

To the extent the Commission finds that a certain portion of employee bonuses should not be recoverable through the EER, the Commission should, at a minimum, clarify that those costs are still recoverable under base distribution rates.

II. Reply Comments to the Office of Ohio Consumers Counsel's February 17, 2017 Comments

The Office of the Ohio Consumers Counsel's ("OCC") February 17, 2017 Comments should not be considered by the Commission because OCC is not a proper party to this case. As detailed in DP&L's Memorandum in Opposition to OCC's Motion to Intervene, pursuant to OAC § 4901:1-39-07, OCC failed to intervene in this case in a timely manner. In fact, OCC was over nine (9) months late in its attempted intervention. OCC's Motion to Intervene has not been granted to date, and accordingly, OCC's Comments are not properly before the Commission.

To the extent OCC is permitted to intervene in this case, its Comments are substantively unfounded. OCC has also challenged DP&L's recovery of energy efficiency employee bonus incentives through the EERs, and for the same reasons stated in Section I. above, DP&L does not agree with that position. Additionally, OCC has used this case as a vehicle to argue against DP&L's recovery of lost distribution revenues and shared savings. DP&L has already addressed such arguments in detail its Initial Brief (filed on March 10, 2017) and Reply Brief (filed on March 24, 2017) in Case No. 16-649-EL-POR. In the interests of economy and efficiency, DP&L hereby incorporates herein the arguments set forth in those Briefs by reference.

Regarding OCC's arguments relative to distribution decoupling, DP&L is not seeking to recover the lost distribution revenues under the Decoupling Rider as part of this rider update filing. Rather, in this case, DP&L is simply updating its EER to reconcile over/under recovery of actual costs (including lost distribution revenues and shared savings) and to establish rates that reflect estimated costs that the Company is entitled to recover for 2016. However, consistent with the POR Stipulation and the March 14, 2017 Amended Stipulation and Recommendation filed in Case No. 16-395-EL-SSO, to the extent they are approved without material modification, DP&L will include lost distribution revenues currently recovered through the EER in the Decoupling Rider.³

For those reasons, the Commission should reject OCC's collateral attack and the Company should be permitted to recover its verified lost distribution revenues and shared savings.

Respectfully submitted,

³ Pg. 11, Section Pg. 14, Section VI.1.b, of March 14, 2017 Amended Stipulation and Recommendation, *In re Dayton Power and Light Company*, Case No. 16-0395-EL-SSO.

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served upon the following parties via electronic mail on May 9th, 2017.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/9/2017 4:49:18 PM

in

Case No(s). 14-1080-EL-RDR, 16-0329-EL-RDR

Summary: Comments The Dayton Power and Light Company's Reply Comments to Commission Staff's January 25, 2017 Review and Recommendation and Reply Comments to The Office of Ohio Consumers Counsel's February 17, 2017 Comments electronically filed by Mr. Jeremy M. Grayem on behalf of Dayton Power & Light