THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF THE DAYTON POWER AND LIGHT COMPANY FOR AN INCREASE IN ITS ELECTRIC DISTRIBUTION RATES.	CASE NO. 15-1830-EL-AIR
IN THE MATTER OF THE APPLICATION OF THE DAYTON POWER AND LIGHT COMPANY FOR ACCOUNTING AUTHORITY.	CASE NO. 15-1831-EL-AAM
IN THE MATTER OF THE APPLICATION OF THE DAYTON POWER AND LIGHT COMPANY FOR APPROVAL OF REVISED TARIFFS	CASE NO. 15-1832-EL-ATA

OPINION AND ORDER

Entered in the Journal on September 26, 2018

I. SUMMARY

{¶ 1} The Commission adopts the stipulations resolving all issues related to The Dayton Power and Light Company's application to increase its electric distribution rates.

II. HISTORY OF THE PROCEEDING

{¶ 2} The Dayton Power and Light Company (DP&L or Company) is an electric light company and a public utility as defined by R.C. 4905.03(C) and R.C. 4905.02, respectively. As such, DP&L is subject to the Commission's jurisdiction pursuant to R.C. 4905.04, 4905.05, and 4905.06.

{¶ 3} On October 30, 2015, DP&L filed a notice of intent to file an application for an increase in its electric distribution rates. On the same day, the Company filed a motion to establish a date certain and test period and for waivers of certain standard filing requirements relating to DP&L's transmission and generation services. By Entry issued November 18, 2015, the Commission approved DP&L's proposed date certain of September 30, 2015, and the proposed test-year period of June 1, 2015, through May 30, 2016. The November 18, 2015 Entry also granted the requested waivers with the proviso that DP&L

provide the schedules contained in Ohio Adm.Code 4901-7-01, Appendix A, Chapter II, as those schedules relate to the Company's distribution service.

{¶ 4} On November 30, 2015, DP&L filed its application to increase rates, for accounting authority and for approval of revised tariffs. DP&L also filed the testimony of Jeffrey Mackay in support of the application. By Entry dated January 27, 2016, the Commission found that the application met the requirements of R.C. 4909.17 and 4909.19 as well as the Standard Filing Requirements, and accepted the Company's application as of its filing date. The Commission also ordered DP&L to begin publication of the newspaper notice required by R.C. 4909.19.

{¶ 5} On March 22, 2017, the Commission issued an Entry ordering Staff to issue a request for proposal to find and select a qualified independent auditing firm to complete Staff's review of DP&L's application. By Entry dated April 19, 2017, the Commission selected Blue Ridge Consulting Services, Inc., to conduct the necessary accounting review of DP&L's application.

{¶ 6} On March 12, 2018, Staff filed a written report of its investigation (Staff Report) pursuant to R.C. 4909.19.

{¶ 7} On March 14, 2018, the attorney examiner issued an Entry directing that any objections to the Staff Report be filed in accordance with R.C. 4909.19 and Ohio Adm.Code 4901-1-28(B), with motions to strike objections and related memoranda contra motions to strike being due on or before April 18, 2018, and April 25, 2018, respectively. The attorney examiner additionally instructed that motions to intervene be filed by April 11, 2018, set a prehearing conference for May 3, 2018, and scheduled the evidentiary hearing for May 14, 2018.

{¶ 8} Objections to the Staff Report were timely filed by Industrial Energy Users-Ohio (IEU-Ohio); The Greater Edgemont Community Coalition (Edgemont) and Ohio

Partners for Affordable Energy (OPAE) (together, Edgemont/OPAE); Wal-Mart Stores East, LP and Sam's East, Inc. (together, Walmart); Environmental Defense Fund (EDF), Environmental Law & Policy Center (ELPC), Natural Resources Defense Council (NRDC), and Ohio Environmental Council (OEC) (collectively, Environmental Parties); the City of Dayton (City) and Honda of America Mfg., Inc. (Honda); the Ohio Manufacturers' Association Energy Group (OMAEG); the Ohio Hospital Association (OHA); Ohio Consumers' Counsel (OCC); Interstate Gas Supply, Inc. (IGS); the Ohio Energy Group (OEG); Retail Energy Supply Association (RESA); The Kroger Co. (Kroger); and DP&L. On April 18, 2018, DP&L filed a motion to strike objections filed by Honda and the City, and OCC filed a motion to strike one of DP&L's objections to the Staff Report. Honda and the City and DP&L responded with memoranda contra the motions to strike.

{¶ 9} On April 30, 2018, the attorney examiner granted motions to intervene filed by IEU-Ohio; OCC; OMAEG; OEG; Kroger; Walmart; Honda; the City; OPAE; Edgemont; IGS; OHA; RESA; the distinct Environmental Parties; Buckeye Power, Inc. (Buckeye); Utility Workers Union of America, Local 175; Constellation NewEnergy, Inc.; One Energy Enterprises LLC (One Energy); and Federal Executive Agencies (FEA).[1] Recently, on June 18, 2018, FEA filed a motion to withdraw its intervention citing its belief that intervention is no longer necessary. The Commission grants FEA's request to withdraw from participation in this proceeding.

{¶ 10} Pursuant to a March 27, 2018 Entry, two local public hearings were conducted at Dayton City Council Chambers in Dayton, Ohio. The first hearing occurred on May 8, 2018, at 1:00 p.m. and the second on May 10, 2018, at 6:00 p.m. Combined, a total of 19 witnesses testified at the local public hearings.

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1 In an Entry dated December 20, 2016, the attorney examiner granted various motions for admission pro hac vice.

{¶ 11} Between December 3, 2015, and June 18, 2018, the docket for this proceeding amassed 185 entries for public comments, and many of these entries contained more than one comment. The majority of the comments voiced opposition or concern regarding DP&L's proposed increase in base distribution rates with a focus on the Company's intended increase to the customer charge.

{¶ 12} On June 18, 2018, a stipulation and recommendation (Stipulation) was filed. The Stipulation was signed by DP&L, Staff, OCC, OEG, Kroger, Walmart, OHA, NRDC, OEC and EDF, ELPC, Edgemont, and OPAE (collectively, Signatory Parties). Though not Signatory Parties, the following entities agreed not to challenge the agreement: IEU-Ohio, OMAEG, Buckeye, and One Energy (collectively, Non-Opposing Parties).

{¶ 13} On July 12, 2018, a supplemental stipulation and recommendation was filed, by which the City joined the June 18, 2018 Stipulation without change to any of its provisions. The supplemental stipulation does, however, set forth several conditions specific to the relationship between the City and DP&L. Also on July 12, 2018, Honda withdrew its previously filed objections to the Staff Report.

{¶ 14} After opening the evidentiary proceeding as initially scheduled on May 14, 2018, and following continuances granted in Entries dated May 7, 2018, June 1, 2018, and June 21, 2018, the evidentiary hearing reconvened on July 23, 2018. Collectively, DP&L, OCC, and Staff presented nine witnesses in support of the Stipulation and supplemental stipulation (together, Stipulations) or in response to filed objections. IGS and RESA presented a total of four witnesses, one hostile, to support objections to the Staff Report and make their cases against the Stipulations. The evidentiary hearing concluded on July 24, 2018.

{¶ 15} On August 16, 2018, OEG filed its initial post-hearing brief. Edgemont/OPAE, Staff, Kroger, RESA and IGS filed initial post-hearing briefs on August 17, 2018. On the same day, OHA and Walmart filed correspondence informing the Commission that each elected not to file post-hearing briefs.[2] On August 27, 2018, Staff, Edgemont/OPAE, DP&L, OCC, RESA and IGS filed reply briefs; OEG notified the Commission of its decision not to file a reply.

III. DISCUSSION

A. *Objections to the Staff Report.*

{¶ 16} Of the various objections to the Staff Report, only the following were briefed and, therefore, relevant to our review.[3] In general, these objections can be grouped into three topics: allocation of costs related to DP&L's provision of standard service offer, fees and charges contained in DP&L's Alternate Generation Supplier Coordination Tariff, and aspects of rate design.

1. COST OF SERVICE ALLOCATION.

{¶ 17} RESA and IGS lodge several objections regarding cost of service allocation or, rather, Staff's alleged failure to fully analyze, identify and recommend that DP&L allocate to the standard service offer (SSO) all costs contained in distribution rates that are necessary to provide SSO service. Incorporated into this general argument are several more distinct objections. For example, both IGS and RESA object to the Staff Report's acceptance of DP&L's cost of service study, stating that the cost of service study performed does not properly identify DP&L's total costs and further fails to properly functionalize, classify, or allocate those costs. IGS goes further to state that Staff should have independently evaluated each category of costs and derived its own methodology to identify and allocate costs associated with provision of SSO service. In this, IGS also objects to the Staff Report's

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2 OHA reserved the right to file a reply brief, but ultimately chose not to do so; OHA expressed that it remains supportive of the Stipulations and requests that they be approved.

3 Pursuant to Ohio Adm.Code 4901-1-28(D), in rate case proceedings, an objection to a staff report is deemed withdrawn if a party fails to address the objection in its initial brief.

recommendation to unbundle distribution rates using a short-term avoided costs analysis. RESA further objects to Staff's recommendation that only the PUCO/OCC assessment expense be recovered through a bypassable charge. Together, RESA and IGS argue that the Commission should modify the Stipulations to require a full examination of the costs associated with providing SSO service and require those costs to be unbundled from distribution rates using their recommended allocation methodology.

{¶ 18} The origin of these objections can be found in DP&L's most recent electric security plan (ESP) case, *In re Dayton Power and Light Co.*, Case No. 16-395-EL-SSO (*ESP III*) or, more specifically, within the Amended Stipulation that was approved as modified in *ESP III*. There, in the provisions regarding DP&L's bypassable Standard Offer Rate, the stipulating parties agreed:

> In DP&L's filed distribution rate case (Case No. 15-1830-EL-AIR), there will be an evaluation of costs contained in distribution rates that may be necessary to provide standard service offer service. Any reallocation of costs to the standard service offer as a result of this evaluation will be revenue neutral to DP&L.

(IGS Ex. 2 at 9.) According to IGS and RESA, DP&L and Staff utterly failed to follow through with this obligation, resulting in the continuation of unlawful distribution rates that force non-SSO customers (shopping customers) to subsidize SSO customers.

{¶ 19} IGS additionally complains that what analysis Staff did perform is flawed. IGS declares that Staff added a prerequisite to allocation that did not exist in the *ESP III* Amended Stipulation, i.e., "Staff attempted to evaluate those costs contained in the distribution rates that are necessary to provide SSO service and would be removed from DP&L distribution expenses <u>if SSO service was no longer a default service</u>" (Staff Report at 28). IGS contends this added consideration is a critical, foundational flaw to Staff's analysis. IGS also accuses Staff of sidestepping the unbundling argument in concluding that the cost-prohibitive nature of tracking individual costs by function renders a reallocation of costs too difficult. Finally, IGS maintains that Staff did not complete the unbundling of uncollectible expenses as agreed to the in the *ESP III* Amended Stipulation.

{¶ 20} DP&L responds that RESA and IGS mischaracterize the Amended Stipulation and what it required of this proceeding. DP&L states that the Amended Stipulation required "an evaluation of costs contained in distribution rates that may be necessary to provide [SSO] service" and no more; it did not require any specific party to perform the evaluation, did not require an independent auditor be hired, and did not require that the evaluation lead to the results desired by IGS and RESA. DP&L additionally avers that the Amended Stipulation did not mandate the reallocation of any costs; it merely required that any reallocation of costs actually performed be revenue neutral to the Company. An evaluation was performed and it was determined that, with the exception of the PUCO/OCC assessment, there should be no reallocation of costs to the SSO. Furthermore, DP&L disagrees with IGS's contention that the Amended Stipulation required any further reallocation of uncollectible expenses in this matter; instead, the Amended Stipulation specified that the issue would be included in the annual true-up filing of DP&L's uncollectible rider. Thus, DP&L urges the Commission to disregard RESA and IGS's argued interpretations of the Amended Stipulation.

{¶ 21} Continuing, IGS and RESA also assert that this purported failure to unbundle costs associated with the provision of SSO service from distribution rates is a direct violation of Ohio law. In this, RESA and IGS argue that SSO service is a competitive retail electric service (CRES), and state law prohibits competitive costs to be collected through non-competitive rates. Thus, RESA and IGS argue that the Stipulations must be modified to unbundle the SSO-related costs and avoid unlawful subsidization. To avoid the allegedly unlawful result of the Stipulations, RESA and IGS contend that the costs associated with providing SSO service should be unbundled using a cost of service allocation methodology.

{¶ 22} In support of this assertion, IGS and RESA present the testimony of J. Edward Hess and his recommended methodology. According to IGS and RESA, Mr. Hess identifies several categories of overhead and administrative expenses attributed directly and solely to SSO service, costs which no party disputed as being necessary to support the SSO. RESA and IGS also point to Mr. Hess's testimony as support for their contention that, because the SSO-related costs were not unbundled, shopping customers pay twice for the same services: once from DP&L and again from their chosen CRES provider. According to IGS and RESA, Mr. Hess relied upon standard industry ratemaking practices to develop a methodology to eliminate SSO-related costs from distribution rates. In short, Mr. Hess recommends unbundling costs incurred to process and administer SSO service from distribution rates and allocating those costs to SSO customers directly via the creation of two new riders: a credit rider for all customers allowing them to avoid distribution costs that support the SSO administrative processing costs and an avoidable rider that collects those costs directly from SSO customers (RESA/IGS Ex. 2 at 4-5).

{¶ 23} DP&L, Staff, Edgemont/OPAE, and OCC all dispute any notion that there should be a reallocation of costs related to the provision of SSO service; each also maintains that Mr. Hess's proposed methodology to reach a contrary result is flawed and should be ignored. First and foremost, these parties reject the theory that SSO service is a competitive retail electric service or that collecting costs related to the provision of SSO service through distribution rates creates an unlawful subsidy. Instead, using differing language to argue the same point, each of these parties stresses that the SSO is a statutorily mandated, default service that can be offered by only the regulated electric distribution utility (EDU). DP&L argues that Mr. Hess even concedes that SSO service is a distribution company function (Tr. Vol. I at 153). DP&L, OCC, Staff, and Edgemont/OPAE each argue that the costs of administering and providing SSO service belong in distribution rates and espouse a common theme: all customers benefit from the SSO; therefore, all customers should pay the costs necessary to provide it. Because of this, they say, there is no unlawful subsidization of competitive services through non-competitive distribution charges; there is no statutory violation; no shopping customer pays twice for the same service; and there is no valid justification to reallocate costs. Staff and Edgemont/OPAE also dispute any notion that "shopping customers" or "SSO customers" are definable customer classes to which to assign costs, as each is a distribution customer for DP&L.

{¶ 24} Continuing, DP&L, Staff, OCC, and Edgemont/OPAE contend that RESA and IGS's proposal, as well as Mr. Hess's methodology and supporting testimony, are flawed. Here, the parties declare that RESA and IGS ignore the other half of the reallocation equation, arguing that if the costs incurred to support the SSO are reallocated to only SSO customers, then those costs incurred to support shopping should be reallocated to only shopping customers. However, they point out, neither RESA and IGS nor Mr. Hess advocate or take into account this aspect of cost allocation. The parties also condemn Mr. Hess's testimony and analysis for alleged errors such as failing to incorporate or account for modifications to the Staff Report that were made by the Stipulations, not conducting a cost study to assign costs to SSO customers, failing to update figures, and using revenue as a proxy for cost.

{¶ 25} OCC takes special exception to Mr. Hess's proposed remedy—the creation of two new riders. OCC asserts that RESA and IGS, through Mr. Hess, urge the Commission to do what it cannot: permit single-issue ratemaking in a distribution rate case. OCC states that the Supreme Court of Ohio has made clear that the Commission may only approve a single-issue adjustment clause when authorized by statute. *Pike Natural Gas Co. v. Pub. Util. Comm.*, 68 Ohio St.3d 181, 183, 429 N.E.2d 444 (1981). And, the detailed, comprehensive, mandatory ratemaking formula the Commission must follow in this base distribution rate case does not include single-issue ratemaking. Thus, OCC maintains that the riders promoted by Mr. Hess to reallocate costs—riders that would be periodically adjusted in separate proceedings outside the context of a base rate case—are simply unlawful.

{¶ 26} OCC and DP&L similarly attack IGS's argument that R.C. 4928.143(B)(2)(g) requires DP&L to recover all costs related to SSO service through its ESP. DP&L and OCC assert that IGS's argument ignores the plain language of the statute, observing that R.C. 4928.143(B)(2) lists the types of items that may be included. In other words, R.C. 4928.143(B)(2) is discretionary, whereas R.C. 4928.143(B)(1) contains the mandatory requirements. This, state OCC and DP&L, is one more reason to disregard IGS and RESA's cost of service allocation objections.

{¶ 27} RESA separately insists that, at the very least, the Staff Report's recommendation to unbundle the PUCO and OCC assessment fees from distribution rates must stand. Specifically, Staff identified "one potential area" for unbundling: the PUCO/OCC assessment expense. Staff recommended "that the SSO generation revenue percentage of the PUCO/OCC assessment expense be recovered through an appropriate bypassable rider." (Staff Report at 28.) Citing to the Signatory Parties' agreement "that the Commission should adopt the findings and recommendations of the Staff Report, except as otherwise agreed in this Stipulation" and the fact that the PUCO/OCC assessment recommendation was not modified by the terms of the Stipulations, RESA asserts that the Commission must give the recommendation effect.

{¶ 28} Initially, we note that although there may be costs recovered through an EDU's distribution rates that are attributable to the SSO, an EDU's distribution rates likewise may include call center costs solely incurred to promote competition or other costs related to a customer choice program. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO (*AEP ESP III Case*), Opinion and Order (Apr. 25, 2018) at ¶ 215. If we are to evaluate whether there are actual distribution costs solely related to providing SSO service, we should also evaluate whether there are actual distribution costs solely related to the customer choice program. Then, the Commission may determine whether it is necessary to reallocate costs between shopping and non-shopping customers in order to ensure an EDU's rates are fair and reasonable to all customers. *Id.*

{¶ 29} However, we find that RESA/IGS's proposal to create two new adjustable riders, as presented by RESA/IGS witness Hess, should not be adopted. We have previously stated that, to the extent a rider mechanism more appropriately allocates and reflects expenses incurred to provide service to shopping and non-shopping customers, the public interest would be better balanced and served. *AEP Ohio ESP III Case*, Opinion and Order (Apr. 25, 2018) at ¶ 203. However, the rider mechanism proposed by RESA and IGS is not authorized by R.C. 4909.18 and cannot be adopted in a rate case proceeding. In RESA and IGS's proposal, two riders would be created. First, a bypassable rider would charge SSO customers for certain distribution expenses "related" to the SSO. Second, a non-bypassable credit rider would credit to all customers the revenue generated by the bypassable rider. (RESA/IGS Ex. 2 at 15, 18-19.) These two riders, working in concert, would effectively shift the recovery of distribution expenses "related to" the SSO to SSO customers and away from all distribution customers. Mr. Hess also testified that the riders be recalculated every six months to ensure that the riders are not over- or under recovering costs (RESA/IGS Ex. 2 at 19).

{¶ 30} The need to periodically adjust the riders is a fatal flaw of IGS's proposal. We agree that periodic adjustment of the riders would be necessary due to variations in consumption as well as shopping rates; the proposed riders, therefore, would be rate adjustment clauses. However, R.C. 4909.18 does not authorize the creation of rate adjustment clauses. The Commission is a creature of statute and may exercise no jurisdiction beyond that conferred by statute. Unless authorized by statute, rate adjustment clauses cannot be created in a distribution rate case. *Pike Natural Gas Co. v. Pub. Util. Comm.*, 68 Ohio St.2d at 183.

{¶ 31} The Supreme Court of Ohio's holding in *Pike* is consistent with statutory authority subsequently enacted by the General Assembly. In Am. Sub. Senate Bill 221, the General Assembly explicitly authorized single issue ratemaking, for electric distribution service, in ESP proceedings "notwithstanding any provision of Title XLIX of the Revised Code to the contrary." R.C. 4928.143(B)(2)(h). Rate adjustment clauses are a form of single issue ratemaking. However, this proceeding is a distribution rate case under R.C. 4909.18, rather than an ESP proceeding under 4928.143. The riders proposed by RESA and IGS cannot be created in a distribution rate case.

{¶ 32} Finally, the Commission notes the disagreement among the parties regarding whether Staff has withdrawn its recommendation that the SSO generation revenue percentage of the PUCO/OCC assessment expense be recovered through an appropriate bypassable rider (Staff Report at 28). Therefore, we will clarify that this recommendation has not been withdrawn. No signatory party filed an objection to this bypassable rider. The Stipulations do not address this issue. Absent extraordinary circumstances, it would be unfair and improper to permit Staff to withdraw a recommendation absent a pending objection or a provision in the stipulation directly addressing the recommendation. We will further clarify that the bypassable rider may recover adjusted test year expenses only and will not be adjustable, for the reasons set forth above. However, our treatment of this issue in this case results from the specific procedural circumstances discussed above and should not bind Staff or the Commission to the same result in future proceedings.

2. **THE SUPPLIER TARIFF.**

{¶ 33} Both RESA and IGS object to aspects of DP&L's Alternate Generation Supplier Coordination Tariff (Supplier Tariff) or, rather, to the Staff Report's alleged failure to address certain fees and charges contained in the Supplier Tariff. More specifically, RESA objects to the existence and amount of switching fees and historical usage fees, while IGS objects to credit and collateral requirements in the Supplier Tariff.[4] Similar to their "unbundling" arguments, the origin of IGS and RESA's Supplier Tariff arguments is the Amended Stipulation in DP&L's *ESP III*. There, in a footnote to the notion that no signatory or non-opposing party would seek to support any attempt to withdraw, curtail, or revise any provision of the settlement, the stipulating parties agreed:

> For the avoidance of doubt, resolution of DP&L's current distribution rate case in Case No. 15-1830-EL-AIR may result in allocation of costs to the SSO rate and therefore, IGS and RESA are not prohibited from advocating for unbundling or changes to [the] SSO rate or supplier tariffs in that proceeding or any other distribution rate case.

(IGS Ex. 2 at 38, fn. 10.) Despite this statement, complain IGS and RESA, Staff failed to address DP&L's Supplier Tariff in this proceeding.

{¶ 34} DP&L, however, argues that a distribution rate case is not the correct context in which to examine or challenge generation-related tariff sheets such as the Supplier Tariff. And, even if this proceeding is the correct setting, DP&L asserts that the Supplier Tariff arguments are barred as previously approved by the Commission. DP&L explains that the challenged fees and method to calculate collateral were established by the Supplier Tariff proposed in its October 11, 2016 Amended Application filed in *ESP III*, were unchanged by the Amended Stipulation, were unaffected by any of the Commission's modifications, and, therefore, were approved by the Commission in the October 20, 2017 Finding and Order. The Company further argues that the Supplier Tariff arguments are specifically barred by—not preserved by—the language of the Amended Stipulation in which "* * * [DP&L], the Signatory Parties and Non-Opposing Parties agree that in DP&L's pending Electric Rate

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4 Originally, in its objections to the Staff Report, IGS objected to DP&L's historical usage fees as excessive and not supported by the application to increase rates or the Staff Report. However, beyond the passing observation that "the Staff Report made no recommendations regarding DP&L's proposed switching fees applicable to CRES providers * * * with respect to switching * * * and historical usage requests * * *," IGS did not address this objection in its initial post-hearing brief. Accordingly, IGS's objection regarding the historical usage fees is deemed withdrawn. Ohio Adm.Code 4901-1-28(D).

Case, Nos. 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA, no party will seek to support any attempt to withdraw, curtail, or revise any provision of this settlement or to revise the provisions or benefits of this Stipulation" (IGS Ex. 2 at 37-38). Given this language, DP&L contends that IGS and RESA may not now advocate for changes to the Supplier Tariff, which was approved in *ESP III*.

{¶ 35} IGS and RESA respond that DP&L's arguments deliberately attempt to mislead the Commission and should be ignored. IGS states that the provisions specifically stating that "IGS and RESA are not prohibited from advocating for * * * changes to * * * supplier tariffs * * *" in this rate proceeding trump the general provision cited by the Company (IGS Ex. 2 at 38, fn. 10). Similarly, RESA cites to the sentence following DP&L's quotation, which reads: "However, nothing in this Stipulation prohibits the Signatory Parties and Non-Opposing Parties from contesting issues in the distribution rate case * * * that are not otherwise addressed in this Stipulation" (IGS Ex. 2 at 38). Because the Supplier Tariff was not addressed in the Amended Stipulation and, in fact, the footnoted language amplified this sentence, RESA argues that the current Supplier Tariff arguments are not barred by the Amended Stipulation or the Opinion and Order issued in *ESP III*.

{¶ 36} As an initial matter, the Commission finds that, contrary to claims by RESA and IGS, Staff's decision to forgo review of the Supplier Tariff was not unreasonable. The Supplier Tariff was not proposed to be amended in DP&L's distribution rate increase application. As a general rule, tariffs which are not proposed to be modified in a rate increase application are not subject to Commission review and modification during the rate case. However, in its SSO proceeding, DP&L did agree RESA and IGS were not prohibited from advocating for changes to supplier tariffs in this proceeding or any other distribution rate case, stating: "* * * resolution of DP&L's current distribution rate case in Case No. 15-1830-EL-AIR may result in allocation of costs to the SSO rate and therefore, IGS and RESA are not prohibited from advocating for unbundling or changes to [the] SSO rate or supplier tariffs in that proceeding or any other distribution rate case" (IGS Ex. 2 at 38, fn. 10). Although the language in the first clause implies that the intent of the footnote was to ensure that RESA or IGS may raise the allocation of costs to the SSO in this proceeding, the language in the second clause states that RESA and IGS are not prohibited from advocating for changes to "supplier tariffs." Thus, although the meaning of this reference to "supplier tariffs" is vague, DP&L appears to have opened the door for proposed changes to the Supplier Tariff in this proceeding even though DP&L had not proposed any such amendments in its application filed in this case.

{¶ 37} Nonetheless, we find that Staff's decision to forgo review of the Supplier Tariff was not unreasonable. The vague reference to "supplier tariffs" in the footnote to the *ESP III* Stipulation did not provide Staff with any guidance on the specific issues RESA and IGS may have raised in this proceeding. The Supplier Tariff contains numerous specific provisions. RESA and IGS did not specify which provisions they sought to change until their objections were filed thirty days after the filing of the Staff Report. Therefore, we conclude that it was not unreasonable for Staff to forgo review of the Supplier Tariff in its investigation of DP&L's application, as reflected in Staff's testimony.

{¶ 38} Having addressed the propriety of Staff's attention to the Supplier Tariff in general, the Commission now turns to the specifics of IGS and RESA's objections.

a. Supplier Tariff - Switching and Historical Usage Fees.

{¶ 39} RESA objects to the continued existence of both switching fees and historical usage interval data fees in DP&L's Supplier Tariff and argues that the Commission should modify the Stipulations to require the removal of these fees. RESA asserts that DP&L has not and can not present any justification for these costs, as they were never based on any actual expense. And, despite DP&L not proposing any changes to these fees in its application, RESA believes Staff should have investigated whether any cost actually incurred by the Company justifies the charges. RESA contends that the switching fee, in addition to being excessive and unnecessary, creates a disincentive for customers to shop and/or switch from one generation provider to another.

{¶ 40} RESA also takes issue with the historical usage interval data fees. Pursuant to the Supplier Tariff, historical usage interval data is provided by DP&L to competitive providers at the cost of up to $150 per account per request. RESA contends that this fee is not based upon any actual cost incurred by the Company in providing the requested data, but was determined as part of a settlement package in Case No. 11-3002-EL-MER (RESA/IGS Ex.1 at TR-2). RESA laments that these fees have not been justified at any point in this proceeding and that DP&L refused to respond to discovery requests seeking a demonstration of costs. What is more, according to RESA, no party challenged its witness's testimony that there is no reason to believe that any de minimis costs incurred are not already being recovered by DP&L through base rates or its customer charge, especially given her understanding that any expense related to providing historical usage interval data is likely cents per transaction (RESA/IGS Ex. 1 at 2; Tr. Vol. I at 111). Alternatively, since only the utility can provide the historical interval usage data, any de minimis cost incurred should be recovered as a "monopoly service," which is to say it should not be recovered at all (RESA/IGS Ex. 1 at 2-3).

{¶ 41} While not conceding its belief that arguments regarding a generation tariff have no bearing on a distribution rate case, DP&L urges the Commission to disregard RESA's arguments regarding the switching and historical usage interval data fees. The Company observes that RESA did not provide the Commission with any evidence to support its argument that the switching fee is unreasonable or should be eliminated; thus, there is no cause to deviate from the fee as proposed and ultimately approved by the Commission in DP&L's SSO proceeding. As to historical usage interval data fees, DP&L adds that RESA and IGS's witness, Theresa Ringenbach, provides no calculations regarding cost causation or other evidentiary support for her conclusions. Further, while agreeing that the interval data charge was established as part of a settlement package of a prior case, DP&L disputes RESA's assertion that the charge was derived without consideration of any related cost or expense.

{¶ 42} The interval data fees were approved by the Commission when it adopted the stipulations recommending approval of the merger between DP&L's parent, DPL Inc., and AES Corporation. *In re AES Corporation*, Case No. 11-3002-EL-MER, Finding and Order at 10 (Nov. 22, 2011) (*Merger Case*). The Supreme Court of Ohio has held that when the Commission has made a lawful order, the Commission is bound by certain institutional constraints to provide an explanation before such order may be changed or modified. *Ohio Consumers' Counsel v. Pub. Util. Comm.*, 10 Ohio St.3d 49, 50-51, 461 N.E.2d 303 (1984). The Court has explained that this does not mean that the Commission may never revisit a particular decision, only that if the Commission does change course, it must explain why. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056, 40 N.E.3d 1060, ¶ 16, citing *In re Application of Columbus S. Power Co.*, 128 Ohio St.3d 512, 2011-Ohio-1788, 947 N.E.2d 655, ¶ 52 (citations omitted). At the hearing in this case, RESA witness Ringenbach testified in support of RESA's objection on this issue. Ms. Ringenbach testified that access to customer interval data is a "monopoly service" and, as such, the Commission should eliminate all fees associated with competitive retail electric service provider's access to the customer's data (RESA/IGS Ex. 1 at 2, 3). However, Ms. Ringenbach did not explain how any circumstances have changed since the Commission approved the current fee for interval data in the *Merger Case*. The witness did not refer to any decline in competition in the CRES market in DP&L's service territory nor to a failure to achieve any goals set by the Commission when we approved the current interval data fees in the *Merger Case*. In short, Ms. Ringenbach provided no persuasive basis for the Commission to depart from our decision in the *Merger Case*. Further, we are not persuaded by the argument that there should be no charge for access to interval data because it is a "monopoly service." All components of distribution service are currently non-competitive, and principles of cost causation still apply to the provision of non-competitive services. The amount of the fee was established as part of a settlement approved by the Commission in the *Merger Case*. We will not revisit that decision here. We may, however, revisit this issue through the working groups or proceedings implementing the PowerForward Initiative.

{¶ 43} With respect to the switching fees, the Commission finds that the Supplier Tariff should not be modified as proposed by RESA. DP&L correctly notes that the Commission affirmed the switching fees in DP&L's SSO proceeding. As stated above, the Commission has the authority to modify prior orders but such authority is not unlimited. The Supreme Court of Ohio has held that when the Commission has made a lawful order, the Commission is bound by certain institutional constraints to provide an explanation before such order may be changed or modified. *Ohio Consumers' Counsel,* 10 Ohio St.3d at 50-51, 461 N.E.2d 303 (1984). However, RESA presented no evidence that the switching fees are unreasonable or that, since the approval of the switching fees in *ESP III*, circumstances in the retail market have sufficiently changed to justify a modification of the switching fees. Instead, RESA focuses its attack on the lack of attention paid to the switching fees, arguing that Staff failed to address them in its review of the application and that neither DP&L nor Staff has adequately responded to its objection. As noted above, however, the Commission concludes that Staff's decision to forgo review of the Supplier Tariff was not unreasonable. Despite RESA's protestations to the contrary, although DP&L has the burden of proof in this case, RESA has the burden of production of evidence to support its objections; and RESA has failed to provide or cite to evidence sufficient to support changing our prior order in *ESP III*.

b. *Supplier Tariff – Credit and Collateral Practices.*

{¶ 44} IGS objects to the Staff Report's failure to propose changes to the credit and collateral requirements contained in DP&L's Supplier Tariff. IGS claims that, since the authorization of the Amended Stipulation approving DP&L's third ESP, the Company has begun applying its Supplier Tariff inconsistent with its historical practice and to the detriment of CRES providers that are not publicly traded. IGS asserts that DP&L does not require collateral from a CRES provider with a long-term credit rating. For other CRES providers, the Supplier Tariff mandates that "[t]he amount of the security required must be and remain commensurate with the financial risks placed on the Company by that supplier, including recognition of that supplier's performance" (IGS Ex. 3 at Ex. 2). According to IGS, DP&L does not take into account the supplier's performance, which leads to discrimination between publically traded companies and privately held companies with strong balance sheets and consistent performance. Thus, IGS concludes that DP&L's tariff is structured to the disadvantage of companies like IGS and is discriminatory. As a remedy, IGS asks that the Commission require the Company to give proper "recognition [to the] supplier's performance" and make changes to the Supplier Tariff to ensure that its credit and collateral requirements are just, reasonable, and not discriminatory against privately held companies. Additionally, IGS states that DP&L should be directed to modify the tariff to be more in line with other electric distribution companies.

{¶ 45} IGS further takes issue with DP&L's bond form. IGS claims that DP&L unilaterally changed the remedy timing required without Commission approval. Specifically, IGS argues that when it submitted its collateral payment, DP&L's form designated a 30-day remedy period. But, DP&L indicated that the required remedy period had been changed to five days; now, it is two days. IGS claims that DP&L did not obtain Commission authorization to change the remedy period, but should be required to do so.

{¶ 46} In response, the Company states that nothing in its collateral requirement draws a distinction between public and private companies. Instead, the collateral requirements change with regard only to credit ratings: a company with a strong credit rating need not post collateral, while a company without a strong credit rating does. It is only when a company chooses not to obtain a credit rating that the alternative collateral measures are indicated. To this point, DP&L observes that, despite his complaints of discriminatory treatment, IGS witness Mr. Crist concedes that IGS could obtain a credit rating, thus avoiding the need to post collateral (Tr. Vol. II at 183). Moreover, although Mr. Crist's argument infers that the collateral requirement exceeds the risk it secures, DP&L argues that he did not attempt to calculate the risks to which DP&L would be exposed if IGS defaulted and, absent this knowledge, cannot demonstrate that DP&L's method is unreasonable (Tr. Vol. II at 194). In short, DP&L argues that its tariff provides a reasonable, objective alternative for determining the risk indicated by an un-rated company and should be left unchanged.

{¶ 47} The Commission finds that the evidence in the record does not support modification of the credit and collateral requirements in the Supplier Tariff. As DP&L notes, the Supplier Tariff does not distinguish between public and private companies; the Supplier Tariff provides that companies, public or private, which have established their creditworthiness by obtaining an investment grade credit rating need not post collateral. The record demonstrates that there is nothing to stop private companies from obtaining credit ratings. Nonetheless, if any CRES provider believes that the differential treatment is unduly discriminatory, it should seek mediation from the Staff or file a complaint with the Commission.

{¶ 48} With respect to the issue regarding bond form and remedy timing, the Commission is concerned by DP&L's failure to respond to the issues raised by IGS through a witness or on brief. We will not disturb the Stipulations in this case, but we direct Staff to thoroughly investigate IGS's allegations, including whether a change was made without Commission approval, and recommend to the Commission, in a separate proceeding, an appropriate remedy if IGS's allegations are substantiated and an informal resolution is not reached.

3. Rate Design.

{¶ 49} In its filed objections, IGS objected to the Staff Report's acceptance of DP&L's straight fixed variable rate design and increase to the residential customer charge. In its initial post-hearing brief, IGS folds this objection into an argument that the Stipulations' proposed $7.00 customer charge is contrary to the state's policy to encourage implementation of distributed generation. IGS argues that the increased customer charge negatively impacts the economic value of deploying distributed generation resources and urges the Commission to reject that increase and to reallocate the revenue requirement to DP&L's volumetric rates.

{¶ 50} IGS also objects to the Staff Report's failure to recommend that DP&L modify the manner in which it established commercial customers' billing determinants. Specifically, IGS objects to determining customer demand based upon the non-coincident peak of an individual customer, arguing that the proposed methodology discourages distributed generation. IGS submits that the Staff Report's statement that "[t]he size of a distribution system does not depend on the highest coincident peak demand on a utility's system, but rather its size depends on the non-coincident peak of the customers it serves" is unsubstantiated and contradictory to principles of cost causation. In support of its contention, IGS offers Staff witness Goins' testimony that he could not speak to how DP&L plans its distribution grid and did not consider the impact of assigning demand charges on the development of distributed generation (Tr. Vol. II at 279). IGS suggests that DP&L should calculate a customer's demand based upon its usage at the time of the peak on that customer's localized distribution circuit or feeder to ensure that distribution rates are more closely aligned with principles of cost causation.

{¶ 51} The Company disagrees. Initially, DP&L rejects the notion that the customer charge—established in the Stipulations at a lesser amount than originally requested or even proposed by the Staff Report—is unreasonable, erroneous or violative of cost-causation principles. In fact, says the Company, IGS does not even assert that the customer charge violates principles of cost-causation or was erroneously calculated; it merely asserts that the charge may negatively impact the economic value of deploying distributed generation resources. Additionally, DP&L states that the undisputed evidence establishes that the demand charges are reasonable and based on principles of cost causation (Staff Ex. 4 at 2). DP&L argues that IGS offers no evidence to suggest that the demand charges were erroneously calculated or actually violate principles of cost causation; IGS simply wants the demand charges changed to actively promote distributed generation.

{¶ 52} The Commission finds that the amount of the customer charge and the rate design for demand charges in the Stipulations should be adopted. We note that, although the Company bears the burden of proof in this proceeding, IGS has the burden of production of evidence in support of its objections. IGS alleges that the customer charge contained in the Stipulations discourages distributed generation, but IGS does not cite to any evidence in the record in support of its claim that an increased customer charge materially discourages distributed generation. Likewise, IGS alleges that use of non-coincident peak for determining customer demand discourages distributed generation. However, Staff witness Goins did not concede that this claim was true on cross-examination and IGS presented no evidence in support of its claim. As there is no evidence in the record that the rate design discourages distributed generation, we will not modify the Stipulations in this case.

{¶ 53} Based on the foregoing, the Commission finds that the objections filed by IGS and RESA are unpersuasive. Thus, the sole remaining issue for the Commission's determination is whether the Stipulations filed June 18, 2018, and July 12, 2018, are reasonable and should be adopted.

B. Summary of the Stipulations.

{¶ 54} The Stipulation filed June 18, 2018, was intended by the Signatory Parties to resolve all of the issues raised in this proceeding. The Signatory Parties initially state their agreement that the Commission should adopt the findings and recommendations contained within the Staff Report, except as otherwise agreed per the Stipulation (Jt. Ex. 1 at 3). The following is a summary of those terms otherwise agreed to by the Signatory Parties; this summary is not intended to replace or supersede the Stipulation:

II. Base Distribution Rates

(1) The revenue requirement for DP&L's base rates for electric distribution is $247,951,788 (Stipulated Revenue Requirement) (Jt. Ex. 1 at 3, Stipulated Schedule A-1).

(2) The Stipulated Revenue Requirement includes adjustments necessary to implement the Tax Cuts and Jobs Act (TCJA) with regard to the federal income tax expense and the gross revenue conversion factor. All excess accumulated deferred income taxes (ADIT) resulting from the TCJA and the full balance of the regulatory liability ordered by the Commission effective January 1, 2018 in Case NO. 18-47-AU-COI are to be realized in future proceedings. The Company shall file an application in a subsequent proceeding(s) for the sole purpose of returning monies associated with the aforementioned items within specified time periods. By no later than January 1, 2019, DP&L shall calculate the net impact of the TCJA. By no later than March 1, 2019, DP&L shall file an application to commence a proceeding limited to the sole issue of the TCJA refund (TCJA Application). The distribution-related, eligible unprotected ADIT (Unprotected ADIT) and regulatory liability will be returned to customers over an amortization period no greater than 10 years, with an aggregate refund of no less than $4 million per year for the first five years of that period, unless that refund is fully returned within the first five years, and any remaining balance over a maximum of an additional five years. The

distribution-related, eligible protected excess ADIT will be returned to customers in accordance with Federal law. In Case No. 18-47-AU-COI, the TCJA Application, and any other proceeding addressing a return of tax saving from the TCJA to DP&L's customers, the Company agrees to withdraw and waive its arguments that a refund or credit of deferred amounts would be unlawful or unreasonable for any of the followings reasons: (a) retroactive ratemaking or the filed-rate doctrine; (b) that it would constitute an unlawful refund; (c) DP&L's ROE is too low; and (d) that the issues can be addressed only in a rate case.

(3) A fair and reasonable rate of return for DP&L on the Stipulated Rate Base is 7.27% (Stipulated Rate of Return), which incorporates a return on equity of 9.999% and a cost of long-term debt of 4.8% (Stipulated Cost of Debt).

(4) The Stipulated Rate Base is $643,518,823, which includes the plant-in-service findings and recommendations in the Staff Report including a reduction of $2,007,847 to deferred income taxes associated with Staff's net plant adjustments and flow-through adjustments related to working cash capital (Jt. Ex. 1 at 5, Stipulated Schedule B-1).

(5) DP&L's Stipulated Operating Income is $23,424,847. The Stipulated Operating Income was calculated using the following adjustments to the recommendations in the Staff Report regarding DP&L's operating expenses:

a. An addition of $5,610,653 to reflect employee labor costs incurred by DP&L during the Test Period;

b. An addition of $1,910,790 to reflect property tax expense incurred by DP&L during the Test Period;

c. An addition of $5,000,000 included in the Stipulated Operating Expenses to reflect known increases in vegetation management;

d. A reduction of $1,500,000 to test year revenues associated with Staff's adjustment for energy efficiency; and

e. A reduction of $329,774 to test year expenses associated with Miscellaneous General Expenses.

III. Riders

(1) Pursuant to the October 20, 2017 Opinion and Order in Case No. 16-395-EL-SSO, the Company's Distribution Investment Rider (DIR) shall be populated as follows:

a. The DIR shall commence concurrent with the update to DP&L's base rates for electric distribution service approved in this proceeding;

b. The beginning DIR balance will include the balance of qualifying incremental investments placed in service from October 1, 2015, until the Commission's approval of the Stipulation;

c. The DIR shall be calculated using the tax rates enacted by the TCJA;

d. The DIR shall be subject to the following revenue caps:

2018	$1,200,000 per month effective with DIR commencement
2019	$22,000,000
2020	$29,000,000

2021 $37,000,000

2022 $44,000,000

2023 $43,000,000 (reflects proration through Oct. 31 2023);

e. DP&L shall file quarterly updates on or about the first day of January, April, July, and October, with rates effective 60 days after filing unless otherwise suspended by the Commission. The filings shall be subject to annual Commission review, audit, and reconciliation;

f. The DIR tariff language shall include a provision specifying that the Rider is subject to reconciliation and adjustment, including increases or refunds;[5]

g. DP&L may file an application for battery storage projects related to distribution service. DP&L may install such projects for the purpose of deferring distribution circuit investments or addressing distribution reliability issues and may include those distribution plant investments in the DIR. Before including any battery storage investment in the DIR, the Company must meet with Staff and Signatory Parties prior to filing an application for pre-approval of a battery project, and, in any battery application, DP&L must demonstrate that the battery(ies) will be used for a distribution service and will qualify as distribution equipment under the FERC uniform system of accounts;

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5 The required tariff language is specifically stated in the Stipulation at p. 8.

h. The DIR shall be calculated using the same methodology reflected in Exhibit 3 to the Stipulation, which includes the after-tax weighted average cost of capital specified in Part II(3), above;

i. The Company shall work with Staff and OCC to develop an annual plan—to be submitted to Staff and OCC annually starting December 1, 2019—emphasizing proactive distribution maintenance that will focus spending on areas having the greatest impact on maintaining and improving reliability for customers. In lieu of the method recommended in the Staff Report regarding penalties for noncompliance, beginning with the 2019 CAIDI and SAIFI performance reported on or before March 31, 2020, if either performance standard is not achieved for two consecutive years, DP&L's DIR revenue cap increment will decrease by $2 million rather than being assessed a penalty or forfeiture due to a violation of Ohio Adm.Code 4901:1-10-10.

(2) DP&L will dedicate up to $1 million in total capital investment eligible for DIR recovery, beginning in 2019, to fund distribution grid investments necessary to support installation of electric vehicle (EV) charging infrastructure in the DP&L service territory. The Company may recover through the DIR costs associated with investments for the meter and equipment in front of the meter to support EV charging stations supported by grants awarded by the Ohio EPA. In consultation with Staff and the Signatory Parties, DP&L may develop a pilot EV tariff.

(3) Pursuant to the October 20, 2017 Opinion and Order in Case No. 16-395-EL-SSO, the Company shall be permitted to implement Revenue Decoupling through its Decoupling Rider as follows:

a. Revenue Decoupling shall employ a revenue per customer (RPC) methodology and is applicable to tariff classes D17, D18, and D19 only. The calculation of the RPC is demonstrated in Exhibit 4 to the *Stipulation;*

b. The Decoupling Rider will be set to zero with the implementation of this distribution rate case;

c. Beginning on January 1, 2019, the Decoupling Rider will be effective with a rate (or credit) calculated by taking the difference between the Stipulated Revenue Requirement applicable to tariff classes D17, D18, and D19 and the Allowed Revenue Requirement. The Allowed Revenue Requirement will be calculated by multiplying the number of customers as of September 30, 2018, by the RPC shown in Exhibit 4;

d. For subsequent annual true-ups, the Decoupling Rider rate or credit will be calculated by taking the difference, whether positive or negative, between the updated Allowed Revenue Requirement (updated number of customers multiplied by the RPC) and actual base distribution revenues for tariff classes D17, D18, and D19 in the calendar year. The Decoupling Rider will be reconciled on a calendar year basis and will be effective April 1 of each year;

e. The Decoupling Rider deferral balance (over or under) will include carrying costs at DP&L's Stipulated Cost of Debt;

f. The Decoupling Rider tariffs will be automatically implemented 60 days after the filing of the Company's Decoupling Rider filings, unless suspended by the Commission, and the Rider is subject to reconciliation or adjustment, including increases or refunds;

g. The Decoupling Rider will be charged based on the percentage of base distribution revenue for each applicable tariff class individually; and

h. Pursuant to the Stipulation approved by the Commission in Case No. 17-1398-EL-POR, with the implementation of this distribution rate case, DP&L shall not be entitled to double collect the same revenue reductions through lost distribution revenues and decoupling charges simultaneously.

IV. Other

(1) The Signatory Parties agree that DP&L is authorized to defer as a regulatory asset, for future recovery with no carrying costs, annual expenses for vegetation management performed by third-party vendors as follows: for calendar year 2018 annual expenses which are incremental to the baseline of $10.7 million, subject to a $4.6 million annual cap, and for calendar year 2019 and thereafter, annual expenses which are incremental to the Test Year expenses of $15.7 million, subject to a $4.6 million annual cap. Annual spending of less than the vegetation management baseline amount listed above will result in a reduction to the regulatory asset or creation of a regulatory liability.

(2) Prior to filing its Distribution Infrastructure Modernization Plan in accordance with Case Nos. 16-395-EL-SSO, et al., and within 60 days of the filing of this Stipulation, DP&L will meet with Staff, the Environmental Parties, OCC, and any other interested stakeholders at least once to seek

input and information for use in formulating a proposal to facilitate electric vehicle (EV) adoption and the deployment of EV charging infrastructure.

(3) The Company will meet with Staff, the Environmental Parties, and any other interested stakeholders, within 60 days of the filing of this Stipulation, to collaborate on developing a pilot plan with a goal of identifying "non-wires alternatives" (NWA) (e.g. energy efficiency, demand response, distributed generation, storage, or other NWA) that could cost-effectively result in the deferral or avoidance of a distribution investment project. DP&L will propose to continue the effort as a Non-Wires Alternatives Pilot Collaborative in its Distribution Infrastructure Modernization Plan filing. Six months after the filing of this Stipulation, DP&L and the Environmental Parties will each file a status report with the Commission describing progress toward developing an NWA pilot plan, and DP&L will work to finalize such a plan within 12 months of this Stipulation's filing.

(4) Nothing in this Stipulation prohibits DP&L from filing its next distribution rate case at any time.

V. Rates and Tariffs

(1) DP&L shall charge customers the rates set forth in the summary sheet attached to the Stipulation as Exhibit 5.

(2) The customer charge for residential customers shall be $7.00.

(3) The allocations to customer classes represent the Staff Report recommendations with a modification to the Secondary, Primary, and

Primary-Substation classes, which reflects a compromise allocation between the Company's Application and the Staff Report.

(4) DP&L agrees to waive the Contract Capacity Charge related to Redundant Service (aka Alternate Feed Service) described in DP&L's current Tariff No. D10, any other applicable tariff, or any equivalent service until a final order is issued in DP&L's next base distribution rate case as follows: the waiver applies to all OHA members regardless of whether the members are currently paying Redundancy/Alternate Feed Service charges or whether those members require Redundancy/Alternate Feed Service in the future, but the waiver does not exempt OHA members from the capital costs associated with supplying a new redundant service feed, including throw-over and protective equipment.

(5) DP&L will conduct a distribution interconnect feasibility study for the solar farm at the 16-acre brownfield located in Edgemont on the former General Motors factory site, the costs of which will not be recovered from customers.

(Jt. Ex. 1 at 3-15.)

{¶ 55} As stated above, on July 12, 2018, DP&L filed a supplemental stipulation and recommendation through which the City joined the June 18, 2018 Stipulation without change to any of its provisions. The supplemental stipulation does, however, set forth conditions specific to the City, which are summarized as follows[6]:

(1) DP&L agrees to waive the Contract Capacity Charge related to Redundant Service (aka Alternate Feed Service) described in the

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[6] This summary is not intended to replace or supersede the supplemental stipulation.

Company's current Tariff No. D10, any other applicable tariff, or any equivalent service until a final order is issued in the Company's next base distribution rate case as follows: the waiver applies to all City accounts that currently have redundant service regardless of whether the account is currently paying Redundancy/Alternate Feed Service charges, but the waiver does not exempt City accounts from the capital costs associated with supplying a new redundant service feed, including throw-over and protective equipment.

(2) Citing one of the Staff Report's recommendations with regard to Tariff No. D10, the parties agree that, as part of its next rate case, DP&L will conduct a cost of service study. That study would include, among other things, an analysis to determine what incremental costs are associated with redundant service and are not currently being recovered by DP&L under base distribution rates and should therefore be included in the redundant service charge described in the Staff Report. The cost of service study shall also recommend a rate to be charged to customers taking redundant service.

(3) DP&L shall contribute $50,000 of shareholder funds to the DP&L Gift of Power Program within 30 days of the Commission's approval of the Stipulation and supplemental stipulation. DP&L commits to make donations to the Gift of Power program in the amount of $50,000 of shareholder funds per year made in 2019, 2020, 2021, and 2022. These contributions are in addition to those previously committed to by the Company in Case No. 16-395-EL-SSO.

(DP&L/Dayton Ex. 1 at 2-3.)

C. Consideration of the Stipulations.

{¶ 56} Ohio Adm.Code 4901-1-30 authorizes parties to Commission proceedings to enter into stipulations. Although not binding upon the Commission, the terms of such an agreement are accorded substantial weight. *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St.3d 123, 125, 592 N.E.2d 1370 (1992), citing *Akron v. Pub. Util. Comm.*, 55 Ohio St.2d 155, 157, 378 N.E. 2d 480 (1978). This concept is particularly valid where the stipulation is supported or unopposed by the vast majority of parties and resolves all issues presented in the proceeding in which it is offered.

{¶ 57} The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. See, e.g., *Dominion Retail v. Dayton Power and Light*, Case Nos. 03-2405-EL-CSS, et al., Opinion and Order (Feb. 2, 2005); *In re Cincinnati Gas & Elec. Co.*, Case No. 91-410-EL-AIR, Order on Remand (Apr. 14, 1994); *In re Western Reserve Telephone Co.*, Case No. 93-230-TP-ALT, Opinion and Order (Mar. 30, 1994); *Cleveland Elec. Illum. Co.*, Case No. 88-170-EL-AIR, et al., Opinion and Order (Jan. 31, 1989); *In re Restatement of Accounts and Records*, Case No. 84-1187-EL-UNC, Opinion and Order (Nov. 26, 1985). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of the stipulation, the Commission has used the following criteria:

(1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?

(2) Does the settlement, as a package, benefit ratepayers and the public interest?

(3) Does the settlement package violate any important regulatory principle or practice?

The Supreme Court of Ohio has endorsed the Commission's analysis using these criteria to resolve cases in a manner economical to ratepayers and public utilities. *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.*, 68 Ohio St.3d 559, 629 N.E. 2d 423 (1994), citing *Consumers' Counsel* at 126.

{¶ 58} OEG, Edgemont/OPAE, Staff, Kroger, DP&L and OCC (collectively, Supporting Parties) all urge the Commission to approve the Stipulations in their entirety, with Edgemont/OPAE and OCC specifying that the Commission should further reject any modification. RESA and IGS hold contrary views. Specifically, RESA advises the Commission to either reject the Stipulations and fully litigate DP&L's application and Staff's recommendations or modify the Stipulations to incorporate RESA's recommendations. Similarly, and in line with its objections, IGS generally asserts that the Stipulations are unjust, unreasonable, discriminatory, against the public interest, and in violation of Ohio law and should therefore be rejected or modified consistent with IGS's recommendations. The Commission addresses the parties' arguments as to each of the three criteria for evaluating the reasonableness of the Stipulations below.

1. THE STIPULATIONS ARE A PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES.

{¶ 59} The Supporting Parties argue that the uncontested evidence demonstrates that the Stipulations meet the first criterion. Citing to the combined testimony of Sharon Schroder, William Ross Willis, and David Lipthratt, these parties all stress that the entities supporting or not opposing the Stipulations represent a wide variety of diverse interests including residential, industrial and commercial clients, hospitals, low-income advocates, environmental and renewable energy advocates, Staff, and the Company. OEG points out that each of the parties and their counsel have significant experience in Commission proceedings. Edgemont/OPAE, Kroger, Staff, and OCC stress that considerable time and energy was expended to reach the significant compromises and concessions apparent in the Stipulations. DP&L and OCC each observe that the evidence supporting this prong is uncontested; neither RESA nor IGS cross-examined any of the witnesses presenting testimony in support of the Stipulations on this issue or provided opposing testimony.

{¶ 60} The Commission is persuaded that the Stipulations are a product of serious bargaining among capable, knowledgeable parties. Company witness Sharon Schroder (DP&L Ex. 1), OCC witness William Ross Willis (OCC Ex. 1), and Staff witness David Lipthratt (Staff Ex. 6) all testified that the Stipulations are a product of serious bargaining among capable, knowledgeable parties. As supported by the others, Ms. Schroder explained that all of the intervening parties participated in, or had the opportunity to participate in, the negotiations, which involved a diverse group of experienced parties (DP&L Ex. 1 at 5; Staff Ex. 6 at 3). Settlement negotiations were held on at least six days over more than a month of time; and, additional, more tailored settlement discussions were held between stakeholders of differing interests and the Company, with Staff and other parties making extensive comments on DP&L's proposals and all Signatory and Non-Opposing parties making compromises to reach the end result (DP&L Ex. 1 at 5-6; OCC Ex. 1 at 5). Further, all parties frequently appear before the Commission and were represented by attorneys with extensive regulatory knowledge and experience who devoted numerous hours to the negotiations necessary to produce the Stipulations (DP&L Ex. 1 at 6; OCC Ex. 1 at 5; Staff Ex. 6 at 3). Moreover, there is no evidence contradicting these witnesses' testimony; RESA/IGS witness Hess specifically did not address the issue, and neither RESA/IGS witness Ringenbach nor IGS witness Crist offered any opinion as to the reasonableness of the Stipulations (Tr. Vol. I at 117-118; RESA/IGS Ex. 1; IGS Ex. 3). Indeed, RESA concedes that "* * * the settlement is the product of serious bargaining among capable, knowledgeable parties * * *" in its post-hearing brief. Finally, while IGS objects to the Stipulations as a principle, it offers no evidence to rebut the testimony provided in support of the three-part test evaluating the Stipulations' reasonableness. Therefore, upon review of the terms of the Stipulations and supporting testimony, and noting no evidence to the contrary, the Commission finds that the first criterion of our three-part test is met.

2. THE STIPULATIONS, AS A PACKAGE, BENEFITS RATEPAYERS AND THE PUBLIC INTEREST.

{¶ 61} The Supporting Parties contend that Ms. Schroder, Mr. Willis, and Mr. Lipthratt presented compelling, uncontested testimony establishing that the Stipulations, as a package, benefit ratepayers and the public interest. The Supporting Parties each point the Commission's attention to various aspects of the Stipulations in support of their arguments, but all converge on the incorporation of the TCJA's lowered corporate federal income tax rate as a significant expression of the Stipulations' benefit to ratepayers. Other benefits commonly enumerated by the Supporting Parties include the reduction of the overall rate increase from the originally proposed $65.8 million to the stipulated amount of $29.8 million; a $7.00 residential customer charge, which is lower than the amounts proposed by DP&L and recommended by the Staff Report; and the reduced rate of return and return on equity.

{¶ 62} In addition, DP&L, joined by Kroger, stresses that the Stipulations will enable the Company to continue to provide safe and reliable service by implementing just and reasonable rates, populating a rider to allow recovery of incremental distribution investments, and allowing deferral for future recovery certain vegetation management expenses. To this, Staff, OCC, and Kroger add, to varying degrees, the benefits to be derived from the Stipulations' encouragement of innovative EV charging infrastructure and NWA pilot program, implementation of the decoupling rider, and added funding for the City of Dayton's low-income power program. Kroger also touts the Stipulations' avoidance of a fully-litigated rate case, which results in significantly lower litigation costs to all involved, while OCC applauds the Stipulations for protecting the benefit of DP&L's competitively bid standard offer for consumers by rejecting the allocation methodology championed by the RESA and IGS. And, as it did regarding the first prong, DP&L points out that the testimony in support of a finding that the Stipulations, as a whole, benefit ratepayers and the public interest is uncontested; neither RESA nor IGS elicited testimony regarding this issue on cross-examination nor provided testimony to contradict that provided by Ms. Schroder, Mr. Willis, and Mr. Lipthratt.

{¶ 63} RESA and IGS take a contrary view, asserting that the Stipulations fail to satisfy the second element of the Commission's reasonableness test. Here, the gist of IGS and RESA's argument is that the Stipulations, by permitting DP&L to recover costs allegedly associated with the provision of SSO service through its distribution rates and to collect certain fees and charges from CRES suppliers, discriminates against shopping customers and CRES suppliers. As such, they argue, the Stipulations, as a package, do not benefit all ratepayers or the public interest.

{¶ 64} The Commission finds that the Stipulations, as a package, benefit ratepayers and the public interest. Most importantly, the Stipulations recognize and return to ratepayers the benefits of the lower corporate income tax rate instituted by the TCJA. The Stipulated Revenue Requirement incorporates the necessary adjustments to implement the TCJA and establishes a framework for the return of ADIT and the full balance of the regulatory liability ordered by the Commission effective January 1, 2018 in Case No. 18-47-AU-COI. This means that customers will receive a minimum of $20 million in tax savings over a period not to exceed ten years. Moreover, the Company agreed to waive numerous legal arguments that could be raised to attempt to avoid sharing the TCJA's tax savings, which means the ratepayers will see the benefit sooner and they, along with intervening parties, are spared the costs associated with protracted litigation. (DP&L Ex. 1 at 9-10; OCC Ex. 1 at 6-7; Staff Ex. 6 at 4-5.)

{¶ 65} Moreover, Ms. Schroder explains that the Stipulations benefit ratepayers and the public interest in myriad ways. Initially, Ms. Schroder observes that the Stipulations will enable DP&L to continue to provide safe and reliable service by promoting its financial condition through the implementation of just and reasonable rates (DP&L Ex. 1 at 7). Testimony from OCC and Staff supports this observation and adds that the benefit to ratepayers is also apparent in the amount of the increase to Base distribution revenue, which is reduced by more than half from the amount stated in the Company's application (OCC Ex. 1 at 5; Staff Ex. 6 at 4). Similarly, the Stipulated Rate of Return incorporates a return on equity that is lower than that proposed in the application and is within the lower range of Staff's recommendation and a cost of debt that is lower than proposed in the application or Staff Report (DP&L Ex. 1 at 11; Staff Ex. 6 at 5). Additionally, the Stipulations recommend a customer charge of $7.00; this lower-than-recommended charge may provide greater financial incentive for energy conservation, incorporates gradualism in ratemaking, and moderates bill impacts for low usage residential customers (DP&L Ex. 1 at 11).

{¶ 66} The Stipulations contain other reliability sustaining provisions including the recovery of incremental distribution investments through the Company's DIR, which permits DP&L to address known threats to the reliability of its distribution system. Importantly, the provisions related to the DIR also require the Company to work with Staff and OCC to develop an annual plan to improve reliability and ties the Company's performance to its DIR revenue cap. The Stipulations also provide deferral authority for incremental annual expenses for vegetation management, subject to an annual cap of $4.6 million. (DP&L Ex. 1 at 7-8; OCC Ex. 1 at 7-8; Staff Ex. 6 at 5.) And, while not directed toward system reliability, the Stipulations permit DP&L to implement revenue decoupling through the Distribution Decoupling Rider, which will promote energy efficiency efforts, result in the elimination of collection of lost revenues, and provide rate stability to both the Company and its customers (DP&L Ex. 1 at 10; OCC Ex. 1 at 8; Staff Ex. 6 at 5).

{¶ 67} In addition to direct advantages for DP&L ratepayers, the Stipulations, as a whole, further benefit the public at large. The Stipulations waive the contract capacity charge related to redundant service for hospital customers and the City of Dayton until a final order is issued in the Company's next base distribution rate case (DP&L Ex. 1 at 12). Additionally, the Stipulations promote the availability of the distribution system to customer-generators by pledging shareholder funding for a distribution interconnect feasibility study (*Id.*). Moreover, the Signatory Parties negotiated a framework for collaboration among the Company, Staff, the Environmental Parties, and any other interested stakeholders regarding deployment of EV charging infrastructure and development of a NWA pilot program (DP&L Ex. 1 at 12; Staff Ex. 6 at 5).

{¶ 68} The Commission notes that the arguments raised by IGS and RESA against these findings are just that: arguments. As noted by DP&L, neither RESA nor IGS introduced any evidence on this factor at hearing (Tr. Vol. I at 118; RESA/IGS Ex. 1; IGS Ex. 3). Moreover, these arguments are decidedly intertwined with the objections set forth by RESA and IGS, objections that the Commission has rejected as defeating the recommendations made by the Staff Report. The Commission finds these arguments no more persuasive in their attempt to discredit a finding that the Stipulations, as a whole, are beneficial to ratepayers and the public.

{¶ 69} The foregoing reveals a record that is replete with evidence to substantiate the conclusion that the Stipulations, as a package, benefit ratepayers and the public interest. No party challenged the witness testimony offered in support of the Stipulations, and the Commission finds it to be comprehensive and persuasive. Additionally, we are not swayed by IGS and RESA's arguments to the contrary. Thus, the Commission concludes that the second criterion is satisfied.

3. THE STIPULATIONS DO NOT VIOLATE ANY IMPORTANT REGULATORY PRINCIPLE OR PRACTICE.

{¶ 70} The Commission now turns to the third factor in analyzing the Stipulations' reasonableness. The Supporting Parties assert that the Stipulations advance many state policies, including several set forth in R.C. 4928.02. For example, these parties explain that the Stipulations allow DP&L to recover just and reasonable rates. Additionally, the Stipulations work to ensure the availability of adequate and reliable service, ensure that the

Company's systems are available to distributed generation, protect at-risk populations, and facilitate the state's effectiveness in the global economy. OEG and Staff state that the Stipulations promote innovation in technology for infrastructure, facilitates shopping, and, Staff adds, contain environmental benefits. Moreover, OCC, Staff and Edgemont/OPAE all point to the incorporation of certain changes ushered in by the TCJA as further evidence of the Stipulations advance state and regulatory policy. Indeed, citing *East Ohio Gas Co. v. Pub. Util. Comm. of Ohio*, 133 Ohio St. 212 (1938), OCC posits that this aspect of the Stipulations is consistent with the Supreme Court of Ohio's precedent requiring the Commission to account for known changes to tax rates in this base rate case. Finally, anticipating the arguments of IGS and RESA, Kroger argues that the record is devoid of any citation to a specific law, regulatory principle or regulatory practice that the Stipulations allegedly violate. Kroger represents that RESA/IGS witness Hess admitted on cross-examination that his testimony did not address this part, or any part, of the Commission's test for analyzing stipulations and that neither Ms. Ringenbach nor Mr. Crist directly address this analysis (Tr. Vol. I at 118-119). DP&L similarly maintains that the arguments raised by IGS and RESA in their objections to the Staff Report fail to establish that the Stipulations violate any important regulatory principle or practice.

{¶ 71} As they did with regard to the public interest prong, RESA and IGS take an opposite position. RESA and IGS return to their shared position that in permitting the Company to recover costs associated with provision of SSO service through distribution rates and collect certain fees and charges from CRES suppliers, the Stipulations violate state law and policy. RESA submits that the Stipulations leave unexplored, or at least under analyzed, portions of the application and thus continue discriminatory fees and charges on shopping customers and CRES suppliers in violation of state law and policy. IGS takes a similar position and adds that the increased customer charge and use of a non-coincident peak method to establish billing determinants violates state policy to encourage implementation of distributed generation.

{¶ 72} The Commission finds that the record amply supports a finding that the Stipulations do not violate any important regulatory principle or practice. Company witness Schroder testified to a litany of ways in which the Stipulations advance state and regulatory policy. For example, Ms. Schroder explained that the Stipulation makes safe and reliable electric distribution service available to customers by enabling DP&L to recover just and reasonable rates, to make—and recover through a rider—necessary incremental distribution capital investments, and to conduct vegetation maintenance in a timely and efficient manner (DP&L Ex. 1 at 14-15). She further testified that the Stipulations promote the availability of distributed generation by funding a distribution interconnect feasibility study with shareholder dollars and further protects at-risk populations through a reduced customer charge and additional shareholder funding to the Gift of Power program (DP&L Ex. 1 at 15). Mr. Willis, testifying on behalf of OCC, also testified that the Stipulations do not violate any important regulatory principle. To the contrary, Mr. Willis states that the downward adjustments for federal income taxes, rate of return, and the lower customer charge will reduce the Company's base distribution rates under the Stipulations, resulting in just and reasonable rates (OCC Ex. 1 at 9). Similarly, Mr. Lipthratt testified that the Stipulations comply with all relevant and important regulatory principles and practices (Staff Ex. 6 at 7). And, as noted by Kroger and DP&L in their initial post-hearing briefs, though RESA and IGS present arguments alleging violations of state and regulatory policy, they present no evidence in support of those arguments. Accordingly, we conclude that the third criterion is also satisfied. Moreover, and looking to the future, the Commission notes that the Stipulation provides for significant investments in grid modernization; it is our expectation that such investments be made with due consideration to our PowerForward roadmap in order to ensure that no important regulatory principles or practices are violated (Jt. Ex. 1 at 8-10, 12-13; Staff Ex. 3 at 5; Tr. Vol. II at 247-249).

{¶ 73} Based on the foregoing, we find that the Stipulations are reasonable and should be adopted.

D. Rate of Return and Authorized Increase

{¶ 74} Given DP&L's current rates, the Company has a Stipulated Operating Income of $23,424,847 and a stipulated rate base of $643,518,823, which yields a 3.64 percent earned rate of return. This rate of return is insufficient to provide DP&L with reasonable compensation for distribution of electric service provided to their customers. (Jt. Ex. 1 at 5, Stipulated Schedule A-1.)

{¶ 75} The negotiated rate of return recommended by the Stipulations is 7.27 percent. In order to realize the Stipulated Rate of Return on the Stipulated Rate Base of $643,518,823, DP&L requires net operating income of $46,783,818. Thus, the Stipulated Revenue Increase amounts to $29,784,955 and a total Stipulated Revenue Requirement of $247,951,788. (Jt. Ex. 1 at 3, Stipulated Schedule A-1.)

E. Effective Date and Tariffs

{¶ 76} As part of its investigation in this matter, Staff reviewed the various rates, charges, and provisions governing terms and conditions of service contained in DP&L's proposed tariffs. Upon review, the Commission finds the proposed tariffs to be reasonable, subject to the modifications set forth in the Stipulations. Consequently, DP&L shall file final tariffs, subject to final review by the Commission. The new tariffs will become effective for all services rendered on or after the effective date of the tariffs.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

{¶ 77} DP&L is an electric light company and public utility as defined by R.C. 4905.03(C) and R.C. 4905.02, respectively. As such, the Company is subject to the Commission's jurisdiction pursuant to R.C. 4905.04, 4905.05, and 4905.06.

{¶ 78} On October 30, 2015, DP&L filed a notice of intent to file an application for an increase in its electric distribution rates and a motion to establish a date certain of September 30, 2015 and a test period of June 1, 2015, through May 30, 2016. By Commission Entry issued November 18, 2015, the proposed test period and date certain were approved and requested waivers of the standard filing requirements were granted.

{¶ 79} On November 30, 2015, DP&L filed its application to increase rates along with related applications for accounting authority and for approval of revised tariffs.

{¶ 80} On January 27, 2016, the Commission issued an Entry accepting the Company's application for filing as of November 30, 2015.

{¶ 81} By Entry issued March 22, 2017, the Commission ordered Staff to issue a request for proposal for an independent auditing firm to complete Staff's review of the Company's application; Blue Ridge Consulting, Inc., was selected to conduct the accounting review by Entry filed April 19, 2017.

{¶ 82} On March 12, 2018, Staff filed its written report of investigation.

{¶ 83} Intervention was granted to IEU-Ohio; OCC; OMAEG; OEG; Kroger; Walmart; Honda; the City of Dayton; OPAE; Edgemont; IGS; OHA; RESA; EDF, ELPC, NRDC, and OEC (Environmental Parties); Buckeye; the Local 175; Constellation; One Energy; and FEA, the latter of which later withdrew from proceedings. Various motions for admission pro hac vice were also granted.

{¶ 84} Objections to the Staff Report were filed by IEU-Ohio; Edgemont-OPAE; Walmart; Environmental Parties; the City of Dayton and Honda; OMAEG; OHA; OCC; IGS; OEG; RESA; Kroger; and DP&L on April 11, 2018.

{¶ 85} On April 18, 2018, the DP&L filed a motion to strike objections filed by Honda and the City, and OCC filed a motion to strike on of DP&L's objections. Respective memoranda contra the motions to strike were filed on April 25, 2018.

{¶ 86} Two local public hearings were conducted in Dayton, Ohio at Dayton City Counsel Chambers. The first occurred on May 8, 2018, and the second on May 10, 2018, both pursuant to published notice.

{¶ 87} On June 18, 2018, a Stipulation was filed. DP&L, Staff, OCC, OEG, Kroger, Walmart, OHA, NRDC, OEC and EDF, ELPC, Edgemont, and OPAE joined the Stipulation as Signatory Parties; IEU-Ohio, OMAEG, Buckeye, and One Energy signed as Non-Opposing Parties.

{¶ 88} On July 12, 2018, a supplemental stipulation and recommendation was filed, by which the City of Dayton joined the Stipulation without any change to its provisions as a Non-Opposing Party. The supplemental stipulation set forth conditions specific to the relationship between DP&L and the City. Also on July 12, 2018, Honda withdrew its previously filed objections.

{¶ 89} The evidentiary hearing commenced as scheduled on May 14, 2018, and was immediately recessed to a later date. Following continuances granted on May 7, 2018, June 1, 2018, and June 21, 2018, the evidentiary hearing reconvened on July 23, 2018.

{¶ 90} The value of DP&L's property which is used and useful in the rendition of electric distribution service, or the rate base, is $643,518,823.

{¶ 91} DP&L's operating income for the test year was $23,424,847, which represents a rate of return of 3.64 percent earned on the rate base.

{¶ 92} A 3.64 percent rate of return is insufficient to provide DP&L with reasonable compensation for distribution of electric power service rendered to its customers.

{¶ 93} A just and reasonable increase to DP&L's revenue requirement is $29,784,955.

{¶ 94} DP&L is entitled to the opportunity to earn an overall rate of return of 7.27 percent and a return on equity of 9.999 percent.

{¶ 95} DP&L's application to increase rates was filed pursuant to, and this Commission has jurisdiction over the application under, the provisions of R.C. 4909.17, 4909.18, and 4909.19; the application complies with the requirements of these statutes.

{¶ 96} A Staff investigation was conducted, and a report of that investigation duly filed and mailed, in accordance with R.C. 4909.19.

{¶ 97} Public hearings were noticed and held in compliance with the requirements of R.C. 4909.19 and 4903.083.

{¶ 98} The ultimate issue for the Commission's consideration is whether the Stipulation and supplemental stipulation (together, Stipulations), which embody considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of the Stipulation, the Commission has used the following criteria:

(a) Is the settlement a product of serious bargaining among capable, knowledgeable parties?

(b) Does the settlement, as a package, benefit ratepayers and the public interest?

(c) Does the settlement package violate any important regulatory principle or practice?

{¶ 99} The Stipulations meet the three criteria, are reasonable, and should be adopted.

{¶ 100} The existing rates and charges for electric distribution service are insufficient to provide DP&L with adequate net annual compensation and return on its property used and useful in the provision of electric distribution services.

{¶ 101} A rate of return of 7.27 percent is fair and reasonable under the circumstances of this proceeding and is sufficient to provide DP&L just compensation and return on its property used and useful in the provision of electric distribution services.

{¶ 102} DP&L is authorized to withdraw its current tariffs and to file, in final form, revised tariffs as approved by the Commission herein.

V. Order

{¶ 103} It is, therefore,

{¶ 104} ORDERED, That the Stipulations filed June 18, 2018, and June 12, 2018, in this proceeding are approved and adopted by the Commission. It is, further,

{¶ 105} ORDERED, That the applications of DP&L for authority to increase its electric distribution rates, for accounting authority, and for approval of revised tariffs are granted to the extent provided in this Opinion and Order. It is, further,

{¶ 106} ORDERED, That DP&L is authorized to file in final form two complete copies of tariffs consistent with this Opinion and Order and to cancel and withdraw its superseded tariffs upon the effective date of the final tariffs. One copy shall be filed with these case dockets, and one copy shall be filed in the Company's TRF docket. The Company shall also update its tariffs previously filed with the Commission's docketing division. It is, further,

{¶ 107} ORDERED, That DP&L shall notify all affected customers of the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 108} ORDERED, That the effective date of the revised tariffs shall be a date not earlier than the date of this Opinion and Order and the date upon which two complete copies of the final tariffs are filed with the Commission. It is, further,

{¶ 109} ORDERED, That a copy of this Opinion and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Asim Z. Haque, Chairman

M. Beth Trombold

Thomas W. Johnson

Lawrence K. Friedeman

Daniel R. Conway

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Barcy F. McNeal

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Secretary