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Ohio | Public Utilities Commission
Sam Randazzo, Chairman

September 6, 2019

FILE

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

RE: *In the Matter of the Application of The Dayton Power and Light Company to update its Standard Offer Rate Tariff, Case No. 19-841-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by The Dayton Power and Light Company to update its Standard Offer Rate Tariff, Case No. 19-841-EL-RDR.

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

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

Dayton Power and Light Company

Case No. 19-841-EL-RDR

Background

On April 15, 2019 in Case No. 19-841-EL-RDR, The Dayton Power and Light Company (DP&L or Company) filed proposed tariffs to modify its Standard Offer Rates Tariff. The proposed tariffs include Standard Offer Rates (SOR) and Percentage of Income Payment Plan (PIPP) generation rates. Pursuant to the Commission's Order in Case No. 16-395-EL-SSO, the proposed rates now include an alternative energy rate (AER) component, a reconciliation component and an unbilled fuel component.[1]

As part of the reconciliation component, DP&L is collecting the SSO generation revenue percentage of the PUCO/OCC assessment fees through the SOR rider, as approved by the Commission's Order in Case No. 15-1830-EL-AIR (Rate Case Order). The Commission clarified, however, that the SOR rider may recover "adjusted test year expenses only."[2]

On May 29, 2019, the Commission approved the annual update of the SOR rates and the effective date of June 1, 2019.

Staff Review and Recommendations

Pursuant to the SOR rider's tariff, the rider is subject to reconciliation, including refunds to customers, based upon audits ordered by the Commission. Staff completed its review of the SOR rider's reconciliation component for the period of April 1, 2018 through March 31, 2019. Staff reviewed supplier charges, consultant fees, revenues collected under the competitive bid portion as well as the Company's calculation of carrying charges and the gross revenue conversion factor.

In October of 2018, the Company began recovering, through the bypassable SOR rider, $56,289 per month for PUCO/OCC assessment fees. Staff reviewed the revenue percentage calculated by the Company and agrees it conforms to Staff's recommendation in Case No. 15-1830-EL-AIR, "that the SSO generation revenue percentage of the PUCO/OCC assessment expense be recovered through an appropriate bypassable rider."[3]

Staff verified through a Data Request with the Company that the entire test year amount of PUCO/OCC assessment fees ($1,986,667) is collected through base rates. Because the Company did not adjust the PUCO/OCC assessment expense collected in base rates to exclude the

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[1] *In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case No. 16-395-EL-SSO, *et al.*, Opinion and Order at 8 (Oct. 20, 2017).

[2] *In the Matter of the Application of The Dayton Power and Light Company for an Increase in its Electric Distribution Rates*, Case No. 15-1830-EL-AIR, *et al.*, Opinion and Order at ¶32 (Sept. 26, 2018).

[3] *In the Matter of the Application of The Dayton Power and Light Company for an Increase in its Electric Distribution Rates*, Case No. 15-1830-EL-AIR, *et al.*, Staff Report at page 28 (March 12, 2018).

percentage of the expense related to SSO generation revenue, there are no adjusted test year expenses to recover. Therefore, any additional amount recovered through the SOR rider would constitute a double recovery of a portion of the PUCO/OCC assessment fees. Staff is concerned that this double recovery would be harmful to consumers and violate the Commission's Rate Case Order. Therefore, Staff recommends that all PUCO/OCC assessment fees collected through the bypassable SOR rider be credited back to customers through a non-bypassable rider.

Conclusion

Staff is satisfied that the reconciliation component is both consistent with and in compliance with the Commission's Orders, with the exception of the assessment fees. While Staff agrees with the Company's derived revenue percentage, Staff recommends the Commission direct the Company to credit to customers the PUCO/OCC assessment fees collected through the SOR rider within a non-bypassable rider to avoid a double recovery.