

**BEFORE
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 Transmission Cost) Case No. 21-224-EL-RDR
Recovery Rider-Non-Bypassable.)

**MOTION TO INTERVENE AND COMMENTS
OF
THE OHIO MANUFACTURERS’ ASSOCIATION ENERGY GROUP**

Pursuant to R.C. 4903.221 and Ohio Adm. Code 4901-1-11 and 4901:1-36-03(F), the Ohio Manufacturers’ Association Energy Group (OMAEG) respectfully moves the Public Utilities Commission of Ohio (Commission) to intervene in this matter with the full powers and rights granted to intervening parties. As detailed in the attached Memorandum in Support, OMAEG has a real and substantial interest in this proceeding that may be adversely affected by the outcome herein, and which cannot be adequately represented by any other party. Accordingly, OMAEG satisfies the standard for intervention set forth in Ohio statutes and regulations.

Therefore, OMAEG respectfully requests that the Commission grant this Motion to Intervene and make OMAEG a full party of record in these proceedings. In addition, pursuant to Ohio Adm. Code 4901:1-36-03(F) and for the Commission's consideration, OMAEG hereby submits its comments on The Dayton Power and Light Company's (AES Ohio) Application.

Respectfully submitted,

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MEMORANDUM IN SUPPORT

I. INTRODUCTION

On March 16, 2021, AES Ohio filed an application to update its Transmission Cost Recovery Rider – Non-Bypassable (TCRR-N) pursuant to R.C. 4928.05(A)(2) and Ohio Adm. Code 4901:1-36-03(B).¹ The Application seeks approval to increase the TCRR-N revenue requirement due to “NITS increases due to AES Ohio’s Formula rate case and an under-collection balance that was primarily driven by lower than expected load in 2020 and not projecting formular rate increases in 2020.”² The stated under-collection results in a proposed reconciliation and carrying costs of \$24.5 million.³ If approved, the rates proposed in the above-captioned proceeding would become effective June 1, 2021.

Ohio Adm. Code 4901:1-36-03(F) provides that affected parties may move to intervene and submit comments within forty-five days on applications filed under Ohio Adm. Code 4901:1-36-03. Accordingly, OMAEG hereby timely submits its Motion to Intervene and comments.

II. INTERVENTION

OMAEG has a real and substantial interest that may be adversely affected by this proceeding and that interest cannot be adequately represented by any existing parties.

¹ Application of AES Ohio (March 16, 2021).

² *Id.* at ¶ 8.

³ Schedule B-1 Col (D) Line 16 + Schedule B-1 Col (D) Line 17.

R.C. 4903.221 and Ohio Adm. Code 4901-1-11 and 4901:-36-03(E) establish the standard for intervention in the above-captioned proceeding. R.C. 4903.221 provides, in part, that any person “who may be adversely affected” by a Commission proceeding is entitled to seek intervention in that proceeding. R.C. 4903.221(B) further requires the Commission to consider the nature and extent of the prospective intervenor’s interest, the legal position advanced by the prospective intervenor and its probable relation to the merits of the case, whether the intervention by the prospective intervenor will unduly prolong or delay the proceeding, and the prospective intervenor’s potential contribution to a just and expeditious resolution of the issues involved.

OMAEG is a non-profit entity that strives to improve business conditions in Ohio and drive down the cost of doing business for Ohio manufacturers. OMAEG members and their representatives work directly with elected officials, regulatory agencies, the judiciary, and others to provide education and information to energy consumers, regulatory boards and suppliers of energy; advance energy policies to promote an adequate, reliable, and efficient supply of energy at reasonable prices; and advocate in critical cases before the Commission. Here, OMAEG has a substantial interest in ensuring that AES Ohio charges just and reasonable rates for transmission-related services to its customers. As consumers of significant amounts of energy in AES Ohio’s service territory, OMAEG has been involved in numerous prior proceedings before the Commission involving AES Ohio.⁴ Moreover, OMAEG has also participated in prior proceedings before the Commission involving AES Ohio’s TCRR-N and AES Ohio’s TCRR-N Pilot Program.⁵

⁴ See, e.g., *In the Matter of the Application of The Dayton Power and Light Company for A Finding That Its Current Electric Security Plan Passes the Significantly Excessive Earnings Test and More Favorable in the Aggregate Test in R.C. 4928.143(E)*, Case Nos. 20-680-EL-UNC, et al.; *In the Matter of the Application of The Dayton Power and Light Company for Extension of Distribution Modernization Rider*, Case No. 19-162-EL-RDR; *In the Matter of the Application of The Dayton Power and Light Company for an Increase in its Electric Distribution Rates*, Case Nos. 15-1830-EL-AIR, et al.; *In the Matter of the Application of The Dayton Power and Light Company for Approval of its Electric Security Plan*, Case Nos. 12-426-EL-SSO, et al..

⁵ See, e.g., *In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case Nos. 16-395-EL-SSO, et al., Opinion and Order at

For these reasons, OMAEG has a direct, real, and substantial interest in the issues raised in this proceeding and is so situated that the disposition of this proceeding may, as a practical matter, impair or impede its ability to protect that interest. It is regularly and actively involved in Commission proceedings and, as in previous proceedings, OMAEG's unique knowledge and perspective will contribute to the full development and equitable resolution of the factual issues in this proceeding. OMAEG's interest will not be adequately represented by other parties and its timely intervention will not unduly delay or prolong these proceedings.

Because OMAEG satisfies the criteria set forth in R.C. 4903.221 and Ohio Adm. Code 4901-1-11, Ohio law authorizes OMAEG to intervene in this proceeding with the full powers and rights granted by the Commission to intervening parties. OMAEG respectfully requests that the Commission grant this Motion to Intervene and make OMAEG a full party of record.

III. COMMENTS

A. AES Ohio Uses Incorrect Billing Determinants for Rate Formulation and Proposes an Over-Collection of \$12 Million from the Secondary Rate Class.

AES Ohio projects a total cost recovery need of \$88.2 million for the TCRR-N from the period of June 2021 to May 2022.⁶ However, as shown in AES Ohio's summary of proposed revenues, AES Ohio's proposed rates will result in a total revenue amount of \$100.7 million, \$12.5 million greater than its required cost recovery.⁷ OMAEG attributes this discrepancy to AES Ohio incorrectly using 8,721 MW as the billing determinant for the Secondary class.

12 (October 20, 2017) (authorizing the continuation of the TCRR-N and establishing the TCRR-N Opt-Out Pilot Program); *In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case Nos. 08-1094-EL-SSO, et al., Second Finding and Order at ¶ 39 (authorizing the continuation of the TCRR-N after DP&L withdrew its ESP III).

⁶ Schedule B-1 Col (D) Line 18.

⁷ Schedule B-2 Col (G) Line 28.

Upon examination of AES Ohio’s Development of Proposed Base Rates and Development of Proposed Reconciliation Rates, the Projected Billing Determinants in Schedule C-3a, page 60 for the Secondary rate class do not match the values shown in the Summary of Proposed Revenues in Schedule B-2, page 44. All other rate classes have matching billing determinants between these two Schedules. The Secondary rate class is the only rate class for which these billing determinants do not match. Thus, since the rate is calculated using a much smaller billing determinant (8,721 MW instead of the 12,976 MW referenced in the Summary of Proposed Revenues), the proposed rate for the Secondary tariff is greatly inflated.⁸ Recalculating this rate using the proper billing determinant results in AES Ohio’s projected revenue matching the required cost recovery amount of \$88.2 million. A summary of these values is shown below in Table 1.

Table 1: Summary of Secondary Voltage Billing Determinant and Over-Collection

| | Secondary Voltage Billing Determinant (kW) | Revenue Requirement (\$) | Proposed Revenue (\$) | Over Collection (\$) |
|-------------|--|--------------------------------|-----------------------------|----------------------------|
| Application | 8,720,853 | \$88,163,587 | \$100,655,342 | \$12,491,755 |
| Proposed | 12,975,570 | \$88,163,587 | \$88,163,587 | \$0 |

Accordingly, OMAEG recommends that the Commission instruct AES Ohio to re-calculate the proposed TCRR-N rates based on AES Ohio’s Forecasted Distribution Billing Determinants in Schedule B-2. This will correct the billing determinant for the Secondary class, changing it from 8,720 MW to 12,976 MW. The correction will prevent an over-collection of \$12.5 million on the Secondary rate class by aligning the TCRR-N revenue requirement for this class with the applicable PJM and reconciliation charges.

⁸ Schedule C-3b Col (F) Line 19 versus Schedule B-2 Col (C) Lines 5 & 6.

B. AES Ohio Inaccurately Attributes the Cause of its High Reconciliation Value to Reduced Load.

AES Ohio is requesting a TCRR-N reconciliation of \$23.9 million from under-collection for the period of June 2020 through May 2021, to be applied to the billing period of June 2021 to May 2022.⁹ According to AES Ohio, the primary causes for this reconciliation value are “an under-collection balance that was primarily driven by lower than expected load in 2020 and not projecting formula rate increases in 2020.”¹⁰ This is a demonstrably misleading statement by AES Ohio and obfuscates the real cause – that AES Ohio did not accurately forecast its own transmission costs in the prior year.

AES Ohio’s proposed reconciliation of \$23.9 million is significant. For reference, reconciliation and carrying costs make up 28% of the proposed TCRR-N revenue. While FERC Form 1 reports show a decrease in both total annual energy and monthly peak for the Dayton zone from 2019 to 2020, the decrease is minimal. For example, 2020 total energy sales were 92.5% of 2019 values¹¹ and 2020 monthly system peak demand was 91.0% of 2019 values.¹² Moreover, AES Ohio shows that the TCRR-N will have collected \$40.4 million from customers for the period of June 2020 to May 2021,¹³ which nearly matches AES Ohio’s revenue recovery request in the previous year’s application of \$42.1 million.¹⁴ Essentially, the rider collected as much as was intended. Thus, only approximately \$1.7 of the \$23.9 million in a proposed reconciliation adjustment could potentially be attributed to reduced load. Consequently, it is unclear why AES

⁹ Schedule B-1 Col (D) Line 16.

¹⁰ AES Ohio TCRR-N Application at ¶ 8.

¹¹ FERC Form No. 1 2019/Q4 and 2020/Q4 401-401b Col (b) The Dayton Power and Light Company.

¹² FERC Form No. 1 2019/Q4 and 2020/Q4 401-401b Col (d) The Dayton Power and Light Company.

¹³ Workpaper C-1b, Summation of Col (E) Lines 6 to 17.

¹⁴ AES Ohio Revised Application 20-0547 El-RDR Schedule B-2 Col (G) Line 28.

Ohio is requesting \$23.9 million in a reconciliation adjustment. The Commission should recognize that the bulk of the reconciliation is due to its inaccurate forecast of transmission costs, and not a reduction in system load.

C. The TCRR-N's Volatility and Cost Increase to Customers Should be Noted in the House Bill 128 Transmission Report to the Ohio General Assembly.

At a minimum, Substation Voltage customers will see a percent increase of 110% and in the worst case, Secondary Voltage customers will see a percent increase of 190% on the transmission portion of their bill.¹⁵ This is on average an increase of 144% across AES Ohio's service territory.¹⁶ These cost increases are significant, especially to commercial and industrial customers who may be struggling to recover from the impacts of the COVID-19 pandemic. Additionally, nearly a third of the proposed TCRR-N recovery is a reconciliation adjustment, which is indicative of volatility.

AES Ohio currently reallocates its transmission costs, which are billed to it on the highest coincident peak hour (1 CP) to 30-minute monthly peak demand for its manufacturing and commercial customers. This reallocation does not follow cost-causation principles and limits the ability of manufacturers in AES Ohio's service territory to control and reduce their annual transmission obligation. Collectively, this rider volatility, underlying increases in transmission costs, and a billing structure that inhibits customer management of transmission costs negatively affect the ability of Ohio's manufacturers to control their electricity costs.

The Ohio General Assembly recently enacted House Bill 128 (H.B. 128), which requires the Ohio Power Siting Board to submit a report to the General Assembly by December 1, 2021 on whether transmission investments in Ohio are cost effective and in the interest of consumers.

¹⁵ Schedule B-2 Col (I).

¹⁶ Schedule B-2 Col (I) Line 28.

OMAEG recommends that this Report include the year-to-year cost increases of the TCRR-N and its impact to customers. The Report should also note that the TCRR-N's rate design does not follow cost causation principles. Doing so will better inform the General Assembly's review of transmission planning in Ohio and potential necessary legislative changes.

IV. CONCLUSION

As discussed above, OMAEG satisfies the criteria for intervention set out in R.C. 4903.221 and Ohio Adm. Code 4901-1-11. OMAEG, therefore, respectfully requests that the Commission grant this motion, allow OMAEG to intervene with the full powers and rights granted by the Commission to intervening parties, and make OMAEG a full party of record. OMAEG further requests that the Commission consider the comments articulated herein.

Respectfully submitted,

/s/ Thomas V. Donadio

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document also is being served via electronic mail on April 30, 2021 upon the parties listed below.

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Summary: Motion to Intervene and Comments of The Ohio Manufacturers' Association Energy Group electronically filed by Mrs. Kimberly W. Bojko on behalf of OMA Energy Group