

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1094-EL-SSO
Approval of its Electric Security Plan.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1095-EL-ATA
Approval of Revised Tariffs.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	
Approval of Certain Accounting Authority)	Case No. 08-1096-EL-AAM
Pursuant to Ohio Rev. Code Section)	
4905.13.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1097-EL-UNC
Approval of its Amended Corporate)	
Separation Plan.)	

**REPLY BRIEF IN SUPPORT OF MOTION TO REJECT DP&L'S PROPOSED
TARIFFS TO INCREASE CONSUMER RATES
BY
OFFICE OF THE OHIO CONSUMERS' COUNSEL,
THE OHIO MANUFACTURERS' ASSOCIATION,
AND THE KROGER COMPANY**

Bruce Weston (0016973)
Ohio Consumers' Counsel

Maureen R. Willis (0020847)
Counsel of Record

Terry L. Etter (0067445)
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel

65 East State Street, 7th Floor
Columbus, Ohio 43215-4213

Telephone: Willis (614) 466-9567

Telephone: Etter (614) 466-7964

maureen.willis@occ.ohio.gov

terry.etter@occ.ohio.gov

(willing to accept service by e-mail)

Angela Paul Whitfield (0068774)
Counsel of Record
Carpenter Lipps & Leland L.L.P.
280 Plaza, Suite 1300
280 North High Street
Columbus, Ohio 43215
(614) 365-9145
paul@carpenterlipps.com
(willing to accept service by e-mail)
Counsel for The Kroger Company

Kimberly W. Bojko (0069402)
Counsel of Record
Carpenter Lipps & Leland L.L.P.
280 Plaza, Suite 1300
280 North High Street
Columbus, Ohio 43215
(614) 365-4100
bojko@carpenterlipps.com
(willing to accept service by e-mail)
*Counsel for Ohio Manufacturers'
Association*

December 17, 2019

TABLE OF CONTENTS

	PAGE
I. INTRODUCTION	1
II. LAW AND ARGUMENT	3
A. To Protect Consumers, the PUCO Should Reject DP&L’s Efforts to Rely upon R.C. 4928.143(C)(2)(b) to Implement Tariffs Equivalent to a Cherry-Picked ESP I, ESP II, and ESP III.	3
1. Consumer Protection Requires that the PUCO Find that DP&L Cannot Satisfy the Threshold Requirement under R.C. 4928.143(C)(2)(a) Because DP&L Does Not Have the Right to Withdraw its Application.....	3
2. The Plain Language of R.C. 4928.143(C)(2)(b) Prohibits DP&L’s Anti-Consumer Efforts to Reinstate and Blend Provisions from Prior Electric Security Plans.....	4
3. The PUCO Cannot Reinstitute Provisions of ESP I (Blended with Provisions from ESP II and ESP III) Without Conducting the Statutorily-Mandated Review to Protect Consumers.....	5
B. Joint Movants Are Not Barred from Challenging the Stability Charge to Protect Consumers.....	6
C. The Stability Charge Is an Unlawful Transition Charge that Should Not Be Reinstated by the PUCO to Protect Consumers..	9
D. DP&L Does Not Bear a POLR Risk Under its Proposed Cherry-Picked ESP I, ESP II, and ESP III; Even if it Did, to Protect Consumers, the Stability Charge Should at Most be Set at Zero, Unless and Until the Risk Becomes Reality and DP&L Provides POLR Service to Consumers.....	13
III. CONCLUSION.....	14

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1094-EL-SSO
Approval of its Electric Security Plan.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1095-EL-ATA
Approval of Revised Tariffs.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	
Approval of Certain Accounting Authority)	Case No. 08-1096-EL-AAM
Pursuant to Ohio Rev. Code Section)	
4905.13.)	

In the Matter of the Application of The)	
Dayton Power and Light Company for)	Case No. 08-1097-EL-UNC
Approval of its Amended Corporate)	
Separation Plan.)	

**REPLY BRIEF IN SUPPORT OF MOTION TO REJECT DP&L'S PROPOSED
TARIFFS TO INCREASE CONSUMER RATES
BY
OFFICE OF THE OHIO CONSUMERS' COUNSEL,
THE OHIO MANUFACTURERS' ASSOCIATION,
AND THE KROGER COMPANY**

I. INTRODUCTION

In its Memorandum in Opposition, Dayton Power and Light Company (“DP&L” or “Utility”) mischaracterizes or ignores the arguments raised by Joint Movants in their Motion to Reject DP&L’s Proposed Tariffs. In doing so, DP&L has chosen to confuse matters by relying on inapplicable law and misstated facts. But it is clear from DP&L’s filing, that the Utility is asking the Public Utilities Commission of Ohio (“PUCO”) to allow it to implement a blended electric security plan (a combination of three distinct electric

security plans) in violation of Ohio law. It is a way for DP&L to circumvent the PUCO's November 21, 2019 Supplemental Opinion and Order in DP&L's third electric security plan case.¹ Specifically, DP&L is attempting to avoid the impact of the PUCO's directive to reduce its monthly charges by eliminating its so-called Distribution Modernization Rider ("Charge") in light of the Supreme Court of Ohio's recent decision in *In re Application of Ohio Edison Co.* finding that such riders are illegal.²

The PUCO should not allow DP&L to avoid Court precedent by creating a new scheme to reinstitute select portions of prior electric security plans. Doing so would allow DP&L to resurrect an unlawful transition charge, the Rate Stability Charge ("Stability Charge") from ESP I, while keeping some portions of the purportedly withdrawn ESP III.³ DP&L cannot have it both ways.

In sum, over the last two years, DP&L has collected approximately \$218.75 million in subsidies from its customers in the Dayton area through the Charge. Now, when the Supreme Court of Ohio has ruled that such riders are unlawful and this PUCO has ordered DP&L to eliminate the Charge, DP&L wants to withdraw from ESP III after reaping the benefits of the plan for two years and revert back to charges from ESP I and ESP II, including the Stability Charge. The Supreme Court of Ohio, however, has repeatedly ruled that charges such as the Stability Charge are unlawful. Therefore, the PUCO should not

¹ See *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 16-0395-EL-SSO, et al., Supplemental Opinion and Order (November 21, 2019) ("ESP III").

² 157 Ohio St.3d 73 (2019), reconsideration denied 156 Ohio St.3d 1487.

³ See *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 08-1094-EL-SSO, et al. ("ESP I"); *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 12-0426-EL-SSO, et al. ("ESP II").

allow DP&L to collect unlawful charges through a blended ESP I, ESP II, and ESP III, contrary to the statutory mandates. Enough is enough. DP&L’s proposed tariffs should be rejected.

II. LAW AND ARGUMENT

A. To Protect Consumers, the PUCO Should Reject DP&L’s Efforts to Rely upon R.C. 4928.143(C)(2)(b) to Implement Tariffs Equivalent to a Cherry-Picked ESP I, ESP II, and ESP III.

1. Consumer Protection Requires that the PUCO Find that DP&L Cannot Satisfy the Threshold Requirement under R.C. 4928.143(C)(2)(a) Because DP&L Does Not Have the Right to Withdraw its Application.

In its Memorandum in Opposition, DP&L asserts that Joint Movants “ignore[d]” the “governing” statute, R.C. 4928.143(C)(2)(b), describing what the PUCO can do *after* a utility properly withdraws an ESP application.⁴ As an initial matter, Joint Movants did not ignore R.C. 4928.143(C)(2)(b). Rather, as explained in their Motion, Joint Movants incorporated by reference their Memorandum Contra DP&L’s Motion to Withdrawal filed contemporaneously in Case Nos. 16-0395-EL-SSO, et al. There, Joint Movants described the reasons DP&L cannot withdraw its electric security plan application. Absent such a withdrawal, R.C 4928.143(C)(2)(b) is inapplicable.⁵

Further, as Ohio Energy Group’s Comments point out, a utility’s right to withdraw applies only where a proposed ESP application is modified by the PUCO as a result of the PUCO’s own ruling. The right to withdraw does not apply when an ESP has already been

⁴ See DP&L Memorandum in Opposition at 2.

⁵ See *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 16-0395-EL-SSO et al., Joint Movant’s Memorandum Contra (December 4, 2019).

in place for years and is subsequently modified as a result of a decision from the Supreme Court of Ohio.⁶

Simply stated, if DP&L cannot properly withdraw its ESP III application (which it cannot), then R.C. 4928.143(C)(2)(b) is not triggered.

2. The Plain Language of R.C. 4928.143(C)(2)(b) Prohibits DP&L's Anti-Consumer Efforts to Reinstate and Blend Provisions from Prior Electric Security Plans.

Additionally, DP&L cannot rely upon R.C. 4928.143(C)(2)(b) to submit tariffs that blend provisions across multiple ESP applications. Specifically, R.C. 4928.143(C)(2)(b) provides that if a utility terminates its ESP application the “[C]ommission shall issue such order as is necessary to continue the provisions, terms, and conditions of the utility’s most recent standard service offer, along with any expected increases or decreases in fuel costs * * * .” There is no uncertainty with that provision.

By statute, the PUCO is limited to authorizing a return to the utility’s most recent standard service offer together with necessary fuel-cost adjustments. Where a statute is unambiguous, it must be enforced according to its terms. *Sugarcreek Twp. v. Centerville*, 133 Ohio St.3d 467, 2012-Ohio-4649, 979 N.E.2d 261, ¶ 19. Applying that interpretive principle, the PUCO should conclude that its powers under R.C. 4928.143(C)(2)(b) are limited to authorizing DP&L to implement the provisions, terms, and conditions of its most recent standard service offer after a lawful withdrawal. Its powers do not extend to blending certain provisions, terms, and conditions of DP&L’s prior standard service offers that are more favorable to DP&L. What DP&L seeks here would require the PUCO to exceed its powers conferred by R.C. 4928.143(C)(2)(b).

⁶ See *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 08-1094-EL-SSO et al., OEG’s Comments at 2-4 (December 4, 2019).

In sum, DP&L's request to blend provisions from its prior standard service offers conflicts with the fundamental purpose of ESP applications under Ohio law. In the event an application is terminated, all of its provisions are also terminated. R.C. 4928.143(C)(2)(b) reflects this reality, giving the utility the limited right to "continue the provisions, terms, and conditions of its most recent standard service offer, along with any increases or decreases in fuel costs from those contained in that offer, until a subsequent offer is authorized." If one application gets withdrawn, then the PUCO shall treat that application as if it never existed, and continue with the previous standard service offer.

Limiting the continued rate to the most recent standard service offer, and not the entire electric security plan, makes the utility think twice about withdrawing, as it should. Withdrawal of electric security plans creates rate uncertainty for customers and for the market as a whole. Noticeably absent from this statutory scheme is the ability to reinstitute other provisions from other ESP applications, as DP&L is attempting to do. Because blending provisions and reinstating electric security plans (vs. reinstating the standard service offer) violates both Ohio law and public policy, the PUCO should reject DP&L's proposed tariffs.

3. The PUCO Cannot Reinstitute Provisions of ESP I (Blended with Provisions from ESP II and ESP III) Without Conducting the Statutorily-Mandated Review to Protect Consumers.

Before DP&L's most recent request to revert (again) to ESP I (albeit blended with provisions from ESP II and ESP III), the ESP I rates were in effect for more than five years. DP&L's current request could extend the ESP I rates even further. But R.C. 4928.143(E) provides that if an ESP has a term exceeding three years, then the PUCO must conduct an ESP v. MRO test and a SEET review. Thus, as set forth more fully in the Comments of Honda of America Mfg., Inc. And The City Of Dayton, which Joint Movants adopt and

support here, if the PUCO permits DP&L to withdraw from ESP III and reinstitute some ESP I rates, then the PUCO is required to conduct the statutorily-mandated reviews.⁷

B. Joint Movants Are Not Barred from Challenging the Stability Charge to Protect Consumers.

Unable to establish that it has a right to withdraw its ESP III application and revert to a blended ESP I, ESP II, and ESP III, DP&L attempts to argue that Joint Movants are barred from challenging the Stability Charge by the rehearing statute and the principles of *res judicata* or collateral estoppel.⁸ DP&L is wrong as a matter of law and fact.

First, the rehearing statute, R.C. 4903.10(B), does not serve as a bar to Joint Movant's challenge to the Stability Charge. As background, after comprehensive negotiations resulting in a compromise of competing positions, on February 24, 2009, DP&L and several intervening parties filed a Stipulation and Recommendation resolving the issues in ESP I. ESP I Case, Stipulation and Recommendation (Feb. 24, 2009) ("ESP I Stipulation"). The ESP I Stipulation was a compromised package of terms and conditions negotiated as a whole by the parties. And, as a compromise, the parties negotiated and agreed to a Stability Charge that expired on December 31, 2012, as part of the entire settlement package. Notwithstanding the settlement, the parties *did not* concede or represent that the Stability Charge was a lawful transition charge. *See In re Application of Columbus S. Power Co.*, 147 Ohio St.3d 439, 2016-Ohio-1608, 67 N.E.3d 734, ¶ 16 (finding that after December 31, 2010, "R.C. 4928.38 prohibits the commission from 'authoriz[ing] the receipt of transition revenue or any equivalent revenues by an electric

⁷ *See In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 08-1094-EL-SSO et al., Comments of Honda of America Mfg., Inc. And The City Of Dayton, at 4-7 (December 4, 2019).

⁸ *See* DP&L Memorandum in Opposition at 5-7.

utility,’ ” with certain exceptions.). As such, there was no need to file an application for rehearing when a settlement had been reached.

Second, regarding its assertion that the principles of *res judicata* and collateral estoppel apply, DP&L’s position is grounded in a misstatement of facts from an earlier action (that the Stability Charge’s lawfulness was litigated). *See Grava v. Parkman Twp.*, 73 Ohio St.3d 379, 382, 653 N.E.2d 226 (1995) (“The doctrine of *res judicata* requires a plaintiff to present every ground for relief *in the first action*, or be forever barred from asserting it.”) (emphasis added; internal quotation marks and citation omitted); *Superior’s Brand Meats, Inc. v. Lindley*, 62 Ohio St.2d 133, 403 N.E.2d 996, syllabus (1980) (“Ordinarily, where an administrative proceeding is of a judicial nature and where the parties have had an ample opportunity to litigate the issues involved in the proceeding, the doctrine of collateral estoppel may be used to bar litigation of issues *in a second administrative proceeding*.”) (emphasis added). Further, the Supreme Court of Ohio has held that the doctrine of collateral estoppel is inapplicable in the context of a settlement when there was no litigation of a point of law or finding of fact that was addressed by the PUCO. *Ohio Consumers’ Counsel v. Pub. Util. Comm.*, 114 Ohio St.3d 340, 2007-Ohio-4276 at ¶¶ 10-12.

Here, there was no prior action in which the lawfulness of the Stability Charge was litigated, and DP&L does not point to one. Instead, DP&L argues that Joint Movants “had the opportunity to litigate whether the [Stability Charge] was lawful in ESP I in 2009,” but chose not to.⁹ While parties always have the opportunity to litigate issues, that is not the standard, especially where there is no prior litigated case. Here, the parties deliberately

⁹ See DP&L Memorandum in Opposition at 7.

chose not to litigate these complex issues, as is articulated repeatedly throughout the ESP

I Stipulation:

33. In arm's length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Agreement involves a variety of difficult, complicated issues that would otherwise be resolved only through expensive, complex, protracted litigation. This Stipulation contains the entire Agreement among the Signatory Parties, and embodies a complete settlement of all claims, defenses, issues and objections in these proceedings. The Signatory Parties agree that this Stipulation is in the best interests of the public and of the parties, and urge the PUCO to adopt it.

* * *

35. This Stipulation is a consensus among the Signatory Parties of an overall approach to rates. It is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated * * *. As with such Stipulations reviewed by the PUCO, the willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

ESP I Stipulation at 17-18.

Clearly, the stipulating parties chose to settle the matter in lieu of litigation and, under the terms of that settlement, the Stability Charge was set to expire on a date certain (December 31, 2012). Notably, no party made any arguments or concessions, one way or the other, regarding the lawfulness of the Stability Charge. Therefore, to argue that the issue was actually and necessarily determined in a prior action is a complete mischaracterization of the facts. To retroactively require Joint Movants to have argued that the Stability Charge was unlawful back in 2009 is unreasonable, especially given the facts that (i) the stipulating parties to ESP I made no concessions regarding the lawfulness of the Stability Charge, and (ii) the stipulating parties expressly agreed the Stability Charge would expire on December 31, 2012.

Finally, these very issues – whether DP&L could blend provisions from prior ESPs and the lawfulness of the Stability Charge – were on appeal to the Supreme Court of Ohio when the PUCO approved DP&L’s ESP III.¹⁰ As a result, the Supreme Court of Ohio dismissed those appeals as moot.¹¹ Significantly, the substantive issues were not decided by the Supreme Court of Ohio and remain ripe for challenge in this proceeding. There is no *res judicata* or collateral estoppel here.

C. **The Stability Charge Is an Unlawful Transition Charge that Should Not Be Reinstated by the PUCO to Protect Consumers.**

In arguing that Joint Movants ignore two Supreme Court of Ohio cases that previously have held the Stability Charge is lawful, DP&L is misstating the current status of the law. As the Ohio Hospital Association correctly pointed out in its Comments, subsequent to the decisions cited by DP&L, the Supreme Court of Ohio has issued a series of decisions on the issue of improper financial stability charges.¹²

Specifically, in *In re Application of Columbus S. Power Co.*, 147 Ohio St.3d 439, 2016-Ohio-1608, 67 N.E.3d 734 (“*Columbus S. Power Co.*”), the Supreme Court of Ohio found that a similar Retail Stability Rider (“AEP’s Stability Charge”) collected from customers the equivalent of transition revenue, in violation of R.C. 4928.38. *Id.* In its decision, the Court explained that AEP’s Stability Charge was “intended to guarantee recovery of lost revenue resulting from certain discounted capacity prices offered to CRES providers and from expected increases in customer shopping during the ESP,” and because

¹⁰ See *In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Officer in the Form of an Electric Security Plan*, 2017-Ohio-0204.

¹¹ See Case No. 2017-Ohio-0204, Dismissal, announced 2018-Ohio-4732.

¹² See *In the Matter of the Application of the Dayton Power & Light Company for Approval of its Electric Security Plan*, Case No. 08-1094-EL-SSO et al., Comments Of The Ohio Hospital Association, at 6 (December 4, 2019).

electric utilities were not able to recover transition revenues, or the equivalent of transition revenues, AEP's Stability Charge was unlawful. *Columbus S. Power Co.* at ¶¶ 23, 25. Then, in *In re Application of Dayton Power & Light Co.*, 147 Ohio St.3d 166, 2016-Ohio-3490, 62 N.E.3d 179, the Court reversed the PUCO's order approving the Service Stability Rider contained in DP&L's ESP II, on the authority of *Columbus S. Power Co.*

The Stability Charge represents transition revenue or its equivalent, as it is substantially identical to both the Service Stability Rider that the Supreme Court of Ohio struck down in *In re Application of Dayton Power & Light Co.*, AEP's Stability Charge that the Court struck down in *Columbus S. Power Co.*, and FirstEnergy's Distribution Modernization Rider struck down just recently in *In re Application of Ohio Edison Co.*¹³ DP&L makes no effort to distinguish the Stability Charge from those charges that were struck down by the Court in 2016 and 2019.

Instead, DP&L insists that the PUCO should be guided by cases where the Court, in one instance, purportedly upheld a rate stabilization surcharge rider ("Stabilization Surcharge") as lawful in a tariff filing case regarding the extension of a market development period and whether the Stabilization Surcharge should apply to all customers. *Constellation NewEnergy, Inc. v. Pub. Util. Comm.*, 104 Ohio St.3d 530, 2004-Ohio-6767 ("*Constellation*"). And in another case, DP&L touts the Court upholding the Stabilization Surcharge as lawful when it determined whether the amount of the Stabilization Surcharge approved in the prior market development extension case was reasonable in a rate case proceeding. *Ohio Consumers' Counsel v. Pub. Util. Comm.*, 114 Ohio St.3d 340, 2007-

¹³ 157 Ohio St.3d 73 (2019), reconsideration denied, 2019-Ohio-3331, 156 Ohio St.3d 1487.

Ohio-4276 (“*Ohio Consumers’ Counsel*”).¹⁴ Upon review of those decisions, it is obvious that the cases are distinguishable.

Notably, neither of the cases cited were on appeal from approval of an ESP where the Stabilization Surcharge was established, and neither case dealt with the issue of whether the Stabilization Surcharge was an unlawful transition charge in violation of R.C. 4928.37 through 4928.40. DP&L misleads the PUCO in citing the finding in *Constellation*. In *Constellation*, the Court explained the PUCO’s findings regarding the Stabilization Surcharge in deciding whether the Stabilization Surcharge was properly applied to all customers. *Constellation* at ¶ 39. The issue of whether the Stabilization Surcharge was lawful or whether it unlawfully provided transition revenues was not on appeal. It could not have been. The Stabilization Surcharge was approved in a different case, not on appeal, and the market development period had not yet ended. Utilities were permitted to receive transition revenue through the end of the market development period or longer if the transition revenue was associated with regulatory assets. *See* R.C. 4928.37 – 4928.40.

In *Ohio Consumers’ Counsel*, the issues on appeal were the modification of a settlement without unanimous agreement of the signatory parties, the amount of the Stabilization Surcharge, whether the Stabilization Surcharge is a generation or distribution cost, and whether the settlement was in the public interest. *Ohio Consumers’ Counsel* at ¶¶ 10, 13, 17, 26, 27, and 30. Importantly, regarding the Stabilization Surcharge, the Court specifically recognized that the case did not involve a competitive service, agreed that generation costs and distribution costs must be separated, and that the Stabilization Surcharge is a generation cost that should be placed on the generation-service tariffs as a

¹⁴ *See* DP&L Memorandum in Opposition at 8-10.

generation charge. *Ohio Consumers' Counsel* at ¶ 26. Again, the issue of whether the Stabilization Surcharge was lawful or whether it unlawfully provided transition revenues was not on appeal.

Neither *Constellation* nor *Ohio Consumers' Counsel* have any applicability to the current matter. This is confirmed by *Columbus S. Power Co.* In *Columbus S. Power Co.* the Court carefully traced the history of transition revenues since 1999:

In 1999, the General Assembly enacted Am.Sub.S.B. No. 3 (“S.B. 3”), 148 Ohio Laws, Part IV, 7962, “to facilitate and encourage development of competition in the retail electric market.” *AK Steel Corp. v. Pub. Util. Comm.*, 95 Ohio St.3d 81, 765 N.E.2d 862 (2002). Enacted as part of S.B. 3, R.C. 4928.37 provided each electric utility with a limited opportunity “to receive transition revenues that may assist it in making the transition to a fully competitive retail electric generation market.” Utilities had until December 31, 2005 (the end of the market-development period, see R.C. 4928.01(A)(26)) to receive generation transition revenue. R.C. 4928.38 and 4928.40(A). *Utilities were also permitted to receive transition revenue associated with regulatory assets (i.e., deferred charges, see R.C. 4928.01(A)(26)) until December 31, 2010. R.C. 4928.40(A). After that date, R.C. 4928.38 prohibits the commission from “authoriz[ing] the receipt of transition revenues or any equivalent revenues by an electric utility,”* with certain exceptions not applicable here.

Columbus S. Power Co. at ¶ 16 (emphasis added). The Court struck down the stability charge at issue in *Columbus S. Power Co.* because “R.C. 4928.38 bars the ‘receipt of transition revenues or any equivalent revenues by an electric utility’ after 2010.” *Id.* at ¶ 21 (emphasis in original). The Court continued: “By inserting the phrase ‘any equivalent revenues,’ the General Assembly has demonstrated its intention to bar not only transition revenue associated with costs that were stranded during the transition to market following S.B. 3 but also any revenue that amounts to transition revenue by another name.” *Id.*

In sum, Joint Movants did not “ignore” *Constellation* and *Ohio Consumers' Counsel*, as DP&L suggests. Rather, Joint Movants chose instead to direct the PUCO to the binding case law on the matter; it was DP&L that would have the PUCO ignore the

Supreme Court of Ohio’s controlling rulings on the recoverability of transition revenues by an electric utility after the end of its market development period. *See* R.C. 4928.37 - 4928.40.

Unlike the case cited by DP&L, the lawfulness of DP&L’s Stability Charge (resurrected in 2016, after the end of the market development period and after December 31, 2010) is at issue here. Specifically, the issue is whether that charge constitutes an unlawful transition charge in violation of R.C. 4928.37 through 4928.40 is at issue in this proceeding.

D. DP&L Does Not Bear a POLR Risk Under its Proposed Cherry-Picked ESP I, ESP II, and ESP III; Even if it Did, to Protect Consumers, the Stability Charge Should at Most be Set at Zero, Unless and Until the Risk Becomes Reality and DP&L Provides POLR Service to Consumers.

In its Memorandum in Opposition, DP&L does not dispute that it is not providing POLR service to consumers. It cannot. The standard service offer or default service for generation service simply is no longer provided by DP&L. Instead, the standard service offer is provided by generation suppliers through a competitive bidding process (“CBP”), a provision that first appeared in ESP II. When blending the two ESPs together to form a new, blended ESP, DP&L retained the competitive sourcing of the standard service offer. Thus, DP&L cannot argue it bears a POLR risk under its new ESP I.

While DP&L may have been entitled to a POLR charge in the absence of such provisions under ESP I as it existed in 2009, it is certainly not entitled to a POLR charge now. Any reliance on *Constellation* – decided before the end of the market development period and before the establishment of the CBP – is misplaced.

Contrary to all of the facts, were the PUCO to conclude that DP&L bears a POLR risk, that does not change the fact that the Stability Charge should be set to zero unless and until DP&L actually provides POLR service and produces evidence to support the POLR charge to consumers.

III. CONCLUSION

Joint Movants respectfully request that DP&L's tariffs be rejected in their entirety. At the very least, the PUCO should reject the tariff for the Stability Charge as an unlawful charge. It is an unlawful transition charge and it is an unlawful financial integrity charge. If the tariff is approved, it should be set at zero because DP&L is not providing POLR services to consumers. Further, even if DP&L is authorized to revert back to its ESP I, DP&L's proposed tariffs for the Storm Rider, Uncollectible Rider, Regulatory Compliance Rider, Decoupling Rider, and Distribution Investment Rider must be rejected as they were not part of "the utility's most recent standard service offer."

Respectfully submitted,

Bruce Weston (0016973)
Ohio Consumers' Counsel

/s/ Maureen R. Willis
Maureen R. Willis (0020847)
Counsel of Record
Terry L. Etter (0067445)
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-4213
Telephone: Willis (614) 466-9567
Telephone: Etter (614) 466-7964
maureen.willis@occ.ohio.gov
terry.etter@occ.ohio.gov
(willing to accept service by e-mail)

/s/ Angela Paul Whitfield

Angela Paul Whitfield (0068774)

Counsel of Record

Carpenter Lipps & Leland L.L.P.

280 Plaza, Suite 1300

280 North High Street

Columbus, Ohio 43215

(614) 365-9145

paul@carpenterlipps.com

(willing to accept service by e-mail)

Counsel for The Kroger Company

/s/ Kimberly W. Bojko

Kimberly W. Bojko (0069402)

Counsel of Record

Carpenter Lipps & Leland L.L.P.

280 Plaza, Suite 1300

280 North High Street

Columbus, Ohio 43215

(614) 365-4100

bojko@carpenterlipps.com

(willing to accept service by e-mail)

*Counsel for Ohio Manufacturers'
Association*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Brief In Support Of Motion To Reject DP&L's Proposed Tariffs To Increase Consumer Rates By Office Of Ohio's Consumers' Counsel, Ohio Manufacturers' Association, and The Kroger Company was electronically served via electric transmission on the persons stated below this 17th day of December 2019.

/s/ Kimberly W. Bojko
Kimberly W. Bojko
Counsel of Record

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

SERVICE LIST

Thomas.Lindgren@ohioattorneygeneral.gov	Amy.spiller@duke-energy.com
thomas.mcnamee@ohioattorneygeneral.gov	Jeanne.kingery@duke-energy.com
cfaruki@ficlaw.com	Elizabeth.watts@duke-energy.com
jsharkey@ficlaw.com	haydenm@firstenergycorp.com
joliker@mwncmh.com	mjsatterwhite@aep.com
sam@mwncmh.com	stnourse@aep.com
drinebolt@aol.com	judi.sobecki@dplinc.com
cmooney@ohiopartners.org	jbentine@cwslaw.com
Ned.Ford@fuse.net	mwhite@cwslaw.com
ricks@ohanet.org	henryeckhart@aol.com
wis29@yahoo.com	dboehm@bkllawfirm.com
smhoward@vssp.com	mkurtz@bkllawfirm.com
mjsettineri@vorys.com	jkyler@bkllawfirm.com
BarthRoyer@aol.com	Cynthia.A.Fonner@constellation.com
Gary.A.Jeffries@dom.com	LGearhardt@ofbf.org
Bojko@carpenterlipps.com	cmiller@icemiller.com
sechler@carpenterlipps.com	gduinn@icemiller.com
fdarr@mwncmh.com	trent@theOEC.org
jlang@calfee.com	cathy@theoec.org
talexander@calfee.com	Williams.toddm@gmail.com
mkeaney@calfee.com	ejacobs@ablelaw.org
mswhite@igsenergy.com	campbell@whitt-sturtevant.com
Attorney General:	glover@whitt-sturtevant.com
Gregory.Price@puc.state.oh.us	whitt@whitt-sturtevant.com
	myurick@taftlaw.com
	stephen.chriss@wal-mart.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

12/17/2019 5:07:24 PM

in

Case No(s). 08-1094-EL-SSO, 08-1095-EL-ATA, 08-1096-EL-AAM, 08-1097-EL-UNC

Summary: Reply Brief in Support of Motion to Reject DP&L's Proposed Tariffs to Increase Consumer Rates electronically filed by Mrs. Kimberly W. Bojko on behalf of Ohio Manufacturers' Association