

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton)
Power and Light Company to Increase its) Case No. 20-1651-EL-AIR
Rates for Electric Distribution.)

In the Matter of the Application of The Dayton
Power and Light Company for Accounting Case No. 20-1652-EL-AAM
Authority.

In the Matter of the Application of The Dayton
Power and Light Company for Approval of Case No. 20-1653-EL-ATA
Revised Tariffs.

THE OHIO HOSPITAL ASSOCIATION’S INITIAL POST HEARING BRIEF

I. Introduction

The Ohio Hospital Association (“OHA”) submits this initial post hearing brief to address several imperative issues that the Public Utilities Commission of Ohio (“Commission” or “PUCO”) should consider when deliberating on the decision for this case. On October 30, 2020, Dayton Power and Light Company d/b/a (the “Company”) filed their notice of intent to file an application to increase its rates for the electric distribution company. On November 30, 2020, the Company filed its application to increase its rates. The Company’s application includes a substantial \$120,771,561 increase from its current rates.¹ This would constitute a 49.4 percent increase in base distribution. The total base distribution revenue requirement requested is \$365,180,284.

On July 26, 2021, Public Utilities Commission of Ohio Staff (“Staff”) filed their report with recommendations to lower the increase requested by the Company. Staff recommends a

¹ Staff Report, p. 6 (July 26, 2021)

revenue increase in the range of \$61,115,418 to \$66,665,151. This revenue requirement represents an increase of 25 percent to 27 percent over test year operating revenue.²

Subsequently, the Ohio Consumers' Counsel ("OCC") filed a motion to dismiss the Company's application for a rate increase on August 5, 2021. OCC argues that the Company is still operating under the ESP I Stipulation which required the Company to freeze its rates.³ Therefore, the Company is still under a rate freeze and the Commission should require the Company to continue charging its current rates.⁴ Although the Commission denied OCC's motion to dismiss,⁵ the Commission indicated that it could still determine whether base distribution rates should remain frozen at current rates. OHA agrees with OCC that the ESP I Stipulation required that base distribution rates remain frozen during the term of ESP I.

If the Commission does not determine that Company's current rates shall remain frozen, the Commission should adopt an increase no higher than the mid-range of Staff's recommended rate increase. In addition, the Commission should also adopt the Staff's recommended cost allocation formula and reject the OCC's proposed cost allocation formula. Lastly, the Commission should reject the redundant service charge proposed in Tariff Sheet D-10, Line D3 due to the Company's failure to conduct the cost of service study.⁶

II. Law and Argument

- a. **The Commission should require the Company to continue charging its current base distribution rates because the ESP I stipulation froze the Company's base distribution rates.**

² Staff Report, p.6 (July 26, 2021)

³ *In re Application of the Dayton Power & Light Co. for Approval of its Elec. Sec. Plan*, Case No. 08-1094-EL-SSO, Stipulation & Recommendation at 10 (February 24, 2009) (the "ESP 1 Settlement"); Opinion & Order at 5, 9 (June 24, 2009) ("ESP 1 2009 Opinion").

⁴ OCC Motion to Dismiss (August 5, 2021)

⁵ Entry (October 20, 2021)

⁶ Application Tariff Sheet D-10

As an initial matter, the Commission should conclude that the Company's current base distribution rates must remain frozen during the term of ESP I. OHA agrees with OCC that the Company is currently operating under ESP 1. Therefore, the condition in ESP 1 Stipulation "DP&L's distribution rates will be frozen for what the Commission has interpreted is the term of the ESP I"⁷ still applies.

OHA advocates for lower and predictable electric rates for all of its hospital members in Commission cases. Hospitals in the Company's territory continue to experience financial hardship due to the COVID-19 pandemic. The Company's proposed rate increase adds to the financial burden of all consumer groups within its territory including hospitals. Maintaining the status quo of rates under ESP I alleviates the potential burden of the new rates proposed in this case. Therefore, the Company's rates should remain the same and ratepayers should not be forced to incur more burdensome electric bills.

b. If the Commission does not require that the Company's continue charging current distribution rates, the Commission should not allow any rate increase that exceeds Staff's proposed mid-range revenue increase.

Assuming that the Commission does not determine that the Company's distribution rates shall remain frozen, the Commission should not allow for any rate increase that exceeds Staff's proposed mid-range revenue increase. OHA believes the mid-range of Staff's proposed revenue increase should serve as a ceiling on any rate increase. When determining the final rate, the Commission should consider Staff's proposed mid-range increase as starting place and then make appropriate adjustments necessary (as proposed by intervenors) to reduce the final approved rates. Ensuring that the final rate increase does not exceed Staff's proposed mid-range is critical because of the serious financial hardship many customers have incurred since the beginning of the pandemic.

⁷ OPAE's Reply in Support of OCC's Motion to Dismiss, p. 4

c. The Commission should approve the Company's cost allocation of 66.7 % of the base distribution rates for residential customers.

If the Commission does not determine that the Company's current distribution rates shall remain frozen, the Commission should adopt the Company's application cost allocation of 66.7% of the base distribution rates for residential customers. Staff also agreed with the Company's cost allocation of 66.7%. Although, OCC argues that the allocation should be lowered, their evidentiary basis is not technical in nature and should be dismissed as an invalid argument.⁸ In his testimony, OCC witness Fortney only discussed the financial status of residential customers in Dayton, and not the entire Company's service territory.⁹ Mr. Fortney's testimony is flawed because it only addresses a portion of ratepayers, rather than all of the Company's customers. In addition, OCC's witness Fortney admitted that their recommendation is not based on the cost of service study.¹⁰ OCC's argument is not compelling because it lacks any financial backing and does not consider the Company's full service territory. Therefore, the Commission should adopt the Company's application cost allocation of 66.7 %.

d. The Company's Redundant Fee Charge is not adequately justified by a cost of service study; therefore, the Commission should reject it.

The Company's proposed tariff sheet D10, line 3, contains proposed changes to the redundant fee charge and those changes should not be approved. First, the Company failed to conduct the required cost of service study established under the previous rate case Stipulation.¹¹ The Company was required to conduct "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 as described in

⁸ Transcript (Volume IV) for hearing, p.819-848

⁹ Transcript (Volume IV) for hearing, p. 824

¹⁰ Transcript (Volume IV) for hearing, p. 823

¹¹ City of Dayton Exhibit 1, Transcript (Volume VI) for hearing, p. 1265, 1275

the Staff Report. The cost-of-service study shall also recommend a rate to be charged to customers taking redundant service.”¹² No such study was conducted or provided in support of the Company’s rate case application in this docket. Without a proper cost of service study, the Company’s redundant fee charge amount lacks any evidentiary support as to why they should be able to charge for the continuous aspect of services on both feed lines. Nor does it explain if that charge will accurately cover the Company’s cost to provide the service. The Company’s redundant fee charge tariff is not based on what is the actual cost for the Company to provide such a service to customers.

Staff Witness Smith states that “redundant service for customers could cost different.”¹³ The record lacks any support for the Company to charge the formula stated in the tariff sheet. In fact, “Staff did not provide a recommendation in their staff report in this case as to whether [the Company] should be permitted to implement the redundant service charge even though it failed to include the projected revenue from that charge in its revenue requirement.”¹⁴ Staff could not support or oppose the tariff language in their report, and that fact is telling. The Company failed to provide adequate support evidence along with the required cost-of-service study. Without support, the Company’s proposed tariff language should be rejected.

- e. **The Commission should approve the Company’s voluntary demand side management program as a pilot for the Commission’s ability to explore utility run energy efficiency programs in the future.**

If the Commission does not determine that the Company’s current distribution rates shall remain frozen, OHA agrees with the implementation of a voluntary demand side management program as a pilot. In the Company’s application, the Company proposes a voluntary demand side

¹² City of Dayton Exhibit 1, ¶ 3

¹³ Transcript (Volume VI) for hearing, p. 1271

¹⁴ Transcript (Volume VI) for hearing, p. 1278-1279

management program. The Company presented a demand side management plan that is “cost effective (i.e., the benefits exceed costs): (1) they reduce greenhouse gases and other environmental pollutants; (2) the associated expenditures stimulate the Ohio economy; and (3) they promote the policies of the State of Ohio.” Although Staff opposes the Company’s demand side management proposal, Staff fails to address the explicit benefits the program may provide for low-income customers.

Although the Company’s proposed demand side management program does not address commercial customers such as hospitals, OHA believes that the Company’s voluntary demand side management program would be a good pilot program for the Commission to monitor in combination with the pending energy efficiency workshop efforts. The Company’s previous energy efficiency programs were successful, cost effective, and benefitted all customers. OHA members benefitted greatly from the savings realized through the Company’s previous energy efficiency programs. The Commission should continue to explore how voluntary energy efficiency programs could be funded through this base rate case and future cases. Energy efficiency provides great benefits to all consumers groups, including OHA, and helps all consumers to better control their electric usage while also saving on their electric bill. For OHA members, such savings can be used for other crucial expenditures like staffing needs, medical equipment, backup generators, and equipment to be more resilient in time of natural disasters and crises.

III. Conclusion

In conclusion, the Commission should require the Company to continue charging its current base distribution rates because of the ESP I Stipulation. In the alternative, the Commission should ensure that the final rate increase does not exceed the mid-range of Staff’s proposed revenue increase. Further, the Commission should adopt Staff’s proposed cost allocation and

reject OCC's proposed cost allocation. In addition, the Company's demand side management program should be approved as a limited pilot program for low-income customers which will allow the Commission to explore the broader potential benefits of voluntary energy efficiency programs for all customers.

Respectfully submitted on behalf of
THE OHIO HOSPITAL ASSOCIATION



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CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 4th day of March 2022. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.



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Summary: Brief - Initial Post Hearing of Ohio Hospital Association electronically
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