



Public Utilities Commission

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December 29, 2022

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 for
Authority to Recover Certain Storm-Related Service Restoration Costs, Case No. 22-
0456-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff Recommendation regarding the application of The Dayton Power and Light Company to recover certain storm-related service restoration costs, Case No. 22-0456-EL-RDR.

A handwritten signature in black ink that reads 'Natalia Messenger'.

Natalia Messenger
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

The Dayton Power and Light Company
Case No. 22-0456-EL-RDR

SUMMARY

In Case No. 08-1094-EL-SSO, the Public Utilities Commission of Ohio (Commission) approved the continuation of the Storm Cost Recovery Rider (SCRR) for The Dayton Power and Light Company d/b/a AES Ohio (AES Ohio or the Company), a recovery mechanism for the prudent costs associated with major storm restorations.¹ The SCRR allows AES Ohio to recover all Operating and Maintenance (O&M) expenses incurred from storms that are determined to be a “Major Event” as defined by Ohio Adm.Code 4901:1-10-01.

On June 30, 2022, AES Ohio filed an application in this case to recover storm-related restoration costs incurred in 2021, during which there were five (5) major storms. In the application, AES Ohio proposes a revenue requirement of \$4,649,960 with calculated monthly rates of \$0.55 for residential, \$2.06 for non-residential, and \$0.16 for Private Outdoor Lighting.

On May 19, 2022, the Commission approved AES Ohio’s application in Case No. 21-0092-EL-RDR (2021 SCRR Order) to recover certain storm-related service restoration costs for late-2018 and 2019 major storms, subject to Staff’s recommendation that carrying charges only accrue based on the unrecovered monthly balances of storm restoration costs attributable to prior SCRR cases, without compounding.

On September 21, 2022, the Commission approved AES Ohio’s amended application in Case No. 22-54-EL-RDR (2022 SCRR Order) to recover certain storm-related service restoration costs incurred for 2020 major storms, subject to Staff’s recommendations, which included an adjustment to carrying charges in line with the 2021 SCRR Order.

AES Ohio filed revised tariffs on September 30, 2022, listing a blended rate of \$0.97 for residential customers that is calculated to collect the unrecovered balances approved in the 2021 SCRR Order and the 2022 SCRR Order over a twelve-month period.

STAFF REVIEW

In review of the 2021 storm costs included in the instant case, Staff examined the as-filed schedules for consistency with previous storm rider cases to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of the financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interviews, and interrogatories.

Carrying Charges

The Company is requesting carrying charges totaling \$408,833 in its application. In accordance with the Commission’s 2021 SCRR Order, Staff calculated carrying charges on only the

¹ Case No. 08-1094-EL-SSO, Second Finding and Order at 15 (Dec. 18. 2019).

unrecovered monthly balances attributable to prior SCRR cases, without compounding. See Staff Schedule WPB-1. This is the same methodology Staff used to calculate the carrying charges the Commission approved in both the 2021 and 2022 SCRR Orders. Staff's calculation results in adjusted carrying charges of \$59,234, a \$349,599 decrease from the carrying charges calculated by the Company in its application.

Labor/Overheads

During Staff's review and in response to a data request, the Company determined certain Labor costs were erroneously charged to a Storm Project. As a result of the error, additional charges for overhead on the Labor were also charged to a Storm Project. The revenue requirement has been adjusted for these items which results in a decrease of \$9,122.04.

Meals

Staff eliminated from the rider expenses for snacks and meals purchased by employees totaling \$44.20. It is Staff's opinion that these items are unnecessary meals for employees and that the Company or its employees should bear the costs.

European Date Issue

Staff encountered multiple instances involving Accounting Dates wherein the date listed was formatted incorrectly as European (DD/MM/YY) in the record. This caused confusion by Staff as it appeared as though the subject expenditure or accounting record was "out of period." The Company explained during meetings that this was a somewhat known/common occurrence caused by some of its accounting or data entry employees that are located out-of-country. Staff recommends that the Company make an effort to eliminate the issue, identify the error when it occurs, and to work with its employees to understand the importance of using the proper date formatting while entering the data into its systems.

STAFF RECOMMENDATION

Staff recommends approval of the application subject to the recommended adjustments above, which result in an adjusted revenue requirement of \$4,291,195. Based on this revenue requirement, Staff recommends monthly rates of \$0.51 for residential, \$1.90 for non-residential, and \$0.15 for Private Outdoor Lighting for major storm expenses incurred in 2021. However, the forthcoming compliance tariff should include a blended rate that collects the revenue requirement approved in this case, as well as the unrecovered balance of the revenue requirements approved in the 2021 SCRR Order and the 2022 SCRR Order. Staff recommends that the Company include the balances and its calculation of the blended rate along with its compliance tariff filing in this docket.

**This foregoing document was electronically filed with the Public Utilities
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in

Case No(s). 22-0456-EL-RDR

Summary: Staff Review and Recommendation regarding the application of The Dayton Power and Light Company to recover certain storm-related service restoration costs electronically filed by Zee Molter on behalf of PUCO Staff