

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)
Dayton Power and Light Company to) Case No. 14-1080-EL-RDR
Update its Energy Efficiency Rider.)

In The Matter of the Application of The)
Dayton Power and Light Company to) Case No. 16-329-EL-RDR
Update its Energy Efficiency Rider.)

**COMMENTS ON THE PUCO STAFF'S REVIEW AND RECOMMENDATION
REGARDING DAYTON POWER & LIGHT'S ENERGY EFFICIENCY RIDER
CHARGES TO CUSTOMERS**

**BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

Electric customers in Ohio are made to pay for utility-administered energy efficiency programs. Typically, utility-administered energy efficiency programs encourage customers to install energy efficiency measures—EnergyStar appliances and LED light bulbs, for example—through rebates. Customers pay for these rebates, along with administrative costs, through an energy efficiency rider. Ohio utilities also profit from energy efficiency through a so-called "shared savings" mechanism that is paid by customers.

In these cases, however, the Dayton Power and Light Company ("DP&L") is seeking to charge customers, through its energy efficiency rider, for things that have nothing to do with energy efficiency. DP&L wants to charge its customers for utility employee bonuses that were awarded for meeting the goals of DP&L's unregulated parent company.¹ DP&L wants its customers to pay for utility employees' meals, snacks, and drinks at local restaurants.² DP&L wants to charge its customers for DP&L's promotional advertising,

¹ PUCO Staff's Review and Recommendation at 2 (Jan. 25, 2017).

² Id.

including Minor League Baseball sponsorships and workshops unrelated to energy efficiency.³ DP&L wants its customers to pay thousands of dollars for DP&L's business partners to attend baseball games.⁴ DP&L believes that its customers should pay for its employees' cellular phones and accessories.⁵ And DP&L seeks to charge its customers for carrying costs on shared savings—in essence, making customers pay interest on DP&L's profits.⁶

The PUCO Staff examined DP&L's energy efficiency rider application and rightfully recommended that customers not pay for these charges, which total over \$340,000 for DP&L.⁷ This is not the first time that the PUCO Staff has found that an Ohio utility is trying to charge customers, through its energy efficiency rider, for costs that have nothing to do with energy efficiency. In June 2016, the PUCO Staff similarly recommended that Duke Energy Ohio not be permitted to charge customers for things like utility employee bonuses, meals and entertainment, baseball tickets, and office supplies.⁸ The PUCO agreed and disallowed over \$400,000 in charges to consumers.⁹ It was wrong for Duke to seek recovery of these costs from its customers. And it is wrong for DP&L to do so, too.

The PUCO Staff recommended removal of these charges from the energy efficiency rider that customers pay. The PUCO Staff also recommended that if the PUCO approves any

³ Id. at 2-3.

⁴ Id. at 2.

⁵ Id.

⁶ Id. at 3-4.

⁷ Id. at 5.

⁸ See PUCO Staff's Review and Recommendation, In re Application of Duke Energy Ohio, Inc. for Recovery of Program Costs, Lost Distribution Revenue and Performance Incentives Related to its Energy Efficiency and Demand Response Programs, Case No. 15-534-EL-RDR (June 23, 2016).

⁹ Opinion & Order at 16, Case No. 15-534-EL-RDR (Oct. 26, 2016).

adjustment to DP&L's energy efficiency rider, such approval be "subject to further review, and adjustment, as deemed necessary in subsequent proceedings in which estimated costs are trued-up with actual costs and impacts of the EM&V [evaluation, measurement, and verification] process are considered."¹⁰ According to the PUCO Staff, this qualification is important because DP&L's claimed energy savings form the basis for its shared savings and lost revenues (both of which customers pay), and those energy savings have not yet been verified.¹¹ OCC agrees that any approval of an adjustment to the energy efficiency rider, particularly as it pertains to shared savings and lost distribution revenues, should remain subject to further review and reconciliation.

This is especially important with respect to lost distribution revenues. In DP&L's second energy efficiency portfolio case,¹² the PUCO approved a settlement that placed limits on the amount of lost revenues that customers pay to DP&L: customers were to pay a maximum of \$72 million in lost revenues through the end of the term of DP&L's second energy efficiency portfolio.¹³

The PUCO has not authorized DP&L to charge customers for lost revenues for 2016. DP&L is currently seeking approval of lost revenues for 2016 through a Stipulation and Recommendation filed on December 13, 2016 in its pending energy efficiency proceeding.¹⁴ Section II.A.iii of the Stipulation and Recommendation provides: "DP&L will be permitted to recover lost distribution revenues incurred during 2016 and DP&L will continue to

¹⁰ PUCO Staff's Review and Recommendation at 4-5.

¹¹ Id.

¹² Case No. 13-833-EL-POR.

¹³ Opinion & Order at 9, In re Application of the Dayton Power & Light Co. for Approval of its Energy Efficiency & Peak Demand Reduction Program Portfolio Plan for 2013 through 2015 (Dec. 4, 2013).

¹⁴ Case No. 16-649-EL-POR.

recover lost distribution revenues going forward, until incorporated in a distribution decoupling rider."¹⁵ The PUCO has not approved this Stipulation and Recommendation. OCC opposes the Stipulation and Recommendation as favoring DP&L to the detriment of consumers, primarily based on the inclusion of this lost revenue provision.¹⁶ The PUCO should not approve any updates to DP&L's energy efficiency rider that are premised upon accepting settlement provisions until the PUCO has ruled upon the settlement in DP&L's current energy efficiency portfolio proceeding.

The PUCO should also decline to approve DP&L's energy efficiency rider update because it includes projected costs from April 2016 through December 2016 for distribution decoupling. According to DP&L's application, projected residential distribution decoupling costs are around \$1.3-\$1.4 million per month for distribution decoupling during this period.¹⁷ But DP&L did not have a residential distribution decoupling rider in 2016. And in fact, DP&L will not have a residential distribution decoupling rider in 2017, either. DP&L has delayed implementing a distribution decoupling rider until at least 2018.¹⁸ The PUCO should not approve DP&L's energy efficiency rider update to make consumers pay for distribution decoupling charges in 2016 when DP&L will not implement a distribution decoupling mechanism until 2018 at the earliest.

¹⁵ Id., Stipulation and Recommendation (Dec. 13, 2016).

¹⁶ See Direct Testimony of Colleen Shutrump on Behalf of the Office of the Ohio Consumers' Counsel, In re Application of the Dayton Power & Light Co. for Approval of its Energy Efficiency & Peak Demand Reduction Portfolio of Programs, Case No. 16-649-EL-POR (Jan. 30, 2017).

¹⁷ See Application, Schedule C-1.

¹⁸ Stipulation & Recommendation, Case No. 16-649-EL-POR (Dec. 13, 2016) (no distribution decoupling rider for 2017).

CONCLUSION

DP&L's energy efficiency rider application seeks to charge customers hundreds of thousands of dollars for things that have nothing to do with energy efficiency. This is unjust and unreasonable, and DP&L should not impose these charges on customers. DP&L's energy efficiency rider application seeks to charge customers for lost revenues and distribution decoupling charges in 2016, even though the PUCO has not approved any lost revenues for 2016 and DP&L has delayed any potential implementation of a decoupling mechanism until 2018. This is not reasonable for customers, either.

The PUCO should adopt the PUCO Staff's recommendation to remove over \$340,000 in charges from the energy efficiency rider that customers pay. The PUCO should approve updates to the customer charges in the rider for shared savings (profit) only when and if DP&L's energy savings are verified through the evaluation, measurement, and verification process. The PUCO should not authorize any updates to the rider for unapproved 2016 lost revenues or distribution decoupling, as that would be unfair to consumers for the reasons stated.

And, if the PUCO does approve any rider updates for customers to pay, the rider should remain subject to further review and adjustment. Those adjustments should include any changes that may be necessary as a result of the approval or rejection of the Stipulation and Recommendation in DP&L's pending energy efficiency portfolio case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 17th day of February 2017.

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Summary: Comments Comments on the PUCO Staff's Review and Recommendation Regarding Dayton Power & Light's Energy Efficiency Rider Charges to Customers by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.