

AES Ohio
Significant
Developments
Impacting Rates



- Ohio Energy Savings & Management Conference
- February 28, 2023

AES Ohio at the PUCO



■ 2020 Distribution Rate Case

- Case No. 20-1651-EL-AIR, *et al.*
- Filed November 30, 2020
 - Date Certain: June 30, 2020
 - Test Year: June, 1, 2020 – May 31, 2021
- Staff and 19 other parties participated
- Fully litigated hearing in January 2022
- Order issued in December 2022
 - Approved \$75.6 million increase in annual revenue requirement
 - Approved rate of return of 7.43% (ROE of 9.999%)
 - Without increase, AES Ohio's rate of return is 0%
 - Allows for increased vegetation management recovery
- Rates to be implemented with new ESP
- Pending applications for rehearing

AES Ohio at the PUCO



■ Electric Security Plan (ESP 4)

- Case No. 22-900-EL-SSO, *et al.*
- Filed September 26, 2022
 - Comprehensive plan to enhance and upgrade service reliability, provide greater safeguards for price stability, and continue investments in local economic development
 - Plans increased investment in distribution infrastructure and proactive vegetation management
- Staff and 19 other parties participating
- Hearing scheduled for April 12, 2022

ESP 4 Overview

- Standard Service Offer
 - Proposes continuing two-auction format and reintroduction of laddering multi-year products
- Distribution Investment Rider
 - Recovery of and on certain distribution capital investment since June 30, 2020 (date certain in 2020 distribution rate case)
- Proactive Reliability Optimization Rider
 - Recovery of vegetation management expense allowed in 2015 and 2020 rate cases
 - Cost to clear a mile has increased from \$5,148 in 2015
- Distribution Decoupling Rider
- Transmission Cost Recovery Rider
 - Continuation of opt-out program approved in Smart Grid Phase 1 (Case No. 18-1875-EL-GRD)
- Customer Program Rider
 - Proposes demand-side management programs and residential and commercial EV programs
- Green Energy Alternative Tariff
 - Recognizes agreements with customers “for the purpose of constructing a customer sited renewable energy resource . . . that will provide the mercantile customer or group with a material portion of [their] electricity requirements” under R.C. 4928.47
- Economic Development Incentive
 - Proposes streamlined process to offer incentive to reduce demand charge by 50% for three years for customers with demand of 1MW at one delivery point
- Regulatory Compliance Rider
 - Recovery of previously approved deferrals

AES Ohio at the PUCO



■ Smart Grid Plan – Phase 1

- Case No. 18-1875-EL-GRD, *et al.*
- Approved Stipulation on June 16, 2021
- Four-year Phase 1
 - Capex and O&M capped at \$267,600,000
 - Plan for Phase 2 to be filed by June 2024
- Quarterly collaborative meetings for Smart Grid deployment and Smart Thermostats

Smart Grid Overview

OPERATIONAL	CUSTOMER FACING
Advanced Metering Infrastructure: 495,000 Meters (95%)	EV Charger Rebates: \$5.1 Million over 4 Years
Distribution Automation: 88 Circuits (20%)	Smart Thermostats: \$337,500 Annually for Rebates
Substation Automation: 30 Substations (20%)	Water Heater Demand Response Pilot: 200 Dayton PIPP Customers
Volt/VAR Optimization, Conservation Voltage Reduction: 132 Circuits (30%)	Dayton Solar: Interconnection Assistance
Foundational: Advanced Distribution Management System (ADMS)	IGS Solar: At Least 1.5 MWs,
Foundational: Telecommunications & Cyber Security	Wright-Patterson Air Force Base: Resiliency Grant
Foundational: GIS Mapping	CIS Investment: Beginning within 6 Months (not recovered through IIR)
	TCRR-N Pilot: Re-Open Enrollment



History of DP&L's ESPs



Background of DP&L's ESPs

- In June 2009, the Public Utilities Commission of Ohio (PUCO) approved DP&L's first ESP.
 - ESP I contained a non-bypassable generation charge, which DP&L calls the Retail Stability Charge (RSC).
 - RSC was originally intended to expire at the end of 2012.
- In September 2013, the PUCO approved DP&L's ESP II.
 - PUCO's decision was appealed to the Supreme Court of Ohio.
 - In June 2016, the Supreme Court issued an order reversing the PUCO's decision in the ESP II case and remanding the case back to the PUCO.
- In August 2016, the PUCO modified ESP II pursuant to the Supreme Court's remand and granted DP&L's request to withdrawal ESP II.
 - PUCO also approved DP&L's request to reinstate ESP I, including the nonbypassable RSC.

Background of DP&L's ESPs (continued)

- In November 2017, the PUCO modified and approved an amended stipulation which established DP&L's third ESP.
- In November 2019, the PUCO modified the amended stipulation filed in the ESP 3 case to remove DP&L's Distribution Modernization Rider (DMR).
 - This was in response to a Supreme Court's decision, which deemed FirstEnergy's DMR unlawful.
- In response to the removal of the DMR from ESP 3, DP&L withdrew its ESP 3 application.
 - Since ESP II had already been withdrawn, DP&L reverted to its original ESP (including the RSC).
 - Some provisions of ESP 3 remain, including DP&L's transmission pilot program.
 - As a result, DP&L customers are currently subject to ESP I.



DP&L Distribution



AES Ohio Charges

- AES Ohio bills contain 2 primary line-item charges:
 - Customer Charge
 - Other Delivery Charges
 - This includes charges for base distribution service, as well as several riders related to storm cost recovery, economic development, generation rate stabilization, and Ohio's legacy generation resources, solar generation fund, kWh tax, and percentage of income payment program.
 - Also recovers costs associated with transmission service for customers that are not participating in the transmission pilot program.
- For customers that do not competitively source generation service, monthly bills will also include Supply Charges.

DP&L's Demand Ratchet

- DP&L defines billed demand as the greatest of either:
 - 1) 75% of the highest 30-minute kilowatt (kW) demand which occurs off-peak during the billing month (off-peak is defined as 8:00 P.M. to 8:00 A.M. M-F, weekends, and holidays),
 - 2) 100% of the highest 30-minute kW demand which occurs on-peak during the billing month, or
 - 3) 75% of the highest billing demand set during the months of June, July, August, December, January, and February during the 11 months prior.

Base Distribution Charges

Customer Class	Monthly Customer Charge	Demand Charge per kW	Reactive Demand Charge per kVar
Secondary Single-Phase	\$16.73	\$3.6569905	N/A
Secondary Three-Phase	\$25.77	\$3.6569905	N/A
Primary	\$242.12	\$2.0325100	\$0.6984153
Substation	\$463.47	\$0.6144982	\$0.2058894
High Voltage	\$1,124.11	N/A	N/A

Retail Stability Charge

- AES Ohio current charges include a non-bypassable, generation-related, Retail Stabilization Charge (RSC).
- The RSC was approved back in 2009 and was originally slated to expire at the end of 2012.
- Current RSC Rates:

Customer Class	kWh rate tier	¢ per kWh	kW rate tier	\$ per kW
Secondary	first 1,500 kWh	0.681¢	over 5 kW	\$0.81245
	1,501 - 125,000 kWh	0.299¢		
	over 125,000 kWh	0.254¢		
Primary	All kWh	0.239¢	All kW	\$1.00212
Substation	All kWh	0.228¢	All kW	\$1.05943
High Voltage	All kWh	0.225¢	All kW	\$1.03479

What's New for 2023?

- DP&L's USF rider rate increased significantly on January 1, 2023.
 - The USF provides funding for the state's Percentage of Income Payment Plan (PIPP) program and low-income customer energy efficiency programs.

	<u>2022 USF Rates ¢/kWh</u>		<u>2023 USF Rates ¢/kWh</u>		% Increase in 1st Tier Rates
	First 833,000 kWh	Above 833,000 kWh	First 833,000 kWh	Above 833,000 kWh	
AES	0.07223	0.05700	0.35110	0.05700	386%



DP&L Transmission



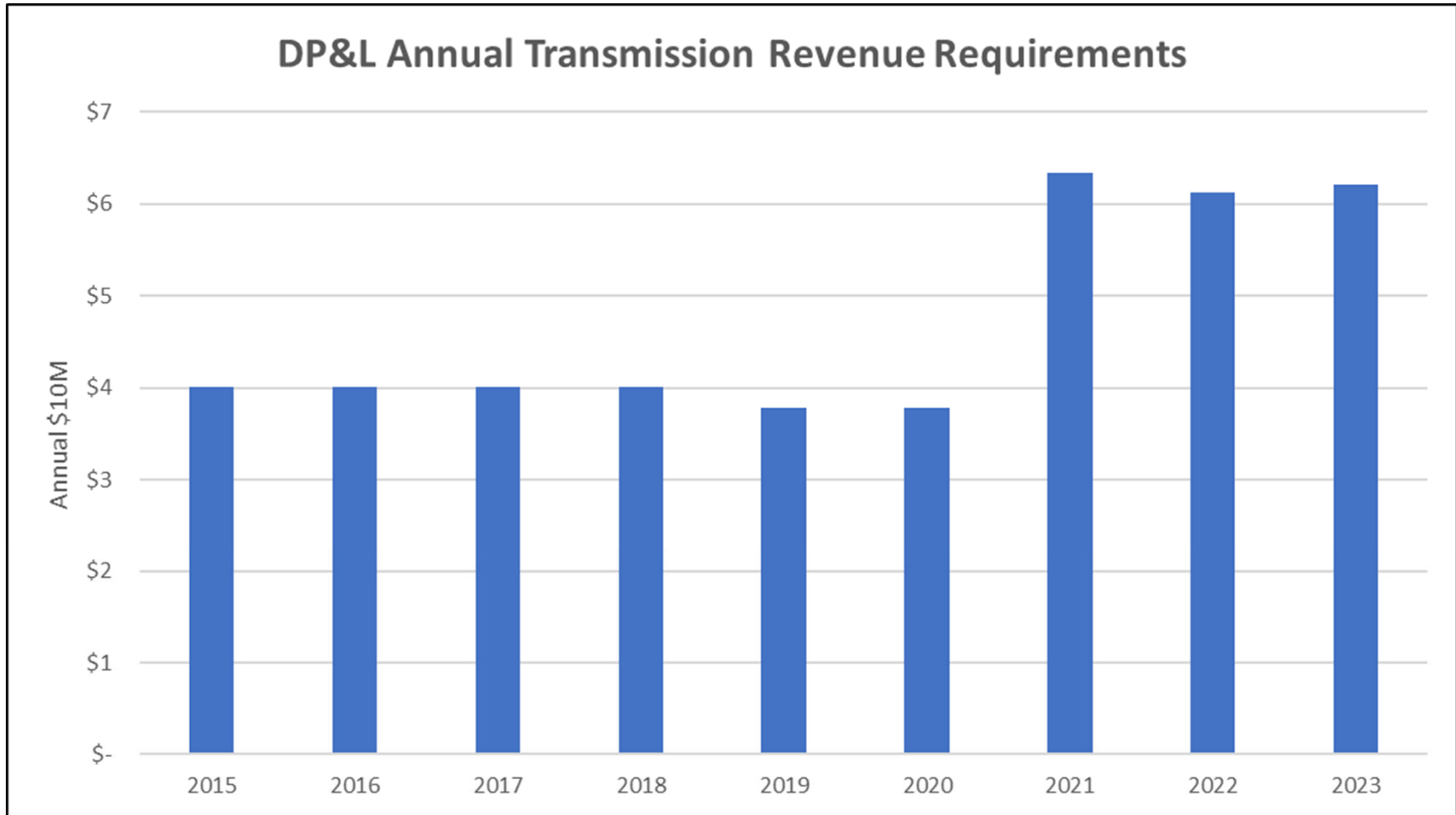
Transmission Service

- Transmission is:
 - The service for moving electricity across high voltage lines;
 - Included as a charge in your monthly electric bill; and
 - Regulated by the Federal Energy Regulatory Commission (FERC).
- PJM oversees operation of transmission systems in Ohio.
 - PJM bills Load Serving Entities (LSEs), such as investor-owned utilities and retail suppliers, for transmission.
 - LSEs pass transmission costs on to customers.

Transmission Charges

- Network Integration Transmission Service (NITS) charge is the biggest component of transmission costs.
- Other transmission-related charges include charges for:
 - Transmission enhancement;
 - Scheduling;
 - System control and dispatch service; and
 - Black start service.

DP&L's Transmission Investments



2022-2023 Transmission Revenue Requirements and NITS Rates for Ohio EDUs

	2022		2023 Projected	
	Revenue Requirement	NITS Rate \$/MW-Yr	Revenue Requirement	NITS Rate \$/MW-Yr
AEP	\$ 2,430,584,179	\$ 110,857.47	\$ 2,728,816,703	\$ 125,514.78
ATSI	\$ 849,785,000	\$ 67,420.78	\$ 838,323,031	\$ 65,642.19
DP&L	\$ 61,304,201	\$ 18,410.22	\$ 62,043,314	\$ 18,751.00
Duke	\$ 174,239,153	\$ 35,136.00	\$ 200,020,318	\$ 37,718.00

Transmission Charges DP&L Customers

- DP&L recovers transmission costs from customers via the Transmission Cost Recovery Rider-Nonbypassable (TCRR-N).
- The TCRR-N has a monthly billed demand component and a monthly kWh usage component.

Current DP&L TCRR-N Rates

RATE SCHEDULE	PER KWH	PER KW
Secondary	0.04389¢	\$1.9202477
Primary	0.04389¢	\$1.7446842
Primary- Substation	0.04389¢	\$1.7738512
High Voltage	0.04389¢	\$1.9963511

DP&L's Transmission Pilot Program

- DP&L's current electric security plan includes a small-scale TCRR-N opt-out pilot program.
 - Program allows customers to opt out of TCRR-N rider.
 - Transmission charges for participating customers are primarily based on PJM's NITS rates and customer's 1CP consumption.
 - DP&L's 1CP is the one hour of the year when demand on DP&L's zonal electric grid peaks.
 - A customer's electric usage during the 1CP, scaled up for losses and weather normalization, is its transmission tag.

DP&L 2022 Transmission 1CP

Date	Hour Ending
6/15/22	5:00 PM

A customer's load during the 2022 1CP determined its 2023 Transmission Tag.

DP&L's Pilot Program Details

- Enrollment was re-opened as part of a June 2021 Stipulation in DP&L's Smart Grid case.
 - No notification deadlines.
 - Effective date is next available meter read date following acceptance of enrollment request.
- Accounts must be served at primary voltage level or above.
- Participants in the pilot program do not pay TCRR-N rider.
- Retail electric generation supplier bills customer for all transmission and related nonmarket-based services.
- Can elect to terminate participation in the pilot program and return to TCRR-N.
 - Once participation is terminated, a customer may not re-enroll in the pilot program at a later date.
- AES Ohio has proposed to maintain the transmission pilot in the next ESP.



DP&L Generation



Generation Service

- Cost associated with generating the electrons that consumers use to power lights and equipment.
- Customers served by AES Ohio have the option to competitively source electric generation service.
- Investor-owned EDUs are required to provide default generation service to customers that do not contract for generation through an alternative supplier.
 - This default service is referred to as the Standard Service Offer (SSO).

Default Generation Service

- AES Ohio procures supply (energy, capacity, and market-based ancillaries) for its SSO customers through a series of Competitive Bidding Process (CBP) auctions leading up to each June 1 through May 31 delivery year.
 - This CBP is separate from the process used by AES Ohio to procure full requirements service for their Percentage of Income Payment Plan customers.

Recent SSO Auction Results

- One tranche equals 1% of the overall SSO load for the delivery year.

DP&L SSO Auction Results

<i>Auction Date</i>	<i>Term in Months</i>	<i>Tranches</i>	<i>6/1/2022 to 5/31/2023</i>	<i>6/2/2023 to 5/31/2024</i>
3/22/22	12	50	\$0.07513	
4/18/22	12	50	\$0.12250	
11/28/22	12	35		\$0.11342
4/?/23	12	25		TBD
4/?/23	24	40		TBD
Weighted average price			\$0.09882	TBD

Standard Offer Rate (SOR)

- The SOR rate is the default rate charged by AES Ohio for generation service to customers that do not contract with an alternative supplier.
- Imbedded in the SOR is an alternative energy component charge.
 - The alternative energy charge is currently 0.04484¢ per kWh.
- SOR rates update every June 1 based on the results of the SSO auctions.

Current DP&L SOR Rates

Customer Class	SOR Rate per kWh
Secondary	10.91017¢
Primary	10.63213¢
Substation	10.52254¢
High Voltage	10.52254¢

Future SSO Rates

- New SOR rates will become effective on June 1, 2023.
 - Based on recent auction results and the current state of the retail power market, we anticipate that SSO rates may be higher for the 23-24 DY.
 - DP&L SOR rates will likely continue to be significantly higher than prevailing market rates.

QUESTIONS?



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