

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
Dayton Power & Light Company for an)	Case No. 15-1830-EL-AIR
Increase in Its Electric Distribution Rates.)	
)	
In the Matter of the Application of The)	Case No. 15-1831-EL-AAM
Dayton Power & Light Company for)	
Accounting Authority.)	
)	Case No. 15-1832-EL-ATA
In the Matter of the Application of The)	
Dayton Power & Light Company for)	
Approval of Revised Tariffs.)	

**THE CITY OF DAYTON AND HONDA OF AMERICA MFG., INC.’S MEMORANDUM
CONTRA MOTION TO STRIKE BY THE DAYTON POWER & LIGHT COMPANY**

I. INTRODUCTION

On April 18, 2018, The Dayton Power & Light Company (“DP&L”) filed a Motion to Strike two objections identified by the City of Dayton (“City”) and Honda of America Mfg., Inc. (“Honda”) in their Objections to the Staff Report. Specifically, DP&L seeks to strike the following objections for lack of specificity:

1. Staff failed to properly identify all revenue sources for DP&L.
2. Staff improperly included expenses which were not appropriate for inclusion and improperly included items in rate base.¹

The Commission should deny the Motion to Strike because both objections were, in fact, supported with specificity throughout the City and Honda’s Objections to the Staff Report. The City and Honda cited these two objections merely as a cross reference to their more specific objections previously described in their Objections to the Staff Report. Nevertheless, to the

¹ DP&L Motion to Strike, p. 1.

extent the Commission (or DP&L) construes these two objections as independent of its other, more specific objections, the City and Honda agrees to withdraw them.

II. ARGUMENT

The two objections in question were never intended to operate as separate, standalone objections. Rather, the City and Honda identified these two objections as a cross reference to its other related objections concerning the TCJA, the improper and inaccurate cost of debt (hypothetical versus actual), and the Redundant Service Charge. By cross-referencing its objections, the City and Honda were hoping to avoid duplication and needless repetition of their previous arguments. As such, contrary to DP&L's assertions, the City and Honda have not failed to provide the specificity necessary to support these two objections.

More specifically, DP&L does not (and cannot) dispute that the City and Honda described with specificity the failure of Staff and DP&L to include all revenue sources related to the Redundant Service Charge. In fact, the City and Honda used two full pages to explain how DP&L and Staff failed to identify and consider "the additional revenue DP&L would receive through the imposition of redundant service charges on customers."² When the City and Honda stated that "Staff failed to properly identify all revenue sources for DP&L," it was merely referencing its prior lengthy discussion of DP&L and Staff's failure to include Redundant Service Charge revenue in DP&L's overall revenue projections. Similarly, the City and Honda devoted almost three full pages concerning the TCJA, and Staff's failure to include the substantial savings from the reduction in the corporate income tax rate as part of DP&L's total revenue.³

² City/Dayton Objections to Staff Report, p. 9.

³ *Id.* at 2-5.

The same is true of the City and Honda's objection concerning Staff improperly including expenses in rate base. Again, DP&L does not (and cannot) dispute that the City and Honda explained with specificity how Staff failed to account for DP&L's actual cost of debt (an expense of DP&L), relying instead on a more inflated hypothetical cost of debt, when determining DP&L's rate of return.⁴ The City and Honda described exactly how/why a hypothetical cost of debt at 5.29% is wildly off the mark given that DP&L's actual cost of debt was substantially lower.⁵ And given that a utility's cost of debt is an expense that is considered when determining a "fair and reasonable rate of return"⁶, the City and Honda provided more than enough specificity to explain why Staff improperly included expenses when determining DP&L's rate base.

In short, the City and Honda cited the two objections at issue here as a cross reference to its other related, more detailed objections concerning the Redundant Service Charge, the cost of debt, and the TCJA. The City and Honda provided multiple, full length pages devoted to explaining specifically how/why these issues caused 1) Staff's failure to properly identify all revenue sources for DP&L; and 2) Staff's improper inclusion of certain expenses in rate base.

With that said, in the interests of clarity, the City and Honda never intended to cite these two objections as independent of and separate from their other objections. As such, to the extent the Commission interprets these two objections as independent of its other objections, the City and Honda agree to withdraw the two objections in question.

⁴ *Id.* at 5-7.

⁵ *Id.*

⁶ *See* R.C. 4909.15

III. CONCLUSION

The City and Honda respectfully request that the Commission deny DP&L's Motion to Strike to the extent discussed herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 25th day of April, 2018. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/ Mark T. Keaney

One of Attorneys for the City of Dayton and
Honda of America Mfg., Inc.

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Summary: Memorandum The City of Dayton and Honda of America Mfg., Inc.'s Memorandum
Contra Motion to Strike by The Dayton Power & Light Company electronically filed by Mr.
Mark T Keaney on behalf of City of Dayton and Honda of America Mfg., Inc.