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**Public Utilities
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February 26, 2015

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of The Dayton Power and Light Company to Update its TCRR-B and PJM RPM riders, Case No. 14-0661-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Annual Review in regards to the TCRR-B and PJM RPM riders filed by The Dayton Power and Light Company, Case No. 14-0661-EL-RDR.

Tamara S. Turkenton
Chief, Regulatory Services Division
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. 14-0661-EL-RDR

SUMMARY

Pursuant to the Commission's Opinion & Order approved on September 4, 2013, in Case No. 12-426-EL-SSO, et al., Dayton Power and Light Company (DP&L) was authorized to separate its Transmission Cost Recover Rider (TCRR) into a market based bypassable rider (TCRR-B) and a non-market based rider (TCRR-N). In that same case, DP&L was authorized to update its TCRR-B rider and its RPM rider on a quarterly basis subject to an annual audit. The initial rates and tariffs for these riders became effective January 1, 2014.

DP&L filed a Reconciliation Summary for the year 2014 and 4th quarter update for the TCRR-B and PJM RPM riders on February 17, 2015, with rates to become effective March 1, 2015. The annual period has 11 months of actual data and 1 month of estimated data. The actual data for December 2014 will be reconciled in the 1st quarter 2015 filing.

STAFF REVIEW

TCRR-B Rider

The TCRR-B rider is designed to recover all market-based transmission, ancillary, and congestion costs or credits, imposed on or charged to DP&L by FERC or PJM, which are not recovered in the TCRR-N.

The annual reconciliation includes a prior period under-recovery of approximately \$1.8 million, total costs of \$20,603,977, total revenues of \$24,151,891, and total carrying costs of \$256,046. Additionally, DP&L estimates December cost of \$913,370 and revenues of \$93,920, which would result in an over-recovery of \$662,662 beginning January 1, 2015 and results in a rate of \$0.0007908/kWh, which will be effective from March 1, 2015 through May 31, 2015.

RPM Rider

The RPM rider is intended to compensate DP&L for Reliability Pricing Model related charges from PJM including, but not limited to: Locational Reliability Charges, Capacity Resource Deficiency, RPM Auction Revenues, Generation Resource Rating Test, and Peak Hour Period Availability.

The annual reconciliation includes a prior period over-recovery of \$494,734, total costs of \$7,291,541, total revenues of \$6,899,325, and total carrying costs of \$57,298. Additionally, DP&L estimates a December credit of \$36,707 and revenues of \$627,696 which would result in an over-recovery of \$826,245 beginning January 1, 2015 and results in a rate of \$0.0011519/kWh, which will be effective from March 1, 2015 through May 31, 2015.

CONCLUSION AND RECOMMENDATIONS

Staff has completed its review of the filing and believes that DP&L has appropriately included in its TCRR-B and RPM riders only those costs and credits that are incurred as a result of serving its retail customers in Ohio from January 2014 through November 2014. Staff will audit December 2014 in DP&L's next annual true-up.