BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company to Increase its Rates for Electric Distribution.	))))	Case No. 20-1651-EL-AIR
In the Matter of the Application of The Dayton Power and Light Company for Accounting Authority.	)))	Case No. 20-1652-EL-AAM
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs.	)))	Case No. 20-1653-EL-ATA

TESTIMONY IN RESPONSE TO OBJECTIONS TO
THE STAFF REPORT
OF
DAVID M. LIPTHRATT

SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO
RATES AND ANALYSIS DEPARTMENT
ACCOUNTING & FINANCE DIVISION

STAFF EXHIBIT___

January 18, 2022

1. Q. Please state your name and business address.

A. My name is David M. Lipthratt. My address is 180 East Broad Street, Columbus, Ohio, 43215-3793

2. Q. By whom are you employed and in what capacity?

A. I am employed by the Public Utilities Commission of Ohio (the Commission or PUCO) as the Chief of the Accounting and Finance Division of the Rates and Analysis Department.

3. Q. Please briefly describe your educational and professional background.

A. I earned a Bachelor of Arts degree that included a major in Political Science and a minor in History from the University of Georgia. Subsequently, I earned a Master's in Public Administration degree with a focus on public budgeting and finance and policy analysis from the University of Georgia. In addition, I earned a post-baccalaureate Certificate of Accounting Concentration at Columbus State Community College. I am a Certified Public Accountant (Ohio License # CPA.48876). Moreover, I have attended various seminars and rate case training programs sponsored by this Commission, professional trade organizations, and the utility industry community.

4. Q. Please describe your work experience.

A. I have previously served as a Budget/Management Analyst for the Ohio Office of Budget and Management and a Fiscal Officer for the Ohio Department of Commerce. I have served as a Public Utilities Administrator with the PUCO before being promoted to my current position. In each of these roles I have been responsible for various accounting and financial-related tasks and responsibilities.

5. Q. Have you testified in previous cases at the PUCO?

A. Yes.

6. Q. What was your responsibility in this case?

A. I was the case team leader and oversaw Staff's review of the Application.

7. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to the following objections to the as filed Staff Report:

- The Dayton Power and Light Company d/b/a AES Ohio (AES Ohio or Company) objections 1 - 3, 12 – 18, and 26 - 32,
- Ohio Consumers Counsel's (OCC) objections 1, 2, 3 – 9, and 11 – 14,
- Ohio Partner for Affordable Energy's (OPAE) objections 1 and 5,

- One Energy Enterprises LLC (One Energy) objections Rate Base and Operating Income 1 and 2 and Management and Operations Review 1 and 2,
- Industrial Energy Users of Ohio's (IEU) objection 1,
- Ohio Energy Group (OEG) objection 2,
- Ohio Manufacturers' Association Energy Group (OMAEG) objections A, C, and F,
- The Kroger Co. (Kroger) objections A and D,
- Ohio Environmental Council's (OEC) objections 1 and 2,
- Direct Energy Business, LLC and Direct Energy Services, LLC (collectively, "Direct") objections 1

AES Ohio Objection 1

8. Q. AES Ohio objects to the revenue requirement range of $306,600,385 to $312,150,118 recommended by Staff, arguing that Staff's adjustments yield rates that are insufficient to provide AES Ohio just compensation and the opportunity to earn an adequate return and provide safe and reliable electric distribution service for its customers. Please respond.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to $69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

AES Ohio Objection 2

9. Q. AES Ohio objects to the recommendation in the Staff Report to disallow AES Ohio's request for a working capital allowance. Please respond.

A. Staff's recommendation is to disallow the <u>non-cash</u> working capital balance because the Company did not request <u>cash</u> working capital. Staff notes that the Standard Filing Requirements require an allowance for cash working capital to be supported by a recent lead-lag study. Staff's recommendation is based on the failure to request an allowance for cash working capital. It is not based on the Company's failure to perform a lead-lag study. Staff's recommendation is that working capital is a *single* allowance, consisting of multiple components, including cash working capital. Staff avers that by not requesting cash working capital, the Company's requested allowance for working capital is fundamentally deficient, and does not accurately represent the working capital needs of the Company. The deficiency is due to the fact that cash working capital can be negative, and excluding it causes the allowance for working capital to be overstated. For example, in the Company's previous rate case, the balance of cash working capital recommended in the Staff Report was ($4,005,313).

AES Ohio Objection 3

10. Q. AES Ohio objects to the recommendation in the Staff Report to exclude from base rates all capitalized earnings-based incentive compensation as shareholders and not ratepayers should fund earnings-based incentives from the Commission's Opinion and Order going forward, arguing that the total amount of compensation that AES Ohio pays to its employees is consistent with market rates, the costs are necessary to provide service to customers and the bonuses provide incentives to AES Ohio's employees to provide excellent service at a low cost, which benefits customers. Please respond.

A. AES Ohio’s shareholders and not its customers are the primary beneficiary when the Company meets financial targets resulting in profitability. Staff’s view is that it is not reasonable or fair for ratepayers to pay for capitalized financial incentives which only benefit the Company. Staff’s view is that while incentive compensation for reliability or safety targets is reasonable, it is not reasonable for financial metrics in which the utility is the primary beneficiary.

AES Ohio Objection 12

11. Q. AES Ohio objects to the recommendation in the Staff Report of an annual baseline of $17,500,000 for vegetation management expenses because the expected level of annual vegetation management expenses is $30,000,000. Please respond.

A. Staff avers a vegetation management expense baseline of $17.5 million to be prudent and reasonable. The recommended amount is higher than the current baseline of $15.7 million. Through the course of the Staff Report investigation, Staff's view is that the Company did not support its claim that $30 million was necessary.

AES Ohio Objection 13

12. Q. AES Ohio objects to the recommendation in the Staff Report for the Company to continue deferral of its incremental vegetation management expenses in excess of $17,500,000, subject to a $5,000,000 annual cap because there should be no annual cap on the deferral of incremental vegetation management expense or, at a minimum, at a cap of no less than $12,500,000 annually. Please respond.

A. Staff avers a $5 million cap on the deferral of incremental vegetation management expense to be prudent and reasonable. In fact, currently AES Ohio is authorized to defer $4.6 million in incremental vegetation management expense.

AES Ohio Objection 14

13. Q. AES Ohio objects to the recommendation in the Staff Report for AES Ohio to amortize its current regulatory asset relating to deferred vegetation

management expense over five years, arguing that a regulatory asset should be recovered over three years. Please respond.

A. Staff finds a five-year amortization to be reasonable. The Company's last three rate cases were filed in April of 1991 (Case No. 19-0418-EL-AIR), November of 2015 (Case No. 15-1830-EL-AIR), and the current case which was filed in November of 2020. Given the Company's actual historical practices of filing rate cases, Staff avers that a five-year amortization period is reasonable. Additionally, Staff notes that any unamortized regulatory asset would remain on the Company's books and be eligible for recovery in its next base rate case. However, if the amortization period is too short and the Company does not file for a new base rate case and have updated base rates by the conclusion of the amortization period, then the Company would over collect on that regulatory asset. For these reasons, Staff avers a five-year amortization period to be reasonable.

AES Ohio Objection 15

14. Q. AES Ohio objects to the recommendation in the Staff Report to adjust property tax expense because the Staff Report did not account for the historical average increase of 1.5 percent in such expense (WPC-3.10c). Please respond.

A. Per Company witness Salatto, "AES Ohio's Application adjusts the average property tax rate by 1.5 percent (see Company 15 schedule WPC-3.10c) reflecting a historical average increase over the last 5 years."[1] Staff uses the latest known property tax rate in order to calculate property tax expense and does not support an adder for inflation.

AES Ohio Objection 16

15. Q AES Ohio objects to the recommendation in the Staff Report to adjust federal and state income tax expense to reflect the flow-through effects of Staff's adjustments to test year revenue, expenses, and rate base. That recommendation is unreasonable and unlawful because of the flow-through effects of Staff's adjustments to test year revenue, expenses, and rate base set forth in AES Ohio's Objections. Please respond.

A. There is a corresponding effect on tax expense as test year revenues and rate base changes from amounts reported in the Staff Report. As noted within my testimony, there are Staff corrections to the as filed Staff Report that would appropriately result in the tax expense being updates. Please refer to Exhibit C which reflects the flow-through effects on income tax expenses.

[1] Supplemental Direct Testimony of Frank J. Salatto page 2.

AES Ohio Objection 17

16. Q. AES Ohio objects to the recommendation in the Staff Report for AES Ohio to amortize its current regulatory asset relating to a deficiency in deferred municipal income tax expense over five years because that regulatory asset should be amortized over three years. Please respond.

A. Staff finds a five-year amortization to be reasonable. The Company's last three rate cases were filed in April of 1991 (Case No. 19-0418-EL-AIR), November of 2015 (Case No. 15-1830-EL-AIR), and the current case which was filed in November of 2020. Given the Company's actual historical practices of filing rate cases, Staff avers that a five-year amortization period is reasonable. Additionally, Staff notes that any unamortized regulatory asset would remain on the Company's books and be eligible for recovery in its next base rate case. However, if the amortization period is too short and the Company does not file for a new base rate case and have updated base rates by the conclusion of the amortization period, then the Company would over collect on that regulatory asset. For these reasons, Staff avers a five-year amortization period to be reasonable.

AES Ohio Objection 18

17. Q AES Ohio objects to the recommendation in the Staff Report to remove $773,286 in labor and labor-related expenses associated with the Energy Efficiency Rider from the test year because it removes expenses that were

also removed on Staff Report, pp. 96, 97 (Schedule C-3.13, C-3.14). Please respond.

A. Staff acknowledges that the Energy Efficiency labor was erroneously removed twice. See Exhibit D for the corrected C-3.5.

AES Ohio Objection 26

18. Q. AES Ohio objects to the recommendation in the Staff Report to reject Demand Side Management ("DSM") customer program expense in the test year. The recommendation is unreasonable and unlawful because those programs provide an overall net benefit to customers. Please respond.

A. Staff avers the distribution rate case is not the appropriate vehicle to address DSM customer program expenses.

AES Ohio Objection 27

19. Q. AES Ohio objects to the recommendation in the Staff Report to reject a deferral for DSM customer program expense because the Staff Report did not consider setting a cap on program expenditures and establishing a regulatory liability account if annual expenditures fall below that cap. Please respond.

A. Staff avers the distribution rate case is not the appropriate vehicle to address DSM customer program expenses and that the Company’s deferral request did not warrant approval as described in the Staff Report.

AES Ohio Objection 28

20. Q. AES Ohio objects to the recommendation in the Staff Report to disallow certain test year expenses reflected in Schedule C-3.21 and C-3.27. That recommendation is unreasonable and unlawful because it includes duplicative adjustments for Miscellaneous Expense Adjustment and Mechanical Construction in the amount of $669,306.85. Please respond.

A. Staff agrees with this objection and the corrections are shown on Exhibit F.

AES Ohio Objection 29

21. Q. AES Ohio objects to the recommendation in the Staff Report to disallow $1,384,139 of expenses for services that were performed before the test year because $916,283.55 of those expenses were properly accrued, and $467,855.29 of those expenses are offsetting expenses that occurred at the end of the test year that are not included in test year expenses because they were recorded on AES Ohio's books after the test year concluded. Please respond.

A. The intent of a test year is to measure the cost of rendering utility service during that period of time, not months before nor months after. Costs are measured based on the period in which they are incurred, regardless of when the cash transaction takes place. As a result, even if the cash payment takes place during the test period, an expense incurred prior to the test year does <u>not</u> measure the cost of rendering utility service <u>during</u> the test period. To highlight the flaw of measuring costs based on when the cash payment occurs, not when services are rendered, a utility could delay payment of invoices until the start of the test year, thereby increasing test year expenses since the cash payments took place during the test year.

22. Q. Did AES Ohio provide Staff with sufficient data to support its claim that $916,283.55 in expenses was properly incurred during the test year?

Staff's recommendations are based on the expenses being incurred (i.e. when services are rendered) prior to the test year and the fact that the Company failed to demonstrate if and where all the accrued expenses were removed. While Company witness Donlon states in his supplemental testimony that "the expense was reversed out during the test year resulting in a zero-dollar impact to the test year," the Company has not provided Staff with the data to support its claim that the reversals occurred.

Mr. Donlon in his supplemental testimony states when asked if the company can provide an example to illustrate the accrued policy for expenses states:

> "Yes. We can take a specific vender like Mercer and the invoice Staff excluded due to the service being in completed in months prior to the start of the test year (Line Nos. 16486, 16495, 32029, 32053, 35586, 36074 & 36133 Staff WPC-

> 3.27a). These invoices equate to $110,512; three invoices are over $10,000 and the remaining are under $10,000. For this vender (Mercer) AES Ohio has recorded manual accruals monthly. The accruals are entered and then reversed in the prior month. Each month the Company reviews the service Mercer has provided and not yet billed and estimates the monthly accrual. As invoices are received and processed those services are removed from that month's accrual."[2]

However, the line numbers Mr. Donlon references in his supplemental testimony are associated with two vendors with similar names. Lines 16486 and 16495 is associated with Mercer Landmark Inc. which in part sells fuel products. The remaining lines referenced is for expenses associated with Mercer, a company that in part provides professional services. It is unclear to Staff if the Company is suggesting that all of these expenses are for a "specific vender" and how the accrual process, as it relates to "Mercer," is recorded on the Company's books and records that would result in the expense being removed from the test year.

Staff is unable to make perform an analysis to support the "Mercer" example provided by Mr. Donlon as the data he references in his supplemental testimony is different than the data provided to Staff during

---

[2] See page seven of Patrick Donlon's supplemental testimony.

its investigation. Mr. Donlon provides the following table in attempt to show the monthly accrual and reversals from January through June of 2020.

Posting period	G/L Account: Long Text	Functional Area (FERC Acct)	Document Currency Value	Document type	Document Header Text	Text
1	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	127,584.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Jan-20
1	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(25,000.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Dec-19
2	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(127,584.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Jan-20
2	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	78,925.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Jan-20
3	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(78,925.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Jan-20
3	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	113,925.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Mar-20
4	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(113,925.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Mar-20
4	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	118,676.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Apr-20
5	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(118,676.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Apr-20
5	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	127,937.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv May-20
6	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	66,511.00	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv Jun-20
6	Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm	923000	(127,937.00)	SA	Consulting Invoices	Accrue For Mercer Services_Unvouchered Inv May-20

However, there are multiple discrepancies between the data provided to Staff and the information in Mr. Donlon's table. First, the columns tilted "Text" and "Document Header Text" are not included in the transactional data provided by the Company within DR 2 – Attachment 2. Further the "Text" field shown in Mr. Donlon's testimony provides a description of "Accrue for Mercer Services Unvouchered Inv…" Again, Staff emphasizes that no data or description of this type has been provided to Staff. Additionally, June 2020, which is "6" of the posting period, has two values reported by Mr. Donlon in his supplemental testimony: $66,511.00 and ($127,937.00). Both of these values are shown as Document Type "SA" and G/L Account: Long Text of "Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm". Staff notes that the transactional data provided as part of DR 2 – Attachment 2 does not support this claim. In fact, there are only two values with a Document Type of “SA” and G/L Account: Long Text of “Prof Serv (Consulting) Exp-Oth-Payroll/Benefit Adm”. But Staff notes those two values are $79,011.00 and ($136,270.33). Therefore, Staff is unable to verify that a majority of the out-of-period expense accruals have been reversed as the Company’s accounting data presented through Witness Donlon appears inconsistent with the representations made to Staff by the Company during the Staff’s investigation of this case.

23. Q. Did AES Ohio provide sufficient data to support its claim that $467,855.29 in expenses should be included in test year expenses, despite that the expenses occurred before the test year?

A. The Company claims there are offsetting expenses that occurred at the end of the test year that are not included in test year expenses as they were recorded on AES Ohio's books after the test year concluded. Staff notes that the final nine months of the Company’s test year was based on forecasted amounts, not actuals. As a result, the offsetting entries would not automatically be reflected in the test year unless the Company’s forecasted amounts specifically accounted for these items. Although there may have been certain expenses that actually occurred before the end of the test year, but were not recorded until after the test year, Staff did not update the Company’s test year to actuals. Since Staff accepted the Company’s forecasted amounts for O&M expenses, any offsetting entries would not be reflected in the test year itself. As a result, the potential for expenses to be excluded at the end of the test year is based solely on the theoretical possibility that Company's forecasting methodology excluded certain offsetting expenses at the end of the test year.

24. Q. Did AES Ohio's forecasting methodology reflect the exclusion of expenses at the end of the test year?

A. No. The Company's responses to Staff data requests appear to confirm the forecast did not reflect exclusion of expenses at the end of the test year. Staff found several expense line items related to annual leases with a lease period of March 31, 2020 – April 1, 2021, which overlaps part of the test year. To confirm the same annual lease expense was not included twice in the test year, Staff asked the Company if the payments to renew these leases were included in the forecasted portion of the test year, to which the Company responded, "the forecast in the rate case is based on the assumption that we will continue to pay these leases." Staff finds this response clearly shows the forecast was not adjusted or developed to ensure these expenses were excluded from the end of the test year.

The fact that the Company's forecast did not account for and offset predictable, periodic expenses such as the annual leases certainly raises significant doubt that the Company's forecast accounted for and offset the unpredictable, one-time expenses, which make up the bulk of Staff's adjustments to pre-test year expenses. Staff avers the lack of evidence provided by the Company to support its claim relies simply on the theoretical possibility that expenses may have been excluded from the end of the test year, which is ultimately an inadequate justification to support the Company's objection to Staff's adjustments. Consequently, Staff stands by its recommendation.

AES Ohio Objection 30

25. Q. AES Ohio objects to the recommendation in the Staff Report to disallow expenses for attorneys for the rate case, ice for linemen, and cable and satellite expenses reflected in Schedule C-3.21 and C-3.27, arguing they were prudently incurred expenses necessary to maintain safe and reliable electricity. Please respond.

A. Staff agrees in part. Staff acknowledges corrections are required for $23,013 associated with rate case expense and $2,592 associated with ice for linemen. Mr. Donlon states, the satellite service is used for control room phones, which is a requirement from PJM." However, Staff reviewed all of the "cable and satellite" invoices which clearly showed the expense were for cable and satellite television and there was no indication the expense was associated with phones. See Exhibit F which shows the corrections.

AES Ohio Objection 31

26. Q. AES Ohio objects to the recommendation in the Staff Report to eliminate its current regulatory asset relating to uncollectible expense. That recommendation is unreasonable and unlawful because the Commission granted the Company the authority to defer its uncollectible expense in Case Nos. 15-1830-EL-AIR, et al. Please respond

A. Staff's view is that the Company was not authorized a regulatory asset that would remain on the Company's balance sheet indefinitely. Rather, Staff's understanding is the authority sought and received by the Company was for typical over / under-collections required for true-up purposes. Company witness Parke testified in Case No. 15-1830-EL-AIR, "The actual expenses in these riders will vary from the amounts collected. Therefore, the Company needs authority to defer these variances and create a regulatory asset or liability to recognize the amounts due to or from customers." As noted in Mr. Parkes' testimony, he refers to "riders" and "variances" which in Staff's view clearly indicates the request was intended for true-up purposes. However, as a result of the Company voluntarily reverting back to ESP 1, AES Ohio no longer has the uncollectible rider. The Company wants to defer its prior years' bad debt for recovery in this proceeding and Staff does not support such recovery.

AES Ohio Objection 32

27. Q. AES Ohio objects to the recommendation in the Staff Report to eliminate its current regulatory asset relating to expense associated with the Compliance Audit of the Distribution Investment Rider (DIR). That recommendation is unreasonable and unlawful because that expense was incurred pursuant to the requirements of the Company's then-existing Standard Service Offer.

A. The Staff Report in Case No. 15-1830-EL-RDR specifically states that the audit costs are to be recovered in the DIR rider. The stipulation and Commission Order in that case did not modify this requirement. When the Company voluntarily reverted to ESP 1, it lost its ability to recover the DIR audit costs.

OCC Objection 1

28. Q. The OCC objects as the Staff Report should have recommended enforcement of the distribution rate freeze (no rate increase) that AES Ohio agreed to as part of a settlement with OCC, the Staff, and others in its ESP 1 case because ESP 1 is currently in effect, and the settlement requires a base distribution rate freeze for the duration of ESP 1. Please respond.

A. This is a legal question before the Commission in this case. I am not an attorney and therefore do not have a legal opinion on this matter.

OCC Objection 2

29. Q. As a result of OCC's other objections (including OCC's proposed changes to rate base, operating income, and rate of return), OCC argues the Staff Report's recommended rate increase of $61,115,418 to $66,665,151 is too high for consumers and would result in consumers paying unjust and unreasonable rates under R.C. 4905.22, 4909.15, 4909.154, 4909.17, and 4909.18. Please respond.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to $69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

OCC Objection 4

30. Q. OCC objects that the Staff Report did not recommend that capitalized incentive compensation be removed from Plant in Service, which will lead to higher rates charged to consumers. Please respond.

A. Staff did recommend capitalized incentives be removed from plant-in-service. In fact, on page 10 of the Staff Report, Staff recommended "…that starting with the Commission's Opinion and Order in this case and going forward, the Company exclude from base rates all capitalized earnings-based incentive compensation as shareholders and not ratepayers should fund earnings-based incentives." Staff did not, however, recommend recorded capitalized earnings-based incentives as of date certain to be adjusted out of rate base. Staff recognized that it did not make the recommendation to remove capitalized financial incentives in Case No. 15-1830-EL-AIR and from recent experience with other utilities that have stipulated in base rate case proceedings, Staff avers that it was prudent and reasonable to recommend the incentives be removed on a going forward basis.

OCC Objection 5

31. Q. OCC objects that the Staff Report did not make a plant-in-service adjustment to exclude $16.8 million in improper capitalized storm costs. Please respond.

A. Staff performed an extensive plant-in-service review that included examination of financial transactions and physical inspections. In his testimony, OCC witness Willis recommends removing operation and maintenance expenses, cash bonuses, meals, picnics, and parties. Staff in its investigation found no such of evidence of these types of expenses being capitalized. Staff would support exclusion of such expense should they have occurred and were capitalized and included in base rates.

OCC Objection 6

32. Q. OCC objects that the Staff Report erred by not recommending depreciation reserve adjustments based on OCC's recommended storm cost and capitalized incentive adjustments. Please respond.

A. Staff recognizes that any adjustments to plant-in-service would result in a corresponding adjustment to the depreciation reserve. To the extent there are any plant-in-service adjustments, Staff would recommend a corresponding depreciation reserve adjustment.

OCC Objection 7

33. Q. OCC objects that the Staff Report erred by only recommending that $14,534 associated with dues and memberships be removed from test year expenses, arguing that at least $241,572 should be removed from test year O&M expenses. Please respond.

A. Staff recommended the expenses associated with dues and memberships that are not pertinent to the Company's provision of electric distribution service to be removed from test year expenses. Staff determined the remaining dues and membership expenses that remained in the test year expenses were related to the provision of distribution service and appropriate for recovery.

OCC Objection 8

34. Q. OCC objects that the Staff Report did not recommend depreciation expense adjustments based on OCC's recommended storm cost and capitalized incentive adjustments. Please respond.

A. Staff recognizes that any adjustments to plant-in-service would result in a corresponding adjustment to the depreciation reserve. To the extent there are any plant-in-service adjustments, Staff would recommend a corresponding depreciation reserve adjustment.

OCC Objection 9

35. Q. OCC reserves the right to object to charges to consumers for AES Ohio's rate case expenses, which will be provided as a late-filed exhibit.

A. Staff takes no position on this objection.

OCC Objection 11

36. Q. OCC objects that the Staff Report did not make an adjustment to the unadjusted test year expenses to remove $952,488 in travel and entertainment savings arising from the coronavirus pandemic. Please respond.

A. The Company has deferred the cost and savings associated the coronavirus. During the course of its review, Staff verified that test year expenses were not associated with COVID-19. At the time the Company seeks to recover its COVID-19 costs, Staff will perform and audit to ensure all costs are prudent and savings are accounted for.

OCC Objection 12

37. Q. OCC objects that the Staff Report recommends a $1.8 million increase in the baseline expense for vegetation management without any analysis or support and without any requirement for AES Ohio to improve reliability. Please respond.

A. Staff's recommendation to increase the vegetation management baseline by $1.8 million was based on analysis to improve reliability. Staff avers the recommended baseline to be prudent and reasonable.

OCC Objection 13

38. Q. OCC objects to the Staff Report recommendation that consumers pay $2.75 million per year for AES Ohio's deferred vegetation management expenses. Please respond.

A. The deferred vegetation management expenses were appropriately deferred and Staff's audit deemed the expenses to be prudent. Staff did not accept the Company's proposal to amortize the expenses over three years, rather recommending a five-year amortization period. Staff's view is the amortization of the deferred vegetation management expenses to be reasonable.

OCC Objection 14

39. Q. OCC objects to the Staff Report recommendation that AES Ohio be allowed to defer up to $5 million in vegetation management expenses, which could be charged to consumers later. Please respond.

A. Staff recommended that up to $5 million can *continue* to be deferred. Staff's view is the deferral is prudent and reasonable.

OPAE Objection 1

40. Q. OPAE objects to the Staff Report recommendation that AES Ohio's revenue increase be between the range of $61,115,418 and $66,665,151 (a range of 25 percent to 27 percent increase in base rate revenues). Please respond.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to $69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

OPAE Objection 5

41. Q. OPAE objects that the Staff Report did not endorse the DSM programs proposed by AES Ohio. Please respond.

A. Staff believes the distribution rate case is not the appropriate vehicle to address DSM customer program expenses.

One Energy Rate Base and Operating Income Objection 1

42. Q. One Energy objects that the Staff Report should have recommended the rejection of AES Ohio's application in full, arguing that the application in this case is materially insufficient and violates Ohio energy policy. Please respond**.**

A. Staff found the Company's application to be compliant with the Standard Filing Requirements, sufficient, and not in violation of Ohio's energy policy. Therefore, Staff does not agree with this objection.

One Energy Rate Base and Operating Income Objection 2

43. Q. One Energy objects to the Staff's failure to challenge the entirety of AES Ohio's books and records Staff should require evidence that AES Ohio's financial auditor was notified of these errors, and that said auditor investigated and sufficiently tested all related events and ultimately reissued or reaffirmed their GAAP audited financials. Please respond.

A. Staff performed an extensive audit on the Company's operating income and rate base and made numerous adjustments. It should be noted that the adjustments pertain to rate making principles, which is not the equivalent of a financial statement audit which is conducted by a registered public accounting firm to form an opinion on whether the financial statements taken as a whole are free of material misstatement.

One Energy Management and Operation Review Objection 1

44. Q. One Energy objects that Staff did not review salary gender and race parity, such as whether the Company has a wage gap based on gender (or race). One Energy proposes that the Commission should adjust downward DP&L's rate of return as a challenge to do better and continue to prioritize its diversity, equity and inclusion efforts. Please respond.

A. Staff did not perform an analysis regarding salary gender and race parity. Staff has reviewed the application and issued comments and recommendations on the two main components of a rate case: (1) determination of the revenue requirement and (2) determination of the rate structure.

One Energy Management and Operation Review Objection 2

45. Q. One Energy objects to the Staff's failure to examine or even mention the COVID-19 pandemic. The AES Corporation's FY 2020 10-K report filed with the SEC states as follows: "In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate." Yet, the Staff Report only uses the word "covid" twice despite the fact that

it may be the single most consequential disruption that businesses have experienced in the past century, and has resulted in "significant changes" to AES Ohio's operations. Staff should have thoroughly investigated these "significant changes" as part of this rate case, even if only to affirm that they are reasonable. Further, COVID-related costs should be thoroughly examined in the context of this rate proceeding to ensure that none are included in test year expenses. Please respond.

A. The Company has deferred the costs and savings associated with the COVID-19 pandemic. During the course of its review, Staff verified that test year expenses were not associated with COVID-19. At the time the Company seeks to recover its COVID-19 costs, Staff will perform an audit to ensure all costs are prudent and savings are accounted for.

IEU-Ohio Objection 1

46. Q. IEU-Ohio objects to the revenue requirement as the range of Staff's recommended revenue increase as set out in Schedule A-1 of the Staff Report, is unjust, unreasonable, and not in accordance with Ohio law or proper ratemaking practices. IEU-Ohio recommends a lower revenue requirement increase based on the objections to Staff's proposed rate of return. Please respond.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to

$69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

OEG Objection 2

47. Q. OEG objects to the Staff Report to the extent that it does not address whether the base rate freeze agreed to by AES Ohio in its ESP 1 prevents AES Ohio from increasing rates for as long as ESP 1 remains in effect. Please respond.

A. This is a legal question before the Commission in this case. I am not an attorney and therefore do not have a legal opinion on this matter.

OMAEG Objection A

48. Q. OMAEG objects to the Staff Report's recommended revenue requirement. Please respond.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to $69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

OMAEG Objection C

49. Q. OMAEG objects to the Staff Report's failure to recognize issues Associated with the COVID-19 pandemic that occurred during the test Year. Please respond.

A. The Company has deferred the costs and savings associated with the COVID-19 pandemic. During the course of its review, Staff verified that test year expenses were not associated with COVID-19. At the time the Company seeks to recover its COVID-19 costs, Staff will perform an audit to ensure all costs are prudent and savings are accounted for.

OMAEG Objection F

50. Q. OMAEG objects to the Staff Report's failure to address issues associated with the interplay between the rate case and ESP I.

A. This is a legal question before the Commission in this case. I am not an attorney, and therefore do not have a legal opinion on this matter.

Kroger Objection A

51. Q. Kroger objects to the Staff Report to the extent it fails to address whether the rate freeze from the ESP 1 settlement is in effect.

A. This is a legal question before the Commission in this case. I am not an attorney, and therefore do not have a legal opinion on this matter.

Kroger Objection D

52. Q. Kroger objects to the Staff Report's failure to recognize COVID-19 pandemic issues. Please respond.

A. The Company has deferred the costs and savings associated the COVID-19 pandemic. During the course of its review, Staff verified that test year expenses were not associated with COVID-19. At the time the Company seeks to recover its COVID-19 costs, Staff will perform an audit to ensure all costs are prudent and savings are accounted for.

OEC Objection 1

53. Q. OEC objects as the Staff Report unreasonably rejects, with no rationale, AES Ohio's proposed DSM programs. Please respond.

A. Staff avers the distribution rate case is not the appropriate vehicle to address DSM customer program expenses.

OEC Objection 2

54. Q. OEC objects as the Staff Report fails to recognize the benefits of energy efficiency for Ohioans by failing to support expansion of the DSM Plan. Please respond

A. Staff avers the distribution rate case is not the appropriate vehicle to address DSM customer program expenses.

Direct Objection 1

55. Q. Direct objects to Staff's recommended revenue requirement (Schedule A-1) based on any flow-through effect of Direct's Objections 2 through 5.

A. After reviewing all parties' objections, Staff has made several corrections and updates resulting in a revenue increase range of $64,273,390 to $69,823,123 which Staff deems to be reasonable. See Exhibit A which is the corrected Schedule A-1 and Exhibit B which is the corrected Schedule C-2.

EXHIBIT A

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Overall Financial Summary
For the Twelve Months Ended May 31, 2021

Line No.	Description	Schedule Reference	Jurisdictional Proposed Test Year		Staff Lower Bound		Staff Upper Bound	
(A)	(B)	(C)		(D)		(E)		(F)
1	Rate Base as of Date Certain	B-1, Line 27	$	796,383,774	$	783,477,925	$	783,477,925
2								
3	Current Operating Income	C-1, Column C, Line 17	$	(31,516,062)	$	5,683,633	$	5,683,633
4								
5	Earned Rate of Return	Line 3 / Line 1		-3.96%		0.73%		0.73%
6								
7	Requested Rate of Return	D-1a, Column G, Line 7		7.71%		7.05%		7.59%
8								
9	Required Operating Income	Line 1 * Line 7	$	61,401,189	$	55,213,345	$	59,490,025
10								
11	Operating Income Deficiency	Line 9 - Line 3	$	92,917,251	$	49,529,712	$	53,806,391
12								
13	Gross Revenue Conversion Factor	A-2, Line 38		1.29978		1.29767		1.29767
14								
15	Revenue Deficiency	Line 11 * Line 13	$	120,771,561	$	64,273,390	$	69,823,123
16								
17	Revenue Increase Requested (No Mirrored	E-4, Pg 1, Line 54 - Pg 2, Line 54	$	119,634,391				
18	CWIP Revenue Offset)							
19								
20	Adjusted Operating Revenues	C-1, Line 1, Column C	$	244,408,723	$	244,942,913	$	244,942,913
21								
22	Revenue Requirements	Line 15 + Line 20	$	365,180,284	$	309,216,303	$	314,766,036
23								
24	Net Increase	Line 15 / Line 20		49%		26%		29%

EXHIBIT B

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Adjusted Test Year Jurisdictional Operating Income
For the Twelve Months Ending May 31, 2021

Schedule C-2
Page 1 of 2

Line No.	Description	Unadjusted Revenue & Expenses	Adjustments	Adjusted Revenue & Expenses
(A)	(B)	(C)	(D)	(E) = (C) + (D)
1	OPERATING REVENUES			
2	Distribution Revenues	$ 350,794,843	$ (113,445,400)	$ 237,349,443
3	Other Retail Revenues	$ -	$ 534,190	$ 534,190
4	Other Operating Revenues	$ 31,342,285	$ (24,283,005)	$ 7,059,280
5	Total Operating Revenues	$ 382,137,128	$ (137,194,215)	$ 244,942,913
6				
7	OPERATING EXPENSES			
8	Operation and Maintenance Expenses			
9	Production Expense	$ 30,095,649	$ (30,095,649)	$ -
10	Transmission Expense	$ 117,955	$ (117,955)	$ -
11	Distribution Expense	$ 52,112,265	$ (7,766,046)	$ 44,346,219
12	Customer Accounts Expense	$ 35,638,434	$ (20,568,622)	$ 15,069,812
13	Customer Service & Information Expense	$ 15,910,307	$ (14,779,780)	$ 1,130,527
14	Administrative & General Expense	$ 59,897,897	$ (664,801)	$ 59,233,096
15	Total Operating and Maintenance Expense	$ 193,772,507	$ (73,992,853)	$ 119,779,654
16	Depreciation and Amortization Expenses			
17	Depreciation	$ 62,638,830	$ (7,539,027)	$ 55,099,803
18	Amortization. & Depletion Of Utility Plant	$ 2,933,634	$ (247,494)	$ 2,686,140
19	Net Amortization of Regulatory Credits/Debits		$ -	$ -
20	Total Depreciation and Amortization Expenses	$ 65,572,464	$ (7,786,521)	$ 57,785,943
21	Taxes Other Than Income Taxes	$ 125,689,852	$ (58,503,448)	$ 67,186,404
22	TOTAL OPERATING EXPENSE BEFORE INCOME TAXES	$ 385,034,823	$ (140,282,822)	$ 244,752,001

EXHIBIT B

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Adjusted Test Year Jurisdictional Operating Income
For the Twelve Months Ending May 31, 2021

Schedule C-2
Page 2 of 2

Line No.	Description	Unadjusted Revenue & Expenses		Adjustments		Adjusted Revenue & Expenses	
(A)	(B)		(C)		(D)		(E) = (C) + (D)
1	NOI BEFORE INCOME TAXES	$	(2,897,695)	$	3,088,607	$	190,912
2							
3	Income Taxes-State and Local						
4	Current	$	(386,844)	$	(74,611)	$	(461,455)
5	Provision for Deferred Income Taxes	$	3,366,860	$	(1,186,598)	$	2,180,262
6	Total State & Local Income Taxes	$	2,980,016	$	(1,261,209)	$	1,718,807
7	Income Taxes-Federal						
8	Current	$	(4,730,250)	$	(912,330)	$	(5,642,580)
9	Provision for Deferred Income Taxes	$	(3,132,859)	$	1,635,169	$	(1,497,690)
10	Deferred Investment Tax Credit	$	(71,259)	$	-	$	(71,259)
11	Total Federal Income Taxes	$	(7,934,368)	$	722,839	$	(7,211,529)
12	Total Income Taxes	$	(4,954,351)	$	(538,370)	$	(5,492,721)
13							
14	**Total Operating Expenses**	$	380,080,472	$	(140,821,192)	$	239,259,280
15							
16	**Net Operating Income**	$	2,056,656	$	3,626,977	$	5,683,633

EXHIBIT C

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Adjust Federal and State Income Taxes
For the Twelve Months Ending May 31, 2021

Schedule C-3.1
Page 1 of 1

Line No.	Account No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Calculate the income tax effect of various C-3 adjustments				
3						
4		Income Taxes				
5	409	Current State and Local Income Tax Expense	$ (74,611)	100.00%	DIRECT	$ (74,611)
6	410-411	Deferred State and Local Income Tax Expense	$ (1,186,598)	100.00%	DIRECT	$ (1,186,598)
7		Total State and Local Income Taxes	$ (1,261,209)			$ (1,261,209)
8						
9	409	Current Federal Income Tax Expense	$ (912,330)	100.00%	DIRECT	$ (912,330)
10	410-411	Deferred Federal Income Tax Expense	$ 1,635,169	100.00%	DIRECT	$ 1,635,169
11	411	Deferred Investment Tax Credit Expense		100.00%	DIRECT	$ -
12		Total Federal Income Taxes	$ 722,839			$ 722,839
13						
14		Total Income Tax Expense	$ (538,370)			$ (538,370)

EXHIBIT C

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Adjusted Jurisdictional Income Taxes
For the Twelve Months Ending May 31, 2021

Line No.	Description	At Current Rates: Unadjusted Jurisdictional	At Current Rates: Schedule C-3 Adjustments	At Current Rates: Adjusted	At Proposed Rates: Adjustments	At Proposed Rates: Proforma
(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)	(G) = (E) + (F)
1	Operating Income Before State & Local Income Taxes	$ (2,897,695)	$ 3,088,607	$ 190,912	$ 119,830,517	$ 120,021,429
2						
3	Current State & Local Income Tax Expense	$ (386,844)	$ (74,611)	$ (461,455)	$ 2,023,222	$ 1,561,767
4						
5	Operating Income Before Federal Income Taxes	$ (2,510,851)	$ 3,163,218	$ 652,367	$ 117,807,295	$ 118,459,662
6						
7	Reconciling Items:					
8	Interest Charges	$ (16,324,222)	$ 278,876	$ (16,045,347)		$ (16,045,347)
9						
10	Schedule M Reconciling Items:					
11	Tax Accelerated Depreciation	$ 48,453,329		$ 48,453,329	$ -	$ 48,453,329
12	Book Depreciation	$ 65,572,464	$ (7,786,521)	$ 57,785,943	$ -	$ 57,785,943
13	Excess of Book Over Tax Depreciation	$ 17,119,135	$ (7,786,521)	$ 9,332,614	$ -	$ 9,332,614
14						
15	Other Reconciling Items	$ (20,809,064)	$ -	$ (20,809,064)	$ -	$ (20,809,064)
16						
17	Total Schedule M Reconciling Items	$ (3,689,929)	$ (7,786,521)	$ (11,476,450)	$ -	$ (11,476,450)
18						
19	Federal Taxable Income	$ (22,525,002)	$ (4,344,427)	$ (26,869,430)	$ 117,807,295	$ 90,937,866
20						
21	Federal, State, Local Income Taxes					
22	Federal @ 21% Statutory Rate					
23	State & Local @ Effective Tax Rates					

EXHIBIT C

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Adjusted Jurisdictional Income Taxes
For the Twelve Months Ending May 31, 2021

Schedule C-4
Page 2 of 2

Line No.	Description	At Current Rates						At Proposed Rates			
		Unadjusted Jurisdictional		Schedule C-3 Adjustments		Adjusted		Adjustments		Proforma	
(A)	(B)	(C)		(D)		(E) = (C) + (D)		(F)		(G) = (E) + (F)	
1	Current Federal Income Tax @ Statutory Rates	$	(4,730,250)	$	(912,330)	$	(5,642,580)	$	24,739,532	$	19,096,952
2	Adjustments	$	-	$	-	$	-			$	-
3											
4	Current Federal Income Tax Expense	$	(4,730,250)	$	(912,330)	$	(5,642,580)	$	24,739,532	$	19,096,952
5											
6	Deferred Income Tax Expense (Net):										
7	Depreciation Related	$	(3,595,018)	$	1,635,169	$	(1,959,849)	$	-	$	(1,959,849)
8	Excess DFIT Reversal - Protected	$	(1,693,508)			$	(1,693,508)			$	(1,693,508)
9	Excess DFIT Reversal - Unprotected	$	(3,160,000)			$	(3,160,000)			$	(3,160,000)
10	Other Temporary Differences	$	5,315,668	$	-	$	5,315,668	$	-	$	5,315,668
11	Total Deferred Federal Income Taxes (Net)	$	(3,132,859)	$	1,635,169	$	(1,497,689)	$	-	$	(1,497,689)
12											
13	Amortization of Deferred Investment Tax Credits	$	(71,259)			$	(71,259)			$	(71,259)
14											
15	Total Federal Income Tax Expense	$	(7,934,368)	$	722,839	$	(7,211,528)	$	24,739,532	$	17,528,004
16											
17	Current State & Local Income Tax Expense	$	(386,844)	$	(74,611)	$	(461,455)	$	2,023,222	$	1,561,767
18	Deferred State & Local Income Tax Expense	$	3,366,860	$	(1,186,598)	$	2,180,263	$	-	$	2,180,263
19											
20	Total State & Local Income Tax Expense	$	2,980,016	$	(1,261,209)	$	1,718,808	$	2,023,222	$	3,742,030
21											
22	Total Income Tax Expense	$	(4,954,351)	$	(538,369)	$	(5,492,721)	$	26,762,754	$	21,270,033

EXHIBIT D

The Dayton Power and Light Company
Case No.: 20-1651-EL-AIR

Eliminate Energy Efficiency Rider Revenue and Expense
For the Twelve Months Ending May 31, 2021

Schedule C-3.5

Line No.	Account No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
		Purpose and Description: Eliminate Energy Efficiency Rider revenue from the test year and adjust expense to forecasted level				
		Revenue				
	440-446	Sales to Ultimate Customers	$ (18,018,212)	100.00%	ALLDIST	$ (18,018,212)
		Expense				
	580	Operation Supervision and Engineering	$ (817,155)	100.00%	ALLDIST	$ (817,155)
	907	Supervision	$ (342,727)	100.00%	ALLDIST	$ (342,727)
	908	Customer Assistance Expenses	$ (5,114,997)	100.00%	ALLDIST	$ (5,114,997)
	909	Informational and Instructional Expenses	$ (1,826,928)	100.00%	ALLDIST	$ (1,826,928)
	910	Misc. Customer Service and Informational Expenses	$ (7,467,322)	100.00%	ALLDIST	$ (7,467,322)
	926	Employee Pensions and Benefits	$ -	100.00%	ALLDIST	$ -
	408.1	Taxes Other Than Income Taxes	$ -	100.00%	ALLDIST	$ -
			$ (15,569,129)			$ (15,569,129)
		Staff's Adjustment to Increase EE expenses for Removal from TY				
	907/910	Base Labor	$ -	100.00%	ALLDIST	$ -
	907	Short-Term Incentive	$ (18,461)	100.00%	ALLDIST	$ (18,461)
	926	Pension	$ (5,905)	100.00%	ALLDIST	$ (5,905)
	926	401K Match	$ (18,655)	100.00%	ALLDIST	$ (18,655)
	926	Health Benefits *	$ -	100.00%	ALLDIST	$ -
	408.1	Payroll Tax	$ (39,550)	100.00%	ALLDIST	$ (39,550)
	909	Other Misc.	$ (12)	100.00%	ALLDIST	$ (12)
			$ (82,583)			$ (82,583)
		Total Expense Adjustment	$ (15,651,711)	100.00%	ALLDIST	$ (15,651,712)

*In Staff's Adjustment in Column (D), these amounts represent the distribution portion because the jurisdictional percentages have already been applied.

EXHIBIT E

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR

Annualize AES Services and DP&L FICA Taxes
For the Twelve Months Ending May 31, 2021

Schedule C-3.12
Page 1 of 1

Line No.	Description	Reference	Jurisdictional Amounts	
1	Purpose and Description:			
2	Annualize AES and DP&L FICA Taxes			
3				
4	Staff's Annualized FICA Tax Expense - DP&L			
5	DP&L Non-Union	WPC-3.12	673,585	
6	DP&L Union	WPC-3.12	1,673,598	
7	Total Expense- DP&L	(Line 5 + Line 6)	2,347,183	
8				
9	Staff's Annualized FICA Tax Expense - AES Services			
10	AES Services	WPC-3.12	621,079	
11				
12	**Staff's Total Annualized FICA Tax Expense**	(Line 7 + Line 10)		$ 2,968,262
13				
14				
15	Test Year FICA Tax Expense - DP&L			
16	DP&L Non-Union	Company WPC-3.13a	843,333	
17	DP&L Union	Company WPC-3.13b	1,494,353	
18	Total Expense- DP&L	(Line 16 + Line 17)	2,337,686	
19				
20	Test Year FICA Tax Expense - AES Services			
21	AES Services	Company WPC-3.12a	678,218	
22				
23	**Test Year Total FICA Tax Expense**	(Line 18 + Line 21)		$ 3,015,904
24				
25				
26	**Staff's Adjustment to FICA Tax Expense (Line 12 - Line 23)**			$ (47,642)

EXHIBIT E

The Dayton Power and Light Company
Case No.: 20-1651-EL-AIR

Annualize DP&L Labor and Annualized AES Labor

Schedule C-3.13
Page 1 of 1

Line No.	Account No.	Description	Jurisdictional Amounts		
(A)	(B)	(C)	(D)	(E)	(F)
1		Purpose and Description:			
2		Annualize labor			
3					
4	(a)	Dayton Power & Light Labor			
5		Straight Time Full Time	$ 32,999,159		
6	(b)	O&M Ratio	59.68%	$ 19,693,898	
7	(c)	Jurisdictional Allocation	89.07%	$ 17,541,355	
8					
9		Part Time Straight Time	$ 2,003,125		
10		Other (excluding Bonus Biweekly)	$ 248,708		
11	(d)	Bonus Biweekly (also Short Term Bonus) @ 25%	$ 206,961		
12		Contracted Incentives	$ 495,443		
13		Overtime	$ 7,201,332		
14			$ 10,155,570		
15					
16		Total Staff Dayton Power and Light Labor		$ 27,696,925	
17	(e)	Applicant As Filed WPC-3.13a and WPC-3.13b Test Year		$ 31,087,180	
18		Staff Adjustment DP&L Labor		$ (3,390,255)	
19					
20					
21					
22					
23	(f)	AES Service Company Labor			
24		Straight Time Full Time and Part Time- Revised	$ 8,387,510		
25		Other	$ 32,204		
26	(d)	Bonus Biweekly (also Short Term Bonus) @ 25%	$ 449,900		
27		Contracted Incentive	$ 152,068		
28		Overtime	$ 6,072		
29					
30					
31		Total Staff AES Labor		$ 9,027,754	
32	(g)	Applicant As Filed WPC-3.12a		$ 9,775,768	
33		Staff Adjustment AES Labor		$ (748,014)	
34					
35					
36		Total Staff Adjustment			$ (4,138,270)
37					
38					
39					
40					
41					
42	(a)	Crocker WP DPL Labor, Derived from Staff Data Request 8, Confidential			
43	(b)	Applicant As Filed C-9.1			
44	(c)	Applicant As Filed C-9			
45	(d)	Staff Data Request 7, Attachments 7 and 9 Confidential			
46	(e)	Applicant As Filed WPC-3.13a and WPC-3.13b			
47	(f)	Crocker WP AES Labor, REVISED Derived from Staff Data Request 9, Confidential			
48	(g)	Applicant As Filed WPC-3.12a			

EXHIBIT E

The Dayton Power and Light Company
Case No. 20-1651-EL-AIR
Annualize Employee Benefits Expense

Schedule C-3.14
Page 1 of 1

Line No.	Account No.	Description	Reference	Jurisdictional Amount			
1		Purpose and Description:					
2		Annualize employee benefits expense					
3							
4		Staff DP&L Employee Benefits					
5	926	Employee Pensions and Benefits (Pension)	WPC-3.14a	$	3,741,892		
6	926	Employee Pensions and Benefits (OPEB)	WPC-3.14a	$	(339,758)		
7	926	Employee Pensions and Benefits (401k)	WPC-3.14a	$	1,199,173		
8	920	Administrative and General Salaries (LTC)	WPC-3.14a	$	-		
9	926	Employee Pensions and Benefits (Health Benefits)	WPC-3.14b	$	5,880,704		
10		Total Expense	Sum of Lines 5 to 9	$	10,482,011		
11							
12		Staff AES Services Employee Services					
13	926	Employee Pension and Benefits (Pension)	WPC-3.14a	$	306,328		
14	926	Employee Pension and Benefits (401k)	WPC-3.14a	$	839,768		
15	920	Administrative and General Salaries (LTC Expense)	WPC-3.14a	$	-		
16	926	Employee Pension and Benefits (Health Benefits)	WPC-3.14c	$	1,412,452		
17		Total Benefit Expense	Sum of Lines 13 to 16	$	2,558,548		
18							
19		**Staff's Annualized Employee Benefits Expense**	Line 10 + Line 17			$	13,040,559
20							
21		Test Year DP&L Employee Benefits					
22	926	Employee Pensions and Benefits (Pension)	Company WPC-3.14a	$	2,815,628		
23	926	Employee Pensions and Benefits (OPEB)	Company WPC-3.14a	$	(309,527)		
24	926	Employee Pensions and Benefits (401k)	Company WPC-3.14a	$	1,177,370		
25	920	Administrative and General Salaries (LTC)	Company WPC-3.14a	$	149,061		
26	926	Employee Pensions and Benefits (Health Benefits)	Company WPC-3.14b	$	5,485,597		
27		Total Expense	Sum of Lines 22 to 26	$	9,318,129		
28							
29		Test Year AES Services Employee Benefits					
30	926	Employee Pension and Benefits (Pension)	Company WPC-3.12a	$	269,874		
31	926	Employee Pension and Benefits (401k)	Company WPC-3.12a	$	826,394		
32	920	Administrative and General Salaries (LTC Expense)	Company WPC-3.12a	$	584,157		
33	926	Employee Pension and Benefits (Health Benefits)	Company WPC-3.12b	$	1,224,582		
34		Total Benefit Expense	Sum of Lines 30 to 33	$	2,905,007		
35							
36		**Test Year Annualized Employee Benefits Expense**	Line 27 + Line 34			$	12,223,136
37							
38		**Staff's Adjustment to the Employee Benefits Expense**	Line 19 - Line 36			$	817,423

EXHIBIT F

The Dayton Power and Light Company
Case No.: 20-1651-EL-AIR

Staff Adjustment to Test Year Expenses
For the Twelve Months Ending May 31, 2021

Schedule C-3.27
Page 1 of 1

Line No.	Account No.	Description		Total Adjustment	Allocation Code	Allocation %		Jurisdictional Amount
(A)	(B)	(C)						(D)
	Purpose and Description: To adjust test year expenses to remove expenses occurring outside the test year, and miscellaneous expenses for which recovery is inappropriate							
1	408.1	Payroll Taxes	$	(1,151)	OTHTAX3	83.70%	$	(963)
2	580	Operation Supervision and Engineering		(114,002)	ALLDIST	100.00%		(114,002)
3	583	Overhead Line Expenses		(8,448)	ALLDIST	100.00%		(8,448)
4	584	Underground Line Expenses		(10,648)	ALLDIST	100.00%		(10,648)
5	589	Rents		(8,594)	ALLDIST	100.00%		(8,594)
6	590	Maintenance Supervision and Engineering		(83,304)	ALLDIST	100.00%		(83,304)
7	592	Maintenance of Station Equipment		(11,115)	ALLDIST	100.00%		(11,115)
8	593	Maintenance of Overhead Lines		(59,367)	ALLDIST	100.00%		(59,367)
9	598	Maintenance of Miscellaneous Distribution Plant		(730)	ALLDIST	100.00%		(730)
10	902	Meter Reading Expenses		(511)	ALLDIST	100.00%		(511)
11	903	Customer Records and Collection Expenses		(20,221)	ALLDIST	100.00%		(20,221)
12	920	Administrative and General Salaries		(25,018)	A&G1	93.10%		(23,291)
13	921	Office Supplies and Expenses		(146,393)	A&G2	90.89%		(133,057)
14	923	Outside Services Employed		(1,038,418)	A&G4	92.62%		(961,783)
15	925	Injuries and Damages		(11,922)	A&G6	79.28%		(9,452)
16	926	Employee Pensions and Benefits		(947)	A&G7	84.62%		(801)
17	928	Regulatory Commission Expenses		-	ALLDIST	100.00%		-
18	930.1	Rotary Club of Dayton		(71)	A&G10	85.93%		(61)
19	930.2	Miscellaneous General Expenses		(21,809)	A&G11	99.36%		(21,670)
20	931	Rents		(2,940)	A&G12	93.29%		(2,743)
21	935	Maintenance of General Plant		(12,353)	GPMAINT	97.14%		(12,000)
22								
23		**Total Company Expense**	$	(1,577,961)	Jurisdictional Expense Adjustment		$	(1,482,760)

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Pre-filed Testimony of David Lipthratt in Support of the Stipulation**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via regular U.S. or electronic mail upon the below parties of record, this 18th day of January 2022.

/s/ Jodi Bair
Jodi Bair
Assistant Attorney General

PARTIES OF RECORD:

Jeffrey S. Sharkey (Counsel of Record)
D. Jeffrey Ireland
Christopher C. Hollon
FARUKI PLL
110 North Main Street, Suite 1600
Dayton, OH 45402
Telephone: (937) 227-3747
Telecopier: (937) 227-3717
jsharkey@ficlaw.com
djireland@ficlaw.com
chollon@ficlaw.com
Counsel for AES Ohio

Michael L. Kurtz
Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
Mkurtz@BKLlawfirm.com
Kboehm@BKLlawfirm.com
Jkylercohn@BKLlawfirm.com
Counsel for Ohio Energy Group

Kimberly W. Bojko
Jonathan Wygonski
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, OH 43215
bojko@carpenterlipps.com
wygonski@carpenterlipps.com
Counsel for The Ohio Manufacturers' Association Energy Group

Angela Paul Whitfield
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, OH 43215
paul@carpenterlipps.com
Couns*el for The Kroger Company*

Christopher Healey
Ambrosia E. Wilson
John Finnigan
The Office of the
Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, OH 43215
christopher.healey@occ.ohio.gov
ambrosia.wilson@occ.ohio.gov
john.finnigan@occ.ohio.gov
Counsel for The Office of the Ohio Consumers' Counsel

Stephanie M. Chmiel
Kevin D. Oles
Thompson Hine LLP
41 South High Street, Suite 1700
Columbus, OH 43215
Stephanie.Chmiel@ThompsonHine.com
Kevin.Oles@ThompsonHine.com
Counsel for the University of Dayton

Matthew R. Pritchard
Rebekah J. Glover
Bryce A. McKenney
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215
mpritchard@mcneeslaw.com
rglover@mcneeslaw.com
bmckenney@mcneeslaw.com
Counsel for Industrial Energy Users-Ohio

Joseph Oliker
Michael Nugent
Evan Betterton
IGS ENERGY
6100 Emerald Parkway
Dublin, OH 43016
bethany.allen@igs.com
joe.oliker@igs.com
michael.nugent@igs.com
evan.betterton@igs.com
Counsel for IGS Energy

Robert Dove
KEGLER BROWN HILL +
RITTER CO., L.P.A.
65 East State Street, Suite 1800
Columbus, OH 43215-4295
rdove@keglerbrown.com
Counsel for Ohio Partners for Affordable Energy

Carrie H. Grundmann
SPILMAN THOMAS & BATTLE, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NC 27103
cgrundmann@spilmanlaw.com

Devin D. Parram
Rachael N. Mains
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
dparram@bricker.com
rmains@bricker.com
Counsel for The Ohio Hospital Association

Derrick Price Williamson
SPILMAN THOMAS & BATTLE, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com
Counsel for Walmart Inc.

Mark A. Whitt
Lucas A. Fykes
WHITT STURTEVANT LLP
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, OH 43215
whitt@whitt-sturtevant.com
fykes@whitt-sturtevant.com
Counsel for Direct Energy Business LLC and Direct Energy Services, LLC

Drew Romig
ARMADA POWER, LLC
230 West Street, Suite 150
Columbus, OH 43215
dromig@nationwideenergypartners.com
Counsel for Nationwide Energy Partners, LLC

Christina Wieg
FROST BROWN TODD LLC
10 West Broad Street, Suite 2300
Columbus, OH 43215
cwieg@fbtlaw.com

Matthew W. Warnock
Dylan F. Borchers
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
mwarnock@bricker.com
dborchers@bricker.com

Darren A. Craig (Pending Pro Hac Vice)
Robert L. Hartley (Pending Pro Hac Vice)
FROST BROWN TODD LLC
201 North Illinois Street, Suite 1900
P.O. Box 44961
Indianapolis, IN 46204
dcraig@fbtlaw.com
rhartley@fbtlaw.com
Counsel for Nationwide Energy Partners, LLC

Marion H. Little, Jr.
Christopher J. Hogan
ZEIGER, TIGGES & LITTLE LLP
41 South High Street
3500 Huntington Center
Columbus, OH 43215
little@litohio.com
hogan@litohio.com

Kara Herrnstein
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
kherrnstein@bricker.com
Counsel for ChargePoint, Inc.

Katie Johnson Treadway
James Dunn
ONE ENERGY ENTERPRISES LLC
Findlay, OH 45840
ktreadway@oneenergyllc.com
jdunn@oneenergyllc.com
Counsel for One Energy Enterprises, LLC

N. Trevor Alexander
Kari D. Hehmeyer
Sarah G. Siewe
BENESCH FRIEDLANDER COPLAN & ARONOFF
41 South High Street, Suite 2600
Columbus, OH 43215
talexander@beneschlaw.com
khehmeyer@beneschlaw.com
ssiewe@beneschlaw.com
Counsel for The City of Dayton

Chris Tavenor
1145 Chesapeake Avenue, Suite I
Columbus, OH 43212-3449
ctavenor@theOEC.org
Counsel for Ohio Environmental Council