



June 15, 2023

Via eLibrary

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Informational Filing
The Dayton Power and Light Company d/b/a AES Ohio
Actual Annual Transmission Revenue Requirement and True-Up
Adjustment for 2022
Docket No. ER20-1150-000

Dear Secretary Bose:

The Dayton Power and Light Company d/b/a AES Ohio (“AES Ohio” or “Company”) hereby submits for informational purposes its actual annual transmission revenue requirement (“ATRR”) and true-up adjustment (“Annual True-Up” or “ATU”) for 2022 for its transmission formula rate in accordance with its Formula Rate Implementation Protocols (“Protocols”) set forth in Attachment H-15B of the Open Access Transmission Tariff (“OATT”) of PJM Interconnection, L.L.C. (“PJM”).¹ This is filed with the Federal Energy Regulatory Commission (“Commission”) in accordance with Section 3.b. of the Protocols, which requires AES Ohio to calculate annually the true-up of its formula rate on or before June 15th and further provides that AES provide these calculations and other information in an information filing to the Commission that does not require any Commission action.

This Informational filing includes two attachments.

Attachment A is an Excel spreadsheet that summarizes the actual 2022 ATRR computations. The actual ATRR for the Dayton Zone for 2022 is \$58,114,353. Comparing this amount to the projected ATRR for the Dayton Zone for 2022 of \$61,682,484² results in a NITS ATU of \$(3,568,131), excluding interest. In accordance with the Protocols, this ATU will be reflected in transmission rates beginning January 1, 2024, along with the projected 2024 ATRR,

¹ These formula rate protocols were part of a comprehensive settlement package approved by the Commission in *The Dayton Power and Light Co.*, Docket No. ER20-1150-001, 175 FERC ¶ 61,021 (Letter Order of Apr. 15, 2021) (“Letter Order”).

² This 2021 Projected NITS ATRR was posted to the PJM website on December 15, 2021.



which will be posted on or before October 1, 2023. The October posting will also include interest on the 2022 ATU, calculated using the FERC required interest rate. Attachment A, Worksheet 5 – CWIP in Rate base, contains the status of transmission projects during 2022 that have been granted the Construction Work in Progress (“CWIP”) incentive. Lastly, AES Ohio has noted in the applicable workpapers of Attachment A by highlighting in light blue 1) where changes in the formula rate references to the FERC Form 1 were needed; 2) where data included in the formula rate does not come from the FERC Form 1³; and 3) where additional data was added to increase transparency.

Attachment B provides AES Ohio’s Cost Allocation Manual which describes the methodologies used to allocate its costs among affiliated entities by service category or function. In addition, the Company’s ultimate parent company, The AES Corporation, annually files FERC Form 60, which on pages 50-52 describes the allocation methodologies used to allocate costs of the centralized service company, AES US Services, LLC, by service category or function, among affiliated entities, including AES Ohio. AES Ohio further notes that its annual FERC Form 1, page 429, quantifies amounts over \$250,000 paid to or received from affiliated entities.

There were no material adjustments made to the FERC Form 1 data for 2022 in determining formula rate inputs, other than as described in footnote 3. AES Ohio adopted the following accounting standard during 2022:

| New Accounting Standard Adopted | Description | Date of Adoption | Effect on Financial Statements and the Formula Rate |
|--|---|--|--|
| 2020-04 and 2021-01 and 2022-06 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting | The amendments in these updates provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference to LIBOR or another reference rate expected to be discontinued by reference rate reform and clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting | Effective for all entities as of March 12, 2020 through December 31, 2024. | AES Ohio adopted this standard on a prospective basis and it did not have a material impact on the Financial Statements and no impact on |

³ AES Ohio will be issuing a revised FERC Form 1 for 2022 to correct an error in its depreciations expense on page 336 and the unintended omission of footnotes on pages 200 (intangible accumulated amortization), 216 (CWIP in rate base) and 276-277 (Account 283).



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| | <p>apply to derivatives that are affected by the discounting transition. These amendments are effective for a limited period of time (March 12, 2020 - December 31, 2024).</p> | | <p>the formula rate.</p> |
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AES Ohio had no accounting practices for unusual or unconventional items where FERC had not provided specific accounting direction. There were no corrections of material errors and material prior period adjustments that impacted the Annual True-up Adjustment or prior Annual True-up Adjustments. There were no changes to income tax elections. There were no items included in the Annual True-up Adjustment at amounts other than historic costs. There were no reorganizations or merger transactions during 2022.

In 2021, FERC initiated an audit (FA21-4-000) of AES Ohio’s compliance over the January 1, 2018 to December 31, 2021 period with (1) the accounting requirements of the Uniform System of Accounts Prescribed for Public Utilities and Licensees under 18 C.F.R. Part 101; and (2) the reporting requirements of the FERC Form No. 1, Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q; Quarterly Financial Report, under 18 C.F.R. subsection 141.1. FERC issued an audit report in September 2022 that contains eight findings. As a result of the findings, FERC required AES Ohio to revise certain 2021 ending balances in the 2022 FERC Form 1. AES Ohio made refunds to its transmission customers during 2023 to reflect the findings that impacted the actual 2020 or 2021 ATRRs. The data used in the actual 2022 ATRR calculations reflects the Audit findings.

AES Ohio is providing a copy of this filing to all parties to Docket No. ER20-1150-000 as well as to interested parties who have indicated that they wish to receive such updates. Additionally, as required by Section 3.b. of the Protocols, AES Ohio is providing this informational filing to PJM for posting on its website.

Please contact the undersigned should you have any questions.

Respectfully submitted,

/s/ William M. Rappolt
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CERTIFICATE OF SERVICE

I hereby certify that I have this day, June 15, 2023, served via e-mail or by first-class mail, a copy of the foregoing on each party on the official service list compiled by the Secretary in this proceeding.

On behalf of The Dayton Power and Light Company:

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