BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

| | | |
|---|---|---|
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan | : | Case No. 12-426-EL-SSO |
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs | : | Case No. 12-427-EL-ATA |
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority | : | Case No. 12-428-EL-AAM |
| In the Matter of the Application of The Dayton Power and Light Company for the Waiver of Certain Commission Rules | : | Case No. 12-429-EL-WVR |
| In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders | : | Case No. 12-672-EL-RDR |

**THE DAYTON POWER AND LIGHT COMPANY'S MEMORANDUM IN OPPOSITION TO MOTION TO CONTINUE HEARING DATE**

## I. INTRODUCTION AND SUMMARY

The Joint Movants ask the Commission to vacate the current hearing date (February 11, 2013), and reset the hearing for May 7, 2013 (or perhaps even later). The Commission should deny that motion for the following separate and independent reasons:

First, as demonstrated in the attached Declaration of William Chambers, DP&L's financial integrity would be jeopardized by any delay in the hearing. Specifically, DP&L will earn a return on equity ("ROE") of only [redacted] during any period in 2013 that its current rates remain in effect. That ROE is inadequate (the Commission recently approved a target ROE range of 7% to 11%), and will jeopardize DP&L's financial integrity. The Commission thus should not delay the hearing because the facts show that DP&L would be significantly prejudiced by the delay.

Second, the Joint Movants claim that their ability to prepare their testimony has been prejudiced by amendments that DP&L made to its Applications. The facts simply do not support the Joint Movants' contention. In fact, DP&L's current application is substantially the same as its MRO Application, which was filed over nine months ago.

Third, the Joint Movants also assert that the hearing dates should be vacated due to discovery disputes in this case. However, the discovery disputes that have arisen in this case are typical of the run-of-the-mill discovery disputes that occur in many Commission cases. The presence of discovery disputes does not warrant the extraordinary remedy of a three-month (or longer) delay in the hearing date.

## II. BACKGROUND FACTS

A short timeline will assist the Commission to understand the background facts:

| **Date** | | **Description** |
|---|---|---|
| March 30, 2012 | -- | DP&L filed its MRO Application |
| September 7, 2012 | -- | DP&L withdrew its MRO Application |
| October 5, 2012 | -- | DP&L filed its ESP Application |
| November 29, 2012 | -- | DP&L discovered error in its ESP Application that required changes to ESP Application. DP&L worked diligently to correct the error, and make a revised filing in under two weeks. |
| December 12, 2012 | -- | DP&L filed its Second Revised ESP Application |

## III. A DELAY IN THE HEARING WILL JEOPARDIZE DP&L'S FINANCIAL INTEGRITY

As demonstrated in the attached Declaration of William Chambers, DP&L will earn an ROE of [redacted] for any period during 2013 that DP&L's current rates remain in effect. Chambers Dec., ¶ 4(a).

The Commission stated in AEP's recent ESP case that it is reasonable for a utility to have an opportunity to earn an ROE of between 7% and 11%. Opinion & Order, p. 33. (Case No. 11-346-EL-SSO). An ROE of [redacted] is unreasonably low, will jeopardize DP&L's financial integrity, and would constitute a taking. Chambers Dec., ¶ 4(b). Further, as Mr. Chambers explains, a delay in the hearing date would be perceived negatively by rating agencies and investors, and would harm DP&L's ability to raise capital. Chambers Dec., ¶ 4(c). The Commission thus should not delay the hearing date.

## IV. THE AMENDED APPLICATIONS HAVE NOT PREJUDICED THE JOINT MOVANTS' ABILITY TO PREPARE TESTIMONY

The Joint Movants assert (p. 7) that their ability to prepare testimony has been prejudiced by the changes made to DP&L's Application, but that simply is not so. DP&L's March 30, 2012 MRO Application was very similar to its October 5, 2012 ESP Application. The similarities between the two applications include:

1. Both sought to blend DP&L's current rates with rates set through a Competitive Bidding Process ("CBP") pursuant to a blending schedule;
2. Both had substantially identical plans for a CBP;
3. Both sought to have a nonbypassable stability charge;
4. Both sought to implement substantially the same rate structure and riders;
5. Both had testimony from the following witnesses on substantially the same subjects: Claire Hale, Aldyn Hoekstra, Craig Jackson, Teresa

Marrinan, Nathan Parke, Emily Rabb, Dona Seger-Lawson, and Judi Sobecki.

Further, DP&L's December 12, 2012 Second Revised ESP Application was nearly identical to DP&L's October 5, 2012 ESP Application. The only material difference between the two ESP Applications is that the amount of the requested Service Stability Rider increased from $120 million per year to $137.5 million per year.

The intervenors have thus had the core of DP&L's filing since March 30, 2012, over nine months ago. The Commission should thus conclude that the amendments to DP&L's Applications have not impaired the intervenors' ability to prepare testimony.

## V. DP&L HAS ACTED REASONABLY IN DISCOVERY

The principal basis that the Joint Movants cite as grounds for extending the hearing date is their unsubstantiated claim (pp. 2, 3, 7, 8, 9) that DP&L has failed to reply promptly to their discovery requests. While the Joint Movants repeatedly claim that DP&L has failed to satisfy its discovery obligations, they fail to cite specific facts that are sufficient to support that assertion. The Commission should reject their argument for the following separate and independent reasons.

As an initial matter, as the Commission knows, discovery disputes are common in Commission cases. The discovery disputes in this case are nothing more than the typical, run-of-the-mill discovery disputes that arise as a matter of course in Commission proceedings. The Commission should conclude that the mere existence of some routine discovery disputes does not warrant the extraordinary remedy of delaying a hearing date by three months. That point is particularly true in this case, given that extending the hearing date would jeopardize DP&L's financial integrity.

Further, the Joint Movants make only generalized claims as to the existence of discovery disputes and delays, but do not describe any specific facts related to the purported discovery disputes. Those facts are:

1. Fifteen of the Joint Movants: The Joint Motion fails to disclose that only two of the seventeen Joint Movants (OCC and IEU) have served formal discovery requests upon DP&L since October 5, 2012 (the date DP&L filed its ESP Application). Fifteen of the Joint Movants have not even served discovery requests in that period, and there have been no discovery disputes at all between DP&L and those fifteen Joint Movants. The impression created by the Joint Motion that there have been discovery disagreements between DP&L and all of the Joint Movants is misleading.

2. OCC: As to OCC, as an initial matter, it has not filed a motion to compel, and DP&L and OCC have been working to resolve outstanding discovery disagreements.

Further, here are the pertinent facts relating to OCC's claim that DP&L has delayed in responding to OCC's discovery requests: On December 4, 2012, counsel for DP&L told counsel for OCC that DP&L had identified an error in its filing, that DP&L expected to make a corrected filing in about one week, and that all of DP&L would be working diligently during that week to make the corrected filing. During the one-week period after that conversation -- between December 4, 2012 (the date of the conversation) and December 12, 2012 (the date the Second Revised ESP Application was filed) -- OCC served five sets of discovery requests upon DP&L that included 73 interrogatories and 32 requests for production.[1] During

[1] Importantly, the pendency of the hearing date does not explain the volume of OCC's discovery requests during that one-week period. During the period of time that DP&L's MRO Application was pending, there were multiple

(footnote cont'd...)

the over nine-month period that the case has been pending, OCC has served a total of 23 sets of discovery requests, with a total of 423 interrogatories and 89 requests for production. The average week thus includes approximately 12 interrogatories and 3 requests for production, well below the number of discovery requests that OCC served during the week in which it knew that DP&L's employees would be unavailable to respond to its discovery requests.[2]

The Commission should conclude that the reason that OCC served five sets of discovery requests that included 73 interrogatories and 32 requests for production of documents between during that week is that OCC intended to overburden DP&L during a period of time that OCC had been told that the relevant DP&L employees would be unavailable since they would be working around the clock to correct the error in the ESP filing. <u>In any event, DP&L has now responded to all of OCC's outstanding discovery requests</u>.

In short, DP&L has made reasonable, good faith efforts to respond to OCC's discovery requests. More importantly, the Commission should not reward OCC's transparent efforts to overburden DP&L with discovery requests by extending the hearing date.

3. <u>IEU</u>: There are four pertinent points relating to discovery disagreements between DP&L and IEU.

<u>First</u>, DP&L has made reasonable, good faith efforts to respond to IEU's discovery requests. There have been some short delays in a few of DP&L's responses due to

(...cont'd)
hearing dates set (which were later vacated). However, OCC did not serve the same volumes of discovery requests in advance of those hearing dates.

[2] Most of OCC's discovery requests are served after 4:30 p.m., usually on a Friday, to minimize the number of work days DP&L has to respond given the 10-day deadline to respond to discovery requests that the Commission ordered.

time needed by DP&L employees to correct the error in the ESP filing, but DP&L worked diligently to complete those responses as quickly as possible and has provided to IEU all of the information to which it is entitled.

Second, as demonstrated in DP&L's memorandum in opposition to IEU's first motion to compel, at the time that IEU filed that motion, it knew that it was going to be receiving the overwhelming majority of the information that it had requested. Indeed, IEU subsequently has withdrawn many of the grounds on which the motion was based,[3] and DP&L has in fact responded to a number of the requests that IEU has not withdrawn.[4] As to the few items that remain in dispute, as demonstrated in DP&L's memorandum in opposition to IEU's motion to compel, IEU's claims as to those items are meritless.

Third, as to IEU's second motion to compel, DP&L's memorandum in opposition (due date of January 14, 2013) will demonstrate that IEU is not entitled to the requested information.

Fourth, as demonstrated in DP&L's motion to compel that was filed on January 9, 2013, IEU has utterly failed to comply with its own discovery obligations in this case. The Commission should not permit IEU to complain that some of DP&L's discovery responses have been inadequate when IEU itself has almost entirely ignored its own discovery obligations.

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[3] December 26, 2012 Letter from M. Pritchard to Attorney Examiners; January 2, 2013 Reply of Industrial Energy Users-Ohio, pp. 1-2.

[4] A complete list of the IEU discovery requests to which DP&L has already responded can be found in the December 27, 2012 DP&L Memorandum in Opposition to IEU's Motion to Compel, pp. 3-8.

In short, the Commission should conclude that DP&L has made reasonable efforts to respond to discovery in a timely manner, and should further conclude that the short delays in responding to some of the discovery requests do not warrant extending the hearing date.

## VI. IF THE COMMISSION WERE TO ALTER THE HEARING DATE, IT SHOULD COMMENCE FEBRUARY 25, 2013

In its scheduling Entry, the Commission set the hearing for the weeks February 11 and February 25, 2013 (the hearing is to recess for the week of February 18, 2013). Nov. 14, 2012 Entry, ¶ 3. If the Commission were to conclude that the start of the hearing should be altered then the latest the Commission should start the hearing on February 25, 2013, as the parties are already holding that week. (DP&L's counsel told the Attorney Examiner in a prior scheduling conference that he had a trial starting on March 11, 2013, but that other case has been resolved, and it was dismissed this week.)

## VII. CONCLUSION

The Commission should not delay the start of the hearing since doing so would jeopardize DP&L's financial integrity. Further, the discovery disputes in this case are typical of the discovery disputes that arise in many Commission cases; the Joint Movants have failed to support their claim that the run-of-the-mill discovery disputes in this case warrant the extraordinary remedy of extending the hearing by three months. Finally, if, despite the preceding arguments, the Commission elects to postpone the hearing, then the Commission should do so until no later than on the week of February 25, 2013, which is a date that the parties are already holding.

Respectfully submitted,

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I certify that a copy of the foregoing The Dayton Power and Light Company's Memorandum in Opposition to Motion to Continue Hearing Date has been served via electronic mail upon the following counsel of record, this 10th day of January, 2013:

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**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | |
|---|---|
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Market Rate Offer | Case No. 12-426-EL-SSO |
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs | Case No. 12-427-EL-ATA |
| In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority | Case No. 12-428-EL-AAM |
| In the Matter of the Application of The Dayton Power and Light Company for the Waiver of Certain Commission Rules | Case No. 12-429-EL-WVR |
| In the Matter of the Application of The Dayton Power and Light Company to Establish Tariff Riders | Case No. 12-672-EL-RDR |

**DECLARATION OF WILLIAM J. CHAMBERS RELATED TO THE JOINT MOTION TO VACATE PROCEDURAL SCHEDULE OR IN THE ALTERNATIVE TO MODIFY PROCEDURAL SCHEDULE FILED 4 JANUARY 2013**

STATE OF MASSACHUSETTS )
) SS:
COUNTY OF SUFFOLK )

William J. Chambers declares:

## I. INTRODUCTION AND SUMMARY

1. My name is William J. Chambers. I have personal knowledge of all matters stated in this Declaration, and I am competent to testify to the facts stated below.

2. I earned a Ph.D. in economics from Columbia University in 1975. From 1983 to 2005, I was employed at Standard & Poor's; I was in the debt rating division for the large majority of my time there. I joined the faculty at Boston University in 2005, where I teach finance, investment analysis and related courses. A complete copy of my curriculum vitae is attached as Appendix A to my Second Revised Direct Testimony in this matter.

3. Certain Intervenors in this case have filed a Joint Motion to Vacate Procedural Schedule or in the Alternative to Modify Procedural Schedule[1], proposing that the PUCO delay the start of the hearings in this matter until May 7, 2013. In this Declaration, I have been asked to address the effect that granting the Joint Motion would have on DP&L's projected financial results including, in particular, the firm's projected annualized return on equity ("ROE"). In addition, I have been asked to comment on other potential effects that the decision on the Joint Motion might have, including possible effects on the perceptions of investors and rating agencies.

4. Based on my review and analysis to date, I have reached the following conclusions:

(a) The continuation of DP&L's rate structure applicable in 2012 into 2013 will result in a projected annualized ROE for DP&L of just [redacted] during any period in

[1] For the purposes of this Declaration, I use the term "Joint Motion" to refer to the Joint Motion To Vacate Procedural Schedule Or In The Alternative To Modify Procedural Schedule, Schedule A Prehearing Conference, Request For Expedited Treatment, And Memorandum In Support, Filed January 4, 2013

2013 during which those rates are in effect, assuming expected customer switching behavior.[2]

(b) This projected annualized ROE of just [redacted] under the continued application of the 2012 rates is well below the level required by investors and would have an adverse effect on DP&L's financial integrity. The longer the delay in implementing a new rate structure, the greater the harm that will be experienced by DP&L in the form of a substandard rate of return.

(c) Delays in implementing a new rate structure for DP&L will increase the uncertainty among capital markets participants, including both investors and the credit rating agencies, regarding DP&L's short and longer-term financial health, the rate structure which the Commission ultimately will approve for DP&L, and the regulatory climate that DP&L will face in the future. This uncertainty also could impair DP&L's access to capital markets, including its ability to successfully refinance a large bond issue which matures in October 2013.

## II. GRANTING THE JOINT MOTION WOULD THREATEN DP&L'S FINANCIAL INTEGRITY

5. I have examined the financial outcomes, including the ROE, and consequences that DP&L would experience if DP&L's 2012 rate structure remains in effect through 2013, assuming that customers continue their pattern of switching to alternative electricity suppliers as projected in the Second Revised Testimony of Aldyn Hoekstra. This approach is consistent with the analysis presented in my Second Revised Direct Testimony (filed

[2] Second Revised Direct Testimony of Aldyn W. Hoekstra, Electric Security Plan (ESP), ("Hoekstra Testimony"), at 6, 8.

on December 12, 2012) regarding the proposed ESP II, which I incorporate herein by reference. Also, as in my Second Revised Direct Testimony, I have presented the analysis in the framework of a pro forma capital structure adjustment that effectively imputes some debt held on DPL Inc.'s balance sheet to DP&L.

6. As shown on WJC-II, if customer switching increases as expected and the 2012 rate structure were continued for all of 2013, the Company's projected total revenues would be [redacted] (of which approximately [redacted] is from the RSC) and would result in projected net income of approximately [redacted]. As shown in Exhibit WJC-I, with the reduction of the Company's projected net income to [redacted] under the continuation of the 2012 rate structure, the projected ROE would fall to [redacted] on an annualized basis. That level of ROE is below the level required by investors and, if maintained for a period of time, would have an adverse effect on DP&L's financial integrity. Moreover, this level of ROE falls well below the PUCO's reasonable range of 7 to 11 percent.

7. A sustained ROE at this level would cause financial distress for the Company and threaten its financial integrity. Such poor financial performance for 2013 likely would result in DP&L's credit rating being reduced in the near term by those agencies that currently have the rating under review, increase its cost of borrowed funds and pose an obstacle to the refinancing of the Company's long term debt that matures in 2013 and renegotiation of its revolving line of credit.

8. The results and conclusions stated above are based on the application of DP&L's 2012 rate structure to the entire year of 2013. If the proposed ESP II were implemented at some point during the year, with the current rates applying to only the first part of the year,

then the ROE shown in Column D of Exhibit WJC-1 would be representative of the projected annualized ROE earned during the portion of the year for which the existing rates will have remained in place. Assuming that ultimately the ESP II is approved in all its material aspects, the longer that the 2012 rates are permitted to continue through 2013, the lower will be the company's overall ROE and its other financial metrics will be negatively affected, reducing DP&L's financial integrity.

9. Delay in the resolution of DP&L's ESP II proposal will create additional uncertainty as to what its rate structure will ultimately be and when any such new rates will be implemented. This additional uncertainty will harm DP&L in the eyes of capital markets participants, potentially affecting the company's credit standing, its credit rating and its ability to refinance bonds maturing in October 2013 and its revolving line of credit. In its announcement on November 9, 2012, Moody's placed the ratings of DP&L and DPL under review for possible downgrade. It cited three principal reasons for this action:

a) Deterioration of the companies' financial metrics;

b) Uncertainty regarding the regulatory compact; and

c) Challenges around debt maturities beginning in 2013.[3]

10. Further delay of the hearing will exacerbate and negatively impact all three of these factors. As documented in this Declaration, the longer DP&L is required to operate under the existing rate regime, the poorer will be its financial performance in 2013. Continuation will increase concern about the regulatory environment facing DP&L. Both

[3] Moody's Investors Service, Announcement: Moody's Places the Ratings of DPL and DP&L Under Review for Possible Downgrade, November 9, 2012

of these two factors also will affect how investors approach any issue of debt to refinance maturing obligations or the granting of new short-term financing facilities.

11. Similarly, on November 7, 2012, FitchRatings placed the ratings of DPL and DP&L on Rating Watch Negative at the same time that it lowered the rating on DPL[4]. FitchRatings cited similar factors to those identified by Moody's in taking this action. It specifically targeted the resolution of the Ratings Watch situation to the decision by PUCO regarding the current ESP, which it anticipated being resolved within the first quarter of 2013, as it is currently scheduled to be. Consequently, further continuation of the hearings may increase the likelihood of a further negative rating decision by FitchRatings.

I declare under the penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on January 10, 2013, at Boston, Massachusetts.

William J. Chambers

[4] FitchRatings, Fitch Downgrades DPL and Places DPL and DP&L on Rating Watch Negative, November 7, 2012.

EXHIBIT 1

**The Dayton Power and Light Company**
**Case No. 12-426-EL-SSO**
**Projected Financial Ratios in 2013**
**Summary of Current versus Proposed Rates, Expected Switching**

Data: Forecasted
Type of Filing: Second Revised
Work Paper Reference No(s).: Second Revised WJC-II; Second Revised WJC-III; Second Revised WJC-IV; Second Revised WJC-11

Second Revised WJC-I
Page 1 of 1
Witness Responsible: William J. Chambers

| Line No. (A) | Description (B) | Proposed Rates (C) | Current Rates (D) | Source (E) |
|---|---|---|---|---|
| 1 | Net Income | $ [redacted] | [redacted] | Line 38 from Second Revised WJC-II. |
| 2 | Issuance of pref. stock | $ [redacted] | [redacted] | Line 14 from Second Revised WJC-IV. |
| 3 | Average Equity | $ [redacted] | [redacted] | See Below. |
| 4 | ROE | [redacted] | [redacted] | See Below. |
| 5 | Operating EBITDA / Interest Expense | [redacted] | [redacted] | See Below. |
| 6 | FFO + Interest / Interest Expense | [redacted] | [redacted] | See Below. |
| 7 | Debt / Operating EBITDA | [redacted] | [redacted] | See Below. |
| 8 | Debt / FFO | [redacted] | [redacted] | See Below. |
| 9 | Total Debt / Total Capital | [redacted] | [redacted] | See Below. |
| 10 | Common Equity / Total Capital | [redacted] | [redacted] | See Below. |
| 11 | Internal Generation | [redacted] | [redacted] | See Below. |
| 12 | Operating Margin | [redacted] | [redacted] | See Below. |
| 13 | Common Dividend Payout Ratio | [redacted] | [redacted] | See Below. |

Notes & Sources:

3 ([redacted](2012 Common Shareholder's Equity, see Second Revised WJC-11) + Line 36 from Second Revised WJC-III) / 2.

4 (Line 1 + Line 2) / Line 3.

5 Line 24 / Line 29 from Second Revised WJC-II * -1.

6 ((Line 6 - Line 4 from Second Revised WJC-IV) - Line 29 from Second Revised WJC-II) / (-1 * Line 29 from Second Revised WJC-II).

7 (Line 25 + Line 38 from Second Revised WJC-III) / Line 24 from Second Revised WJC-II.

8 (Line 25 + Line 38 from Second Revised WJC-III) / (Line 6 - Line 4 from Second Revised WJC-IV).

9 (Line 25 + Line 38) / (Line 25 + Line 39) from Second Revised WJC-III.

10 Line 36 / (Line 25 + Line 39) from Second Revised WJC-III.

11 (Line 6 - Line 4 + Line 13 + Line 14 from Second Revised WJC-IV) / Change in 2012 to 2013 Line 10 from Second Revised WJC-III.
2012 PPE calculated as average 2011 and 2013 PPE.

12 Line 22 / Line 7 from Second Revised WJC-II.

13 (-1 * Line 13) / (Line 1 + Line 14) from Second Revised WJC-IV.

**The Dayton Power and Light Company**
**Case No. 12-426-EL-SSO**
**Projected Statements of Income (unaudited) ($ in millions)**
**Current versus Proposed Rates, Expected Switching**

Data: Forecasted
Type of Filing: Second Revised
Work Paper Reference No(s).: CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx;
WJC-II; Second Revised WJC-3.B; Second Revised WJC-11; WP-12.2

Second Revised WJC-II
Page 1 of 1
Witness Responsible: William J. Chambers

| Line No. (A) | Description (B) | Proposed Rates (C) | Current Rates (D) | Source (E) |
|---|---|---|---|---|
| 1 | Operating Revenues | | | |
| 2 | Retail | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 3 | Service Stability rider | $ [redacted] | [redacted] | See Below. |
| 4 | Wholesale | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 5 | RTO Capacity and Other RTO Revenues | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 6 | Other Revenues | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 7 | Total Revenues | $ [redacted] | [redacted] | Sum(Line 2 – Line 6). |
| 8 | | | | |
| 9 | Fuel and Purchased Power | | | |
| 10 | Fuel Costs | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 11 | Purchased Power | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 12 | Total Fuel and Purchased Power | $ [redacted] | [redacted] | Line 10 + Line 11. |
| 13 | | | | |
| 14 | Gross Margin | $ [redacted] | [redacted] | Line 7 - Line 12. |
| 15 | | | | |
| 16 | Operating Expenses | | | |
| 17 | Operation and Maintenance | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 18 | Depreciation and Amortization | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 19 | General Taxes | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 20 | Total Operating Expenses | $ [redacted] | [redacted] | Sum(Line 17 – Line 19). |
| 21 | | | | |
| 22 | Operating Income | $ [redacted] | [redacted] | Line 14 - Line 20. |
| 23 | | | | |
| 24 | EBITDA | $ [redacted] | [redacted] | Line 18 + Line 22. |
| 25 | | | | |
| 26 | L.T. Rate | [redacted] | [redacted] | From Workpaper 12.2. |
| 27 | Additional Interest Expense | $ [redacted] | [redacted] | See Below. |
| 28 | Original Gross Interest Expense | $ [redacted] | [redacted] | From Second Revised WJC-3.B |
| 29 | Actual Gross Interest Expense | $ [redacted] | [redacted] | Line 27 + Line 28. |
| 30 | Other Interest Expense | $ [redacted] | [redacted] | From Second Revised WJC-3.B |
| 31 | Total Interest Expense | $ [redacted] | [redacted] | Line 29 + Line 30. |
| 32 | Other Income (Deductions) | $ [redacted] | [redacted] | From Second Revised WJC-3.B, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 33 | | | | |
| 34 | Earnings Before Income Tax | $ [redacted] | [redacted] | Line 22 + Line 31 + Line 32. |
| 35 | | | | |
| 36 | Income Tax | $ [redacted] | [redacted] | Line 34 * 35.8%. |
| 37 | | | | |
| 38 | Net Income | $ [redacted] | [redacted] | Line 34 - Line 36. |

Notes & Sources:
The wholesale revenue and purchased power variance between the two scenarios is primarily driven by the 10% transition to market expense assumption in the Proposed scenario which impacts the net hourly energy reconciliaition between wholesale revenue and purchased power.
3 Proposed Rates: from Second Revised WJC-3.B. Current Rates: from WJC-II and conversations with Dona Seger-Lawson.
27 Additonal [redacted] in LT Debt (see Second Revised WJC-11) * Line 26 * -1.

**The Dayton Power and Light Company**
**Case No. 12-426-EL-SSO**
**Projected Balance Sheet (unaudited) ($ in millions)**
**Current versus Proposed Rates, Expected Switching**

Data: Forecasted
Type of Filing: Second Revised
Work Paper Reference No(s).: Second Revised WJC-II; Second Revised WJC-IV; Second Revised WJC-3.C; Second Revised WJC-11; CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx


Witness Responsible: William J. Chambers

| Line No. (A) | Description (B) | Estimated Balance at December 31, 2013 Proposed Rates (C) | Current Rates (D) | Source (E) |
|---|---|---|---|---|
| 1 | Assets | | | |
| 2 | Cash and temporary cash investments | $ [redacted] | [redacted] | From Second Revised WJC-3.C, Second Revised WJC-IV. |
| 3 | Accounts receivable | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 4 | Inventories, at average cost | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 5 | Taxes applicable to subsequent years | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 6 | Other | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 7 | Total Current Assets | $ [redacted] | [redacted] | Sum(Line 2 – Line 6). |
| 8 | | | | |
| 9 | Property, Plant and Equipment | | | |
| 10 | Property, Plant and Equipment | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 11 | Accumulated depreciation and amortization | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 12 | Total Property, Plant and Equipment | $ [redacted] | [redacted] | Line 10 + Line 11. |
| 13 | | | | |
| 14 | Income taxes recoverable through future revenues | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 15 | Other regulatory assets | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 16 | Other | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 17 | Total Other Noncurrent Assets | $ [redacted] | [redacted] | Sum(Line 14 – Line 16). |
| 18 | | | | |
| 19 | Total Assets | $ [redacted] | [redacted] | Line 7 + Line 12 + Line 17. |
| 20 | | | | |
| 21 | | | | |
| 22 | Liabilities and Shareholder's Equity | | | |
| 23 | Accounts payable | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 24 | Accrued taxes | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 25 | Short-term debt | $ [redacted] | [redacted] | From Second Revised WJC-3.C, Second Revised WJC-IV. |
| 26 | Other | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 27 | Current Liabilities | $ [redacted] | [redacted] | Sum(Line 23 – Line 26) |
| 28 | | | | |
| 29 | Deferred taxes | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 30 | Unamortized investment tax credit | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 31 | Other | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 32 | Non Current Liabilities | $ [redacted] | [redacted] | Sum(Line 29 – Line 31) |
| 33 | Current and Non Current Liabilities | $ [redacted] | [redacted] | Line 27 + Line 32. |
| 34 | | | | |
| 35 | Capitalization | | | |
| 36 | Common Shareholder's Equity | $ [redacted] | [redacted] | See Below. |
| 37 | Preferred Stock | $ [redacted] | [redacted] | From Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx |
| 38 | Total Long Term Debt | $ [redacted] | [redacted] | See Below. |
| 39 | Total Capitalization | $ [redacted] | [redacted] | Sum(Line 36 – Line 38). |
| 40 | | | | |
| 41 | Total Liabilities and Shareholder's Equity | $ [redacted] | [redacted] | Line 33 + Line 39. |

Notes & Sources:

36 [redacted] (2012 Common Shareholder's Equity, see Second Revised WJC-11) + (Line 38 from Second Revised WJC-II + (Line 13 + Line 14) from Second Revised WJC-IV)

38 LT Debt + [redacted] See Second Revised WJC-11, Second Revised WJC-3.C, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx

**The Dayton Power and Light Company**
**Case No. 12-426-EL-SSO**
**Projected Statement of Cash Flows (unaudited) ($ in millions)**
**Current versus Proposed Rates, Expected Switching**

Data: Forecasted
Type of Filing: Second Revised
Work Paper Reference No(s).: Second Revised WJC-II; Second Revised WJC-III; Second Revised WJC-3.D; CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx

Second Revised WJC-IV

Witness Responsible: William J. Chambers

| Line No. | Description | Estimated Balance at December 31, 2013 Proposed Rates | Current Rates | Source |
|---|---|---|---|---|
| (A) | (B) | (C) | (D) | (E) |
| 1 | Net Income | $ [redacted] | | From Second Revised WJC-3.D, Second Revised WJC-II. |
| 2 | Depreciation and Amortization | $ | | From Second Revised WJC-3.D, Second Revised WJC-II. |
| 3 | Change in Deferred taxes | $ | | See Below. |
| 4 | Change in Certain Current Assets and Liabilities | $ | | Imputed value from Internal documents. |
| 5 | Other | $ | | |
| 6 | Net cash provided by operating activities | $ | | Sum (Line 1 - Line 5). |
| 7 | | | | |
| 8 | Net cash used for investing activities | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 9 | | | | |
| 10 | Original Issuance (retirement) of short-term debt | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 11 | Actual Issuance (retirement) of short-term debt | $ | | See Below. |
| 12 | Original Dividends paid to DPL Inc | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 13 | Actual Dividends paid to DPL Inc | $ | | See Below. |
| 14 | Issuance of pref. stock | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 15 | Other | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 16 | Net cash used for financing activities | $ | | Line 11 + Line 13 + Line 14 + Line 15. |
| 17 | | | | |
| 18 | Cash and Cash Equivalents | | | |
| 19 | Net Change | $ | | Line 6 + Line 8 + Line 16. |
| 20 | Balance at beginning of period | $ | | From Second Revised WJC-3.D, CLJ Exhibits with DETAIL- inc switching ext 2012 ratesv2.xlsx. |
| 21 | Cash and cash equivalents at end of period | $ | | Line 19 + Line 20. |

Notes & Sources:

3 2012 to 2013 change in Line 29 from Second Revised WJC-III. 2012 value average of 2011 and 2013 value.
11 Line 10 unless Line 21 falls below $10M and Line 13 equals $0. Then increased such that Line 21 is equal to $10M.
13 Equal to Line 12 unless Line 21 falls below $10M using the original amount of short-term debt. Dividends then lowered such that Line 21 is equal to $10M using the original issuance of short-term debt.