February 2, 2024

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 to Update its Energy Efficiency Rider, Case No. 18-1472-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Review and Recommendations of the Staff of the Public Utilities Commission of Ohio (Staff) in the Matter of the Application of The Dayton Power and Light Company to Update its Energy Efficiency Rider, Case No. 18-1472-EL-RDR.

Tamara Turkenton, Director
Public Utilities Commission of Ohio

The Dayton Power and Light Company
Case No. 18-1472-EL-RDR

OVERVIEW

On October 2, 2018, in Case No. 18-1472-EL-RDR, The Dayton Power and Light Company d/b/a AES Ohio (AES Ohio or the Company) filed an application to request approval to update its Energy Efficiency Rider (EER) and to request recovery of program costs, lost distribution revenue, and shared savings performance incentives related to the Company's energy efficiency and demand response programs for the period of February 2016 through August 2018.

STAFF REVIEW

Staff's annual audit of the EER included an examination of schedules and work papers, confirmation of calculations and a prudency review to determine eligibility for recovery. Staff reviewed the incurred costs, including operation and maintenance expenses, and the Companies' schedules regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff reviewed expense transactions for prudency and appropriateness for recovery, as well as to determine whether these transactions were truly incremental to the amount in base rates. Staff conducted this audit through a combination of document review, interviews, and interrogatories and requested documentation as needed until it was either satisfied that the costs were substantiated or concluded that an adjustment was warranted.
In this review, Staff identified expense transactions that should be excluded from recovery in Rider DSE in the amount of $452,753. The following paragraphs generally describe Staff's recommended adjustments:

Bonus Incentives

Staff identified $429,705 in bonus incentives. Staff believes that these costs should not be recovered from customers since the criteria used to determine the amount of the bonus incentive was not specific to energy efficiency. For example, part of the bonus incentive contained safety criteria, such as safety meetings, safety walks, etc., which are items that are important to providing distribution service but are not related to the components allowed for recovery in the EER mechanism. Therefore, Staff recommends removal of the $429,705 in expenses from the EER.

Meals, Snacks, and Drinks

Staff identified meals, snacks, and drinks that were purchased for meetings. Staff believes that these types of expenses should not be recoverable through the EER, nor be recoverable by the ratepayer. Therefore, Staff recommends expenses of $6,763 be removed from the EER.

Sponsorships

Staff identified $16,023 in sponsorships that was charged to the EER. Staff believes that sponsorships are strictly promotional in nature, and that this type of advertising should not be recoverable. Therefore, Staff recommends expenses of $16,023 be removed from the EER.

Miscellaneous Expenses

Staff also identified $262 in miscellaneous expenses charged to the EER that should be borne by the shareholders as they are not appropriate for recover from customers. Therefore, Staff recommends expenses of $262 be removed from the EER.

Shared Savings and Lost Distribution Revenues

Staff has reviewed the calculations for the revenue collected through the energy efficiency rider for the Companies' shared savings and lost distribution revenue. Based on Staff's review, the shared savings calculation appears to be appropriate. Additionally, Staff has reviewed the company's lost distribution revenues and confirmed that lost revenues were appropriately removed from Rider EER starting November 1, 2017.

Conclusion

Staff has completed its audit in this case and recommends that the application be approved with a total adjustment of $452,753, including any applicable carrying charges, to be returned to customers via a one-month credit as part of a final reconciliation rate in the current rider, then the rider should sunset and set to zero.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/2/2024 2:46:30 PM

in

Case No(s). 18-1472-EL-RDR

Summary: Staff Review and Recommendation regarding the Application of The Dayton Power and Light Company to Update its Energy Efficiency Rider electronically filed by Zee Molter on behalf of PUCO Staff.