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**DATE:** 11/5/08 **Pages to follow:** 5-not including cover

**Message: DP&L Short-Term Debt Application- Case No. 08-1183-EL-AIS**  
**Exhibit A and Financial Statements**

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**The Dayton Power and Light Company • 1065 Woodman Drive • Dayton, Ohio 45432**

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**Exhibit A****The Dayton Power and Light Company  
Statutory Exemption Calculation as of September 30, 2008**

Par Values of the outstanding securities of DP&amp;L:

Long-term Bonds and Notes	\$ 784,953,000
Preferred Stock at Par Value	22,851,000
Common Stock at Par Value	<u>412,000</u>
 Total Par Value	 <u>\$ 808,216,000</u>
 Five Percent	 <u>\$ 40,411,000</u>

**THE DAYTON POWER AND LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF RESULTS OF OPERATIONS**

\$ in millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<b>Revenues</b>	<b>\$ 401.5</b>	<b>\$ 419.6</b>	<b>\$ 1,191.8</b>	<b>\$ 1,138.1</b>
<b>Cost of revenues:</b>				
Fuel	87.0	87.6	183.8	240.2
Purchased power	120.1	91.7	291.8	228.2
Total cost of revenues	177.1	179.3	475.4	468.4
<b>Gross margin</b>	<b>224.4</b>	<b>240.3</b>	<b>716.4</b>	<b>670.7</b>
<b>Operating expenses:</b>				
Operation and maintenance	65.4	64.0	191.0	195.8
Depreciation and amortization	32.8	31.4	95.0	95.2
General taxes	30.6	28.8	92.4	83.8
Amortization of regulatory assets	2.1	2.9	7.6	8.3
Total operating expenses	130.9	127.1	386.0	383.1
<b>Operating income</b>	<b>93.5</b>	<b>113.2</b>	<b>330.4</b>	<b>287.6</b>
Net gain on settlement of executive litigation	-	-	-	35.3
Investment income	0.6	1.3	6.3	7.5
Interest expense	(8.9)	(3.9)	(26.7)	(14.1)
Other income/(deductions)	(0.4)	2.1	(1.0)	2.7
Total other income/(expense), net	(8.7)	(0.5)	(21.4)	31.4
<b>Earnings before income tax</b>	<b>84.8</b>	<b>112.7</b>	<b>309.0</b>	<b>319.0</b>
Income tax expense	30.0	42.1	101.9	119.5
<b>Net income</b>	<b>54.8</b>	<b>70.6</b>	<b>207.1</b>	<b>199.5</b>
Preferred dividends	0.2	0.2	0.6	0.6
<b>Earnings on common stock</b>	<b>\$ 54.6</b>	<b>\$ 70.4</b>	<b>\$ 206.5</b>	<b>\$ 198.9</b>

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

**THE DAYTON POWER AND LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

\$ in millions	Nine Months Ended September 30,	
	2008	2007
<b>Cash flows from operating activities:</b>		
Net income	\$ 207.1	\$ 199.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	95.0	95.2
Net gain on settlement of executive litigation	-	(35.3)
Amortization of regulatory assets	7.6	8.3
Deferred income taxes	31.2	11.0
Changes in certain assets and liabilities:		
Accounts receivable	3.2	(40.0)
Accounts payable	23.5	22.7
Accrued taxes payable	(61.1)	(3.1)
Accrued interest payable	2.3	2.4
Prepayments	(0.1)	0.7
Inventories	(4.7)	(19.8)
Deferred compensation assets	1.0	4.1
Deferred compensation obligations	(7.4)	1.1
Other	(23.8)	16.0
<b>Net cash provided by operating activities</b>	<b>273.8</b>	<b>262.8</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(173.1)	(271.0)
<b>Net cash used for investing activities</b>	<b>(173.1)</b>	<b>(271.0)</b>
<b>Cash flows from financing activities:</b>		
Short-term loan from parent	-	105.0
Withdrawals from revolving credit facility	105.0	95.0
Repurchase of pollution control bonds	(90.0)	-
Repayment of borrowings from revolving credit facility	(15.0)	(95.0)
Withdrawals of restricted funds held in trust, net	20.5	10.1
Dividends paid on preferred stock	(0.6)	(0.7)
Repayment of short-term loan from parent	(20.0)	(15.0)
Dividends paid on common stock held by parent	(80.0)	(125.0)
<b>Net cash used for financing activities</b>	<b>(80.1)</b>	<b>(25.6)</b>
<b>Cash and cash equivalents:</b>		
Net change	20.6	(33.8)
Balance at beginning of period	13.2	46.1
<b>Cash and cash equivalents at end of period</b>	<b>\$ 33.8</b>	<b>\$ 12.3</b>
<b>Supplemental cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 21.7	\$ 9.6
Income taxes paid, net	\$ 112.2	\$ 86.8
<b>Non-cash financing and investing activities:</b>		
Restricted funds held in trust	\$ 16.5	\$ 0.5
Accruals for capital expenditures	\$ 43.3	\$ 45.5

See Notes to Condensed Consolidated Financial Statements.

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

\$ in millions	At September 30, 2008	At December 31, 2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 33.8	\$ 13.2
Restricted funds held in trust	16.5	37.0
Accounts receivable, less provision for uncollectible accounts of \$1.6 and \$1.5, respectively	215.6	221.8
Inventories, at average cost	108.2	103.8
Taxes applicable to subsequent years	13.7	48.0
Other current assets	23.8	13.4
Total current assets	<u>411.6</u>	<u>437.0</u>
<b>Property:</b>		
Property, plant and equipment	4,916.7	4,757.0
Less: Accumulated depreciation and amortization	(2,238.7)	(2,159.1)
Total net property	<u>2,678.0</u>	<u>2,597.9</u>
<b>Other noncurrent assets:</b>		
Regulatory assets	166.7	165.2
Other deferred assets	64.5	76.6
Total other noncurrent assets	<u>231.2</u>	<u>241.8</u>
<b>Total Assets</b>	<u><u>\$ 3,320.8</u></u>	<u><u>\$ 3,276.7</u></u>

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

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

\$ in millions	At September 30, 2008	At December 31, 2007
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities:</b>		
Current portion - long-term debt	\$ 0.7	\$ 0.7
Accounts payable	183.3	181.9
Accrued taxes	79.3	112.7
Accrued interest	16.6	12.9
Revolving credit borrowings	90.0	-
Short-term debt owed to parent	-	20.9
Other current liabilities	27.8	26.9
Total current liabilities	<u>396.6</u>	<u>336.0</u>
<b>Noncurrent liabilities:</b>		
Long-term debt	784.2	874.8
Deferred taxes	396.0	367.0
Unamortized investment tax credit	38.7	40.7
Other deferred credits	196.6	266.2
Total noncurrent liabilities	<u>1,415.5</u>	<u>1,548.5</u>
Cumulative preferred stock not subject to mandatory redemption	22.9	22.9
Commitments and contingencies (Note 10)		
<b>Common shareholder's equity:</b>		
Common stock, at par value of \$0.01 per share	0.4	0.4
Other paid-in capital	782.9	784.8
Accumulated other comprehensive (loss) income	(1.6)	6.5
Retained earnings	704.1	577.6
Total common shareholder's equity	<u>1,485.8</u>	<u>1,369.3</u>
<b>Total Liabilities and Shareholder's Equity</b>	<u><u>\$ 3,320.8</u></u>	<u><u>\$ 3,276.7</u></u>

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