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FILE Ohio | Public Utilities Commission

Asim Z. Haque, Chairman

Commissioners

M. Beth Trombold
Thomas W. Johnson
Lawrence K. Friedeman
Daniel R. Conway

December 20, 2018

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the matter of application of The Dayton Power and Light Company to update its Distribution Decoupling Rider, Case No. 18-1605-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Review and Recommendations of the Staff of the Public Utilities Commission of Ohio (Staff) in regard to authority to recover distribution decoupling costs, Case No. 18-1605-EL-RDR.

Tamara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

David Lipthratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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The Dayton Power and Light Company
Case No. 18-1605-EL-RDR

SUMMARY

In Case No. 16-0395-EL-SSO, the Public Utilities Commission of Ohio (Commission) approved implementation of a Distribution Decoupling Rider (DDR) for Dayton Power and Light Company (DP&L or Company). This rider includes lost revenues currently recovered through the Energy Efficiency Rider as agreed to in the Stipulation filed in Case No. 16-649-EL-POR. All other matters relating to the DDR were addressed in the Company's last distribution rate case, Case No 15-1830-EL-AIR, such as the DRR shall employ a revenue per customer methodology applicable to tariff classes D17, D18 and D19, the deferral balance will include carrying costs at DP&L's stipulated cost of debt, and the DDR is to be charged based on the percentage of base distribution revenue for each tariff class individually.

On October 31, 2018, DP&L filed an application to recover the deferral balance associated with lost distribution revenues for the period of January 2018 to September 2018 and the current decoupling costs (allowed revenue requirement less the stipulated revenue requirement). The Company is proposing in this application to recover $11,328,203 of lost revenue, which results in an increase to residential bills of 4.49%. This application will be automatically implemented 60 days after the filing.

FINANCIAL AUDIT

In its review, Staff examined the as-filed schedules for consistency with the DDR methodology as approved by the Commission. Staff also reviewed the application to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of the financial statements for completeness, occurrence, presentation, valuation, allocation and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories.

Staff has completed its review of the filing and finds that the Company has appropriately included in its DDR the lost distribution revenue deferrals and the decoupling costs incurred due to differences in the Company's allowed revenue requirement less the stipulated revenue requirement. Staff does, however, recommend an adjustment totaling $3,077 pertaining to a commercial activities tax (CAT) calculation error.

RECOMMENDATION

Staff recommends that the DDR be approved subject to Staff's recommended adjustment which increases the decoupling costs by $3,077 and the total recoverable costs to $11,331,280. This recommendation does not change the proposed DDR rate percentage, but will allow for self-correction on the Company's books and records.