

November 2, 2018

Docketing Division
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

Re: The Dayton Power and Light Company Case Nos. 18-1468-EL-RDR

Docketing Division:

Pursuant to the Public Utilities Commission of Ohio's (Commission) Opinion and Order in Case No. 15-1830-EL-AIR (Order), The Dayton Power and Light Company (DP&L) submits herein the required schedules and tariff sheet for the Company's Distribution Investment Rider (DIR). As part of the approval of the Company's Stipulation, the Commission ordered that quarterly filings for the DIR be made 60 days in advance of the effective date, unless otherwise suspended by the Commission.

In addition and consistent with the approved Stipulation and Commission Order, this filing includes an estimate for the capitalized incentive adjustment. This update to the DIR will be implemented with the first billing cycle of January 2019. The proposed tariff sheet is intended to cancel and supersede all preceding sheets, and bear an effective date of January 1, 2019.

Please contact me at (937) 259-7358 if you have any questions. Thank you very much for your assistance.

Sincerely,

/s/ Michael J. Schuler

Michael J. Schuler
Ohio Regulatory Attorney
The Dayton Power and Light Company
1065 Woodman Drive
Dayton, OH 45432

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR
Distribution Investment Rider
Revenue Requirement Calculation

Page 1 of 10

Line No.	Description	September 30, 2015	August 31, 2018	Source
(A)	(B)	(C)	(D)	(E)
<u>Rate Base</u>				
1	Gross Distribution Plant	\$ 1,345,230,954	\$ 1,493,924,293	Page 2 - 3
2	Accumulated Depreciation on Distribution Plant	\$ 642,166,933	\$ 725,535,264	Page 2 - 3
3	Net Distribution Plant In Service	\$ 703,064,021	\$ 768,389,029	Line 1 - Line 2
4				
5	Accumulated Deferred Income Taxes on Distribution Plant	\$ (147,941,796)	(83,033,328)	Page 4, Line 11 and Page 5, Line 15
6				
7	Distribution Rate Base for DIR	\$ 555,122,225	\$ 685,355,701	Line 3 + Line 5
8				
9	Return on Rate Base	8.58%	8.58%	Page 9, Line 10
10	Return on Rate Base	\$ 47,623,955	\$ 58,796,689	Line 7 * Line 9
11				
12	Incremental Return on Rate Base		\$ 11,172,734	Line 10, Col (D) - Col (C)
13				
14	<u>Depreciation, Taxes Other than Income and O&M</u>			
15	Depreciation Expense	\$ 38,359,093	\$ 42,658,273	Page 6, Line 22
16	Property Tax Expense	\$ 44,978,513	\$ 56,467,435	Page 7, Line 11; Col (C) + Page 8, Line 16
17				
18	Total Depreciation, Other Taxes and O&M Before CAT	\$ 83,337,605	99,125,708	Sum Lines 15 - 16
19				
20	Incremental Depreciation, Taxes Other than Income and O&M (Pre Tax)		\$ 15,788,103	Line 18 Col D - Col C
21	Incremental Commercial Activities Tax		1.0026	Case No. 15-1830-EL-AIR
22				
23	Incremental Depreciation, Taxes Other than Income and O&M (Post Tax)		\$ 15,829,152	Line 20 * Line 21
24				
25	<u>Revenue Requirement</u>			
26	Total DIR Revenue Requirement		\$ 27,001,886	Line 12 + Line 23
27	Annual Revenue Cap 2019		\$ 22,000,000	Stipulation Case No. 15-1830-EL-AIR
28	Base Distribution Retail Revenue Requirement		\$ 242,807,679	Stipulation Case No. 15-1830-EL-AIR
29				
30	Percentage of Base Distribution Charges		9.0607%	

The Dayton Power and Light Company
Case No. 18-1468-EL-RDR
Distribution Property Excluding Assets Which May Also Be Used for Other Functions
As of September 30, 2015

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Line No.	Acct. No.	Description	Total Company		Allocation %	Allocation Code	Allocated Total		Jurisdictional Rate Base
			Plant Investment	Accumulated Reserve			Plant Investment	Accumulated Reserve	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (D) * (F)	(I) = (E) * (F)	(J) = (H) - (I)
1	3601	Substation Land - NONE	\$ 1,879,925	\$ -	100.00%	ALLDIST	\$ 1,879,925	\$ -	\$ 1,879,925
2	3602	Other Land - NONE	\$ 2,382	\$ -	100.00%	ALLDIST	\$ 2,382	\$ -	\$ 2,382
3	3603	Land Rights - NONE	\$ 23,493,716	\$ 70,315	100.00%	ALLDIST	\$ 23,493,716	\$ 70,315	\$ 23,423,401
4	3610	S&I - NONE	\$ 9,424,899	\$ 4,871,850	100.00%	ALLDIST	\$ 9,424,899	\$ 4,871,850	\$ 4,553,049
5	3620	Station Equip - NONE	\$ 135,835,303	\$ 51,235,961	100.00%	ALLDIST	\$ 135,835,303	\$ 51,235,961	\$ 84,599,342
6	3640	Poles, Towers & Fixt - NONE	\$ 260,613,653	\$ 153,937,606	100.00%	ALLDIST	\$ 260,613,653	\$ 153,937,606	\$ 106,676,047
7	3650	Ovhd Conductor & Dev - NONE	\$ 158,430,461	\$ 77,836,256	100.00%	ALLDIST	\$ 158,430,461	\$ 77,836,256	\$ 80,594,205
8	3660	Underground Conduit - NONE	\$ 10,652,766	\$ 5,551,476	100.00%	ALLDIST	\$ 10,652,766	\$ 5,551,476	\$ 5,101,290
9	3670	Underground Conductor - NONE	\$ 203,324,254	\$ 99,060,724	100.00%	ALLDIST	\$ 203,324,254	\$ 99,060,724	\$ 104,263,530
10	3680	Line Transformers - NONE	\$ 271,712,937	\$ 96,911,140	100.00%	ALLDIST	\$ 271,712,937	\$ 96,911,140	\$ 174,801,797
11	3691	Ovhd Electric Service - NONE	\$ 48,245,168	\$ 38,002,061	100.00%	ALLDIST	\$ 48,245,168	\$ 38,002,061	\$ 10,243,107
12	3692	Underground Electric - NONE	\$ 158,964,844	\$ 85,593,622	100.00%	ALLDIST	\$ 158,964,844	\$ 85,593,622	\$ 73,371,222
13	3700	Meters - NONE	\$ 46,780,659	\$ 13,712,156	100.00%	ALLDIST	\$ 46,780,659	\$ 13,712,156	\$ 33,068,503
14	3711	Cust Install - Priv - NONE	\$ 15,594,843	\$ 15,245,663	100.00%	ALLDIST	\$ 15,594,843	\$ 15,245,663	\$ 349,180
15	3712	Cust Install - Other - NONE	\$ 227,694	\$ 160,968	100.00%	ALLDIST	\$ 227,694	\$ 160,968	\$ 66,726
16	3720	Leased Prop on Cust - NONE	\$ 47,450	\$ 47,450	100.00%	ALLDIST	\$ 47,450	\$ 47,450	\$ -
17	373	Street Lighting & Signal Sys			100.00%	ALLDIST			
18	374	Asset Retirement Costs for Dist. Plant			100.00%	ALLDIST			
19	108	Accumulated Reserve (b)	\$ -	\$ (70,315)	100.00%	ALLDIST	\$ -	\$ (70,315)	\$ 70,315
20									
21		Total Applicable Distribution Plant	<u>\$ 1,345,230,954</u>	<u>\$ 642,166,933</u>			<u>\$ 1,345,230,954</u>	<u>\$ 642,166,933</u>	<u>\$ 703,064,021</u>

The Dayton Power and Light Company
Case No. 18-1468-EL-RDR
Distribution Property Excluding Assets Which May Also Be Used for Other Functions
As of August 31, 2018

Page 3 of 10

Line No.	Acct. No.	Description	Total Company		Allocation %	Allocation Code	Allocated Total		Jurisdictional Rate Base
			Plant Investment	Accumulated Reserve			Plant Investment	Accumulated Reserve	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (D) * (F)	(I) = (E) * (F)	(J) = (H) - (I)
1	3601	Substation Land - NONE	\$ 1,906,570	\$ -	100.00%	ALLDIST	\$ 1,906,570	\$ -	\$ 1,906,570
2	3602	Other Land - NONE	\$ 2,382	\$ -	100.00%	ALLDIST	\$ 2,382	\$ -	\$ 2,382
3	3603	Land Rights - NONE	\$ 26,577,056	\$ 3	100.00%	ALLDIST	\$ 26,577,056	\$ 3	\$ 26,577,053
4	3610	S&I - NONE	\$ 10,275,671	\$ 5,557,403	100.00%	ALLDIST	\$ 10,275,671	\$ 5,557,403	\$ 4,718,268
5	3620	Station Equip - NONE	\$ 152,225,940	\$ 56,473,514	100.00%	ALLDIST	\$ 152,225,940	\$ 56,473,514	\$ 95,752,426
6	3640	Poles, Towers & Fixt - NONE	\$ 282,561,451	\$ 180,066,006	100.00%	ALLDIST	\$ 282,561,451	\$ 180,066,006	\$ 102,495,445
7	3650	Ovhd Conductor & Dev - NONE	\$ 160,920,833	\$ 68,518,092	100.00%	ALLDIST	\$ 160,920,833	\$ 68,518,092	\$ 92,402,741
8	3660	Underground Conduit - NONE	\$ 10,851,663	\$ 6,157,426	100.00%	ALLDIST	\$ 10,851,663	\$ 6,157,426	\$ 4,694,238
9	3670	Underground Conductor - NONE	\$ 226,360,896	\$ 116,469,984	100.00%	ALLDIST	\$ 226,360,896	\$ 116,469,984	\$ 109,890,912
10	3680	Line Transformers - NONE	\$ 307,610,082	\$ 114,077,501	100.00%	ALLDIST	\$ 307,610,082	\$ 114,077,501	\$ 193,532,581
11	3691	Ovhd Electric Service - NONE	\$ 51,714,957	\$ 43,308,911	100.00%	ALLDIST	\$ 51,714,957	\$ 43,308,911	\$ 8,406,046
12	3692	Underground Electric - NONE	\$ 195,724,673	\$ 105,654,989	100.00%	ALLDIST	\$ 195,724,673	\$ 105,654,989	\$ 90,069,684
13	3700	Meters - NONE	\$ 49,221,572	\$ 13,247,515	100.00%	ALLDIST	\$ 49,221,572	\$ 13,247,515	\$ 35,974,057
14	3711	Cust Install - Priv - NONE	\$ 18,401,553	\$ 16,177,877	100.00%	ALLDIST	\$ 18,401,553	\$ 16,177,877	\$ 2,223,676
15	3712	Cust Install - Other - NONE	\$ 227,694	\$ 174,515	100.00%	ALLDIST	\$ 227,694	\$ 174,515	\$ 53,179
16	3720	Leased Prop on Cust - NONE	\$ 47,450	\$ 47,450	100.00%	ALLDIST	\$ 47,450	\$ 47,450	\$ -
17	373	Street Lighting & Signal Sys	\$ -	\$ -	100.00%	ALLDIST	\$ -	\$ -	\$ -
18	374	Asset Retirement Costs for Dist. Plant	\$ -	\$ -	100.00%	ALLDIST	\$ -	\$ -	\$ -
19	3603	Reconciling Adjustment	\$ -	\$ (3)	100.00%	ALLDIST	\$ -	\$ (3)	\$ 3
20									
21		Total Applicable Distribution Plant	\$ 1,494,630,444	\$ 725,931,184			\$ 1,494,630,444	\$ 725,931,184	\$ 768,699,261
22		Capitalized Incentive Adjustment		Source: (Pg2, Ln 21-Pg3, Ln 21)*Pg10 Ln, 1			\$ 706,152	\$ 395,920	
23		Adjusted Plant Values		Source: Line 21 - Line 22			\$ 1,493,924,293	\$ 725,535,264	\$ 768,389,029

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR

Distribution Investment Rider

Plant Related Accumulated Deferred Income Taxes

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Line No.	Description	Amount as of September 30, 2015	Amount as of August 31, 2018	Source
(A)	(B)	(C)	(D)	(E)
1	Book Basis for Surviving Assets Unitized as of 9/30/2015	\$ 1,345,230,954	\$ 1,310,309,691	Company Records
2	Book Reserve for Surviving Assets Unitized as of 9/30/2015	\$ 642,166,933	\$ 712,185,836	Company Records
3				
4	Tax Basis	\$ 911,070,852	\$ 889,681,291	Company Records
5	Tax Reserve	\$ 622,990,830	\$ 676,114,962	Company Records
6				
7	Net Basis Difference	\$ 414,983,999	\$ 384,557,526	Line 1 - Line 2 - Line 4 + Line 5
8				
9	Tax Rate at time of Filing	35.65%		Case No. 15-1830-EL-AIR
10				
11	Deferred Tax at time of Filing	\$ (147,941,796)		Line 7 * Line 9
12				
13	New Tax Rate		21.31%	Page 9, Line 6
14				
15	Deferred Tax at New Rate		\$ (81,949,209)	Line 7 * Line 13

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR

Distribution Investment Rider

Plant Related Accumulated Deferred Income Taxes

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Line No.	Description	Amount as of August 31, 2018	Source
(A)	(B)	(C)	(D)
1	<u>Deferred Taxes on Rate Base Additions (Net)</u>		
2	Book Basis	\$ 184,320,753	Company Records
3	Book Reserve	\$ 13,745,348	Company Records
4			
5	Tax Basis	\$ 181,043,096	Company Records
6	Tax Reserve	\$ 15,578,124	Company Records
7			
8	Net Basis Difference	\$ (5,110,433)	Line 1 + Line 5 - Line 6 + Line 3
9			
10	Tax Rate	21.31%	Page 9, Line 6
11			
12	DIR Deferred Tax	\$ (1,089,268)	Line 8 * Line 10
13	Capitalized Incentive Adjustment	\$ 5,149	Line 12 * Page 10, Line 1
14			
15	Deferred Taxes at 8/31/2018	\$ (83,033,328)	Page 4, Line 15 + Page 5, Line 12 + Pg 5, Line 13

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR
Distribution Investment Rider
Depreciation Expense by FERC Account

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Line No.	FERC Account	Account Description	Depreciation Rate %	Gross Plant Balance		Depreciation Expense	
				(As of September 30, 2015)	(August 31, 2018)	(As of September 30, 2015)	(August 31, 2018)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	3601	Substation Land - NONE	0.00%	\$ 1,879,925	\$ 1,906,570	\$ -	\$ -
2	3602	Other Land - NONE	0.00%	\$ 2,382	\$ 2,382	\$ -	\$ -
3	3603	Land Rights - NONE	0.00%	\$ 23,493,716	\$ 26,577,056	\$ -	\$ -
4	3610	S&I - NONE	2.72%	\$ 9,424,899	\$ 10,275,671	\$ 256,357	\$ 279,498
5	3620	Station Equip - NONE	2.00%	\$ 135,835,303	\$ 152,225,940	\$ 2,716,706	\$ 3,044,519
6	3640	Poles, Towers & Fixt - NONE	3.20%	\$ 260,613,653	\$ 282,561,451	\$ 8,339,637	\$ 9,041,966
7	3650	Ovhd Conductor & Dev - NONE	2.60%	\$ 158,430,461	\$ 160,920,833	\$ 4,119,192	\$ 4,183,942
8	3660	Underground Conduit - NONE	1.47%	\$ 10,652,766	\$ 10,851,663	\$ 156,596	\$ 159,519
9	3670	Underground Conductor - NONE	2.30%	\$ 203,324,254	\$ 226,360,896	\$ 4,676,458	\$ 5,206,301
10	3680	Line Transformers - NONE	3.04%	\$ 271,712,937	\$ 307,610,082	\$ 8,260,073	\$ 9,351,347
11	3691	Ovhd Electric Service - NONE	3.89%	\$ 48,245,168	\$ 51,714,957	\$ 1,876,737	\$ 2,011,712
12	3692	Underground Electric - NONE	3.33%	\$ 158,964,844	\$ 195,724,673	\$ 5,293,529	\$ 6,517,632
13	3700	Meters - NONE	4.35%	\$ 46,780,659	\$ 49,221,572	\$ 2,034,959	\$ 2,141,138
14	3711	Cust Install - Priv - NONE	4.00%	\$ 15,594,843	\$ 18,401,553	\$ 623,794	\$ 736,062
15	3712	Cust Install - Other - NONE	2.22%	\$ 227,694	\$ 227,694	\$ 5,055	\$ 5,055
16	3720	Leased Prop on Cust - NONE	2.50%	\$ 47,450	\$ 47,450	\$ -	\$ -
17	3730	Street Lighting & Signal Sys	3.00%				
18	3740	Asset Retirement Costs for Dist. Plant					
19		Total		\$ 1,345,230,954	\$ 1,494,630,444	\$ 38,359,093	\$ 42,678,690
20							
21				Capitalized Incentive Adjustment	Source: Ln 19, Col (H)-(G) * Pg 10, Ln 1	\$	20,417
22				Adjusted Depreciation Expense	Source: Col (H) Ln 19 - Ln 21	\$	42,658,273

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR
Distribution Investment Rider
Personal Property Taxes

Page 7 of 10

Line No.	Account Description	Per Books of Record (September 30, 2015)	Source
(A)	(B)	(C)	(D)
1	Ohio Property Tax		
2			
3	Original Cost	\$ 1,345,230,954	Company Records
4	Allocation of Intangible	\$ -	
5		\$ 1,345,230,954	Line 3 + Line 4
6			
7	Estimated Valuation Percentage	38.53%	Company Records
8	Property Valuation	\$ 518,350,878	
9	Average Property Tax Rate per \$1,000 Valuation	\$ 86.77	
10			
11	Total Property Taxes - Pre-jurisdictional Plant	\$ 44,978,513	Line 8 * Line 9

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR
Distribution Investment Rider
Personal Property Taxes

Page 8 of 10

Line No.	Account Description	2016 Tax Paid 2017 (2015 Lien Date)	2017 Tax Paid 2018 (2016 Lien Date)	2018 Tax Paid 2019 (2017 Lien Date)	Source
(A)	(B)	(C)	(D)	(E)	(F)
1	Ohio Property Tax				
2					
3	True Value of Additions net of Retirements	\$ 12,521,967	\$ 53,118,823	\$ 89,560,077	Accumulated Net Additions
4	Capitalized Incentive Adjustment	\$ 59,186	\$ 251,071	\$ 423,315	Line 3 * Pg 10, Line 1
5	True Value Net of Capitalized Incentive	\$ 12,462,781	\$ 52,867,752	\$ 89,136,763	Line 3 - Line 4
6	Estimated Valuation Percentage	85.00%	85.00%	85.00%	Company Records
7	Property Valuation	\$ 10,593,364	\$ 44,937,589	\$ 75,766,248	Line 5 * Line 6
8	Average Property Tax Rate per \$1,000 Valuation	\$ 88.20	\$ 87.44	\$ 87.44	Company Records
9					
10	Total Property Taxes - Pre-jurisdictional Plant	<u>\$ 934,317</u>	<u>\$ 3,929,440</u>	<u>\$ 6,625,165</u>	Line 7 * Line 8 / 1000
11					
12	Percentage of Expense included in DIR	100%	100%	100%	
13					
14	Amount included in August 31, 2018 DIR	\$ 934,317	\$ 3,929,440	\$ 6,625,165	Line 10 * Line 12
15					
16	Total Property Tax included in DIR			<u>\$ 11,488,922</u>	Sum Line 14

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR

Distribution Investment Rider

Rate of Return Calculation

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Line No.	Description	Total	Cost	Weighted Cost	Source
(A)	(B)	(C)	(D)	(E)	(F)
1	Common Equity	47.52%	9.99%	4.75%	Stipulation Case No. 15-1830-EL-AIR
2					
3	Long-Term Debt	<u>52.48%</u>	<u>4.80%</u>	<u>2.52%</u>	Stipulation Case No. 15-1830-EL-AIR
4				7.27%	Sum lines 1-3
5					
6	Effective Tax Rate			21.31%	Company Records
7	Commercial Activities Tax (CAT)			0.26%	Company Records
8					
9	Rate of Return (Pre Tax)			8.56%	[(Line 1) / (1 - Line 6)] + Line 3
10	Rate of Return (Pre Tax with CAT)			8.58%	Line 9 * (1 / 1 - Line 7)

The Dayton Power and Light Company

Case No. 18-1468-EL-RDR

Distribution Investment Rider

Capitalized Incentive Adjustment Factor

Page 10 of 10

Line No.	Description	Total	Source
(A)	(B)	(C)	(D)
1	Capitalized Incentive Adjustment Factor ¹	0.472660%	Based Upon Data Available at Time of Filing

¹ Estimate of Annual Capitalized Incentives / Annual Capital Investment for the period ended 8/31/2018

THE DAYTON POWER AND LIGHT COMPANY
MacGregor Park
1065 Woodman Drive
Dayton, Ohio 45432

Third Revised Sheet No. D36
Cancels
Second Revised Sheet No. D36
Page 1 of 1

P.U.C.O. No. 17
ELECTRIC DISTRIBUTION SERVICE
DISTRIBUTION INVESTMENT RIDER

DESCRIPTION:

The Distribution Investment Rider is intended to compensate DP&L for incremental distribution capital investment incurred by the Company since the date certain established in Case No. 15-1830-EL-AIR, exclusive of distribution plant recovered in other riders.

APPLICABLE:

This Rider will be assessed as a percentage of base distribution charges on each monthly bill, effective on a bills-rendered basis for all Customers served under the Electric Distribution Tariff Sheets D17-D25.

CHARGES:

9.0607% of base distribution charges

TERMS AND CONDITIONS:

The Distribution Investment Rider shall be adjusted quarterly to recover amounts authorized by the Commission. This Rider is subject to reconciliation or adjustment, including but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the 12-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission, or Supreme Court of Ohio in the docket those rates were approved, or the docket where the audit of those rates occurred.

Filed pursuant to the Opinion and Order in Case No. 15-1830-EL-AIR dated September 26, 2018, of the Public Utilities Commission of Ohio.

Issued

Issued by
CRAIG L. JACKSON, President and Chief Executive Officer

Effective January 1, 2019

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/2/2018 3:51:05 PM

in

Case No(s). 18-1468-EL-RDR

Summary: Notice of filing the schedules and tariff regarding the Company's Distribution Investment Rider pursuant to Commission Order in Case No. 15-1830-EL-AIR electronically filed by Mr. Robert J Adams on behalf of The Dayton Power and Light Company