



Office of the Ohio  
Consumers'  
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Your Residential Utility  
Consumer Advocate

CONSUMERS'  
FACT  
SHEET

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# Dayton Power & Light ELECTRIC RATE PLAN

Dayton Power & Light Co. (DP&L) filed an application at the Public Utilities Commission of Ohio (PUCO) to increase consumers' electricity rates through December 2026. The PUCO will decide what new rates to approve, after hearing from case participants and from Ohio customers.

The Office of the Ohio Consumers' Counsel (OCC) is advocating to protect the electric bills of DP&L's 455,000 residential utility customers.

In February 2016, DP&L proposed that the PUCO approve a so-called Electric Security Plan ("ESP" or "rate plan"). The rate plan is for pricing electric generation and some other services for the next 10 years — from January 2017 through December 2026. This is DP&L's third ESP, or "ESP III."

DP&L's earlier ESP included a charge for "stability" that cost DP&L's customers nearly \$10 a month for 2 and 1/2 years. However, the Ohio Supreme Court recently overturned the PUCO's approval. The Supreme Court found that the service stability rider was unlawful. After the Court's decision, DP&L withdrew its second electric security plan and returned to earlier rates. These rates are now in effect until May 2017.

Under its proposed new rate plan, DP&L seeks to add several new charges to customers' bills. These will add

significantly to rates customers pay for electricity. DP&L was proposing a charge that it named the Reliable Electricity Rider ("RER"), which would raise monthly bills for residential customers.

The Ohio Consumers' Counsel has opposed this charge and recommended that the PUCO protect consumers by denying the charge. However, on Friday, September 23, 2016, DP&L withdrew its proposal for the Reliable Electricity Rider and said it would seek to charge consumers a Distribution Modernization Rider ("DMR"). Similar to the Reliable Electricity Rider, this new proposed charge would have consumers subsidizing DP&L.

It seems that DP&L's switch to a different proposed charge resulted from events regarding two other Ohio utilities (AEP and FirstEnergy) that want Ohioans to subsidize their businesses. FirstEnergy and the PUCO Staff recently proposed a new type of subsidy that Ohioans would pay to given FirstEnergy "credit support."

## How will customers be impacted?

For the utility's now withdrawn Reliable Electricity Rider, OCC estimated the cost to be more than \$1.6 billion. Originally, DP&L also proposed an alternative subsidy to the RER that may be similar to the newly proposed DMR. We estimate that this alternative would cost consumers \$1.3 billion over the 10-year term – a cost of \$130 per year

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## CONSUMERS' FACT SHEET

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at [www.occ.ohio.gov](http://www.occ.ohio.gov).



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or \$1,300 over the 10-year term for the average residential consumer. In other words, DP&L's proposal for a new charge is changing but concern for consumers' electric bills remains.

Here is more information about DP&L's proposed rate plan:

### **Charge consumers for power plants.**

Under its former proposal, consumers were being asked to subsidize coal-fired power plants that have struggled to compete in the wholesale energy market. The subsidy is at odds with Ohio's unregulated, competitive market. DP&L asks that government regulators approve rates above those that could be achieved in a competitive market and are forecasted to not be in the interest of consumers. The Office of the Ohio Consumers' Counsel estimates that this rate plan charge would cost an additional \$600 million for DP&L customers or approximately \$581 over ten years for a typical residential customer.

### **Charge costs for infrastructure upgrades at the expense of consumers.**

DP&L asks for the ability to charge customers for the cost of maintenance and infrastructure development. Customers already pay for DP&L's costs of infrastructure investment, but DP&L seeks an additional charge it claims is needed to provide safe and reliable service.

### **Increase the fixed costs on customers' bills.**

Electric bills can be viewed as having two categories, fixed and variable charges. There are fixed charges that do not change month-to-month and there are charges that vary, usually based upon your energy usage. DP&L proposes that more of the charges customers pay should be categorized under the fixed charges, meaning customers would have less ability to save on their electric bills. In other words, conserving energy cannot lower your bill when charges are fixed.

### **Have a completely competitive bidding process.**

Currently DP&L is using some of its own generation to provide electricity to its customers. After a long delay in fully changing to competitive pricing, DP&L proposes to finally use free markets for procuring the lowest cost electricity to serve its customers. Energy markets are at historic lows and consumers' electric bills should reflect lower market prices. All other utilities in Ohio use a competitive bidding process.

### **Opportunity to provide input**

Customers can provide input to the PUCO about the DP&L proposal. Customers may write letters, and/or send comments through the PUCO website's Docketing Information System, located at <http://dis.puc.state.oh.us>. Type in the case number 16-395-EL-SSO to access the case docket. In the case docket, locate the "File a Public Comment" link and follow the instructions for leaving a comment.

Customers can also write the PUCO. All letters and envelopes should include the customer's name and address, and reference the case number, 16-395-EL-SSO, and DP&L.

The PUCO's address is:

**Public Utilities Commission of Ohio  
Docketing Division  
RE: Case No. 16-395-EL-SSO  
180 E. Broad Street, 11th Floor  
Columbus, Ohio 43215-3793**