

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)
Dayton Power and Light Company for) Case No. 15-1830-EL-AIR .
an Increase in its Electric Distribution)
Rates.)

In the Matter of Application of The)
Dayton Power and Light Company for) Case No. 15-1831-EL-AAM
Accounting Authority.)

In the Matter of the Application of The)
Dayton Power and Light Company for) Case No. 15-1832-EL-ATA
Approval of Revised Tariffs.)

**REPLY BRIEF
OF
THE GREATER EDMONT COMMUNITY COALITION
AND
OHIO PARTNERS FOR AFFORDABLE ENERGY**

I. Introduction

The Greater Edgemont Community Coalition and Ohio Partners for Affordable Energy (“Edgemont-OPAE”) submit to the Public Utilities Commission of Ohio (“Commission”) this reply brief in the above-referenced proceedings initiated by The Dayton Power and Light Company (“DP&L”) for an increase in electric distribution rates, accounting authority, and approval of revised tariffs. This reply brief responds to the initial briefs filed by the Retail Energy Supply Association (“RESA”) and Interstate Gas Supply (“IGS”). RESA-IGS ask the Commission to order DP&L to unbundle the distribution costs required to process and administer the standard service offer (“SSO”) and allocate those costs only to SSO customers rather than to all distribution customers.

II. The Provision of a Standard Service Offer is a Distribution Function.

RESA-IGS claim that the Commission cannot allow distribution utilities to recover costs associated with the provision of SSO service through distribution rates. RESA at 4; IGS Brief at 34. RESA-IGS incorrectly see the distribution utility's provision of SSO service as a competitive generation service. According to IGS, the SSO is a utility offering of a competitive retail electric service, and it is outside the Commission's jurisdiction to order the recovery of competitive retail electric service costs through distribution rates. IGS argues that SSO-related costs can only be recovered through the SSO, not through distribution rates. *Id.* at 35.

Electric distribution utilities provide consumers, on a comparable and nondiscriminatory basis, a standard service offer of all competitive retail electric services necessary to maintain essential electric service to consumers. R.C. 4928.141. The distribution utility provides the SSO but does not provide competitive generation service. The distribution utility also provides distribution service necessary to maintain shopping for competitive generation service. The distribution costs required to process and administer the SSO and shopping are distribution costs, not competitive generation costs.

The distribution utility provides the SSO and shopping as part of its distribution function. All costs DP&L incurs to provide distribution services for shopping and SSO customers are appropriately assigned to the distribution function because a distribution utility is required by law to offer the SSO and shopping for competitive generation. Staff Report at 28.

Staff witness Craig Smith testified that the Staff could not determine whether the shopping customer or the SSO customer resulted in increased or different levels of service costs for the distribution utility. Whether a customer is SSO or shopping, the costs to administer shopping and the SSO are similar. All distribution customers use DP&L's call center, communication channels, accounting resources, information technology, and legal, administrative, and regulatory resources. Staff Ex. 5 at 8. These resources are not competitive generation resources. Mr. Smith disagreed with RESA-IGS's assertion that shopping customers pay costs twice, once through distribution rates and again in the supplier's generation charges. Customers pay distribution costs in distribution rates. Competitive generation service is not paid through distribution rates. Id. at 13.

For DP&L, all customers are distribution customers. A customer may be an SSO or a shopping customer at any given time as the choice of generation service is fluid from month to month. Therefore, the distinction of which generation service a distribution customer chooses is not a definable class for distribution cost allocation when a customer can choose the SSO or shopping at any time. DP&L, as a distribution utility, is required to provide the SSO and shopping. The embedded costs to the distribution utility to maintain the SSO and shopping are distribution costs for assets used jointly by shopping and SSO customers and should be recovered from all distribution customers.

III. The Standard Service Offer Does Not Create a Subsidy.

The policy of the State of Ohio for competitive retail electric service is set forth at R.C. 4928.02. RESA-IGS cite R.C. 4928.02(H) as a policy of the State to ensure effective competition in the provision of retail electric service by avoiding anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service by prohibiting the recovery of any generation-related costs through distribution rates. RESA Brief at 7. RESA-IGS argue that shopping customers are paying more than their fair share for services rendered and complain that “shopping customers will be forced to subsidize SSO customers, unless the Commission acts to stop it.” Id. at 11, 4. IGS argues that “discriminating against shopping customers” is “heads SSO customers wins; tails choice customers lose”. IGS Brief at 4. RESA-IGS claim their proposal will ensure “that shopping customers are not charged for services that they do not receive” and will eliminate a subsidy that artificially lowers the price of SSO service. Id. at 14. They claim that components of SSO costs in distribution rates provide the SSO an anti-competitive subsidy “collected exclusively from shopping customers”; therefore, it is discriminatory and violates Ohio law that requires unbundled rates. Id. at 39.

There is no subsidy to any competitive generation provider when distribution costs are paid to DP&L, a distribution utility, not a competitive generation provider. The Commission does not regulate the cost of competitive generation service or provide compensation to support competitive generation service through distribution rates. The Commission has no authority, knowledge,

or control over the cost of competitive generation service or the prices paid by shoppers for competitive generation. Shopping customers could very well be paying for generation services they do not receive, because the charges they pay for generation are set by suppliers, not regulated as to cost of service by the Commission. Because competitive generation costs are not regulated, the Commission does not assign any competitive generation costs to customers. No competitor is subsidized.

The Commission does not act unlawfully by allowing for compensation to the distribution utility for its provision of the SSO, a distribution service. The provision of the SSO and shopping uses shared administrative and operating expenses of DP&L, and the provision of SSO and shopping service uses similar amounts of administrative and operating expenses of DP&L. Staff Ex. 5 at 8. The distribution utility provides billing for SSO and shopping customers, and the cost of this billing is paid by all customers. Tr. 162-167. RESA-IGS make no plea to relieve SSO customers of any costs they pay to support shopping. Id. RESA-IGS cannot consistently assign to each group of customers (shopping and non-shopping) the distribution costs to serve them because the costs to serve them are essentially the same.

IV. Conclusion

Edgemont-OPAE are both signatory parties to the Stipulation and Recommendation ("Stipulation") filed June 18, 2018 and admitted into the hearing record as Joint Exhibit 1. The Stipulation satisfies the Commission's

three-part test for the reasonableness of stipulations, and therefore, the Commission should approve the Stipulation in its entirety. The proposal presented by RESA-IGS ignores the fact that the distribution utility must make both the SSO and shopping available to all distribution customers at all times so that costs to provide the SSO and shopping cannot be allocated to each of these services separately but must be collected from all distribution customers.

Respectfully submitted,

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CERTIFICATE OF SERVICE

A copy of this Reply Brief of the Greater Edgemont Community Coalition and Ohio Partners for Affordable Energy will be served electronically by the Commission's Docketing Division on the persons who are electronically subscribed to these cases on this 27th day of August 2018.

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Summary: Reply Brief electronically filed by Colleen L Mooney on behalf of Greater Edgemont Community Coalition and Ohio Partners for Affordable Energy