

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

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

**CASE NO. 21-0477-EL-RDR**

**DIRECT TESTIMONY OF  
PATRICK DONLON**

**OCTOBER 3, 2023**

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

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**ON BEHALF OF  
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**I. INTRODUCTION**

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

A. My name is Patrick Donlon. My business address is 1065 Woodman Drive, Dayton 45432. I am employed by AES U.S. Services, LLC ("AES Services") as Director of Regulatory Accounting and Services for its US Strategic Business Unit ("SBU"), which includes AES Indiana ("AES Indiana"), as well as AES Ohio ("AES Ohio" or "Company").

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

A. I am responsible for regulatory accounting for both AES Indiana and AES Ohio. In that capacity, the accounting journal entries for both entities related to most regulatory assets and liabilities are prepared under my direction and/or review. Additionally, I am involved in regulatory policy and strategy for AES Indiana and AES Ohio.

**Q. Please summarize your educational and professional qualifications.**

A. I received a Bachelor of Science degree in Accounting with a minor in Economics Management from Ohio Wesleyan University in 2000. In 2010, I earned a Master of Business Administration degree from Franklin University.

**Q. Please summarize your prior work experience.**

A. I worked for American Electric Power ("AEP") for just under ten years in two stints with the company serving in various roles. For AEP, I was an accountant in the Generation Accounting Department; an Hourly Energy Trader focusing on the Southwestern Power Pool market; a Fuel, Emissions and Logistics Coordinator; and a Financial Planning Analyst in Commercial Operations. I worked for the Public Utilities Commission of

Ohio ("Commission" or "PUCO") from August 2012 through January 2018. I served as a Manager of the Rates Division of the Utilities Department and then was promoted to Director of the Rates and Analysis Department and Executive Director of the Ohio Power Siting Board. Following my time at the PUCO, I worked as a consultant for a small energy startup prior to joining AES Services in June of 2020 as the Director of Regulatory Accounting.

**Q. Have you previously provided testimony before the PUCO?**

A. Yes, I have provided testimony in various gas and electric rate cases, electric Standard Service Offer ("SSO") cases, significantly excessive earnings cases, and natural gas cost recovery cases.

**Q. What are the purposes of your testimony in this proceeding?**

A. The purpose of this testimony is to explain how the Legacy Generation Resource ("LGR") Rider was calculated during the 2020 Audit Period.

## **II. LEGACY GENERATION RESOURCE RIDER**

**Q. What was the LGR Rider?**

A. The LGR Rider was the mechanism, authorized by R.C. 4921.148, to enable AES Ohio to recover or credit to customers the net costs or revenue associated with the Intercompany Power Agreement that AES Ohio signed with the Ohio Valley Electric Corporation ("OVEC"), and various other parties. Through the LGR Rider, AES Ohio would recover costs charged to it by OVEC, net of the revenues that AES Ohio received from selling the associated energy, capacity, and ancillary services into the PJM market. In situations where OVEC's charges exceed the associated revenues received from PJM, the rider

would result in a charge to AES Ohio's customers. In situations where those PJM revenues exceeded OVEC's charges, the rider would result in a credit to customers.

**Q. How was the LGR Rider calculated during the Audit Period?**

A. The LGR Rider is composed of two parts: (1) the statewide rate, which is a six-month projection based on estimates developed by the individual utilities, plus the difference between the projected and actual net costs for the previous period; and (2) the individual utility's rate, which includes true ups from the estimated costs to the actual costs. During the Audit Period, pursuant to the Commission's November 21, 2019, Entry in Case No. 19-1808-EL-UNC, the LGR Rider was charged on a nonbypassable basis and allocated to tariff classes using an allocation method of 50% demand and 50% energy with demand being allocated on total load on a 5 Coincidental Peak basis and charged on a kWh basis. The LGR Rider was trued up and the rate allocation was updated semi-annually.

**Q. How did AES Ohio determine the amount of costs to be recovered through the LGR Rider?**

A. Every month, OVEC sends to AES Ohio an invoice that identifies AES Ohio's share of OVEC's costs.

**Q. How did AES Ohio determine the amount of PJM revenue to be credited to the LGR Rider?**

A. Every month, PJM sends to AES Ohio the PJM Bill Allocation that shows credits and charges to AES Ohio. The PJM Bill Allocation provides a breakdown of PJM Billing items for AES Ohio's portion of OVEC.

**Q. Is there a monthly remittance associated with the LGR?**

A. Yes. Every month, FirstEnergy remits revenues collected through its LGR Rider to the EDUs with legacy generation resources in proportion to those EDUs net costs verses their collections through the LGR Rider. FirstEnergy sends out a single monthly statement, on a two-month lag, to the three EDUs which is applied to the calculation of the LGR Rider.

**Q. Does that conclude your testimony?**

A. Yes.

## CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Direct Testimony of Patrick Donlon has been served via electronic mail upon the following counsel of record, this 3rd day of October, 2023:

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Summary: Testimony Direct Testimony of Patrick Donlon electronically filed by Mr.  
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