

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company)
to Update its Reconciliation Rider)
Nonbypassable.) Case No. 15-43-EL-RDR

FINDING AND ORDER

The Commission finds:

- (1) The Dayton Power and Light Company (DP&L) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.
- (3) On September 4, 2013, the Commission issued a Opinion and Order authorizing DP&L's proposed electric security plan (ESP), with modification. Included in the ESP was a reconciliation rider - non-bypassable (RR-N), which would recover any deferred balance that exceeds 10 percent of the base amount of riders FUEL, Reliability Pricing Model (RPM), Alternative Energy Rider (AER), and Competitive Bid True-up (CBT). *In re The Dayton Power and Light Co.*, Case No. 12-426-EL-SSO, et al., Opinion and Order (Sept. 4, 2013) at 35. As approved by the Commission, the RR-N is non-bypassable¹; thus, the RR-N is recovered from all of DP&L's distribution customers.

¹ Bypassable charges are recovered only from SSO customers; non-bypassable charges are recovered from all of DP&L's distribution customers.

- (4) By Finding and Order issued on May 28, 2014, in Case No. 14-629-EL-RDR, the Commission approved DP&L's initial application to update its RR-N, with modification. In the Finding and Order, the Commission found that DP&L should file separate applications to include rider amounts above the 10 percent threshold in the RR-N. Subsequently, the Commission approved DP&L's second and third applications for quarterly updates to update its RR-N on August 20, 2014, and November 20, 2014.

Thereafter, on January 15, 2015, DP&L filed its fourth application for approval of a quarterly update to its RR-N in the present case. By Finding and Order issued on February 25, 2015, the Commission approved DP&L's fourth application for a quarterly update to the RR-N. Additionally, in the Commission's February 25, 2015, Finding and Order, the Commission determined that each year DP&L should use the same case number for all quarterly updates to the RR-N.

- (5) On April 17, 2015, DP&L filed its fifth application to update its RR-N and a request for expedited treatment in this case. The application filed in this case is DP&L's second application for a quarterly update to the RR-N for the year 2015. DP&L requested expedited treatment in order for rates to go into effect along with its other quarterly true-up riders, as well as to avoid causing a balance and increasing customer bills. DP&L's application to update its RR-N includes a deferral balance exceeding the 10 percent threshold of the base amount of the FUEL rider in the amount of \$1,719,204, and the CBT rider in the amount of \$4,167,081. Additionally, the application includes a reconciliation of \$316,503 from a prior period and carrying costs of \$23,386. DP&L applied carrying charges of 4.943 percent to the total amount of the balance exceeding 10 percent of the base amount of the FUEL and CBT riders. Applying this amount to the RR-N, along with a gross revenue conversion factor, DP&L's application indicates that the total amount to be recovered is \$5,633,439. This results in an updated RR-N rate for all kilowatt hours (kWh) for the

period June 1, 2015, through August 31, 2015, to \$0.0015335 per kWh.

- (6) On May 8, 2015, Staff filed its Review and Recommendations on DP&L's application to update its RR-N. Staff asserts that it has verified that the deferral balance exceeding the 10 percent threshold of the base amount of the FUEL rider was calculated correctly. Staff avers that Staff or its designated auditor will perform an audit of the charges, credits, and revenues during the established annual true-up of the FUEL rider. However, regarding the CBT rider, Staff identified an error in the workpapers in Case No. 15-44-EL-RDR, in which DP&L applied the incorrect auction supply rate to calculate the revenue for April 2015 and May 2015. Therefore, Staff asserts that the CBT deferral balance exceeding the 10 percent threshold should be adjusted from \$4,167,081 to \$3,743,977, which lowers the RR-N rate from the proposed \$0.0015335 per kWh to \$0.0014175 per kWh.

Additionally, Staff notes that in previous filings for the CBT rider, DP&L forecasted over \$14 million in revenues for January 2015 during that time. However, DP&L only collected approximately \$8 million in revenues. This difference and the associated under-recovery drive the entire CBT deferral balance exceeding the 10 percent threshold in this RR-N application. Staff asserts that DP&L was aware of these factors in September 2014 and should have incorporated them into its forecast.

Adjusting for these factors, Staff asserts that nothing in the CBT rider exceeds the 10 percent threshold for this quarter. Therefore, Staff argues that the CBT deferral balance exceeding the 10 percent threshold of \$3,743,977 should not be deferred to the RR-N but instead should be collected through the bypassable CBT rider. Accordingly, based upon Staff's review the FUEL and CBT riders, Staff recommends that the Commission approve a new RR-N rate of \$0.0003910 per kWh. Additionally, Staff requests that the Commission direct DP&L to continue to strive for accurate forecasts and to incorporate any future blend process changes into its forecasted revenues.

- (7) Upon review of DP&L's application to update its RR-N, and Staff's recommendations, the Commission finds that the application filed by DP&L should be approved, in part. The Commission finds that the deferral balance exceeding the 10 percent threshold of the base amount of the FUEL rider was calculated correctly. Accordingly, the Commission finds that the RR-N should be approved at a rate of \$0.0003910, consistent with Staff's recommendation and subject to adjustment from the audit of the charges, credits, and revenues during the established annual true-up of the FUEL and CBT riders. Additionally, the Commission finds that DP&L's proposed recovery of the CBT deferral balance may be unjust or unreasonable and, therefore, this matter should be set for hearing. Accordingly, the Commission directs the attorney examiner to set this matter for hearing to determine the appropriate recovery, if any, of the amount that exceeds the 10 percent threshold of the CBT rider.

It is, therefore,

ORDERED, That DP&L's application to update its RR-N be approved, in part, in accordance with Finding (7). It is, further,

ORDERED, That DP&L is authorized to file tariffs, in final form, consistent with this Finding and Order. DP&L shall file one copy in this case docket and one copy in its TRF docket. It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

ORDERED, That DP&L shall notify all effected customers via a bill message or via a bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division. It is, further,

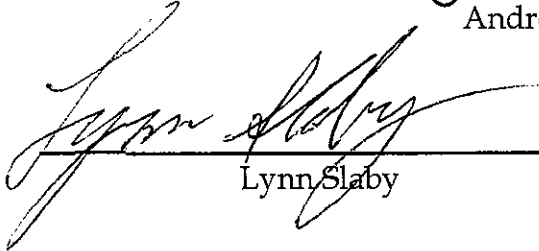
ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rules, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties of record.

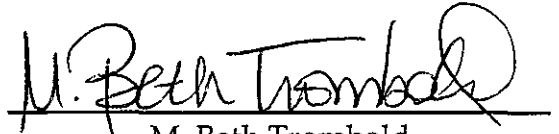
THE PUBLIC UTILITIES COMMISSION OF OHIO



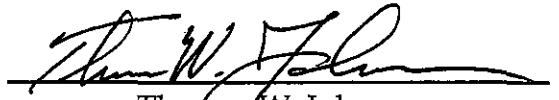
Andre T. Porter, Chairman



Lynn Slaby



M. Beth Trombold



Thomas W. Johnson

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Barcy F. McNeal
Secretary