

The Dayton Power and Light Company d/b/a AES OHIO
2023 ATRR
(October 3, 2022)

To: Interested Parties (as defined in Section 1.i. of the Formula Rate Implementation Protocols)

2023 Projection

In accordance with Section 3.c. of its formula rate protocols, The Dayton Power and Light Company (“DP&L”) is requesting PJM to post to its website (www.pjm.com) DP&L’s Annual Update, as described below. As a high-level summary, after true-up credits plus interest and corrections and other adjustments, the Projected 2023 ATRR for the Dayton Zone is \$62,043,314, which is \$739,113(1.2%) higher than the currently effective 2022 ATRR.

- (i) DP&L’s Projected 2023 ATRR and rate for Network Integrated Transmission Service (“NITS”) in Excel, based on applying its projected costs, revenues and credits, for the calendar year 2023 and including the Annual True-up Adjustment for 2021 and two adjustments. The Projected 2023 ATRR for NITS, including the 2021 ATU, is \$62,043,314 while the Projected 2023 ATRR for the Marysville Substation and Line Reconductoring Project, including the ATU and which is allocated to the Dayton Zone and the ATSI Zone, is \$5,440,021. Pursuant to Paragraph 3.k., DP&L will update prior to December 15 the Network Service Peak Load of the Dayton Zone used to determine DP&L’s NITS rate for 2023.
- (ii) A worksheet in Excel providing the quantification of two adjustments included in the Annual Update to reflect properly the Construction Work in Progress (“CWIP”) Incentive during 2020 for the Clinton Transformer Project and the South Charleston (Madison) Substation Project, as more fully described below
- (iii) A revised DP&L Actual 2021 ATRR in Excel to correct for three items inadvertently in error in the June 15, 2022 Informational Filing and to add CWIP in rate base for the above two projects, as more fully described below.

DP&L includes two adjustments in Attachment 11-Corrections of its Projected 2023 ATRR. The adjustments recognize the Ohio Siting Board’s approval of the Clinton Transformer Project and the South Charleston (Madison) Substation Project and, thus, the satisfaction of the condition FERC placed on granting the CWIP Incentive for these two projects. The adjustments reflect the elimination of the Allowance for Funds Used During Construction and the inclusion of CWIP effective back to the date when costs began to be incurred for these two projects through December 31, 2020 (but not earlier than May 3, 2020). Any necessary adjustments after 2020 are included in the corrected, Actual 2021 ATRR and will be included in future actual ATRRs, as necessary.

DP&L originally provided the Actual 2021 ATRR on June 15, 2022 (posted to the PJM website and provided to FERC via an informational filing). Since that time, DP&L has

discovered three errors in the data. First, the ITC Adjustment amounts on Lines 127 and 128 of Appendix A were inadvertently included as increases to income taxes and should be reductions. Second, the ADIT-282 liberalized depreciation amounts on Line 23 of Attachment 1C-ADIT Prior Year were not correct in that the total amount in Column B is the amount that should have been included in “only transmission related” in Column D and the ADIT for general and intangible plant, which should have been included in “labor related” (Column F), was omitted. Third, the accelerated depreciation balances at 12/31/21, as shown in Column N, Excel rows 32 and 33, on Attachment 1E-ADIT True-Up Proration, were debits and should have been credits. These amounts are used to compare to the corresponding balance at 12/31/20 to produce the monthly changes in ADIT in Columns B and G, Lines 15-26. These three errors have been corrected in the revised DP&L Actual 2021 ATRR. Last, as mentioned above, DP&L has included the CWIP for the Clinton Transformer Project and the South Charleston (Madison) Substation Project in rate base during 2021. Considering these four changes, the actual 2021 ATRR for the Dayton Zone changed from \$46,689,969 to \$47,857,326.

Note that DP&L, on Line 169 of Appendix A of the 2023 projected formula rate, subtracted the 2021 ATU for the Marysville Substation and Line Reconductoring Project, excluding interest, and not the amount including interest, as indicated by the formula. It would not be appropriate to include interest in the amount subtracted as the interest is not contained in the ATRR value on Line 165.

Regarding the above items, the following Excel files have been posted along with this document on www.pjm.com:

1. “Attachment A 2023 Formula Rate Projection”;
2. “Attachment B Corrected 2021 Annual True-Up”; and
3. “Attachment C CWIP Incentive Worksheet.”