Ohio | Public Utilities Commission

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# Dayton Power & Light's Electric Security Plan

## History of Electric Deregulation in Ohio

A law enacted in 1999 restructured Ohio's electric industry by changing the way customers shop for electricity. The law, which took effect on Jan. 1, 2001, provided a five-year market development period. During this period, the utilities' rates were frozen to allow a competitive resale market to develop.

As the end of the market development period neared, there was a growing concern that, due to the limited number of competitive electric suppliers and low degree of market activity, an immediate shift to market-based rates in 2006 would not be in the best interest of customers. To minimize the effects of rate "sticker shock" and gradually transition customers to market-based rates, the Public Utilities Commission of Ohio (PUCO) worked with Ohio's electric utilities to develop rate stabilization plans (RSPs).

The RSPs, coupled with other rate modifications, eliminated market uncertainty and provided customers with stable, predictable rates. Dayton Power & Light's (DP&L) RSP is set to expire on December 31, 2010. In 2008, Gov. Ted Strickland and legislative leaders worked to pass Senate Bill 221 to keep electric rates stable going forward, create jobs and expand Ohio's green energy industry. The new law incorporates a system under which rates would be set by the PUCO through an electric security plan, or ESP.

## What did DP&L propose in its ESP application?

In October 2008, DP&L filed an application at the PUCO to establish an electric security plan (ESP). In its application, the company proposed to continue its current generation rate plan through Dec. 31, 2010. DP&L also outlined plans to meet Ohio's new alternative energy portfolio standard. SB 221 requires that by 2025, 25 percent of electricity sold by Ohio's electric distribution companies be generated from alternative energy sources. The company proposed to implement a customer conservation and energy management program, including distribution system upgrades and modernization, to encourage customer conservation and energy efficiency.

**What agreement did DP&L, PUCO staff, the Ohio Consumers' Counsel and others reach?**

In February 2009, DP&L, PUCO staff, the Ohio Consumers' Counsel and other parties reached an agreement that would extend the company's current generation rate plan through Dec. 31, 2012. The plan would lead to minimal increases over a four year period to allow the company to anticipate increased fuel costs, implement energy efficiency measures and construct advanced energy infrastructure. Electric distribution rates will be frozen through 2012.

**Are Hurricane Ike storm damage costs included in this case?**

No. While the ESP includes a provision that allows DP&L to request storm expense recovery, the agreement reached in the case does not address expenses associated with Hurricane Ike storm damage. If DP&L initiates such a request in the future, the PUCO will examine storm damage costs and the potential for cost recovery at that time.

**What decision did the PUCO come to?**

On June 24, 2009, the PUCO approved the agreement establishing an ESP through December 31, 2012. The ESP extends DP&L's current rate plan and freezes the company's distribution rates through Dec. 31, 2012. DP&L will implement a fuel cost recovery rider in 2010 that will be limited to fuel costs above $0.0197/kWh.

**Did the PUCO take public opinion into consideration?**

Yes. Public hearings were held in Dayton and Wilmington.

**If you would like to know more about the PUCO or have utility-related questions or concerns, contact the PUCO at:**
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