

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
Dayton Power and Light Company to)	Case No. 15-1830-EL-AIR
for an Increase in Electric Distribution)	
Rates.)	
)	
In the Matter of the Application of The)	Case No. 15-1831-EL-AAM
Dayton Power and Light Company for)	
Accounting Authority.)	
)	
In the Matter of the Application of The)	Case No. 15-1832-EL-ATA
Dayton Power and Light Company for)	
Approval of Revised Tariffs.)	

**OBJECTIONS TO PUCO STAFF REPORT OF INVESTIGATION
FILED BY ENVIRONMENTAL DEFENSE FUND, ENVIRONMENTAL LAW &
POLICY CENTER, NATURAL RESOURCES DEFENSE COUNCIL, AND OHIO
ENVIRONMENTAL COUNCIL**

Madeline Fleisher
Counsel of Record
Environmental Law & Policy Center
21 West Broad St., 8th Floor
Columbus, OH 43215
(614) 569-3827
MFleisher@elpc.org
*Counsel for Environmental Law
& Policy Center*

Samantha Williams
Counsel of Record
Robert Dove
Natural Resources Defense Council
20 N. Wacker Drive, Suite 1600
Chicago, IL 60606
(312) 651-7930
(614) 943-3683
swilliams@nrdc.org
*Counsel for Natural Resources
Defense Council*

Miranda Leppla
Counsel of Record
Trent Dougherty
1145 Chesapeake Avenue, Suite I
Columbus, Ohio 43212-3449
(614) 487-7506
mleppla@theOEC.org
tdougherty@theOEC.org
*Counsel for Ohio Environmental Council
and Environmental Defense Fund*

OBJECTIONS TO STAFF REPORT

Pursuant to Ohio Admin. Code 4901-1-28, the Environmental Defense Fund, Environmental Law & Policy Center, Natural Resources Defense Council, and Ohio Environmental Council (collectively, the “Environmental Intervenors”) submit the following objections to the Staff Report filed on March 12, 2018.

These cases address the electric distribution charges that Dayton Power & Light (“DP&L” or “Company”) proposes to collect from its customers. The Environmental Intervenors’ objections identify elements of the Staff Report that are unjust, unreasonable or unlawful, and meet the specificity requirement of Ohio Adm. Code 4901-1-28. The substance of many of these objections will be supplemented and/or supported with the testimony of anticipated witnesses sponsored by one or more Environmental Intervenors.

The Environmental Intervenors’ objections identify matters in the Staff Report where Staff has either made, or failed to make, recommendations, resulting in rates or service terms that contravene what is just, reasonable and lawful for customers in DP&L territory. Further, the lack of an objection to any aspect of the Staff Report does not preclude the Environmental Intervenors from cross-examination or introduction of evidence or argument on related issues on which Staff reverses, modifies or withdraws its position on any issue contained in the Staff Report. The Environmental Intervenors also reserve the right to amend and/or to supplement their objections in the event that the PUCO Staff reverses, modifies or withdraws its position, at any time prior to the closing of the record, on any issue contained in the Staff Report.

Where the PUCO Staff has indicated that its position on a particular issue is not known at the date of the Staff Report, the Environmental Intervenors reserve the right to later supplement their objections once Staff’s position is made known. The Environmental Intervenors also

reserve the right to file additional expert testimony, produce fact witnesses and introduce additional evidence. Moreover, any witness called by an Environmental Intervenor also reserves the right to amend and/or supplement testimony in the event that Staff reverses, modifies, or withdraws its position on any issue contained in the Staff Report.

OPERATING INCOME AND RATE BASE

1. The Environmental Intervenors object that the Staff Report is unjust and unreasonable by failing to recommend adjustments that fully reflect the impact of the 2017 Tax Cuts and Jobs Act on DP&L's operating income and rate base.

2. The Environmental Intervenors object that the Staff Report recommends approval of DP&L's Distribution Investment Rider (Rider DIR) without proposing any process for identifying whether any distribution investments under Rider DIR may be cost-effectively replaced by investments in "non-wires alternatives," such as energy efficiency or demand response programs, distributed generation, or storage technology.

RATES AND TARIFFS

3. The Environmental Intervenors object that the Staff Report is unjust and unreasonable by recommending that DP&L's residential customer charge be increased from \$4.25 to \$7.88 per month. We specifically object to the Staff Report recommendation of a customer charge of \$7.88. The customer charge should be set to recover no more than the minimum cost to connect a residential customer – *i.e.*, the cost of meters, service drops, and customer services – which would produce a residential customer charge in this case of no more than \$6.60 per month.

RESIDENTIAL CUSTOMER CHARGE AND STRAIGHT FIXED VARIABLE (SFV) RATE DESIGN

4. The Environmental Intervenors object that Staff suggests that adopting a demand charge rate design in the future once smart meters are fully deployed in DP&L territory may be appropriate. Staff Report at 36. It would not be reasonable to recover demand-related costs through a residential demand charge because traditional demand charges do not provide efficient price signals to large customers and will not provide efficient price signals to small customers. Traditional demand charges penalize individual customers for their maximum hourly (or sub-hourly) use in each month, and do not provide any incentive to shift loads off the times at which distribution or transmission equipment reaches its peak demand, or the times at which customers' responsibility for PJM capacity charges are determined.

MANAGEMENT AND OPERATIONS REVIEW

5. As noted on page 52 of the Staff Report, Staff filed a letter on November 19, 2015, stating that it would review DP&L's planning for providing customer energy usage data to competitive electric supply providers. Staff determined that it was premature to do this review and that DP&L has not started to plan for this. The Environmental Intervenors object that the Staff Report is unjust and unreasonable in allowing DP&L to recover grid-related costs, yet failing to even recommend that DP&L formulate a proposal for deployment of AMI meters and changes to its billing and meter data management systems that would allow customers and third parties to receive real-time access to customer energy usage information, because this is an important benefit of grid modernization. Over 70 million customers have AMI meters throughout the country.¹ Duke Energy Ohio has fully deployed AMI meters and AEP is in the process of

¹ U.S. Energy Information Administration, Form EIA-861 (2017), available at: <https://www.eia.gov/electricity/data/eia861/index.html>.

deploying AMI meters across its territory, and DP&L should also provide the Commission with a proposed plan for implementing these changes without further delay.

6. The Environmental Intervenors object that the Staff Report is unjust and unreasonable in recommending that DP&L be allowed to recover grid-related costs without requiring DP&L to implement cost-effective voltage optimization. Cost-effective voltage optimization provides important benefits such as energy savings and demand reductions that are part of reasonable utility service, and it is unjust and unreasonable for DP&L to incur grid-related costs without providing customers with these benefits. DP&L should not be permitted to recover grid-related costs until it has implemented or has a plan to implement this technology moving forward.

Respectfully submitted,

/s/ Madeline Fleisher
Madeline Fleisher
Environmental Law & Policy Center
21 West Broad St., 8th Floor
Columbus, OH 43215
(614) 569-3827
MFleisher@elpc.org
Counsel for Environmental Law
& Policy Center

/s/ Samantha Williams
Samantha Williams
Robert Dove
Natural Resources Defense Council
20 N. Wacker Drive, Suite 1600
Chicago, IL 60606
(312) 651-7930
swilliams@nrdc.org
Counsel for Natural Resources
Defense Council

/s/ Miranda Leppla

Miranda Leppla

Counsel of Record

Trent Dougherty

1145 Chesapeake Avenue, Suite I

Columbus, Ohio 43212

(614) 487-7506

mleppla@theOEC.org

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 11th day of April 2018, by electronic mail upon the parties listed below.

/s/ Robert Dove

Robert Dove

Steven L. Beeler
Robert A. Eubanks
Assistant Attorneys General
Public Utilities Section
30 East Broad St., 16th Floor
Columbus, Ohio 43215
Steven.beeler@ohioattorneygeneral.gov
Robert.eubanks@ohioattorneygeneral.gov
Counsel for Staff of the Commission

Christopher M. Healey
Assistant Consumers' Counsel
Office of the Ohio Consumers'
Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Christopher.healey@occ.ohio.gov

**Counsel for Office of the Ohio
Consumers' Counsel**

David Boehm
Michael L. Kurtz
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
dboehm@BKLawfirm.com
mikurtz@BKLawfirm.com
jkylercohn@BKLawfirm.com

Counsel for Ohio Energy Group

Michael D. Dortch
Richard R. Parsons
Justin M. Dortch
Kravitz, Brown & Dortch, LLC
65 East State Street, Suite 200
Columbus, Ohio 43215
mdortch@kravitzllc.com

**Counsel for Calpine Energy Solutions,
LLC**

Dylan F. Borchers
Devin D. Parram
Bricker & Eckler LLP

Frank P. Darr
Matthew R. Pritchard
McNees Wallace & Nurick LLC
21 East State Street, 17th Floor
Columbus, Ohio 43215
fdarr@mwncmh.com
mpritchard@mwncmh.com

**Counsel for Industrial Energy Users-
Ohio**

Elyse Akhbari
Counsel of Record
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215
eakhbari@bricker.com

**Counsel for People Working
Cooperatively, Inc.**

100 South Third Street
Columbus, OH 43215-4291
dborchers@bricker.com
dparram@bricker.com

Counsel for Ohio Hospital Association

Richard L. Sites
Regulatory Counsel
155 East Broad Street, 3rd Floor
Columbus, OH 43215-3620
Rick.sites@ohiohospitals.org

Counsel for Ohio Hospital Association

Angela Paul Whitfield
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, Ohio 43215
paul@carpenterlipps.com

Counsel for The Kroger Co.

Colleen L. Mooney
1431 Mulford Road
Columbus, Ohio 43212
cmooney@ohiopartners.org

**Counsel for Ohio Partners for
Affordable Energy**

Joseph Olikier
Michael Nugent
6100 Emerald Parkway
Dublin, Ohio 43016
joliker@igsenergy.com
mnugent@igsenergy.com

Counsel for IGS Energy

Kurt J. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
kboehm@BKLawfirm.com

Counsel for the City of Cincinnati

Mark A. Whitt
Andrew J. Campbell
Rebekah J. Glover
Whitt, Sturtevant LLP
The KeyBank Building, Suite 1590
88 East Broad Street
Columbus, Ohio 43215
whitt@whitt-sturtevant.com
Campbell@whitt-sturtevant.com
glover@whitt-sturtevant.com

**Counsel for the Retail Energy Supply
Association (RESA)**

Kimberly W. Bojko (Counsel of Record)
Carpenter Lipps & Leland LLP
280 Plaza, Suite 1300
280 North High Street
Columbus, Ohio 43215
Bojko @carpenterlipps.com

**Counsel for The Ohio Manufacturers’
Association Energy Group**

Mark A. Whitt
Andrew J. Campbell
Rebekah J. Glover
WHITT STURTEVANT LLP
The KeyBank Building, Suite 1590
88 East Broad Street
Columbus, Ohio 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
glover@whitt-sturtevant.com

**Counsel for Direct Energy Services,
LLC, Direct Energy Business, LLC, and
Direct Energy Business Marketing, LLC**

D. David Altman (Counsel of Record)
Justin D. Newman
J. Michael Weber
D. DAVID ALTMAN CO., L.P.A.
15 East 8th Street, Suite 200W
Cincinnati, Ohio 45202
daltman@environlaw.com
jnewman@environlaw.com
jweber@environlaw.com

**Counsel for Cincinnati Clean Energy
Foundation**

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Summary: Objection to the Staff Report electronically filed by Mr. Robert Dove on behalf of Natural Resources Defense Council and Environmental Defense Fund and Environmental Law and Policy Center and Ohio Environmental Council