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May 16, 2018

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of The Dayton Power and Light Company to update its
Standard Offer Rate Tariff, Case No. 18-638-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the
application filed by The Dayton Power and Light Company to update its Standard Offer
Rate Tariff, Case No. 18-638-EL-RDR.

Tamara S. Turkenton
Director, Rates and Analysis Dept.
Public Utilities Commission of Ohio

David Liphtratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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Dayton Power and Light Company Case No. 18-638-EL-RDR

Background

On May 8, 2018, The Dayton Power and Light Company filed proposed tariffs to modify its Standard Offer Rates Tariff. The proposed tariffs include Standard Offer Rates (SOR) and Percentage of Income Payment Plan (PIPP) generation rates.

The proposed SOR rates include the results of the most recent auction held March 12, 2018 and approved by the Commission on March 14, 2018, in Case No. 17-957-EL-UNC. The proposed PIPP generation rates reflect the results of the PIPP auction held April 3, 2018 and approved by the Commission on April 4, 2018 in Case No. 17-1163-EL-UNC.

Pursuant to the Commission's Order in Case No. 16-395-EL-SSO, the proposed rates now include an alternative energy rate component, a reconciliation component and an unbilled fuel component.

The proposed tariffs include language that clarifies that the SOR tariff is subject to reconciliation, including but not limited to, refunds to customers, based upon the results of audits approved and order by the Commission.

The Company requests that the proposed SOR tariff becomes effective on June 1, 2018.

Staff Review and Recommendations

Staff has reviewed the proposed SOR tariff filed on May 8, 2018, and finds that the tariff appears to be in compliance with Commission Orders and accurately reflects the March 12, 2018 and April 3, 2018, auction results.

Staff has reviewed the reconciliation component for the period of November 1, 2017 through March 31, 2018. Staff reviewed supplier charges, consultant fees, revenues collected under the SOR as well as the Company's calculation of carrying charges and the gross revenue conversion factor. Staff is satisfied that the reconciliation component is consistent with and in compliance with the Commission's orders. Because the SOR will be updated on an annual basis, Staff recommends that the Commission direct the Company to provide Staff with quarterly updates.

Staff conducted a preliminary review of the Company's proposed AER rate component. Based on its review, Staff does not oppose the rate becoming effective as proposed. However, it is Staff's expectation that the Company's AER would be subject

to a subsequent audit, performed at the direction of the Commission, which would inform the Commission's ultimate decision as to the reasonableness of the AER rate proposed in this proceeding.

Staff has reviewed the unbilled fuel component and finds that its inclusion in the SOR accurately reflects the Commission orders.

Staff has reviewed the proposed language and believes it accurately clarifies that the tariff is subject to reconciliation, including but not limited to, refunds to customers, based upon the results of audits approved and order by the Commission.

Conclusion

The Staff recommends that the proposed SOR tariff filed on May 8, 2018, be approved, subject to Staff's recommendations above, and become effective June 1, 2018.