THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF THE DAYTON POWER AND LIGHT COMPANY TO ESTABLISH THE TAX SAVINGS CREDIT RIDER.	**CASE NO. 19-568-EL-ATA**

FINDING AND ORDER

Entered in the Journal on October 7, 2020

I. SUMMARY

{¶ 1} The Commission approves the Dayton Power and Light Company's application to update its tax savings credit rider.

II. DISCUSSION

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

{¶ 3} R.C. 4909.18 provides, in part, that a public utility may file an application to establish or change any rate, charge, regulation, or practice. If the Commission determines that the application is not for an increase in any rate and does not appear to be unjust or unreasonable, the Commission may approve the application without the need for a hearing.

{¶ 4} The Tax Cuts and Jobs Act of 2017 (TCJA), which was signed into law on December 22, 2017, made numerous changes to the federal tax system. As is relevant herein, the TCJA reduced the federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018.

{¶ 5} In Case No. 18-47-AU-COI, a Commission-ordered investigation was opened to study the impacts of the TCJA on the Commission's jurisdictional rate-regulated utilities and to determine the appropriate course of action to pass benefits on to ratepayers. *In re the Commission's Investigation of the Financial Impact of the Tax Cuts and Jobs Act of 2017 on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI (*Tax COI Case*), Entry (Jan. 10, 2018), Second Entry on Rehearing (Apr. 25, 2018).

{¶ 6} On March 1, 2019, DP&L initiated this matter, together with Case No. 19-0572-EL-UNC, by filing applications for the sole purpose of returning certain benefits of the TCJA to customers in accordance with commitments made by the Company in the stipulation adopted by the Commission in DP&L's base rate case. Through litigation in this proceeding, the parties negotiated a joint stipulation and recommendation (Stipulation) to resolve outstanding issues related to the Company's implementation of the TCJA. Specifically, the Stipulation outlined the establishment of a Tax Savings Credit Rider (TSCR) to provide retail customers with a credit reflecting DP&L's reduced tax expense.

{¶ 7} By Finding and Order issued September 26, 2019, the Commission approved and adopted the Stipulation, thus authorizing the TSCR. With the Finding and Order, the Commission found that the TSCR should be subject to a financial audit and reconciliation process. Pursuant to the Finding and Order, the Company filed final tariffs with an effective date of October 1, 2019 on September 30, 2019.[1]

{¶ 8} On February 26, 2020, in a separate proceeding, the Commission directed DP&L to credit to customers within a nonbypassable rider any and all PUCO/OCC assessment fees collected through the standard offer rate rider (SOR). *In the Matter of the Application of the Dayton Power and Light Company to Update Its Standard Offer Rate Tariffs*, Case No. 19-841-EL-RDR, Second Finding and Order (Feb. 26, 2020) (SOR Order). The Second Finding and Order also instructed DP&L to confer with Staff to identify the appropriate nonbypassable rider to be used to effectuate the intended credit and to file commensurate tariffs for Staff's review within the next 60 days. SOR Order at ¶ 12, 14.

{¶ 9} On April 23, 2020, DP&L filed revised tariffs in this docket to address the Commission's SOR Order. Specifically, the Company identified the TCSR tariff as the appropriate bypassable rider to be used to credit the historical and ongoing portion of the PUCO/OCC assessment fees collected through the SOR. On June 2, 2020, Staff filed a letter

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1 The Company filed corrected final tariffs on October 2, 2019, to show percentages to four decimal places; the corrected tariffs did not result in a rate change.

indicating that the TSCR is an appropriate rider to incorporate the credit. Further, upon its review of the tariff and supporting workpapers, Staff found the revised TSCR rate to be accurate.

{¶ 10} On August 17, 2020, DP&L filed an application to update the TSCR in the form of a new proposed tariff (Proposed Tariff or Application). The Company states that the Application is consistent with the September 26, 2019 Finding and Order's directive that the TSCR be annually trued-up and, if approved, will credit certain distribution revenue to customers over the next twelve months. The Company additionally represents that, over the last 10 months, DP&L has credited $5,242,452 of its total $194,043,259 distribution revenues, or 2.7 percent, back to customers through the TSCR and that the October 2019-September 2020 rate will be reconciled with the next annual filing to allow the true-up to be based on 12 months of actuals. Finally, DP&L affirms that the Proposed Tariff includes a credit for both the historical and ongoing portion of the PUCO/OCC assessment fees recovered through the SOR.

{¶ 11} On September 2, 2020, Staff filed its Review and Recommendation regarding DP&L's Application. Staff states that it has reviewed the Proposed Tariff and finds that it complies with the Commission's September 26, 2019 Finding and Order. In addition, Staff recommends that, with the Company's next annual filing, DP&L include a true-up to ensure the correct amount of tax savings were refunded to customers.

III. CONCLUSION

{¶ 12} The Commission finds that DP&L's Application to update its TSCR is consistent with the September 26, 2019 Finding and Order in this proceeding, as well as the February 26, 2020 Second Finding and Order issued in Case No. 19-841-EL-RDR, does not appear to be unjust or unreasonable, and should be approved. In accordance with Staff's Review and Recommendation, DP&L is instructed to include a true-up in the next annual application to update the TSCR to ensure the correct amount of tax savings is refunded to customers. Finally, the Commission finds that it is not necessary to hold a hearing in this matter.

IV. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That DP&L's Application be approved and the Company be authorized to adjust the TSCR, in accordance with Paragraph 12. It is, further,

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

{¶ 16} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 17} ORDERED, That DP&L shall notify customers via bill message or bill insert within 30 days of the effective date of the tariffs. Additionally, DP&L shall submit a copy of the customer notice to the Commission's Service Monitoring and Enforcement Department prior to its distribution to customers. It is, further,

{¶ 18} 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,

{¶ 19} 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

PAS/hac