



AES Ohio

Transmission Formula Rate
Stakeholder Meeting
October 20, 2022

Agenda

- Background
- 2021 Annual True-Up (ATU)
 - Corrections to June 15th Version
- 2023 Projected Annual Transmission Revenue Requirement (ATRR)
- List of Transmission Additions Exceeding \$5 million
- Stakeholder Review Process Timeline

Background

May 3, 2020

2020 ATRR

- ATRR = \$47.1 M; NITS Rate = \$1,204.75 per kW Month
- Effective May 3, 2020 through December 31, 2020 (subject to refund)
- Prior to May 3, 2020, Dayton had a stated transmission rate

January 1, 2021

2021 ATRR

- ATRR = \$63.4 M; NITS Rate = \$1,597.92 per kW month
- Updated to \$57.6 M effective April 2021; NITS Rate = \$1,449.49 per kW month – reflecting formula rate settlement
- Refunds made for period May 3, 2020 through March 31, 2021 (billed versus settlement ATRR plus interest)
- ATRR updated to \$57.3 M effective August 2021: NITS Rate = \$1,443.37 per kW month – reflecting FERC denial of RTO Adder (refunds made for period October 3, 2020 through July 31, 2021 plus interest)

January 1, 2022

2022 ATRR

- ATRR = \$61.3 M; NITS Rate = \$1,543.97 per KW month
- Includes ATU for 2020 of \$(0.4) M for 2020

January 1, 2023

2023 ATRR

- ATRR = \$62.0 M; NITS rate = \$1,562.58 per KW month
- Includes ATU of \$(10.2) M for 2021
- Will update NITS Rate for new coincident peak demand for the Dayton Zone in December 2022, prior to rate implementation

2021 Actual, Corrected ATU Compared to Projection - \$ in Millions



Item	Actual 2021 Based Upon Settlement and 9.85% ROE (Corrected 10/3)	Projected 2021 Based Upon Settlement and 9.85% ROE	Difference	Explanation
Net Plant in Service	\$237.2	\$282.9	\$ (45.7)	Later in service dates for transmission projects
CWIP	46.7	28.5	18.2	Later in service dates for transmission projects
ADIT	(75.3)	(66.5)	(8.8)	Actual ADIT higher than projection at 12/31/2020
Other Items	3.8	1.2	2.6	
Total Rate Base	212.4	246.1	(33.7)	
O&M and A&G	14.2	15.9	(1.7)	Actual A&G lower than projected (\$1.4M) and actual O&M lower than projected (\$0.3 M)
Depreciation	10.0	11.6	0.2	
Other Taxes	12.3	15.2	(1.7)	Lower than anticipated plant additions in 2020
Return	15.9	18.4	(0.7)	Actual rate base lower than projected
Income Taxes	0.6	0.3	(0.1)	
Revenue Credits and Schedule 12 Allocated Project	(5.1)	(4.1)	(0.3)	
ATRR – Dayton Zone	47.9	57.3	(9.4)	

Corrections to June 15th 2021 Actual ATRR

ITC Adjustment amounts on Lines 127 and 128 of Appendix A were inadvertently included as increases to income taxes and should be reductions

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

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

Recognized 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 by including them in rate base for 2021.

Total impact to the 2021 Actual ATRR and ATU is \$1,167,000

2023 Projected ATRR Compared to 2022 Projected ATRR - \$ in Millions

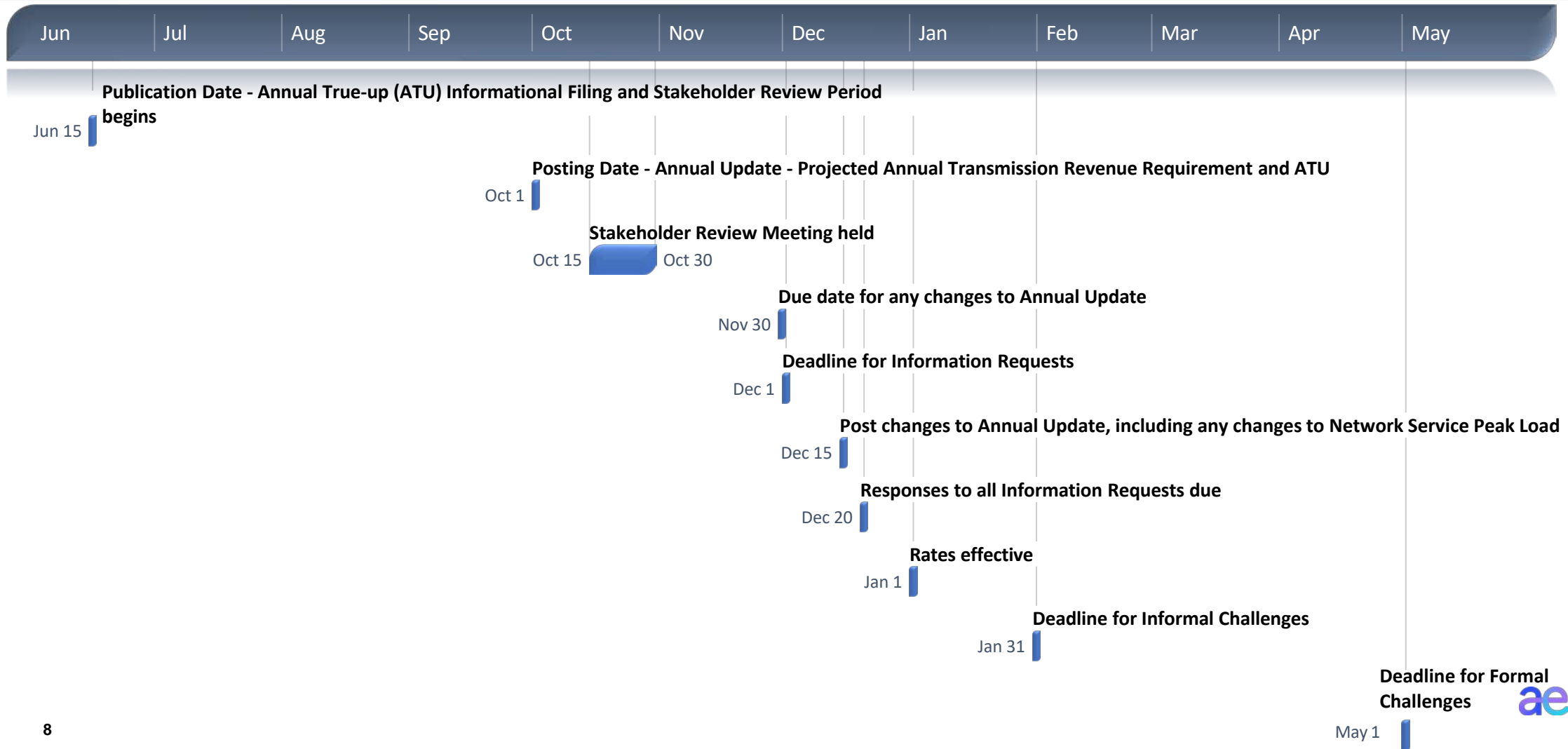


Item	Projected 2023	Projected 2022	Difference	Explanation
Net Plant in Service	\$367.8	\$351.5	\$ 16.3	Execution of capital plan
CWIP	34.6	9.8	24.8	Execution of capital plan and later in-service dates
ADIT	(82.1)	(88.1)	6.0	Experience gained in 2021 and 2022 helped improve projection of 2023
Other Items	0.2	(0.6)	0.8	
Total Rate Base	320.5	272.6	47.9	
O&M and A&G	19.5	16.6	2.9	Expected additional O&M in 2023 due to projects going into service in 2022 and 2023 and labor increases
Depreciation	13.1	12.7	0.4	
Other Taxes	22.4	18.6	3.8	Property taxes in 2023 based upon 12/31/2022 in service which reflects execution of capital plan
Return	23.4	20.3	3.1	Higher rate base
Income Taxes	1.2	0.8	0.4	
Revenue Credits and Schedule 12 Allocated Project	(7.3)	(7.3)	0.0	
Total Before ATU and Corrections	72.3	61.7	10.6	
2021 NITS ATU	(10.2)	(0.4)	(9.8)	2021 versus 2020 ATU
ATRR – Dayton Zone	62.0	61.3	0.7	
2021 Schedule 12 ATU	0.9	0.0	0.9	2021 ATU versus 2020 ATU
NITS Rate	\$1,562.58/KW Month	\$1,543.97/KW Month		

Transmission Operating Property Additions in 2022 and 2023 Exceeding \$5 Million

Project Name	Investment	Construction Start	In-Service
Bath Substation	\$6.4 M	November 2020	Jun-22
System Reactors for High Voltage Control	\$6.9 M	January 2021	Jun-22
Marysville - New Substation, Peoria	\$12.4 M	April 2020	Jun-22
Marysville - Reconductor 6619	\$10.4 M	October 2020	Dec-22
West Milton Substation	\$12.8 M	August 2020	Dec-22
New Lebanon - Crystal 69kV	\$16.1 M	April 2020	Dec-22
Sugarcreek Breaker-7 Ring Bus	\$12.4 M	September 2020	Dec-22
Madison-S. Charleston 69 kV line	\$5.2 M	June 2020	Dec-23
Clinton - 345/69kV Transformer	\$12.5 M	November 2021	Dec-23
Madison Substation – add 345/69 kV transformer	\$8.7 M	January 2021	Dec-23
Urbana to St. Paris – Line 6943	\$10.8	December 2020	Dec-23
West Milton – Eldean	\$23.8 M	October 2020	Dec-23

The Dayton Power and Light Company Annual Transmission Formula Rate Process



Questions