BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY
D/B/A AES OHIO

CASE NO. 20-1651-EL-AIR
CASE NO. 20-1652-EL-AAM
CASE NO. 20-1653-EL-ATA

SUPPLEMENTAL DIRECT TESTIMONY OF PATRICK DONLON

- □ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- □ **OPERATING INCOME**
- □ **RATE BASE**
- □ **ALLOCATIONS**
- □ **RATE OF RETURN**
- □ **RATES AND TARIFFS**
- □ **OTHER**

PUBLIC VERSION

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

SUPPLEMENTAL DIRECT TESTIMONY OF

PATRICK DONLON

ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY D/B/A AES OHIO

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I. INTRODUCTION

Q. Please state your name, employer and position.

A. My name is Patrick Donlon. I am employed by AES U.S. Services, LLC ("AES Services"), and my position is Director of Regulatory Accounting.

Q. Did you previously file testimony in these matters?

A. Yes.

Q. Please describe your duties as Director of Regulatory Accounting.

A. I am responsible for regulatory accounting for both AES Ohio and AES Indiana. In that capacity, I serve as the primary accounting witness in regulatory commission filings for both companies. Additionally, the accounting journal entries for both entities related to most regulatory accounts are prepared under my direction and/or review.

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to support and explain the following objections of AES Ohio to the July 26, 2021 Staff Report:

Objection No. 28 - Duplicative Expenses: 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. Staff Report, pp. 6, 17, 22, 23, 104, 110 (Schedules 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.

Objection No. 29 - Out-of-Test-Year Services Expense: 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. Staff Report, pp. 19, 110 (Schedule C-3.27). That recommendation is unreasonable and unlawful for two reasons. First, $916,283.55 of those expenses were properly accrued, i.e. the expense was reversed out during the test year resulting in a zero-dollar impact to the test year. Second, $467,855.29 of those expenses occurred before the test year started but should be included in test year expenses because there 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.

Objection No. 30. - Miscellaneous Expense: 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. Staff Report, pp. 6, 17, 22, 23, 104, 110 (Schedules C-3.21 and C-3.27). That recommendation is unreasonable and unlawful because they were prudently incurred expenses necessary to maintain safe and reliable electricity.

II. OBJECTIONS TO THE STAFF REPORT

Q. Please explain AES Ohio Objection No. 28 to the Staff Report regarding duplicative adjustments made in the Staff Report.

A. The invoices referenced in Staff WPC-3.27a (Line No. 36683, 35631 & 32003), were already removed from test year expenses as part of AES Ohio schedule C3.21. Staff removed the invoices referenced as part of their adjustment on C-3.27. Staff did not adjust AES Ohio's schedule C-3.21 Miscellaneous Expense Adjustment, which includes $668,010.85 of amounts that Staff states that the Company agrees to remove from the test year. In fact, the Company already removed this amount from their original filing. Since Staff has not adjusted AES Ohio's schedule C-3.21 and included those three invoices in schedule C-3.27 Staff's Adjustment to Test Year Expenses, they have caused those costs to be removed twice from the test year.

For the two remaining invoices that Staff stated the Company agreed to remove, both invoices were for Mechanical Construction. One was reversed out of the general ledger by AES Ohio in July 2020 (Line No. 36545, Staff WPC-3.27a), and the other in September of 2020 (Line No. 36202, Staff WPC-3.27a). Staff removed both invoices as part of its adjustment on schedule C-3.27. The Company agrees that the invoice reversed in September 2020 (Line No. 36202, Staff WPC-3.27a) is outside the test year for actuals and should be removed. However, the invoice for $1,296 reversed in July 2020 (Line No. 36545, Staff WPC-3.27a) should not be removed as July 2020 is part of the test year, where actuals were used. Since this is part of the test year that the Company used actuals, the reversal of that invoice was accounted for in the Company's general ledger and initial filing and thus Staff's removal is duplicative.

The Company recommends that $669,306.85 dollars removed on schedule C-3.27 that Staff states the Company agreed to remove from the test year be included back as those costs have already been removed from the test year and removing them on C-3.27 is duplicative. The amount below shows the portion that should be removed from Staff's schedule C-3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation Code	Allocation %	Jurisdictional Amount
(A)	(B)	(C)				(D)
14	923	Outside Services Employed	39,296	A&G4	92.62%	36,396
17	928	Regulatory Commission Expenses	630,011	ALLDIST	100.00%	630,011
		Total	669,307			666,407

Q. Please explain AES Ohio Objection No. 29 to the Staff Report regarding Staff's adjustment Test Year Expenses: $46,215 in expenses which Staff finds recovery to be inappropriate.

A. AES Ohio objects to the exclusion of the expenses for attorneys for the rate case ($23,013.02), ice ($2,592.10) for our lineman and cable and satellite ($761.31) as inappropriate costs; these costs are broken out on Staff WPC-3.27a and labeled as rate case expense, cable/satellite TV and ice in column R, 'Status'. As explained in greater detail below each of these are essential for distribution utilities to maintain safe and reliable electricity to its customers.

Q. Why should the expenses for the attorney fees for the rate case be included?

A. Staff removed two invoices for attorney fees referenced on Staff WPC-3.27a that were for services associated with the rate case. The expenses for the attorney's fees are designated as rate case expense of $23,013.02. These invoices were moved to the rate case deferral. These amounts have been removed from FERC account 923 in June of 2020 and are included on Schedule C-3.17 in FERC Account 928. By removing these invoices through Staff's schedule C3.27, Staff is removing these costs out of FERC account 923 twice and in essence disallowing AES Ohio to recover prudently incurred rate case expenses. The amount below shows the portion that should be removed from

Staff's schedule C3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation Code	Allocation %	Jurisdictional Amount
(A)	(B)	(C)				(D)
2	923	Operation Supervision and Engineering	23,013	A&G4	92.62%	21,315

Q. Why is it an appropriate expense for the Company to provide ice to its linemen?

A. Ice is purchased for the use of the Company's distribution linemen. The lineman will fill up their coolers and take them in their truck for the day. Depending on the day and the situation, our linemen can be out in the field for extended times in various weather conditions. Safety is our top priority, and in the heat of summer, ensuring our linemen are hydrated and not in threat of heat exhaustion or heat stroke is paramount. The amount below shows the portion that should be removed from Staff's schedule C3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation Code	Allocation %	Jurisdictional Amount
(A)	(B)	(C)				(D)
2	580	Operation Supervision and Engineering	763	ALLDIST	100.00%	763

Q. Why is it an appropriate expense for the Company to have cable and satellite services for its distribution utility?

A. The satellite service is used for control room phones, which is a requirement from PJM. AES Ohio is a distribution system and load serving entity, we are required to follow certain PJM rules and requirements. The phones in our control rooms are critical to AES Ohio's ability to provide safe and reliable electricity. In addition, the cable TV is used for monitoring weather, traffic, and other items that may affect our ability to serve our customers. Monitoring weather systems and changes across our service territory allows our control room to anticipate potential issues and allocate resources appropriately. Satellite and cable services are an essential resource for the distribution utility to safely provided safe and reliable services. The amount below shows the portion that should be removed from Staff's schedule C3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation Code	Allocation %	Jurisdictional Amount
(A)	(B)	(C)				(D)
2	580	Operation Supervision and Engineering	2,592	ALLDIST	100.00%	2,592

Q. Please explain AES Ohio Objection No. 30 to the Staff Report regarding Staff's adjustment Test Year Expenses: $1,384,139 in expenses which Staff finds occurred outside the test year.

A. AES Ohio objects to Staff's conclusion that $1,384,139 should be excluded from AES Ohio's expenses for falling outside the test period for two reasons. First, $916,283.55 of those expenses occurred in the test year, and are properly accrued. Second, $467,8545.29 of those expenses were accrued before the test year started but should be included in test year expenses because there are offsetting expenses that were not included at the end of the test year.

Q. Why should the $916,283.55 of expenses with invoices over $10,000 which Staff finds occurred outside the test year be included in the test year revenue requirement?

A. AES Ohio requires an accrual for all expenses expected to be over $10,000 as stated in the Accrual Policy (included in Exhibit PD-1).[1] That means that for expenses over

[1] The Accrual Policy is maintained as confidential by AES Ohio, is not known outside the business, is not generally known within the business, and derives independent economic value from not being known to others.

$10,000, the liabilities for goods or services provided to AES Ohio in a particular month for which an invoice has not yet been received but service was incurred, are manually accrued (i.e., recorded as an expense) in the month of service in the general ledger, based on estimates of the expected cost provided by the benefiting business unit. Due to this process, accounts payable items that exceed $10,000 that occurred outside the test year are not included in the Company's test year expenses.

The invoices that make up the $916,283.55 are over $10,000, thus by AES Ohio policy these expenses would have been accrued, meaning the expense was reversed out during the test year resulting in a zero-dollar impact to the test year. The amount below shows the portion that should be removed from Staff's schedule C3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation		Jurisdictional Amount
				Code	%	
(A)	(B)	(C)				(D)
2	580	Operation Supervision and Engineering	53,000	ALLDIST	100.00%	53,000
4	584	Underground Line Expenses	10,648	ALLDIST	100.00%	10,648
8	593	Maintenance of Overhead Lines	24,672	ALLDIST	100.00%	24,672
13	921	Office Supplies and Expenses	41,678	A&G2	90.89%	37,881
14	923	Outside Services Employed	786,286	A&G4	92.62%	728,258
		Total	916,284			854,459

Q. Did Staff audit the Company's accrual policy?

A. Yes. Company's response to Staff DR 67 (attached as Exhibit PD-1) confirmed the consistency of the Company's accrual policy; none of those selected invoices over $10,000 are included in the $916,283.55 that Staff recommended be removed.

Q. Can you provide an example to illustrate the accrued policy for expenses?

A. 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. The table below shows 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

As the table shows, the debits (positive) record the accrual and then in the following month the credit (negative) reverses the accrual and a new accrual is recorded based on new services rendered and not invoiced, prior months accruals still not invoiced less any prior month's invoices received and booked to the general ledger. As the table shows, $127,937 were accrued for Mercer in May and reversed out in June. If Staff's exclusion of the Mercer invoices were accepted it would result in removing these invoices twice as the Company's accrual policy properly accrued and reversed expenses labeled by Staff as out-of-period.

Q. Why should the $467,855.29 of expenses whose invoices were under $10,000 which Staff finds occurred outside the test year be included in the test year revenue requirement?

A. AES Ohio requires all invoices that are expected to be over $10,000 to be accrued (i.e., recorded as an expense) in the month the service was rendered. Items that are under $10,000 may be accrued, however, they are not required to be by AES Ohio's policy. The Company does not dispute that the expenses that make up the $467,855.29 occurred prior to the test year. However, just as these instances occurred for items with dates prior to June 2020, there were also expenses incurred during June-August 2020 (the actual months of the test year) that were not accrued and booked until after the test year. Those expenses were incurred during the test year actual months but they were not accounted for until after August due to the accrual policy. The expenses unaccrued prior to June are offset by those expenses unaccrued during the test year and thus become de minimis in the effect on the test year's revenue requirement when both sides are considered. The amount below shows the portion that should be removed from Staff's schedule C3.27 for this section.

Line No.	Account No.	Description	Total Adjustment	Allocation Code	Allocation %	Jurisdictional Amount
(A)	(B)	(C)				(D)
2	580	Operation Supervision and Engineering	59,249	ALLDIST	100.00%	59,249
3	583	Overhead Line Expenses	8,448	ALLDIST	100.00%	8,448
5	589	Rents	5,996	ALLDIST	100.00%	5,996
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	34,695	ALLDIST	100.00%	34,695
9	598	Maintenance of Miscellaneous Distribution I	730	ALLDIST	100.00%	730
10	902	Meter Reading Expenses	511	ALLDIST	100.00%	511
11	903	Customer Records and Collection Expense	20,221	ALLDIST	100.00%	20,221
12	920	Administrative and General Salaries	19,473	A&G1	93.10%	18,129
13	921	Office Supplies and Expenses	14,697	A&G2	90.89%	13,358
14	923	Outside Services Employed	197,376	A&G4	92.62%	182,810
15	925	Injuries and Damages	6,280	A&G6	79.28%	4,979
21	935	Maintenance of General Plant	5,760	GPMAINT	97.14%	5,595
		Total	467,855			449,140

Q. Could the Company have adjusted the test year for every invoice under $10,000 dollars?

A. Hypothetically yes. However, the cost to attempt to do so would not outweigh the benefit. If the Company was to go through every transaction under $10,000 for the actual months of the test year, the Company would need to hire additional staff to review each invoice under $10,000. The cost of this staff would then be recorded as rate case expense or labor, which would increase the overall cost to the ratepayers, while not providing significant benefits.

Q. Would requiring all expenses to be accrued in the months that they occurred be a prudent regulatory policy?

A. No. While the materiality threshold for accrual policies differ by company based on various variables and can be debated, it is not prudent for the Commission to adopt a zero dollar threshold (<u>i.e.,</u> require all expenses to be accrued). The precedent that would be created by such a policy would result in utilities having to hire additional staff to go through invoices below their accrual policy threshold to ensure only services incurred within the test year are included, both at the beginning and at the end of test year. Typically, this exercise should result in a de minimis difference between those not accrued at the beginning of the test year and those not accrued at the end of the test year. The additional Staff would be part of labor or rate case expense and passed through to customers while the results of this efforts would rarely be expected to result in a significant change to the utility's revenue requirement had they simply followed their accrual policy.

Q. What is the total amount that should be removed from Staff's schedule C3.27?

A. The following Chart A shows the total amount by account that should not have been removed from the test year on Staff's schedule C3.27. Chart B shows the amount that should have been included on Staff's schedule C3.27.

Chart A – Amounts to be removed from Staff Schedule C3.27

408.1	Payroll Taxes	$	-	OTHTAX3	83.70%	$	-
580	Operation Supervision and Engineering		115,605	ALLDIST	100.00%		115,605
583	Overhead Line Expenses		8,448	ALLDIST	100.00%		8,448
584	Underground Line Expenses		10,648	ALLDIST	100.00%		10,648
589	Rents		5,996	ALLDIST	100.00%		5,996
590	Maintenance Supervision and Engineering		83,304	ALLDIST	100.00%		83,304
592	Maintenance of Station Equipment		11,115	ALLDIST	100.00%		11,115
593	Maintenance of Overhead Lines		59,367	ALLDIST	100.00%		59,367
598	Maintenance of Miscellaneous Distribution I		730	ALLDIST	100.00%		730
902	Meter Reading Expenses		511	ALLDIST	100.00%		511
903	Customer Records and Collection Expense		20,221	ALLDIST	100.00%		20,221
920	Administrative and General Salaries		19,473	A&G1	93.10%		18,129
921	Office Supplies and Expenses		56,375	A&G2	90.89%		51,240
923	Outside Services Employed		1,045,971	A&G4	92.62%		968,779
925	Injuries and Damages		6,280	A&G6	79.28%		4,979
926	Employee Pensions and Benefits		-	A&G7	84.62%		-
928	Regulatory Commission Expenses		630,011	ALLDIST	100.00%		630,011
930.1	Rotary Club of Dayton		-	A&G10	85.93%		-
930.2	Miscellaneous General Expenses		-	A&G11	99.36%		-
931	Rents		-	A&G12	93.29%		-
935	Maintenance of General Plant		5,760	GPMAINT	97.14%		5,595
	Total Company Expense	$	2,079,814	Jurisdictional Expense Adjustment		$	1,994,676

Chart B – Revised Staff Schedule C3.27

408.1	Payroll Taxes	$	(1,151)	OTHTAX3	83.70%	$	(963)
580	Operation Supervision and Engineering		(989)	ALLDIST	100.00%		(989)
583	Overhead Line Expenses		-	ALLDIST	100.00%		-
584	Underground Line Expenses		-	ALLDIST	100.00%		-
589	Rents		(2,598)	ALLDIST	100.00%		(2,598)
590	Maintenance Supervision and Engineering		-	ALLDIST	100.00%		-
592	Maintenance of Station Equipment		-	ALLDIST	100.00%		-
593	Maintenance of Overhead Lines		-	ALLDIST	100.00%		-
598	Maintenance of Miscellaneous Distribution I		-	ALLDIST	100.00%		-
902	Meter Reading Expenses		-	ALLDIST	100.00%		-
903	Customer Records and Collection Expense		-	ALLDIST	100.00%		-
920	Administrative and General Salaries		(5,545)	A&G1	93.10%		(5,162)
921	Office Supplies and Expenses		(90,018)	A&G2	90.89%		(81,817)
923	Outside Services Employed		(54,756)	A&G4	92.62%		(50,715)
925	Injuries and Damages		(5,642)	A&G6	79.28%		(4,473)
926	Employee Pensions and Benefits		(947)	A&G7	84.62%		(801)
928	Regulatory Commission Expenses		-	ALLDIST	100.00%		-
930.1	Rotary Club of Dayton		(71)	A&G10	85.93%		(61)
930.2	Miscellaneous General Expenses		(21,809)	A&G11	99.36%		(21,670)
931	Rents		(2,940)	A&G12	93.29%		(2,743)
935	Maintenance of General Plant		(6,593)	GPMAINT	97.14%		(6,405)
	Total Company Expense	$	(193,059)	Jurisdictional Expense Adjustment		$	(178,397)

Q. Does this conclude your testimony?

A. Yes.

PUCO Staff Data Request #67
Case No. 20-1651-EL-AIR
DP&L Distribution Rate Case

From:	Suzanne Williams
Date Sent:	02/22/2021
Date Due:	03/08/2021

1. The company provided invoices for the below line items of which staff has determined are dated outside of the test year. Please provide a detailed explanation for the inclusion of these expenses in the test year.

Response: Responses to specific invoices are provided below as well as the general statement, an overview of the Company's account payable, accrual and invoicing policy. Additionally, please see 'PUCO DR 67 – Q1 Attachment 1' for AES's accrual policy which DP&Ls follows.

The liabilities for goods or services provided to DP&L for which an invoice has not yet been received are manually accrued in the appropriate period directly in the general ledger based on information provided by the benefiting business unit if they are over an established materiality threshold. The Company's accounting threshold for accruals is $10,000; items below this threshold are typically not recorded. This threshold is established to reduce the administrative burden and operating costs that are associated with the recordation of manual liability accruals for items that are not material to the Company's financial statements. Additionally, liabilities for invoices received after the month-end closing of the accounts payable system are also manually accrued in the appropriate period directly in the general ledger. These manual accruals are then reversed when the invoice is recorded within the accounts payable system.

Due to this process, Accounts Payable items that are accrued outside the test year are generally not included in the Company test year, because the expense charged by the Accounts Payable system in the test year is directly offset by the reversal of the manual accrual in the test year. The exceptions to this are when 1) the amount accrued does not exactly match the amount ultimately invoiced/paid, or 2) the accrued amount is booked to a different accounting string than the invoice. In the first case, only the net difference between the accrual and the invoice is included in the test year. In the second case, the effect on the test year can vary. Either (i) there is no effect to the test year because the coding change did not change the amount of distribution operating expense, (ii) the full invoice can end up included or excluded from test year expense (for instance, if the amount is reclassified to or from utility plant), or (iii) a small portion of the expense can end up included or excluded from the test year (for instance, if the account changed from 920 to 923, where a different jurisdictional allocator would be applied).

There may be instances where items may have invoice dates prior to the test year, but they are not accrued in a prior period. As noted previously, a lag may occur when an invoice is sent by a vendor to the benefiting business unit and the Accounts Payable group is not informed of the need to record an accrued liability. Additionally, a lag in the recordation of a vendor expense may occur for individual items below DP&L's accrual threshold where the manual accrual of the liability is not warranted.

Just as these instances occurred for items with dates prior to June 2020, expenses incurred during June-August 2020, the actual months of the test year, could be similarly affected. Specifically, items may be accrued or booked during test year actual months where the accounting for those items changed after August 2020. Additionally, expenses may have been incurred during test year actual months but not accounted for until after August due to the lag discussed above. Generally, the effect in both cases should be insignificant and offset each other.

See PUCO DR 67- Q1 Attachment 2 for SAP screenshots of accruals and their corresponding reversals that relate to invoices greater than DP&L's Accrual Policy threshold of $10,000. The line items below $10,000 would not be accrued in accordance with DP&L's accrual policy.

- Line 4 - Lewis Tree Service Inc. $117,177.24: The May accrual for this vendor was $155,000 which was reversed in June 2020.

- Line 7 - Hi-Tech Electrical Contractors LLC for $37,258.91: The May accrual for this vendor was $36,055.10 which was reversed in June 2020.

- Line 8 - Davis H. Elliot Co Inc for $13,229.59: The May accrual for this vendor was $13,229.59 which was reversed in June 2020.

- Line 40 - Serco Inc for $322,899.05: The May accrual for this vendor was $351,000 which was reversed in June 2020.

- Line 42 - Locate Holdings Inc for $108,135.64: This May accrual for this vendor was $121,293 which was reversed in June 2020.

- Line 43 - Serco Inc for $71,690.07: The May accrual for this vendor was $71,693 which was reversed in June 2020. In addition, this expense is COVID-19 related and was deferred as part of the journal entries that were provide in response to PUCO DR 46, thus this expense is not included in the test year; see 'PUCO DR 67 Q1 – Attachment 2'.

- Line 61- Noxious Vegetation Control Inc for $54,838.40 - The May accrual for this vendor was $54,838.40 which was reversed in June 2020.

- Line 62- Rollins Inc for $45,484.30 was not accrued. See above for general explanation of prior period expenses and inclusion in the rate case.

Witness Responsible: Patrick Donlon

Exhibit PD-1

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CONFIDENTIAL

[redacted]

Exhibit PD-1

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Exhibit PD-1

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CERTIFICATE OF SERVICE

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