

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectr)	
Energy Delivery of Ohio, Inc., for Approval)	18-0049-GA-ALT
of an Alternative Rate Plan)	
In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. for Approval)	18-0298-GA-AIR
of an Increase in Gas Rates)	
In the Matter of the Application of Vectr)	
Energy Delivery of Ohio, Inc., for Approval)	18-0299-GA-ALT
of an Alternative Rate Plan)	

**OBJECTIONS TO THE STAFF REPORT BY
THE CITY OF DAYTON AND HONDA OF AMERICA MFG., INC.**

I. INTRODUCTION

Pursuant to R.C. 4909.19(C) and Ohio Admin. Code 4901-1-28, the City of Dayton (“City”) and Honda of America Mfg., Inc. (“Honda”) submit the following objections to the Staff Report as filed on October 1, 2018:

1. Staff’s elimination of the Collaborative process for the energy efficiency (“EE”) program portfolio.
2. Staff’s approval of the Capital Expenditure Program (“CEP”).
3. Staff’s approval of a continuation of the Distribution Replacement Rider (“DRR”).
4. Staff’s Property Tax Expense Adjustment.

Notwithstanding the foregoing, the City and Honda reserve the right to supplement or modify these objections if Staff makes additional findings, conclusions, or recommendations with respect to the Staff Report. The City and Honda further reserve the right to respond to objections or other issues raised by other parties in the above-captioned proceedings.

II. OBJECTIONS

A. Staff's elimination of the EE program collaborative process.¹

Staff has recommended discontinuing the collaborative process for approval of the EE program portfolio. Instead, Staff recommends “the Applicant must file an application with the Commission for authority to amend or continue its EE program portfolio.”²

The City and Honda do not object to Staff's recommendation that the EE program portfolio be subject to Commission approval; rather, the City and Honda object to Staff's recommendation to end the collaborative process. Staff should have recommended the continuation of the collaborative process with the results subject to Commission approval.

B. Staff's recommended approval of the CEP.³

Vectren Energy Delivery of Ohio, Inc. (“VEDO”) has failed to justify the creation of the CEP Rider, and Staff erred by recommending its approval.⁴ There is no justification for approving such a rider at this point. VEDO has already received the DRR, and there is no justification for approving a brand-new distribution investment rider before the DRR has been completed.

Staff also erred by making the alternative recommendation for an undescribed single rider to include all capital investments.⁵ Neither Staff nor VEDO has justified the creation of such a rider. Moreover, neither Staff nor VEDO has explained why the Commission's previous well-considered limitations on the size and scope of the DRR should be waived.

¹ Staff Report, pp. 15-16.

² Staff Report, p. 16.

³ Staff Report, p. 17.

⁴ Staff Report, p. 17.

⁵ Staff Report, p. 18.

C. Staff's recommended caps for the DRR.⁶

Staff has recommended raising the DRR rate cap from \$2.50/month in 2019 to \$12.00/month in 2023. An increase of this size would dramatically increase rates to residential customers, particularly if natural gas prices increase from their current levels. Instead, Staff should have recommended that the DRR rate cap be implemented more quickly. This would have several benefits, including: (1) avoiding the dramatic increase in the DRR over the approved term; (2) recovering DRR funds from customers now while gas prices are low; (3) providing a more accurate picture to customers concerning the financial impact of the DRR in the approval of VEDO's application; and (4) recovering DRR investments from the customers who are currently benefitting from the improvements to VEDO's system.

D. Staff's property tax expense adjustment.⁷

Staff recommended an adjustment to property tax expense of \$1,826,128. Staff calculated this adjustment by "applying the latest known property tax rate to the property valuation at date certain."⁸

Staff erred in this adjustment because it is comparing the latest property tax rates with property valuation as of the date certain. Accordingly, if property valuation fell between the date certain and whatever date Staff considered to be the "latest" date for property tax rates, then property tax expense would be overstated.

Staff's property tax expense adjustment is also problematic because Staff did no investigation to determine the actual property tax rate. Instead, Staff derived a property tax rate

⁶ Staff Report, pp. 18-19.

⁷ Staff Report, p. 19.

⁸ Staff Report, p. 19.

from a VEDO discovery request.⁹ There is no evidence that this adjustment reflects the current property tax rate applicable to VEDO.

Finally, making this post-test year adjustment to expenses fails to account for other expenses which may have decreased after the test year, or revenues which may have increased. Accordingly, Staff should not have unilaterally adjusted this single item to the detriment of customers.

Respectfully submitted,

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⁹ Staff Workpaper WPC-C3.23 (citing response to Staff DR-66).

CERTIFICATE OF SERVICE

I certify that the foregoing Objections to the Staff Report by the City of Dayton and Honda of America Mfg., Inc. was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 31st day of October, 2018. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/ Mark T. Keaney

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

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/31/2018 3:00:48 PM

in

Case No(s). 18-0049-GA-ALT, 18-0298-GA-AIR, 18-0299-GA-ALT

Summary: Objection Objections to the Staff Report by the City of Dayton and Honda of America Mfg., Inc. electronically filed by Mr. Mark T Keaney on behalf of City of Dayton and Honda of America Mfg., Inc.