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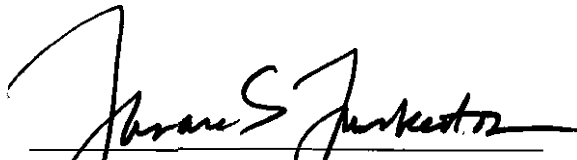
May 14, 2019

Docketing Division
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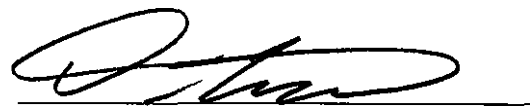
RE: *In the Matter of the Application of The Dayton Power and Light Company to update its Standard Offer Rate Tariff, Case No. 19-841-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by The Dayton Power and Light Company to update its Standard Offer Rate Tariff, Case No. 19-841-EL-RDR.



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



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

Enclosure
Cc: Parties of Record

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Dayton Power and Light Company Case No. 19-841-EL-RDR

Background

On April 15, 2019, The Dayton Power and Light Company (DP&L or Company) filed proposed tariffs to modify its Standard Offer Rates Tariff. The proposed tariffs include Standard Offer Rates (SOR) and Percentage of Income Payment Plan (PIPP) generation rates.

On May 3, 2019, DP&L filed revised proposed tariffs to reflect minor modifications to the non-PIPP reconciliation balance, as well update the PIPP SOR rates to reflect the latest auction results.

The proposed SOR rates include the results of the most recent auction held on March 26, 2019 and approved by the Commission on March 27, 2019, in Case No. 17-957-EL-UNC. The proposed PIPP generation rates reflect the results of the PIPP auction held on April 23, 2019 and approved by the Commission on April 24, 2019 in Case No. 17-1163-EL-UNC.

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

The Company requests that the proposed SOR tariff becomes effective on June 1, 2019.

Staff Review and Recommendations

Staff has reviewed the original proposed SOR tariff filed on April 15, 2019 and the revised proposed tariffs filed May 3, 2019, and finds that the tariff appears to accurately reflect the appropriate auction results including the March 26, 2019 and April 23, 2019, auction results.

The filing of an application on April 15th with proposed rates effective on June 1st results in an inadequate audit period. Staff cannot conduct a thorough review of the reconciliation component in less than one month. As a result of the timing issue, Staff recommends that the Commission direct the Company to work with Staff to develop a process that provides Staff additional time to review the reconciliation portion of the rider each year. The process would allow the proposed rates to be effective every year on June 1st, subject to Staff's supplemental recommendations that may be approved by the Commission.

Therefore, Staff recommends that the rates proposed in the May 3, 2019 filing become effective subject to Staff's continued review. Staff recommends that the Commission direct the Company to continue to work with Staff and facilitate Staff's review of the reconciliation component of the SOR. In this case, the reconciliation component review consists of the following period: April, 2018 through March, 2019. Staff proposes to file a supplemental letter in this docket by July 15, 2019.

Because the SOR is updated on an annual basis, Staff also recommends that the Commission direct the Company to provide Staff with quarterly updates.

Staff conducted a preliminary review of the Company's proposed AER rate component. Based on its review, Staff does not oppose the rate becoming effective as proposed. However, it is Staff's expectation that the Company's AER would be subject to a subsequent audit, performed at the direction of the Commission, which would inform the Commission's ultimate decision as to the reasonableness of the AER rate proposed in this proceeding.

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

Conclusion

The Staff recommends that the revised proposed SOR tariff filed May 3, 2019, be approved, and become effective June 1, 2019, subject to potential further adjustments that may be addressed in Staff's supplemental review and recommendations letter to be filed no later than July 15, 2019, and ordered by the Commission.