

FILE

9



Working For You Today And Tomorrow

RECEIVED-DOCKETING DIV
2007 NOV 30 AM 11:36

PUCO

REGULATORY OPERATIONS

November 29, 2007

Ms. Betty McCauley
The Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street, 13th Floor
Columbus, Ohio 43215

Dear Ms. McCauley:

Enclosed please find an original and ten copies of an Application of the Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness.

Thank you for your assistance in this matter. Please do not hesitate to contact me should you have any questions or comments at (937) 259-7236.

Sincerely,

Alissa Stephens
Regulatory Operations

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician SM Date Processed 11/30/07

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company for)
authority to Issue and Assume Liability)
on Short-Term Notes and Other Evidences)
of Indebtedness Pursuant to Section 4905.40)
and 4905.401 of the Ohio Revised Code)

Case No. 07-1232-EL-AIS

APPLICATION

The applicant, The Dayton Power and Light Company ("DP&L"), respectfully
represents that:

1. DP&L is a corporation duly organized and existing under the laws of the State of Ohio, with its office and principal place of business in the city of Dayton, Ohio. As a public utility, as defined by 4905.02 of the Revised Code of Ohio, DP&L is subject to the jurisdiction of the Public Utilities Commission of Ohio ("the Commission").

2. By Finding and Order in Case No. 89-1374-EL-AIS, dated October 17, 1989, and subsequent Orders dated October 18, 1990, October 17, 1991, October 29, 1992 (Case No. 92-1760-EL-AIS), October 21, 1993 (Case No. 93-1588-EL-AIS), November 10, 1994 (Case No. 94-1555-EL-AIS), November 9, 1995 (Case No. 95-937-EL-AIS), November 7, 1996 (Case No. 96-1067-EL-AIS), November 13, 1997 (Case No. 97-1344-EL-AIS), November 5, 1998 (Case No. 98-1349-EL-AIS), November 4, 1999 (Case No. 99-1129-EL-AIS), November 9, 2000 (Case No. 00-1879-EL-AIS), November 29, 2001 (Case No. 01-2812-EL-AIS), December 5, 2002 (Case No. 02-2899-EL-AIS), November 6, 2003 (Case No. 03-1984-EL-AIS), December 4, 2004 (Case No. 04-1557-EL-AIS), December 14, 2005 (Case No. 05-1412-EL-AIS) and November 28, 2006

RECEIVED-DOCKETING DIV
2007 NOV 30 AM 11:36
PUC

(Case No. 06-1299-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including Revolving Loan Agreement ("RLA") Loans (as defined in the original application) in the aggregate principal amount of up to \$300 million for periods of less than 12 months.

3. Paragraph 3 of DP&L's original application, relating to Notes or RLA Loans having a maturity of up to twelve months, requested authorization for a 12 month period, and allowance for annual renewal on the date of Commission authorization.

4. The original application was approved by the Commission on October 17, 1989 and subsequent applications were approved on the dates noted in Paragraph 2, above.


5. DP&L's current authority (Case No. 06-1299-EL-AIS) to issue Notes and other RLA Loans, not in excess of the aggregate amount of \$300 million, expired on November 28, 2007.

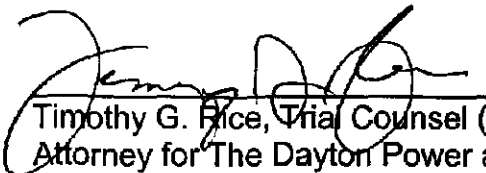
6. DP&L is now seeking to renew the authority, as generally provided in the Commission's Orders noted in Paragraph 2 above, to issue Notes, RLA loans, as well as other evidences of indebtedness for terms of less than twelve (12) months in an aggregate amount not to exceed \$300 million, inclusive of the statutorily exempted amount of short term debt issuable by DP&L in accordance with Revised Code Section 4905.401(A), which amount is currently \$40.4 million as shown in the calculation attached hereto as Exhibit A.

7. DP&L intends to use the proceeds from the Notes, RLA Loans or other evidences of indebtedness to fund its construction program and for other general corporate purposes pursuant to Revised Code Section 4905.401.

IN WITNESS WHEREOF, The Dayton Power and Light Company, by its Vice President and Treasurer, has filed this application to be executed on its behalf this 29th day of November, 2007.

The Dayton Power and Light Company

By 
Joseph R. Boni III
Vice President and Treasurer


Timothy G. Rice, Trial Counsel (#0029581)
Attorney for The Dayton Power and Light Company
1065 Woodman Drive
Dayton, OH 45432
(937) 259-7103

STATE of OHIO,
COUNTY of MONTGOMERY, SS:

Before me, a Notary Public in and for the state and county aforesaid, personally came Joseph R. Boni III to me personally known, who being first duly cautioned and sworn according to law, did depose and say that he is the Vice President and Treasurer of The Dayton Power and Light Company, an Ohio corporation, and that the facts set forth and allegations contained in the foregoing application are, as he believes, true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal this 29th day of November, 2007.


Notary Public

JOYA L. MURR, Notary Public
In and for the State of Ohio
My Commission Expires **May 31, 2009**



Exhibit A

**The Dayton Power and Light Company
Statutory Exemption Calculation as of September 30, 2007**

Par Values of the outstanding securities of DP&L:

Long-term Bonds and Notes	\$ 785,515,000
Preferred Stock at Par Value	22,851,000
Common Stock at Par Value	<u>412,000</u>
 Total Par Value	 <u>\$ 808,778,000</u>
 5% of \$809,549,000	 <u>\$ 40,439,000</u>

Exhibit A

THE DAYTON POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENT OF RESULTS OF OPERATIONS

\$ in millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2006
Revenues	\$ 419.6	\$ 390.3	\$ 1,139.1	\$ 1,036.1
Cost of revenues:				
Fuel	87.6	90.9	240.2	251.0
Purchased power	91.7	70.7	228.2	134.7
Total cost of revenues	<u>179.3</u>	<u>161.6</u>	<u>468.4</u>	<u>385.7</u>
Gross margin	240.3	228.7	670.7	650.4
Operating expenses:				
Operation and maintenance	64.0	59.0	195.8	172.8
Depreciation and amortization	31.4	33.0	95.2	96.8
General taxes	28.8	27.2	83.8	80.3
Amortization of regulatory assets	2.9	2.4	8.3	5.2
Total operating expenses	<u>127.1</u>	<u>121.6</u>	<u>383.1</u>	<u>355.1</u>
Operating income	113.2	107.1	287.6	295.3
Other income / (expense), net				
Net gain on settlement of executive litigation	-	-	35.3	-
Investment income	1.3	1.6	7.5	4.8
Interest expense	(3.9)	(5.5)	(14.1)	(17.5)
Other income (deductions)	2.1	(0.2)	2.7	0.1
Total other income / (expense), net	<u>(0.5)</u>	<u>(4.1)</u>	<u>31.4</u>	<u>(12.6)</u>
Earnings before income tax	112.7	103.0	319.0	282.7
Income tax expense	<u>42.1</u>	<u>39.0</u>	<u>119.5</u>	<u>107.8</u>
Net income	\$ 70.6	\$ 64.0	\$ 199.5	\$ 174.9
Preferred dividends	<u>0.2</u>	<u>0.2</u>	<u>0.6</u>	<u>0.6</u>
Earnings on common stock	\$ 70.4	\$ 63.8	\$ 198.9	\$ 174.3

See Notes to Condensed Consolidated Financial Statements.
These interim statements are unaudited.

THE DAYTON POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

\$ in millions	Nine Months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 199.5	\$ 174.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	96.2	96.8
Gain on settlement of executive litigation	(35.3)	-
Amortization of regulatory assets	8.3	5.2
Deferred income taxes	11.0	(13.0)
Gain on sale of other investments	(3.0)	-
Changes in certain assets and liabilities:		
Accounts receivable	(40.0)	(25.7)
Accounts payable	(0.5)	41.2
Net receivable / payable from / to parent	(0.5)	(2.3)
Accrued taxes payable	(3.1)	1.5
Accrued interest payable	2.4	4.8
Prepayments	0.7	5.4
Inventories	(19.8)	(7.5)
Deferred compensation assets	7.1	3.4
Deferred compensation obligations	1.1	(2.5)
Other	16.5	(11.5)
Net cash provided by operating activities	239.6	270.7
Cash flows from investing activities:		
Capital expenditures	(247.8)	(281.7)
Net cash used for investing activities	(247.8)	(281.7)
Cash flows from financing activities:		
Short-term loan from parent	105.0	-
Payment on short-term loan to parent	(15.0)	-
Issuance of pollution control bonds	-	100.0
Pollution control bond proceeds held in trust	-	(100.0)
Withdrawal of restricted funds held in trust	10.1	23.1
Dividends paid on preferred stock	(0.7)	(0.6)
Dividends paid on common stock to parent	(125.0)	-
Net cash (used for)/provided by financing activities	(25.6)	22.5
Cash and cash equivalents:		
Net change	(33.8)	11.5
Balance at beginning of period	46.1	46.2
Cash and cash equivalents at end of period	\$ 12.3	\$ 57.7
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	\$ 9.6	\$ 10.3
Income taxes paid	\$ 86.8	\$ 108.3
Restricted funds held in trust	\$ 0.5	\$ 75.5

See Notes to Condensed Consolidated Financial Statements.
These interim statements are unaudited.

Exhibit A

THE DAYTON POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET

\$ in millions	At September 30, 2007	At December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12.3	\$ 46.1
Restricted funds held in trust	0.5	10.1
Accounts receivable, less provision for uncollectible accounts of \$1.6 and \$1.4, respectively	243.0	205.6
Inventories, at average cost	102.8	83.0
Taxes applicable to subsequent years	11.8	48.0
Other current assets	10.8	38.2
Total current assets	<u>381.2</u>	<u>431.0</u>
Property:		
Property, plant and equipment	4,688.3	4,450.6
Less: Accumulated depreciation and amortization	<u>(2,134.3)</u>	<u>(2,079.0)</u>
Total net property	<u>2,554.0</u>	<u>2,371.6</u>
Other noncurrent assets:		
Regulatory assets	137.0	148.6
Other assets	103.0	139.1
Total other noncurrent assets	<u>240.0</u>	<u>287.7</u>
Total Assets	<u><u>\$ 3,175.2</u></u>	<u><u>\$ 3,090.3</u></u>

See Notes to Condensed Consolidated Financial Statements.
These interim statements are unaudited.

Exhibit A

**THE DAYTON POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEET**

\$ in millions	At September 30, 2007	At December 31, 2006
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current portion - long-term debt	\$ 0.7	\$ 0.9
Accounts payable	182.7	166.2
Accrued taxes	120.1	159.6
Accrued interest	15.3	12.6
Short-term debt owed to parent	90.0	-
Other current liabilities	27.4	35.4
Total current liabilities	<u>436.2</u>	<u>374.7</u>
Noncurrent liabilities:		
Long-term debt	784.8	785.2
Deferred taxes	367.9	360.2
Unamortized investment tax credit	41.4	43.6
Other deferred credits	222.6	272.5
Total noncurrent liabilities	<u>1,416.7</u>	<u>1,461.5</u>
Cumulative preferred stock not subject to mandatory redemption	22.9	22.9
Commitments and contingencies (Note 9)	-	-
Common shareholder's equity:		
Common stock, at par value of \$0.01 per share	0.4	0.4
Other paid-in capital	783.4	783.7
Accumulated other comprehensive income	9.8	15.1
Retained earnings	505.8	432.0
Total common shareholder's equity	<u>1,299.4</u>	<u>1,231.2</u>
Total Liabilities and Shareholder's Equity	<u><u>\$ 3,175.2</u></u>	<u><u>\$ 3,090.3</u></u>

*See Notes to Condensed Consolidated Financial Statements.
These interim statements are unaudited.*