



Public Utilities Commission

Mike DeWine, Governor
Jenifer French, Chair

Commissioners

M. Beth Trombold
Lawrence K. Friedman
Dennis P. Deters
Daniel R. Conway

May 17, 2021

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

RE: *In the Matter of the Application of Dayton Power and Light Company d/b/a AES Ohio (AES Ohio), to Update its Transmission Cost Recovery Rider – Non-bypassable (TCRR-N), Case No. 21-224-EL-RDR*

Dear Docketing Division:

Enclosed please find the Supplemental Staff Review and Recommendations Letter in regard to the application filed by AES Ohio to update its TCRR-N in Case No. 21-224-EL-RDR

Sincerely,

Marianne Townsend
Chief, Regulatory Utility Services
Rates and Analysis, Dept.
Public Utilities Commission of Ohio

Dorothy Bremer
Section Chief, Regulatory Utility Services
Rates and Analysis, Dept.
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

**Dayton Power and Light Company d/b/a AES Ohio
Case No. 21-224-EL-RDR (TCRR-N)**

Supplemental Staff Review and Recommendations

Overview

On March 16, 2021, AES Ohio filed the annual update of its TCRR-N.

On April 30, 2021, The Ohio Manufacturer' Association Energy Group (OMAEG) filed a motion to intervene and comments regarding AES Ohio's March 16, 2021 application. The OMAEG comments are summarized as follows:

- 1) AES Ohio uses incorrect billing determinants for rate formulation and proposes an over-collection of \$12 Million from the Secondary Rate Class.
- 2) AES Ohio Inaccurately attributes the cause of its high reconciliation value to reduced load.
- 3) The TCRR-N's volatility and cost increase to customers should be noted in House Bill 128 Transmission Report to the Ohio General Assembly.

On May 5, 2021, AES Ohio filed an amended application to capture various corrections in the B-2 and D-1 schedules.

On May 7, 2021, Staff filed its review and recommendations letter.

Supplemental Staff Review and Recommendations

Staff is submitting a supplemental review and recommendations letter to provide a response to the OMAEG comments filed April 30, 2021.

Staff has reviewed the comments provided by OMAEG and finds that OMAEG's first concern in regard to incorrect billing determinants being utilized by AES Ohio, were corrected in AES Ohio's amended filing on May 5, 2021. Specifically, in its original application and schedules AES Ohio inadvertently kept the previous year's billing determinants in Schedule B-2 for the Secondary class of customers. AES Ohio's May 5, 2021, amended filing corrected this error.

In regard to OMAEG's second comment that discusses the cause of the high under-recovery balance, the Staff finds that although AES Ohio's application indicates the main driver of the under-recovery is a result of lower sales and not projecting formula rate increases in 2020, there

are other drivers. Specifically, in response to Staff's Data Requests, the main driver of the under-recovery was a significant overstatement of revenue collection in the forecast for the month's March 2020 through May 2020 in the Company's 2020 TCRR-N true-up filing in Case No. 20-547-EL-RDR (2020 Filing). It is Staff's understanding that in the 2020 Filing, AES Ohio did not change the forecasted revenue for March 2020 through May 2020 from the previous year's filing, resulting in rates that were set too low for the June 2020 through May 2021 period. This issue as well as lower than expected non-residential load, resulted in significantly lower revenue recovery.

Additionally, the under-recovery was driven by higher than expected NITS costs, operating reserve costs, and regional transmission enhancement charges.

OMAEG's third comment recommends that the report to the General Assembly, required by House Bill 128, should include the year-to-year cost increases of the TCRR-N and its impacts to customers as well as noting that the TCRR-Ns rate design does not follow cost causation principles. The Staff has no comment on what should be included in the reports to the General Assembly, however, Staff will note that the rate design currently in place was approved in AES Ohio's ESP cases. In addition, AES Ohio offers a pilot program as part of its TCRR-N rider to help eligible customers reduce their transmission costs.

Conclusion

Following the review of the comments submitted by OMAEG, Staff recommends that the amended application filed May 5, 2021 be approved, subject to the recommendations included in Staff's original letter filed on May 7, 2021, and become effective on a bills rendered basis beginning on June 1, 2020.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/17/2021 2:33:36 PM

in

Case No(s). 21-0224-EL-RDR

Summary: Staff Review and Recommendation electronically filed by Mrs. Tanika Hawkins on behalf of PUCO Staff