

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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

CASE NOS. 21-0588-EL-UNC
22-0514-EL-UNC
23-0543-EL-UNC

TESTIMONY OF
PATRICK J. DONLON
IN SUPPORT OF THE STIPULATION AND RECOMMENDATION

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1 **I. INTRODUCTION**

2 **Q. Please state your name, employer, position, and business address.**

3 A. My name is Patrick Donlon. My business address is 1065 Woodman Drive, Dayton,
4 Ohio 45432. I am employed by AES U.S. Services, LLC (“AES Services”) as Director
5 of Regulatory Accounting and Services. In that capacity, I support both Indianapolis
6 Power & Light Company, doing business as AES Indiana (“AES Indiana”), and The
7 Dayton Power and Light Company, doing business as AES Ohio (“AES Ohio” or the
8 “Company”).

9 **Q. Please briefly describe your educational and business background.**

10 A. I received a Bachelor of Science degree in Accounting with a minor in Economics
11 Management from Ohio Wesleyan University in 2000. In 2010, I earned a Master of
12 Business Administration degree from Franklin University. I worked for American
13 Electric Power (“AEP”) for just under ten years in two stints with the company
14 serving in various roles. During my time at AEP, I was an accountant in the
15 Generation Accounting Department; an Hourly Energy Trader focusing in the
16 Southwestern Power Pool market; a Fuel, Emissions and Logistics Coordinator; and a
17 Financial Planning Analyst in Commercial Operations. I worked for the Public
18 Utilities Commission of Ohio (“Commission”) from August 2012 through January
19 2018. I served as a Manager of the Rates Division of the Utilities Department and then
20 was promoted to Director of the Rates and Analysis Department and Executive
21 Director of Power Siting. Following my time at the Commission, I worked as a
22 consultant and for a small energy startup prior to joining AES Services in June 2020 as

1 the Director of Regulatory Accounting. In my career, that spans over 20 years, most of
2 which in the utility space, I have over ten years of direct general ledger accounting,
3 five years of auditing and two years of cost accounting experience.

4 **Q. Have you previously provided testimony before the Commission?**

5 A. Yes, I have provided testimony in various electric and gas rate cases, electric Standard
6 Service Offer cases, Significantly Excessive Earnings Test ("SEET") cases, and
7 natural gas cost recovery cases.

8 **Q. What is the purpose of this testimony?**

9 A. The purpose of this testimony is to provide the facts showing that the Commission
10 should approve the Stipulation and Recommendation ("Stipulation") filed in these
11 proceedings because it is the product of serious negotiations among knowledgeable
12 parties, benefits customers and the public interest, and does not violate any important
13 regulatory principles or practices. In addition, my testimony provides facts showing
14 that AES Ohio did not have significantly excessive earnings in 2020, 2021, and 2022.

15 **Q. Please list the exhibits you are supporting.**

16 A. I am supporting the following exhibits.

- 17 • Exhibit PJD-1: Calculation of Per Books Return on Equity
- 18 • Exhibit PJD-2: Calculation of Safe Harbor ROE

1 **III. THE COMMISSION'S CRITERIA FOR EVALUATING**
2 **STIPULATIONS**

3 **A. The Stipulation is the Product of Serious Bargaining**
4 **Among Knowledgeable Parties**

5 **Q. Can you identify the Signatory Parties to the Stipulation?**

6 A. Yes. The Signatory Parties to the Stipulation are AES Ohio, the electric distribution
7 utility; the Staff of the Commission, which represents the interests of all customers;
8 and Ohio Energy Leadership Council (“OELC”), which represents the interests of
9 energy-intensive manufacturing, industrial, institutional, information technology, and
10 retail businesses.

11 **Q. Was the Stipulation the product of serious bargaining among capable,**
12 **knowledgeable parties?**

13 A. Yes, all of the intervening parties in the matters participated in the negotiations, and
14 all but one of them support it or have agreed not to oppose it.

15 Two bargaining sessions were held, at which AES Ohio explained the Stipulation, and
16 all parties could make comments or ask questions. All parties that intervened in these
17 proceedings were invited to participate in those sessions. Further bargaining occurred
18 via electronic mail among all parties.

19 At each session, AES Ohio answered questions from the parties and asked for
20 feedback on AES Ohio's proposed settlement terms. Staff and OELC made changes to

1 AES Ohio's proposals and the draft Stipulation. All Signatory Parties made
2 compromises.

3 All of the Signatory Parties were represented by attorneys, all of whom have years of
4 experience in regulatory matters before this Commission and who possess extensive
5 information. All of the negotiations were at arm's length. Time was devoted to the
6 negotiating process and to the exchange of language and information associated with
7 the terms of the Stipulation.

8 **B. The Stipulation Benefits the Public Interest**

9 **Q. Can you describe the Stipulation?**

10 A. Yes, in the Stipulation, the Signatory Parties agree that AES Ohio had per-books
11 returns on equity of 8.9% in 2020, 7.1% in 2021, and 2.6% in 2022. The Signatory
12 Parties further agree that those returns do not constitute significantly excessive
13 earnings under R.C. 4928.143(F).

14 **Q. Is the Stipulation in the public interest?**

15 A. Yes; the Stipulation provides a reasonable and efficient resolution of three SEET
16 reviews. The Commission's annual administration of the SEET is required by R.C.
17 4928.143(F) and Ohio Adm.Code 4901:1-35-10, and the Commission has repeatedly
18 recognized value in the resolution of proceedings through a stipulation package, as an
19 efficient and cost-effective means of brining issues before the Commission, while also
20 avoiding the considerable time and expense associated with litigation of a fully
21 contested case.

**c. The Stipulation Does Not Violate Any Important
Regulatory Principle or Practice**

Q. Does the Stipulation violate any important regulatory principle or practice?

A. No, the Stipulation does not violate any important regulatory principle or practice. In fact, in addition to providing a reasonable and efficient resolution of these proceedings, the Stipulation promotes various regulatory principles and policies of the State of Ohio, as set forth in R.C. 4928.02.

Moreover, the Stipulation is consistent with Commission rules and is designed to comply in all respects with the requirements of R.C. 4928.143(F) and Ohio Adm.Code 4901:1-35-10.

Q. Please explain the calculations on Exhibit PJD-1.

A. Exhibit PJD-1 shows the per books return on equity of AES Ohio for 2020, 2021, and 2022, as reflected on the Company's FERC Form 1. As agreed upon by the Signatory Parties, the per books return on equity for AES Ohio was 8.9% in 2020, 7.1% in 2021, and 2.6% in 2022.

Q. Do you believe that adjustments to the Company's per-books return on equity are necessary to administer the SEET for 2020, 2021, and 2022?

A. Although I believe that certain adjustments to AES Ohio's per-books return on equity are appropriate for administering the SEET, presenting such adjustments is not necessary to show that AES Ohio did not have significantly excessive earnings in 2020, 2021, or 2022.

1 **Q. How did you determine whether AES Ohio had significantly excessive earnings in**
2 **2020, 2021, and 2022?**

3 A. First, I determined an appropriate benchmark return on equity (the “Benchmark
4 ROE”) and then the appropriate amount by which the Benchmark ROE could be
5 exceeded before the return earned by AES Ohio would be deemed excessive (the
6 “Threshold ROE”). As demonstrated in Exhibit PJD-2, the Benchmark ROE was
7 calculated for each year using the average return on equity of a sample of peer firms to
8 AES Ohio.

9 **Q. What data was used to measure the Benchmark ROE?**

10 A. Bloomberg, a well-known and respected provider of financial-related information,
11 was used as the source of data that was used.

12 **Q. How was the sample peer group identified in developing the Benchmark ROE?**

13 A. The sample peer group is comprised of firms in the SPDR Select Sector Fund – Utility
14 (“XLU”). The XLU is a well-known exchange traded fund that consisted of 28 firms
15 during 2020 and 2021 and 30 companies during 2022, entirely from the utility and
16 energy sector and independently selected. The XLU has been used to select peer
17 groups in the past by the Commission.

18 **Q. What were the Benchmark ROEs for 2020, 2021, and 2022?**

19 A. The Benchmark ROE for 2020 was 10.48%, the Benchmark ROE for 2021 was
20 11.17%, and the Benchmark ROE for 2022 was 10.05%.

1 **Q. What were the Threshold ROEs for 2020, 2021, and 2022?**

2 A. I understand that in Case No. 09-786-EL-UNC, the Commission recognized a “safe
3 harbor” threshold of 200 basis points above the mean of the comparable group
4 whereby the electric distribution utility would not be found to have significantly
5 excessive earnings.

6 Applying the Commission’s “safe harbor” approach to the Benchmark ROE, the
7 Threshold ROE for 2020 was 12.48%, the Threshold ROE for 2021 was 13.17%, and
8 the Threshold ROE for 2022 was 12.05%.

9 Although I believe that other methodologies for calculating a Threshold ROE can be
10 appropriate, presenting such analyses is not necessary to show that AES Ohio did not
11 have significantly excessive earnings in 2020, 2021, or 2022 since the Company’s
12 returns on equity in those years were significantly lower than the “safe harbor.”

13 **Q. Did AES Ohio have significantly excessive earnings in 2020, 2021, or 2022?**

14 A. No. As demonstrated in Exhibit PJD-2, AES Ohio’s per-books returns on equity of
15 8.9% in 2020, 7.1% in 2021, and 2.6% in 2022 were lower than the “safe harbor”
16 Threshold ROEs of 12.48% in 2020, 13.17% in 2021, and 12.05% in 2022.

17 AES Ohio, therefore, passes the SEET for 2020, 2021, and 2022.

1 **IV. CONCLUSION**

2 **Q. Does this conclude your testimony in support of the Stipulation?**

3 **A. Yes, it does.**

The Dayton Power and Light Company d/b/a AES Ohio
Case Nos. 21-0588-EL-UNC, 22-0514-EL-UNC & 23-0543-EL-UNC

Calculation of Per Books Return on Equity - 2020

Supporting the Stipulation and Recommendation

Exhibit PJD-1
Page 1 of 3
Witness Responsible: Donlon

Line No.	Description	Calendar 2020 Income Statement	Balance Sheet December 31, 2019	Balance Sheet March 31, 2020	Balance Sheet June 30, 2020	Balance Sheet September 30, 2020	Balance Sheet December 31, 2020	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (\$000's)	(G) (\$000's)	(H) (\$000's)	(Col. (D)+(E)+(F)+(G)+(H))/5 = (I) (\$000's)	(J)
1	Earnings for Common								
2	Net Income	50,879							2020 FERC Form 1, Page 117, Line 71, Col (C)
3	Preferred Dividends	-							2020 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	<u>50,879</u>							Sum of Lines 2 and 3
5	Common Equity								
6	Proprietary Capital		473,504	485,465	640,066	630,261	616,569	569,173	2020 FERC Form 1, Page 112, Line 16
7	Preferred Stock Outstanding		-	-	-	-	-	-	2020 FERC Form 1, Page 112, Line 3
8	Common Equity		<u>473,504</u>	<u>485,465</u>	<u>640,066</u>	<u>630,261</u>	<u>616,569</u>	<u>569,173</u>	Sum of Lines 6 and 7
9	Return on Equity							<u>8.9%</u>	Line 4 divided by Line 8, Col (O)

The Dayton Power and Light Company d/b/a AES Ohio
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Calculation of Per Books Return on Equity - 2021

Supporting the Stipulation and Recommendation

Exhibit PJD-1
Page 2 of 3
Witness Responsible: Donlon

Line No.	Description	Calendar 2021 Income Statement	Balance Sheet December 31, 2020	Balance Sheet March 31, 2021	Balance Sheet June 30, 2021	Balance Sheet September 30, 2021	Balance Sheet December 31, 2021	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (\$000's)	(G) (\$000's)	(H) (\$000's)	(Col. (D)+(E)+(F)+(G)+(H))/5 = (I) (\$000's)	(J)
1	Earnings for Common								
2	Net Income	47,067							2021 FERC Form 1, Page 114-117, Line 78, Col (C)
3	Preferred Dividends	-							2021 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	<u>47,067</u>							Sum of Lines 2 and 3
5	Common Equity								
6	Proprietary Capital		616,569	635,869	638,427	642,865	781,988	663,144	2021 FERC Form 1, Page 112, Line 16
7	Preferred Stock Outstanding		-	-	-	-	-	-	2021 FERC Form 1, Page 112, Line 3
8	Common Equity		<u>616,569</u>	<u>635,869</u>	<u>638,427</u>	<u>642,865</u>	<u>781,988</u>	<u>663,144</u>	Sum of Lines 6 and 7
9	Return on Equity							<u>7.1%</u>	Line 4 divided by Line 8, Col (O)

The Dayton Power and Light Company d/b/a AES Ohio
Case Nos. 21-0588-EL-UNC, 22-0514-EL-UNC & 23-0543-EL-UNC

Calculation of Per Books Return on Equity - 2022

Supporting the Stipulation and Recommendation

Exhibit PJD-1
Page 3 of 3
Witness Responsible: Donlon

Line No.	Description	Calendar 2022 Income Statement	Balance Sheet December 31, 2021	Balance Sheet March 31, 2022	Balance Sheet June 30, 2022	Balance Sheet September 30, 2022	Balance Sheet December 31, 2022	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (\$000's)	(G) (\$000's)	(H) (\$000's)	(Col. (D)+(E)+(F)+(G)+(H))/5 = (I) (\$000's)	(J)
1	Earnings for Common								
2	Net Income	19,594							2022 FERC Form 1, Page 114-117, Line 78, Col (C)
3	Preferred Dividends	-							2022 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	<u>19,594</u>							Sum of Lines 2 and 3
5	Common Equity								
6	Proprietary Capital		781,988	790,551	773,552	749,113	741,833	767,407	2022 FERC Form 1, Page 112, Line 16
7	Preferred Stock Outstanding		-	-	-	-	-	-	2022 FERC Form 1, Page 112, Line 3
8	Common Equity		<u>781,988</u>	<u>790,551</u>	<u>773,552</u>	<u>749,113</u>	<u>741,833</u>	<u>767,407</u>	Sum of Lines 6 and 7
9	Return on Equity							<u>2.6%</u>	Line 4 divided by Line 8, Col (O)

The Dayton Power and Light Company d/b/a AES Ohio
Case Nos. 21-0588-EL-UNC, 22-0514-EL-UNC & 23-0543-EL-UNC
Calculation of SEET Threshold - 2020
Supporting the Stipulation and Recommendation

Exhibit PJD-2
Page 1 of 3
Witness Responsible: Donlon

Line No.	Utilities ¹	Ticker	Currency	Adjusted Net Income	Adjusted 2019 Common Equity	Adjusted 2020 Common Equity	Average Common Equity	Return on Equity ²	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	Col.((F)+(G))/2 = (H)	Col. (E) / (H) = (I)	(J)
1	NEXTERA ENERGY INC	NEE US	USD	4,552,000,000.00	37,005,000,000.00	36,513,000,000.00	36,759,000,000.00	12.38%	
2	DUKE ENERGY CORP	DUK US	USD	1,611,300,000.00	44,860,000,000.00	46,002,000,000.00	45,431,000,000.00	3.55%	
3	SOUTHERN CO/THE	SO US	USD	3,438,000,000.00	27,505,000,000.00	27,972,000,000.00	27,738,500,000.00	12.39%	
4	DOMINION ENERGY INC	D US	USD	2,757,000,000.00	29,607,000,000.00	23,730,000,000.00	26,668,500,000.00	10.34%	
5	AMERICAN ELECTRIC POWER	AEP US	USD	2,177,200,000.00	19,675,100,000.00	20,596,100,000.00	20,135,600,000.00	10.81%	
6	EXELON CORP	EXC US	USD	2,978,000,000.00	32,224,000,000.00	32,585,000,000.00	32,404,500,000.00	9.19%	
7	SEMPRA ENERGY	SRE US	USD	2,353,200,000.00	17,671,000,000.00	20,226,000,000.00	18,948,500,000.00	12.42%	
8	XCEL ENERGY INC	XEL US	USD	1,457,200,000.00	13,239,000,000.00	14,575,000,000.00	13,907,000,000.00	10.48%	
9	EVERSOURCE ENERGY	ES US	USD	1,237,300,000.00	12,629,994,000.00	14,063,566,000.00	13,346,780,000.00	9.27%	
10	PUBLIC SERVICE ENTERPRISE GP	PEG US	USD	1,539,900,000.00	15,089,000,000.00	15,984,000,000.00	15,536,500,000.00	9.91%	
11	WEC ENERGY GROUP INC	WEC US	USD	1,230,200,000.00	10,113,400,000.00	10,469,700,000.00	10,291,550,000.00	11.95%	
12	AMERICAN WATER WORKS CO INC	AWK US	USD	709,000,000.00	6,121,000,000.00	6,454,000,000.00	6,287,500,000.00	11.28%	
13	CONSOLIDATED EDISON INC	ED US	USD	1,399,000,000.00	18,022,000,000.00	18,847,000,000.00	18,434,500,000.00	7.59%	
14	EDISON INTERNATIONAL	EIX US	USD	2,094,000,000.00	13,303,000,000.00	14,048,000,000.00	13,675,500,000.00	15.31%	
15	DTE ENERGY COMPANY	DTE US	USD	1,436,700,000.00	11,672,000,000.00	12,425,000,000.00	12,048,500,000.00	11.92%	
16	PPL CORP	PPL US	USD	1,824,000,000.00	12,991,000,000.00	13,373,000,000.00	13,182,000,000.00	13.84%	
17	ENTERGY CORP	ETR US	USD	1,138,000,000.00	10,223,675,000.00	10,926,142,000.00	10,574,908,500.00	10.76%	
18	AMEREN CORPORATION	AEE US	USD	871,000,000.00	8,059,000,000.00	8,938,000,000.00	8,498,500,000.00	10.25%	
19	CMS ENERGY CORP	CMS US	USD	764,000,000.00	5,018,000,000.00	5,496,000,000.00	5,257,000,000.00	14.53%	
20	FIRSTENERGY CORP	FE US	USD	1,220,200,000.00	6,975,000,000.00	7,237,000,000.00	7,106,000,000.00	17.17%	
21	AES CORP	AES US	USD						Excluded
22	ALLIANT ENERGY CORP	LNT US	USD	605,000,000.00	5,205,000,000.00	5,688,000,000.00	5,446,500,000.00	11.11%	
23	EVERGY INC	EVRG US	USD	681,500,000.00	8,571,900,000.00	8,733,400,000.00	8,652,650,000.00	7.88%	
24	ATMOS ENERGY CORP	ATO US	USD	580,481,000.00	5,750,223,000.00	6,791,203,000.00	6,270,713,000.00	9.26%	
25	CENTERPOINT ENERGY INC	CNP US	USD	1,120,000,000.00	6,619,000,000.00	5,985,000,000.00	6,302,000,000.00	17.77%	
26	NRG ENERGY INC	NRG US	USD	619,800,000.00	1,658,000,000.00	1,680,000,000.00	1,669,000,000.00	37.14%	
27	PINNACLE WEST CAPITAL	PNW US	USD	514,200,000.00	5,430,648,000.00	5,633,503,000.00	5,532,075,500.00	9.29%	
28	NISOURCE INC	NI US	USD	489,900,000.00	5,106,700,000.00	4,872,200,000.00	4,989,450,000.00	9.82%	
29	Total			41,398,081,000.00	390,344,640,000.00	399,843,814,000.00	395,094,227,000.00	10.48%	

¹ AES Corporation is excluded

² Calculated as 2020 Net Income after deduction of all expenses but before any non-recurring, special, discontinued, and extraordinary items, divided by the average of the Q4 2019 and Q4 2020 adjusted Common Equity. All adjusted figures are as determined by Bloomberg.

Safe Harbor Approach	
Adder	2%
2020 SEET Threshold	12.48% Line 29, Col. (I) + Line 42, Col. (I)

The Dayton Power and Light Company d/b/a AES Ohio
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Calculation of SEET Threshold - 2021
Supporting the Stipulation and Recommendation

Exhibit PJD-2
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Witness Responsible: Donlon

Line No.	Utilities ¹	Ticker	Currency	Adjusted Net Income	Adjusted 2020 Common Equity	Adjusted 2021 Common Equity	Average Common Equity	Return on Equity ²	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	Col. (F)+(G) / 2 = (H)	Col. (E) / (H) = (I)	(J)
1	NEXTERA ENERGY INC	NEE US	USD	4,899,300,000.00	36,513,000,000.00	37,202,000,000.00	36,857,500,000.00	13.29%	
2	SOUTHERN CO/THE	SO US	USD	3,618,000,000.00	27,972,000,000.00	27,874,000,000.00	27,923,000,000.00	12.96%	
3	EXELON CORP	EXC US	USD	2,544,200,000.00	32,585,000,000.00	34,393,000,000.00	33,489,000,000.00	7.60%	
4	DOMINION ENERGY INC	D US	USD	4,420,900,000.00	23,730,000,000.00	25,525,000,000.00	24,627,500,000.00	17.95%	
5	DUKE ENERGY CORP	DUK US	USD	4,298,000,000.00	46,002,000,000.00	47,334,000,000.00	46,668,000,000.00	9.21%	
6	PPL CORP	PPL US	USD	786,000,000.00	13,373,000,000.00	13,723,000,000.00	13,548,000,000.00	5.80%	
7	AES CORP	AES US	USD						Excluded
8	CENTERPOINT ENERGY INC	CNP US	USD	730,000,000.00	5,985,000,000.00	8,628,000,000.00	7,306,500,000.00	9.99%	
9	FIRSTENERGY CORP	FE US	USD	1,555,600,000.00	7,237,000,000.00	8,675,000,000.00	7,956,000,000.00	19.55%	
10	XCEL ENERGY INC	XEL US	USD	1,597,000,000.00	14,575,000,000.00	15,612,000,000.00	15,093,500,000.00	10.58%	
11	PUBLIC SERVICE ENTERPRISE GP	PEG US	USD	1,216,900,000.00	15,984,000,000.00	14,438,000,000.00	15,211,000,000.00	8.00%	
12	AMERICAN ELECTRIC POWER	AEP US	USD	2,382,100,000.00	20,596,100,000.00	22,476,500,000.00	21,536,300,000.00	11.06%	
13	NISOURCE INC	NI US	USD	576,400,000.00	4,872,200,000.00	5,400,800,000.00	5,136,500,000.00	11.22%	
14	EDISON INTERNATIONAL	EIX US	USD	1,772,000,000.00	14,048,000,000.00	15,888,000,000.00	14,968,000,000.00	11.84%	
15	CONSOLIDATED EDISON INC	ED US	USD	1,528,000,000.00	18,847,000,000.00	20,037,000,000.00	19,442,000,000.00	7.86%	
16	EVERSOURCE ENERGY	ES US	USD	1,330,200,000.00	14,063,566,000.00	14,599,800,000.00	14,331,683,000.00	9.28%	
17	SEMPRA ENERGY	SRE US	USD	2,585,000,000.00	20,226,000,000.00	25,072,000,000.00	22,649,000,000.00	11.41%	
18	WEC ENERGY GROUP INC	WEC US	USD	1,300,300,000.00	10,469,700,000.00	10,913,200,000.00	10,691,450,000.00	12.16%	
19	CMS ENERGY CORP	CMS US	USD	767,000,000.00	5,496,000,000.00	6,407,000,000.00	5,951,500,000.00	12.89%	
20	AMEREN CORPORATION	AEE US	USD	990,000,000.00	8,938,000,000.00	9,700,000,000.00	9,319,000,000.00	10.62%	
21	ALLIANT ENERGY CORP	LNT US	USD	659,000,000.00	5,688,000,000.00	5,990,000,000.00	5,839,000,000.00	11.29%	
22	NRG ENERGY INC	NRG US	USD	704,200,000.00	1,680,000,000.00	3,680,000,000.00	2,680,000,000.00	26.28%	
23	EVERGY INC	EVERG US	USD	810,500,000.00	8,733,400,000.00	9,244,400,000.00	8,988,900,000.00	9.02%	
24	ENTERGY CORP	ETR US	USD	1,715,800,000.00	10,926,142,000.00	11,637,300,000.00	11,281,721,000.00	15.21%	
25	DTE ENERGY COMPANY	DTE US	USD	1,325,400,000.00	12,425,000,000.00	8,705,000,000.00	10,565,000,000.00	12.55%	
26	AMERICAN WATER WORKS CO INC	AWK US	USD	672,900,000.00	6,454,000,000.00	7,298,000,000.00	6,876,000,000.00	9.79%	
27	ATMOS ENERGY CORP	ATO US	USD	665,600,000.00	6,791,203,000.00	7,906,900,000.00	7,349,051,500.00	9.06%	
28	PINNACLE WEST CAPITAL	PNW US	USD	588,700,000.00	5,633,503,000.00	5,633,503,000.00	5,906,200,000.00	9.97%	
29	Total			46,039,000,000.00	399,843,814,000.00	423,993,403,000.00	412,191,305,500.00	11.17%	

¹ AES Corporation is excluded

² Calculated as 2021 Net Income after deduction of all expenses but before any non-recurring, special, discontinued, and extraordinary items, divided by the average of the Q4 2020 and Q4 2021 adjusted Common Equity. All adjusted figures are as determined by Bloomberg.

	Safe Harbor Approach	
Adder		2%
2020 SEET Threshold		13.17% Line 29, Col. (I) + Line 42, Col. (I)

The Dayton Power and Light Company d/b/a AES Ohio
Case Nos. 21-0588-EL-UNC, 22-0514-EL-UNC & 23-0543-EL-UNC
Calculation of SEET Threshold - 2022
Supporting the Stipulation and Recommendation

Exhibit PJD-2

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Witness Responsible: Donlon

Line No.	Utilities ¹	Ticker	Currency	Adjusted Net Income	Adjusted 2021 Common Equity	Adjusted 2022 Common Equity	Average Common Equity	Return on Equity ²	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	Col.((F)+(G)) / 2 = (H)	Col. (E) / (H) = (I)	(J)
1	NEXTERA ENERGY INC	NEE US	USD	5,467,800,000	37,202,000,000	39,229,000,000	38,215,500,000	14.31%	
2	PG&E CORP	PCG US	USD	2,510,400,000	20,971,000,000	22,823,000,000	21,897,000,000	11.46%	
3	SOUTHERN CO/THE	SO US	USD	3,874,000,000	27,874,000,000	30,408,000,000	29,141,000,000	13.29%	
4	EXELON CORP	EXC US	USD	2,114,000,000	34,393,000,000	27,744,000,000	31,068,500,000	6.80%	
5	DOMINION ENERGY INC	D US	USD	3,509,700,000	25,525,000,000	26,098,000,000	25,811,500,000	13.60%	
6	DUKE ENERGY CORP	DUK US	USD	4,235,200,000	47,334,000,000	47,360,000,000	47,347,000,000	8.95%	
7	PPL CORP	PPL US	USD	1,042,800,000	13,723,000,000	13,918,000,000	13,820,500,000	7.55%	
8	AES CORP	AES US	USD						Excluded
9	CENTERPOINT ENERGY INC	CNP US	USD	873,000,000	8,628,000,000	9,255,000,000	8,941,500,000	9.76%	
10	XCEL ENERGY INC	XEL US	USD	1,736,000,000	15,612,000,000	16,675,000,000	16,143,500,000	10.75%	
11	FIRSTENERGY CORP	FE US	USD	672,000,000	8,675,000,000	10,643,000,000	9,659,000,000	6.96%	
12	AMERICAN ELECTRIC POWER	AEP US	USD	2,643,800,000	22,476,500,000	23,939,300,000	23,207,900,000	11.39%	
13	PUBLIC SERVICE ENTERPRISE GP	PEG US	USD	855,800,000	14,438,000,000	13,729,000,000	14,083,500,000	6.08%	
14	NISOURCE INC	NI US	USD	585,400,000	5,400,800,000	6,028,900,000	5,714,850,000	10.24%	
15	EDISON INTERNATIONAL	EIX US	USD	1,568,000,000	13,911,000,000	13,643,000,000	13,777,000,000	11.38%	
16	CONSOLIDATED EDISON INC	ED US	USD	1,607,000,000	20,037,000,000	20,687,000,000	20,362,000,000	7.89%	
17	EVERSOURCE ENERGY	ES US	USD	1,419,900,000	14,599,800,000	15,473,100,000	15,036,450,000	9.44%	
18	CONSTELLATION ENERGY CORP	CEG US	USD	-147,800,000	11,219,000,000	11,018,000,000	11,118,500,000	-1.33%	
19	WEC ENERGY GROUP INC	WEC US	USD	1,355,800,000	10,913,200,000	11,376,900,000	11,145,050,000	12.17%	
20	SEMPRA ENERGY	SRE US	USD	2,920,600,000	25,072,000,000	26,226,000,000	25,649,000,000	11.39%	
21	CMS ENERGY CORP	CMS US	USD	838,000,000	6,407,000,000	6,791,000,000	6,599,000,000	12.70%	
22	AMEREN CORPORATION	AEE US	USD	1,074,000,000	9,700,000,000	10,508,000,000	10,104,000,000	10.63%	
23	ALLIANT ENERGY CORP	LNT US	USD	686,000,000	5,990,000,000	6,276,000,000	6,133,000,000	11.19%	
24	NRG ENERGY INC	NRG US	USD	309,300,000	3,600,000,000	3,828,000,000	3,714,000,000	8.33%	
25	EVERGY INC	EVRG US	USD	773,500,000	9,244,400,000	9,397,300,000	9,320,850,000	8.30%	
26	ENTERGY CORP	ETR US	USD	651,300,000	11,637,300,000	12,967,000,000	12,302,150,000	5.29%	
27	DTE ENERGY COMPANY	DTE US	USD	1,196,000,000	8,705,000,000	10,397,000,000	9,551,000,000	12.52%	
28	AMERICAN WATER WORKS CO INC	AWK US	USD	805,000,000	7,298,000,000	7,693,000,000	7,495,500,000	10.74%	
29	ATMOS ENERGY CORP	ATO US	USD	774,400,000	7,906,900,000	9,419,100,000	8,663,000,000	8.94%	
30	PINNACLE WEST CAPITAL	PNW US	USD	483,600,000	5,906,200,000	6,048,700,000	5,977,450,000	8.09%	
31	Total			46,434,500,000	454,399,100,000	469,599,300,000	461,999,200,000	10.05%	

¹ AES Corporation is excluded

² Calculated as 2022 Net Income after deduction of all expenses but before any non-recurring, special, discontinued, and extraordinary items, divided by the average of the Q4 2021 and Q4 2022 adjusted Common Equity. All adjusted figures are as determined by Bloomberg.

Safe Harbor Approach

Adder	2%	
2022 Threshold ROE	12.05%	Line 29, Col. (I) + Line 42, Col. (I)

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony of Patrick J. Donlon in Support of the Stipulation and Recommendation has been served via electronic mail upon the following counsel of record, this 5th day of September, 2023:

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Christopher C. Hollon

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Case No(s). 21-0588-EL-UNC, 22-0514-EL-UNC, 23-0543-EL-UNC

Summary: Testimony Testimony of Patrick J. Donlon in Support of the Stipulation and Recommendation electronically filed by Mr. Christopher C. Hollon on behalf of The Dayton Power and Light Company d/b/a AES Ohio.