

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY D/B/A AES OHIO TO UPDATE
ITS STANDARD OFFER RATE TARIFFS.

CASE NO. 22-373-EL-RDR

FINDING AND ORDER

Entered in the Journal on May 18, 2022

I. SUMMARY

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

II. DISCUSSION

{¶ 2} The Dayton Power & Light Company d/b/a AES Ohio (AES Ohio or Company) 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, AES Ohio 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 a stipulation and recommendation to establish AES Ohio'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). Later, on December 19, 2012, the Commission continued ESP I until a subsequent SSO could be authorized. *ESP I Case*, Entry (Dec. 19, 2012) at 3-5.

{¶ 5} On September 4, 2013, the Commission modified and approved the Company'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 that decision 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, the Commission modified ESP II pursuant to the Court's directive and then granted AES Ohio's application to withdraw ESP II, thereby terminating it. *ESP II Case*, Finding and Order (Aug. 26, 2016).

{¶ 6} Also on August 26, 2016, the Commission granted AES Ohio'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). *ESP I Case*, Finding and Order (Aug 26, 2016). In that Finding and Order, the Commission granted the Company's proposal to continue to recover the costs of energy and capacity obtained through the competitive bid process (CBP) to serve non-shopping customers through base generation rates, i.e., the standard offer tariff sheets, as consistent with the provisions of ESP I. *Id.* at ¶ 21.

{¶ 7} Due to events surrounding AES Ohio's subsequent proceeding for its third ESP (ESP III), the Company is currently operating under ESP I. *See 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*), Notice of Withdrawal (Nov. 26, 2019); *ESP III Case* Finding and Order (Dec. 18, 2019); *ESP I Case*, Proposed Revised Tariffs (Nov. 26, 2019); *ESP I Case*, Second Finding and Order (Dec. 18, 2019); *ESP I Case*, Sixth Entry on Rehearing (Aug. 11, 2021). Relevant to this proceeding, with the Second Finding and Order issued in the *ESP I Case*, the Commission confirmed that the SOR would continue as the approved mechanism through which the Company recovers the cost of energy and capacity to serve SSO customers through the 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.

{¶ 8} On April 29, 2022, in this proceeding, AES Ohio filed proposed tariffs to update its SOR. In the filing, the Company notes that the proposed tariffs do not include updated Percentage of Income Payment Plan (PIPP) rates because, as of the date of filing, the PIPP auction had not yet occurred. The Company committed to filing proposed SOR tariffs with updated PIPP rates once the PIPP auction has been completed, with final tariffs being docketed before the intended effective date of June 1, 2022.

{¶ 9} On May 12, 2022, Staff filed its Review and Recommendation regarding AES Ohio's application. Staff reports that the proposed SOR rates include the results of the most recent auction held on April 18, 2022, as approved by the Commission in a separate proceeding on April 20, 2022. Staff confirms that the PIPP generation rates are not included in the application due to the timing of that auction and accepts the Company's representation that the application will be updated once PIPP rates are available. Staff also relays that, in addition to auction prices, the proposed SOR rates include an alternative energy rate (AER) component and a reconciliation component.

{¶ 10} Staff states that, given its review of the proposed tariff and workpapers filed April 29, 2022, the tariff appears to accurately reflect the appropriate auction results. Staff reviewed supplier charges, consultant fees, and competitive bid revenues collected under the SOR—as well as the Company's calculation of carrying charges and the gross revenue conversion factor—and found no exceptions. Staff is satisfied that the reconciliation component is both consistent and in compliance with the Commission's orders. Staff further relates that it conducted a preliminary review of the Company's proposed AER rate component. Based on that review, Staff does not oppose the rate becoming effective as proposed. It is Staff's expectation, however, that the Company's AER component would be subject to a subsequent audit, performed at the Commission's direction, which audit would inform the ultimate decision as to the reasonableness of the AER component in this proceeding.

{¶ 11} In conclusion, Staff recommends that the application filed on April 29, 2022, should be approved and become effective on June 1, 2022. No other comments or motions for intervention were filed.

{¶ 12} Upon review of AES Ohio's application and Staff's Review and Recommendation, the Commission finds that the Company's application to update the SOR does not appear to be unjust or unreasonable. 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, should a subsequent audit of the AER rate component produce findings that would alter the SOR after approval of the updated rates, the tariffs remain subject to reconciliation, including refunds, based upon the result of that audit. Furthermore, the Commission finds that AES Ohio should file revised final tariffs including updated PIPP generation rates based upon the results of AES Ohio's approved auction. In light of the short timeframe remaining before these tariffs by necessity must go into effect, the Commission finds that the revised final tariffs shall be approved effective June 1, 2022, subject to final review by the Commission.

{¶ 13} Thus, the Commission concludes that the SOR rates proposed in AES Ohio's April 29, 2022 filing do not appear to be unjust or unreasonable and should be approved effective June 1, 2022. Further, the Commission finds that it is not necessary to hold a hearing in this matter.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That the application filed by AES Ohio to update the SOR be approved as stated in this Finding and Order. It is, further,

{¶ 16} ORDERED, That AES Ohio be authorized to file revised final tariffs, in final form, consistent with this Finding and Order and that the revised final tariffs shall be

approved effective June 1, 2022, subject to final review by the Commission. The Company shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 17} ORDERED, That the effective date of the new tariffs shall be June 1, 2022. It is, further,

{¶ 18} ORDERED, That AES Ohio 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,

{¶ 19} 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,

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

COMMISSIONERS:

Approving:

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

PAS/hac

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Case No(s). 22-0373-EL-RDR

Summary: Finding & Order approving the application filed by the Dayton Power & Light Company d/b/a AES Ohio 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