

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY TO UPDATE ITS STANDARD
OFFER RATE TARIFFS.

CASE NO. 20-790-EL-RDR

FINDING AND ORDER

Entered in the Journal on May 20, 2020

I. SUMMARY

{¶ 1} The Commission approves the application filed by the Dayton Power & Light Company to update its standard offer rate tariffs, subject to Staff's recommendations.

II. DISCUSSION

{¶ 2} The Dayton Power & Light Company (DP&L) is an electric distribution utility and a public utility as defined in R.C. 4928.01(A)(6), and R.C. 4905.02, respectively. As such, DP&L is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On June 24, 2009, the Commission adopted the stipulation and recommendation of the parties to establish DP&L's first ESP (ESP I). *In re The Dayton Power and Light Co.*, Case No. 08-1094-EL-SSO, et al. (*ESP I Case*), Opinion and Order (June 24, 2009). Thereafter, by Entry issued on December 19, 2012, the Commission continued ESP I to remain in effect until a subsequent SSO could be authorized.

{¶ 5} On September 4, 2013, the Commission modified and approved DP&L's application for a second ESP (ESP II). *In re The Dayton Power and Light Co.*, Case No. 12-426-

EL-SSO, et al. (*ESP II Case*), Opinion and Order (Sept. 4, 2013). On June 20, 2016, the Supreme Court of Ohio issued an opinion reversing the decision of the Commission approving ESP II and disposing of all pending appeals. *In re Application of Dayton Power & Light Co.*, 147 Ohio St.3d 166, 2016-Ohio-3490. Subsequently, on August 26, 2016, in the *ESP II Case*, the Commission modified ESP II pursuant to the Court's directive and then granted DP&L's application to withdraw ESP II, thereby terminating it. Also on August 26, 2016, by Finding and Order issued in the *ESP I Case*, the Commission granted DP&L's application to implement the provisions, terms and conditions of ESP I, its most recent SSO, pursuant to R.C. 4928.143(C)(2)(b). The Commission also granted the Company's proposal to continue to recover the costs of energy and capacity obtained through the competitive bid process to serve non-shopping customers through base generation rates, i.e., the standard offer tariff sheets, as consistent with the provisions of *ESP I*. *ESP I Case*, Finding and Order (Aug 26, 2016) at ¶21.

{¶ 6} On February 22, 2016, DP&L filed a new application for an SSO (ESP III), with accompanying applications for approval of revised tariffs and for approval of certain accounting authority. *In re The Dayton Power and Light Co.*, Case No. 16-395-EL-SSO, et al. (*ESP III Case*). On October 20, 2017, the Commission approved DP&L's proposed third ESP. *ESP III Case*, Opinion and Order (October 20, 2017). In the Opinion and Order, the Commission approved, with modifications, DP&L's third application for an ESP under R.C. 4928.143. Also included in this approval was a new standard offer rate (SOR), to be based on competitive bid auctions, as approved by the Commission in the *ESP I Case*. *In re the Application of Dayton Power and Light Co. to Establish a Std. Serv. Offer in the Form of an Electric Security Plan*, Case No. 16-395-EL-SSO (*ESP III Case*), Opinion and Order (Oct. 20, 2017).

{¶ 7} Subsequently, the Commission issued a Supplemental Opinion and Order in the *ESP III Case*, further modifying and approving the amended stipulation filed in the *ESP III Case*. *ESP III Case*, Supplemental Opinion and Order (Nov. 21, 2019). On November 26, 2019, DP&L filed a notice of withdrawal of its Application for ESP III under R.C. 4928.143(C)(2)(a). *ESP III Case*, Notice of Withdrawal (Nov. 26, 2019). Additionally, citing

to R.C. 4928.143(C)(2)(b), DP&L filed proposed revised tariffs seeking to implement its most recent SSO (ESP I). *ESP I Case, Proposed Revised Tariffs* (Nov. 26, 2019).

{¶ 8} On December 18, 2019, the Commission issued a Finding and Order approving DP&L's withdrawal of its Application, thereby terminating ESP III. *ESP III Case, Finding and Order* (Dec. 18, 2019). The Commission also issued a Second Finding and Order approving, with modifications, DP&L's proposed revised tariffs in order to continue the provisions, terms, and conditions of ESP I. *ESP I Case, Second Finding and Order* (Dec. 18, 2019). While the SOR tariffs were last addressed in ESP III, they remain in effect pursuant to the Commission's Second Finding and Order in the *ESP I Case* as the approved mechanism through which DP&L recovers the cost of energy and capacity to serve SSO customers through the competitive bidding process (CBP) in order to honor existing contracts with CBP suppliers and maintain current PJM obligations for all suppliers. *ESP I Case, Second Finding and Order* (Dec. 18, 2019) at ¶ 28, 42, 44.

{¶ 9} On April 16, 2020, DP&L filed proposed tariffs to update its SOR for the delivery period of June 1, 2020 through May 31, 2021, unless otherwise ordered by the Commission. DP&L states that the rates would have an effective date of June 1, 2020. The proposed tariffs include language clarifying that the SOR is subject to reconciliation, including refunds to customers, based on the results of audits approved and ordered by the Commission.

{¶ 10} On April 30, 2020, DP&L filed a revised application to modify the SOR. DP&L states that the revised application corrects calculation errors that were included in the filing of April 16, 2020.

{¶ 11} On May 11, 2020, Staff filed its review and recommendations in response to DP&L's filings. Staff states that the proposed SOR rates include an alternative energy rate (AER) component, a reconciliation component, and an unbilled fuel component. Staff states that the proposed tariffs appear to accurately reflect the results of the most recent auctions for SSO and PIPP generation rates as approved by the Commission in Case Nos. 17-957-EL-

UNC and 17-1163-EL-UNC, respectively. Further, Staff finds that the proposed unbilled fuel component accurately reflects the Commission's orders.

{¶ 12} However, Staff notes that it cannot complete its review of the reconciliation component of the generation rates during the limited time period between the filing of the proposed SOR tariffs on April 30, 2020, and the proposed effective date for rates on June 1, 2020. Based on its preliminary review, Staff recommends that the rates, as submitted, be approved subject to Staff's supplemental letter to be filed in this docket once Staff's review is concluded.

{¶ 13} Further, Staff states that it also conducted only a preliminary review of DP&L's proposed AER rate component. Again, Staff does not oppose the AER rate becoming effective as proposed on June 1, 2020, provided that the AER component will be subject to adjustment to conform with the results of the Commission-directed audit currently pending in Case No. 20-0553-EL-RDR.

{¶ 14} Staff further recommends that DP&L's proposed tariffs should be modified to include language that would exempt self-assessing purchasers from the AER pursuant to R.C. 4928.644(B), consistent with the Commission's decision in Case No. 19-2031-EL-UNC.

{¶ 15} Ultimately, Staff recommends that the revised SOR tariffs proposed on April 30, 2020, be approved to become effective on June 1, 2020, subject to potential further adjustments as stated herein. No other comments or motions for intervention were filed.

{¶ 16} Upon review of DP&L's application and Staff's recommendations, the Commission finds that DP&L's application to update the SOR does not appear to be unjust or unreasonable. As noted above, the tariffs expressly provide that the SOR is subject to reconciliation, including refunds to customers, based on audits ordered by the Commission. There are no timeframes for the completion of these audits in the tariffs. Therefore, the tariffs provide Staff with the flexibility to complete the audits of both the reconciliation and AER components of the SOR after the approval of the updated rates. The SOR will still be

subject to reconciliation, including refunds, based upon the result of the audits, and the results of the audits would not be considered to be out of the audit period simply because the Commission has approved the annual update of the SOR rates as described herein.

{¶ 17} Further, consistent with the Staff's recommendation, the Commission directs DP&L to revise its final tariffs to include language that would exempt self-assessing purchasers from the AER pursuant to R.C. 4928.644(B), consistent with the Commission's decision in Case No. 19-2031-EL-UNC. These revised final tariffs will be effective June 1, 2020, subject to further review by the Commission.

{¶ 18} Thus, the Commission concludes that the SOR rates proposed in DP&L's April 30, 2020 filing do not appear to be unjust or unreasonable and should be approved effective June 1, 2020. Further, the Commission finds that it is not necessary to hold a hearing in this matter.

III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That the revised application filed by DP&L to update the SOR be approved as stated in Paragraphs 16-18. It is, further,

{¶ 21} ORDERED, That DP&L is authorized to file revised tariffs, in final form, consistent with this Finding and Order. DP&L shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 22} ORDERED, That the effective date of the new tariffs shall be June 1, 2020. It is, further,

{¶ 23} ORDERED, That DP&L notify all customers regarding the revised tariffs via a bill message, via a bill insert, or via a separate mailing within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service

Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

{¶ 24} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 25} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

MLW/hac

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/20/2020 2:49:26 PM

in

Case No(s). 20-0790-EL-RDR

Summary: Finding & Order approving the application filed by the Dayton Power & Light Company to update its standard offer rate tariffs, subject to Staff's recommendations electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio