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Date of Hearing: March 19, 2013

Case No. 12-426-EL-SSO, et al. - Volume II

PUCO Case Captions:

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 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

List of exhibits being filed:

FES Exhibit 10

IEU-Ohio Exhibit 12

OCC Exhibits 3, 4, and 5

IEU-Ohio Exhibits 5, 6, 7, 8, 9, 10, 11, and 13 - CONFIDENTIAL

Reporter's Signature: Maria DiPaolo Jones

Submitted by Armstrong & Okey, Inc.: 4/2/13

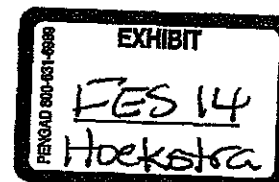
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Technician MJ Date Processed APR 02 2013

FES 10

INTERROGATORY NO. 8-6: Testimony of Aldyn Hoekstra Page 8, line 1 – Page 9, line 4. Provide all supporting data and analysis used to develop the projected switching rates shown in the table on line 1 of page 8.

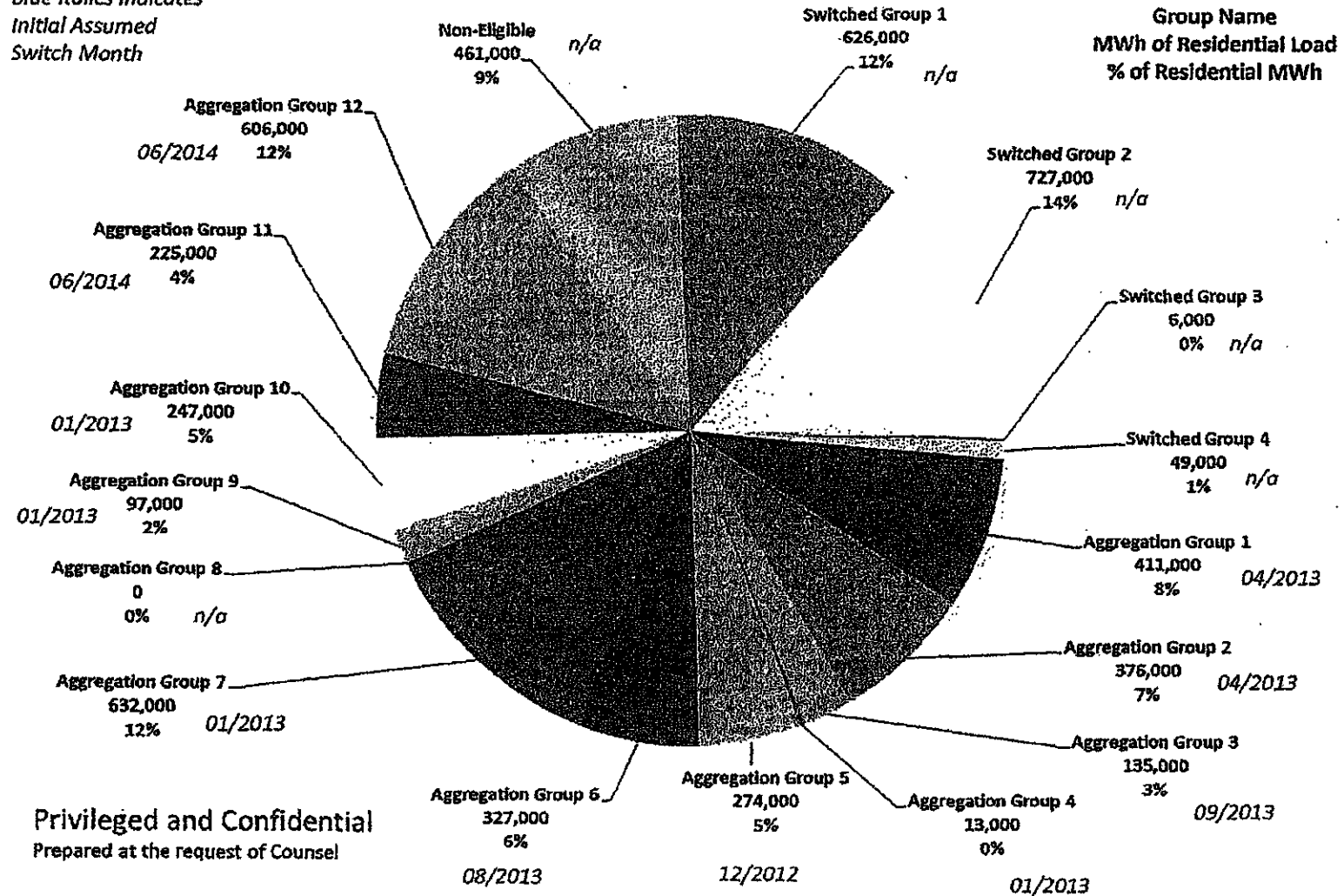
RESPONSE: General Objections Nos. 2 (unduly burdensome), 3 (privileged and work product), and 4 (proprietary). DP&L further objects because the supporting data and analysis requested relies on customer-specific data, which cannot be provided outside of DP&L in accordance with the PUCO's rules. Subject to all general objections, DP&L states that the produced document (Bates DP&L 0052668) provides support for the primary drivers of the projected switching rates shown on page 8 of Mr. Hoekstra's testimony.

WITNESS RESPONSIBLE: Aldyn Hoekstra.



Potential Residential Aggregation Status as of Aug-31-2012

Blue Italics Indicates
Initial Assumed
Switch Month



Privileged and Confidential
Prepared at the request of Counsel

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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

**OBJECTIONS AND RESPONSES OF
THE DAYTON POWER AND LIGHT COMPANY TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
PROPOUNDED UPON THE DAYTON POWER AND LIGHT COMPANY
NINETEENTH SET (DATED DECEMBER 10, 2012)**

The Dayton Power and Light Company ("DP&L") objects and responds to The Office of the Ohio Consumers' Counsel's ("OCC") Interrogatories and Requests for Production of Documents, Nineteenth Set as follows.

GENERAL OBJECTIONS

1. DP&L objects to and declines to respond to each and every discovery request to the extent that it seeks information that is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence. Ohio Admin. Code § 4901-1-16(B).

2. DP&L objects to and declines to respond to each and every discovery request to the extent that it is harassing, unduly burdensome, oppressive or overbroad. Ohio Admin. Code §§ 4901-1-16(B) and 4901-1-24(A).

3. DP&L objects to each and every discovery request to the extent that it seeks information that is privileged by statute or common law, including privileged communications between attorney and client or attorney work product. Ohio Admin. Code § 4901-1-16(B). Such material or information shall not be provided, and any inadvertent disclosure of material or information protected by the attorney-client privilege, the attorney work product doctrine or any other privilege or protection from discovery is not intended and should not be construed to constitute a waiver, either generally or specifically, with respect to such information or material or the subject matter thereof.

4. DP&L objects to each and every discovery request to the extent that it seeks information that is proprietary, competitively sensitive or valuable, or constitutes trade secrets. Ohio Admin. Code § 4901-1-24(A).

5. To the extent that interrogatories seek relevant information that may be derived from the business records of DP&L or from an examination or inspection of such records and the burden of deriving the answer is the same for OCC as it is for DP&L, DP&L may specify the records from which the answer may be derived or ascertained and afford OCC the opportunity to examine or inspect such records. Ohio Admin. Code § 4901-1-19(D).

6. DP&L objects to each and every interrogatory that can be answered more efficiently by the production of documents or by the taking of depositions. Under the comparable Ohio Civil Rules, "[a]n interrogatory seeks an admission or it seeks information of

major significance in the trial or in the preparation for trial. It does not contemplate an array of details or outlines of evidence, a function reserved by rules for depositions." Penn Cent. Transp. Co. v. Armco Steel Corp., 27 Ohio Misc. 76, 77, 272 N.E.2d 877, 878 (Montgomery Cty. 1971). As Penn further noted, interrogatories that ask one to "describe in detail," "state in detail," or "describe in particulars" are "open end invitation[s] without limit on its comprehensive nature with no guide for the court to determine if the voluminous response is what the party sought in the first place." Id., 272 N.E.2d at 878.

7. DP&L objects to each and every discovery request to the extent that it calls for information that is not in DP&L's current possession, custody, or control or could be more easily obtained through third parties or other sources. Ohio Admin. Code §§ 4901-1-19(C) and 4901-1-20(D). DP&L also objects to each and every discovery request that seeks information that is already on file with the Public Utilities Commission of Ohio or the Federal Energy Regulatory Commission. To the extent that each and every discovery request seeks information available in pre-filed testimony, pre-hearing data submissions and other documents that DP&L has filed with the Commission in the pending or previous proceedings, DP&L objects to it. Ohio Admin. Code § 4901-1-16(G).

8. DP&L reserves its right to redact confidential or irrelevant information from documents produced in discovery. All documents that have been redacted will be stamped as such.

9. DP&L objects to each and every discovery request to the extent that it is vague or ambiguous or contains terms or phrases that are undefined and subject to varying interpretation or meaning, and may, therefore, make responses misleading or incorrect.

10. DP&L objects to any discovery request to the extent that it calls for information not in its possession, but in the possession of DP&L's unregulated affiliates.

RESPONSES TO INTERROGATORIES

329. Referring to Attachment 1-17, IEU Discovery First set:

- A. At page 8, the material references an expected \$65 million of G&A savings in 2012, and a cumulative target of \$100 million in annual savings by End of 2013,
1. Identify DP&L's portion of those savings;

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 3 (privileged and work product). DP&L further objects because DP&L has not made any final decisions relating to reducing or eliminating expenses, and any decisions would depend on many unknown and variable factors including the results of this proceeding. DP&L's analysis of potential expense reductions constitutes protected work product, because that analysis depends upon DP&L's analysis of and expectations regarding the likely results of this proceeding; DP&L thus objects to providing the analysis that it has performed regarding potential expense reductions. DP&L has not made decisions relating to reduction or elimination of expenses and any such decisions must await the results of this case; DP&L cannot speculate as to what expense adjustments might be forced upon it. In addition, DP&L objects because AES is not subject to discovery in this matter. Subject to all general objections, DP&L states that its ability to reduce expenses is limited by various factors, including the requirements that DP&L comply with reliability and safety standards, and the fact that co-owners of certain of its generation assets have certain rights to operate those assets.

2. Identify whether the DP&L portion of the savings will be passed back to customers under the filed ESP plan, and if so, how.

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

3. define what is meant by "savings realized in cost of sales" and specify the DP&L share of those savings. Identify whether DP&L's portion of those savings will be passed back to customers under the filed ESP plan, and if so, how;

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

4. indicate whether the financial projections presented by Company witness Jackson (and relied upon by Witness Chambers) took DP&L's share of these savings into account. If so, indicate how this was done. If not, why not?

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

- B. At page 10, referring to the "cost reductions"(full year of 2012 reductions; partial year of incremental reductions in 2013) :

1. Identify DP&L's portion of those savings

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

2. Identify whether the DP&L portion of the savings will be passed back to customers under the Company's filed ESP plan, and if so, how;

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

3. indicate whether the financial projections presented by Company witness Jackson (and relied upon by Witness Chambers) took DP&L's share of these savings into account. If so, indicate how this was done. If not, why not?

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

C. Referring to the "planned cost reductions" at page 11,

1. Identify DP&L's portion of those savings

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

2. Identify whether the DP&L portion of the savings will be passed back to customers under the Company's filed ESP plan, and if so, how;

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

3. indicate whether the financial projections presented by Company witness Jackson (and relied upon by Witness Chambers) took DP&L's share of

these savings into account. If so, indicate how this was done. If not, why not?

RESPONSE: Subject to all general objections, DP&L states: See Objection to Interrogatory No. 329.A.1.

WITNESS RESPONSIBLE: None.

330. Referring to the Company's response to OEG Data Request 1.3, for the revenues provided for 2008 through 2011, please identify the annual revenue, by rate class.

RESPONSE: General Objections Nos. 1 (relevance) and 2 (unduly burdensome).

Subject to all general objections, DP&L states: 2008 = \$76.5 million; 2009 = \$72.5 million; 2010 = \$74.4 million; 2011 = \$73.8 million.

RSC Revenues by Tariff Class				
	2008	2009	2010	2011
Residential	\$21,419,830	\$20,697,119	\$21,943,746	\$21,549,556
Residential Heating	\$8,954,787	\$8,719,967	\$9,007,397	\$8,973,292
Secondary	\$24,245,082	\$23,142,634	\$23,308,264	\$23,086,170
Primary	\$13,596,151	\$12,867,885	\$13,012,084	\$12,972,414
Primary-Substation	\$3,705,148	\$2,796,710	\$2,593,116	\$2,517,606
High Voltage	\$3,931,946	\$3,622,288	\$3,938,383	\$4,086,122
POL	\$92,856	\$91,480	\$90,063	\$88,217
School	\$433,803	\$398,978	\$393,531	\$359,223
Street Lighting	\$147,798	\$148,002	\$147,988	\$148,080
Total	\$76,527,400	\$72,485,063	\$74,434,574	\$73,780,680

WITNESS RESPONSIBLE: Dona Seger-Lawson.

331. With regard to the proposed Switching Tracker, please identify the total revenues, by rate class, by year, for 2013 through 2017, that are projected to be collected by the Tracker.

RESPONSE: General Objections No. 2 (unduly burdensome). Subject to all general objections, DP&L states that the current projections included in Mr. Jackson's testimony on Second Revised Exhibit CLJ-2 do not reflect any revenue from the switching tracker for the period of 2013 through 2017 since switching rates were frozen as of August 30, 2012 in the ESP filing. However, Exhibit CLJ-5 and Exhibit CLJ-6 from Mr. Jackson's testimony provide additional detail regarding the switching tracker.

WITNESS RESPONSIBLE: Craig Jackson.

332. Referring to DPL Inc. and DP&L Form 10Q, for the quarterly period ending September 20, 2012, at page 18, the Company states that "DP&L sells any excess energy and capacity into the wholesale market." Please identify the excess energy and capacity sold into the wholesale market for 2009-2012.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), and 4 (proprietary). Subject to all general objections, Subject to all general objections, DP&L states: See the table below.

	DP&L Wholesale ** Revenue (\$ Millions)	DP&L RTO Capacity Revenue (\$ Millions)
2009	\$182.1	115.2
2010	365.6	157.6
2011	441.2	152.4
2012 YTD 9/30)	351.2	58.7

** Includes wholesales to DPLER

Source: DPL Inc. Forms 10-K and 10-Q

WITNESS RESPONSIBLE: Aldyn Hoekstra.

333. Please identify all estimates and assumptions about revenue, operating cash flow, capital expenditures, growth rates, and discount rates that were used in the Company's testing for the latest good will impairment analysis conducted pertaining to DP&L, as these documents were specified in the DPL Inc. and DP&L Form 10Q, for the quarterly period ending September 20, 2012, page 19.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

WITNESS RESPONSIBLE: Craig Jackson.

334. Please identify the material assumptions made in the preliminary step 1 and 2 of the interim impairment test, as referred to in the DPL and DP&L Inc. Form 10Q, for the quarterly period ending September 20, 2012, page 62, related to:

A. customer switching and aggregation trends

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

B. capacity price curves

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

C. energy price curves

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because

DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

D. amount of the non-bypassable charge

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

E. commodity price curves

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

F. dispatching

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because

DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

G. transition period for the conversion to a wholesale competitive bidding structure

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

H. amount of the standard service offer charge

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

I. valuation of regulatory assets and liabilities

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because

DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

J. discount rates

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

K. deferred income taxes.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

WITNESS RESPONSIBLE: Craig Jackson.

335. Referring to page 3 of Teresa Marrinan's testimony regarding DP&L's proposed Fuel Rider, it states the Fuel Rider will be based on a system average cost methodology:

A. Is this methodology a change from the Fuel Rider currently in effect?

RESPONSE: General Objections No. 7 (available on PUCO website). Subject to all general objections, DP&L states: Yes.

B. If the response to (A) is affirmative, how does the calculation of the proposed Fuel Rider differ from the calculation of the Fuel Rider currently in place?

RESPONSE: General Objections Nos. 2 (unduly burdensome), 6 (calls for narrative answer), and 7 (available on PUCO website). Subject to all general objections, DP&L states that the proposed fuel rider is based on a system average cost method as described in Witness Marrinan's testimony reflecting the total average costs of DP&L's energy supply system. The existing fuel rider is calculated by using retail customer load (including DP&L and DPL Energy Resource customers). In the existing fuel rider calculation, DP&L's generation and purchased power costs are stacked from lowest to highest cost, and the fuel and purchased power cost for the amount of supply needed to serve the retail customer load (inclusive of the load of DPL Energy Resources customers) is included in the fuel rate. For the existing fuel rider, DPL Energy Resources customer load is only used in the calculation of the rate. The rate is only charged to SSO customers and the rate does not impact DP&L wholesale sales to DPLER.

C. Are the fuel and purchased power costs associated with providing wholesale sales included in the proposed Fuel Rider?

RESPONSE: Subject to all general objections, DP&L states that purchased power costs associated with wholesale power sales are not included in the proposed fuel rider. The fuel and emissions allowance costs associated with DP&L-owned energy supply resources, which may be used to provide wholesale sales, are included in the system average cost method used under the proposed fuel rider.

WITNESS RESPONSIBLE: Aldyn Hoekstra.

336. Referring to page 3 of the Stipulation and Recommendation in the DP&L's Electric Security Plan in Case No. 08-1094-EL-SSO it states that DP&L will implement a bypassable fuel recovery rider to recover retail fuel and purchased power costs, based on least cost fuel and purchased power being allocated to retail customers (where retail customers include DP&L as well as DPL Energy Resource customers).

A. Did the process implemented to calculate the Fuel Rider in Case No. 08-1094-EL-SSO provide the least cost fuel and purchased power for retail customers?

RESPONSE: General Objections Nos. 1 (relevance) and 2 (unduly burdensome).

Subject to all general objections, DP&L states: Yes.

B. If the answer to (A) is affirmative, would the continuation of the existing methodology of calculating the Fuel Rider provide the least cost fuel and purchased power for retail customers?

RESPONSE: General Objections Nos. 1 (relevance) and 2 (unduly burdensome).

Subject to all general objections, DP&L states that the existing and proposed fuel rider methods cannot be compared directly because the existing fuel rider does not contemplate the auctioning of a portion of DP&L's SSO load under a CBP and requires that DPL Energy Resources customers be included in the definition of retail customers. In contrast, the proposed method does not include the load of any DPL affiliate in the calculation of the fuel rate and does explicitly contemplate and facilitate the auctioning of increasing shares of the SSO load under the CBP.

- C. If the response to (B) is affirmative, what is the purpose of changing the methodology for calculating the Fuel Rider?

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states: See pp. 5-6 of Witness Marrinan's testimony, which states as follows:

"The system average cost method is appropriate for several reasons. First, it improves operational efficiency because it is logical, simple and straightforward for DP&L to administer and for the Commission's staff and outside experts to understand and audit. The system average cost method also aligns incentives between DP&L and its customers by assigning the same system average cost for all DP&L customers. The system average cost method provides DP&L with clear incentives to manage its energy supply portfolio in order to achieve the least overall cost of energy supply for SSO customers under the proposed ESP. Finally, the system average cost method is consistent with the proposed blending of CBP prices into SSO rates under the proposed ESP, and can be applied consistently and simply throughout the entire term of the proposed ESP."

- D. If the response to (B) is negative, why would the continuation of the existing methodology of calculating the Fuel Rider not provide the least cost fuel and purchased power for retail customers?

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states: Inapplicable.

E. Are the fuel and purchased power costs associated with providing wholesale sales included in the Fuel Rider?

RESPONSE: Subject to all general objections, DP&L states that purchased power costs associated with wholesale power sales are not included in the proposed fuel rider. The fuel and emissions allowance costs associated with DP&L-owned energy supply resources, which may be used to provide wholesale sales, are included in the system average cost method used under the proposed fuel rider.

F. If the response to (E) is negative, would the inclusion of the costs associated with providing wholesale sales have increased the cost of the Fuel Rider?

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states: Inapplicable.

WITNESS RESPONSIBLE: Aldyn Hoekstra.

337. Referring to OCC INT-203, if electricity made available due to customer switching is sold to the retail or wholesale market at a price higher than the CB rate, how will those incremental dollars over and above the CB rate be treated with respect to the SSR and the switching tracker?

RESPONSE: General Objections Nos. 2 (unduly burdensome) and 6 (calls for narrative answer). Subject to all general objections, DP&L states that since the CB rate approximates the market rate, DP&L does not anticipate the available electricity to be sold at a higher price.

WITNESS RESPONSIBLE: Craig Jackson.

338. Does DPLER purchase any power for resale that is not provided by DP&L?

RESPONSE: General Objections Nos. 1 (relevance), 4 (proprietary), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states that it is not aware of any such purchases.

WITNESS RESPONSIBLE: Aldyn Hoekstra.

339. Referring to page 50 of DP&L's 2011 Form 10-K, it states that "during 2010, we implemented a new wholesale agreement between DP&L and DPLER. Under this agreement, intercompany sales from DP&L to DPLER were based on the market prices for wholesale power. In periods prior to 2010, DPLER's purchases from DP&L were transacted at prices that approximated DPLER's sales prices to its end-use retail customers."

A. When was the new wholesale agreement between DP&L and DPLER implemented?

RESPONSE: General Objections Nos. 1 (relevance), 4 (proprietary), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states that the subject agreement was effective as of January 1, 2010.

B. Why was the contract methodology of making sales to DPLER at prices that approximated DPLER's sales prices to its end-use retail customers changed to making sales to DPLER based on the market prices for wholesale power?

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states that the change was made because it met DP&L's and DPLER's business needs.

C. How does DP&L determine the market price to charge DPLER for each transaction between DP&L and DPLER?

RESPONSE: General Objections Nos. 1 (relevance), 4 (proprietary), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states that it charges transfer prices for transactions between DP&L and DPLER based on wholesale market prices.

WITNESS RESPONSIBLE: Aldyn Hoekstra.

RESPONSES TO REQUESTS FOR PRODUCTION OF DOCUMENTS

68. Please provide a copy of all documents including workpapers, and electronic spreadsheets supporting the revenue calculations requested in response to OCC INT 330 and 331.

RESPONSE: General Objections Nos. 1 (relevance) and 2 (unduly burdensome).

Subject to all general objections, DP&L states that Exhibit CLJ-5 and Exhibit CLJ-6, from Mr. Jackson's testimony, provide additional detail regarding the switching tracker.

69. Please provide a copy of all budgets, long term forecasts, macroeconomic projections, and current market expectations of returns on similar assets related to the Company's testing for the latest good impairment analysis pertaining to DP&L, as these documents were specified in the DPL Inc. and DP&L Form 10Q, for the quarterly period ending September 20, 2012, page 19.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L objects to providing that information because DPL Inc. is not subject to discovery in this matter and because the requested information is irrelevant.

70. Please provide a copy of the latest good will impairment analysis pertaining to DP&L.

RESPONSE: General Objections No. 1 (relevance). Subject to all general objections, DP&L states that there is no goodwill at the DP&L level.

71. Please provide a copy of the "values that were assigned to various intangible assets, including customer relationships, customer contracts and the value of our ESP" as referred to in the DPL Inc. and DP&L Form 10Q, for the quarterly period ending September 20, 2012, page 21.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states: Inapplicable.

72. Please provide a copy of all documents pertaining to the estimated fair value for each of DP&L's investments in plant at the merger date, as referred to in the DPL Inc. and DP&L Form 10Q, for the quarterly period ending September 20, 2012, page 52.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 6 (calls for narrative answer), and 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states: Inapplicable.

73. Please provide a copy of the interim impairment test results on the \$2.4 billion of good will at the DP&L Reporting Unit level.

RESPONSE: General Objections Nos. 1 (relevance) and 2 (unduly burdensome). Subject to all general objections, DP&L states: Inapplicable.

Respectfully submitted,

s/ Judi L. Sobecki

Judi L. Sobecki (0067186)
THE DAYTON POWER AND
LIGHT COMPANY
1065 Woodman Drive
Dayton, OH 45432
Telephone: (937) 259-7171
Telecopier: (937) 259-7178
Email: judi.sobecki@dplinc.com

s/ Charles J. Faruki

Charles J. Faruki (0010417)
(Counsel of Record)
Jeffrey S. Sharkey (0067892)
FARUKI IRELAND & COX P.L.L.
500 Courthouse Plaza, S.W.
10 North Ludlow Street
Dayton, OH 45402
Telephone: (937) 227-3705
Telecopier: (937) 227-3717
Email: cfaruki@ficlaw.com

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Objections and Responses of The Dayton Power and Light Company to the Office of the Ohio Consumers' Counsel's Interrogatories and Requests for Production of Documents Propounded Upon Dayton Power and Light Company Nineteenth Set (Dated December 10, 2012) has been served via electronic mail upon the following counsel of record, this 21st day of December, 2012:

Samuel C. Randazzo, Esq.
Frank P. Darr, Esq.
Matthew R. Pritchard, Esq.
Joseph E. Olikier, Esq.
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
sam@mwncmh.com
fdarr@mwncmh.com
mpritichard@mwncmh.com
joliker@mwncmh.com

Attorneys for Industrial Energy Users-Ohio

Philip B. Sineneng, Esq.
THOMPSON HINE LLP
41 South High Street, Suite 1700
Columbus, OH 43215
Philip.Sineneng@ThompsonHine.com

Amy B. Spiller, Esq.
Deputy General Counsel
Jeanne W. Kingery, Esq.
Associate General Counsel
DUKE ENERGY RETAIL SALES, LLC and
DUKE ENERGY COMMERCIAL ASSET
MANAGEMENT, INC.
139 East Fourth Street
1303-Main
Cincinnati, OH 45202
Amy.Spiller@duke-energy.com
Jeanne.Kingery@duke-energy.com

Attorneys for Duke Energy Retail Sales, LLC and
Duke Energy Commercial Asset Management, Inc.

Mark A. Hayden, Esq.
FIRSTENERGY SERVICE COMPANY
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

James F. Lang, Esq.
Laura C. McBride, Esq.
N. Trevor Alexander, Esq.
CALFEE, HALTER & GRISWOLD LLP
1400 KeyBank Center
800 Superior Avenue
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com
talexander@calfee.com

David A. Kutik, Esq.
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, OH 44114
dakutik@jonesday.com

Allison E. Haedt, Esq.
JONES DAY
325 John H. McConnell Blvd., Suite 600
Columbus, OH 43215-2673
aehaedt@jonesday.com

Attorneys for FirstEnergy Solutions Corp.

Robert A. McMahon, Esq.
EBERLY MCMAHON LLC
2321 Kemper Lane, Suite 100
Cincinnati, OH 45206
bmcmahon@emh-law.com

Rocco O. D'Ascenzo, Esq.
Associate General Counsel
Elizabeth Watts, Esq.
Associate General Counsel
DUKE ENERGY OHIO, INC.
139 East Fourth Street
1303-Main
Cincinnati, OH 45202
Elizabeth.Watts@duke-energy.com
Rocco.D'Ascenzo@duke-energy.com

Attorneys for Duke Energy Ohio, Inc.

David F. Boehm, Esq.
Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street Suite 1510
Cincinnati, OH 45202-4454
dboehm@BKLLawfirm.com
mkurtz@BKLLawfirm.com

Attorneys for Ohio Energy Group

Gregory J. Poulos, Esq.
EnerNOC, Inc.
471 East Broad Street
Columbus, OH 43215
Telephone: (614) 507-7377
Email: gpoulos@enernoc.com

Attorney for EnerNOC, Inc.

Colleen L. Mooney, Esq.
OHIO PARTNERS FOR AFFORDABLE
ENERGY
231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793
cmooney2@columbus.rr.com

Attorney for Ohio Partners for Affordable Energy

Jay E. Jadwin, Esq.
AMERICAN ELECTRIC POWER
SERVICE CORPORATION
155 W. Nationwide Blvd., Suite 500
Columbus, OH 43215
jejadwin@aep.com

Attorney for AEP Retail Energy Partners LLC

M. Anthony Long, Esq.
Senior Assistant Counsel
HONDA OF AMERICA MFG., INC.
24000 Honda Parkway
Marysville, OH 43040
tony_long@ham.honda.com

Attorney for Honda of America Mfg., Inc.

Richard L. Sites, Esq.
General Counsel and Senior Director of
Health Policy
OHIO HOSPITAL ASSOCIATION
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

Thomas J. O'Brien, Esq.
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
tobrien@bricker.com

Attorneys for Ohio Hospital Association

Thomas W. McNamee, Esq.
Assistant Attorney General
Devin D. Parram, Esq.
Assistant Attorneys General
180 East Broad Street
Columbus, OH 43215
Thomas.mcnamee@puc.state.oh.us
devin.parram@puc.state.oh.us

Attorneys for the Staff of the Public Utilities
Commission of Ohio

Mark S. Yurick, Esq.
(Counsel of Record)
Zachary D. Kravitz, Esq.
TAFT STETTINIUS & HOLLISTER LLP
65 East State Street, Suite 1000
Columbus, OH 43215
myurick@taftlaw.com
zkravitz@taftlaw.com

Attorneys for The Kroger Company

Mark A. Whitt, Esq. (Counsel of Record)
Andrew J. Campbell, Esq.
WHITT STURTEVANT LLP
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, OH 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com

Vincent Parisi, Esq.
Matthew White, Esq.
INTERSTATE GAS SUPPLY, INC.
6100 Emerald Parkway
Dublin, OH 43016
vparisi@igsenergy.com
mwhite@igsenergy.com

Attorneys for Interstate Gas Supply, Inc.

Steven M. Sherman, Esq. Counsel of Record
Joshua D. Hague, Esq. (admitted *pro hac vice*)
KRIEG DEVAULT LLP
One Indiana Square, Suite 2800
Indianapolis, IN 46204-2079
ssherman@kdlegal.com
jhague@kdlegal.com

Attorneys for Wal-Mart Stores East, LP
and Sam's East, Inc.

Melissa R. Yost, Esq., (Counsel of Record)
Maureen R. Grady, Esq.
Assistant Consumers' Counsel
Office of The Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
yost@occ.state.oh.us
grady@occ.state.oh.us

Attorneys for Office of the Ohio Consumers'
Counsel

Christopher L. Miller, Esq.
(Counsel of Record)
Gregory H. Dunn, Esq.
ICE MILLER LLP
250 West Street
Columbus, OH 43215
Christopher.Miller@icemiller.com
Gregory.Dunn@icemiller.com

Attorneys for the City of Dayton, Ohio

M. Howard Petricoff, Esq.
Stephen M. Howard, Esq.
VORYS, SATER, SEYMOUR AND
PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mhpetricoff@vorys.com
smhoward@vorys.com

Attorneys for the Retail Energy Supply
Association

Trent A. Dougherty, Esq. Counsel of Record
Cathryn N. Loucas, Esq.
OHIO ENVIRONMENTAL COUNCIL
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
trent@theoec.org
cathy@theoec.org

Attorneys for the Ohio Environmental
Council

Joseph M. Clark, Esq., Counsel of Record
6641 North High Street, Suite 200
Worthington, OH 43085
joseph.clark@directenergy.com

Christopher L. Miller, Esq.
Gregory J. Dunn, Esq.
Alan G. Starkoff, Esq.
ICE MILLER LLP
2540 West Street
Columbus, OH 43215
Christopher.Miller@icemiller.com
Gregory.Dunn@icemiller.com

Attorneys for Direct Energy Services, LLC
and Direct Energy Business, LLC

M. Howard Petricoff, Esq.
VORYS, SATER, SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mbpetricoff@vorys.com
smhoward@vorys.com

Attorneys for Exelon Generation Company, LLC,
Exelon Energy Company, Inc., Constellation
Energy Commodities Group, Inc., and
Constellation NewEnergy, Inc.
Matthew J. Satterwhite, Esq.
Steven T. Nourse, Esq.
AMERICAN ELECTRIC POWER SERVICE
CORPORATION
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
mjsatterwhite@aep.com
stnourse@aep.com

Attorneys for Ohio Power Company

Ellis Jacobs, Esq.
Advocates for Basic Legal Equality, Inc.
333 West First Street, Suite 500B
Dayton, OH 45402
ejacobs@ablelaw.org

Attorney for Edgemont Neighborhood
Coalition

Stephanie M. Chmiel, Esq.
Michael L. Dillard, Jr., Esq.
THOMPSON HINE LLP
41 South High Street, Suite 1700
Columbus, OH 43215
Stephanie.Chmiel@ThompsonHine.com
Michael.Dillard@ThompsonHine.com

Attorneys for Border Energy Electric
Services, Inc.

Matthew W. Warnock, Esq.
J. Thomas Siwo, Esq.
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
mwarnock@bricker.com
tsiwo@bricker.com

Attorneys for The Ohio Manufacturers'
Association Energy Group

Kimberly W. Bojko, Esq.
Joel E. Sechler, Esq.
CARPENTER LIPPS & LELAND LLP
280 Plaza, Suite 1300
280 North High Street
Columbus, OH 43215
Bojko@carpenterlipps.com
Sechler@carpenterlipps.com

Attorneys for SolarVision, LLC

Matthew R. Cox, Esq.
MATTHEW COX LAW, LTD.
4145 St. Theresa Blvd.
Avon, OH 44011
matt@matthewcoxlaw.com

Attorney for the Council of Smaller Enterprises

Cynthia Fonner Brady, Esq.
Assistant General Counsel
EXELON BUSINESS SERVICES COMPANY
4300 Winfield Road
Warrenville, IL 60555
Cynthia.Brady@constellation.com

Attorney for Constellation
an Exelon Company

Edmund J. Berger, Esq. (admitted *pro hac vice*)
Office of The Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
berger@occ.state.oh.us

Attorneys for Office of the Ohio Consumers'
Counsel

Scott C. Solberg, Esq. (admitted *pro hac vice*)
Eimer Stahl LLP
224 South Michigan Avenue, Suite 1100
Chicago, OH 60604
ssolberg@eimerstahl.com

Attorney for Exelon Generation
Company, LLC

Stephen Bennett, Manager
State Government Affairs
300 Exelon Way
Kenneth Square, PA 19348
stephen.bennett@exeloncorp.com

s/ Jeffrey S. Sharkey
Jeffrey S. Sharkey

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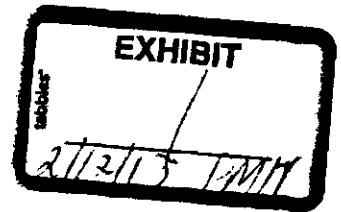
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Research Update:

**S&PCORRECT: DPL Inc., Dayton
Power & Light Co. Lowered To 'BB'
From 'BBB-'; Debt Ratings Also Cut;
Otlk Stable**

Primary Credit Analyst:

Matthew L O'Neill, New York (1) 212-438-4295; matthew_oneill@standardandpoors.com

Secondary Contact:

John W Whitlock, New York (1) 212-438-7678; john_whitlock@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Research Update:

S&PCORRECT: DPL Inc., Dayton Power & Light Co. Lowered To 'BB' From 'BBB-'; Debt Ratings Also Cut; Otlk Stable

(Editor's Note: We are republishing this article to correct the rating on DPL Inc.'s senior unsecured debt, which has been revised to 'BB-'.)

Overview

- Increased competition because of lower wholesale electricity prices will continue to materially reduce DPL's profit margins.
- We expect the unregulated retail business to grow because of the eventual transition to generation market rates.
- The company's financial position is stressed due to the substantial amount of acquisition debt layered on by parent company AES.
- We are lowering our ratings on DPL Inc. and its wholly owned subsidiary, Dayton Power & Light (DP&L), including the corporate credit rating on both entities, to 'BB' from 'BBB-' and removed them from CreditWatch with negative implications. We are also lowering our issue ratings on DPL's senior unsecured debt to 'BB-' from 'BB+' and on DP&L's senior secured debt to 'BBB-' from 'BBB+'.
- The outlook is stable, reflecting our baseline forecast for consolidated adjusted FFO to debt of about 8% to 10% for the next three years.

Rating Action

On Nov. 8, 2012, Standard & Poor's Ratings Services lowered its corporate credit ratings on DPL Inc. and subsidiary Dayton Power & Light Co. (DP&L) two notches, to 'BB' from 'BBB-', and removed them from CreditWatch negative. The outlook is stable.

At the same time, we lowered our issue ratings on DPL's senior unsecured debt to 'BB-' from 'BB+'. We assigned a recovery rating of '5', indicating our expectation that lenders would receive modest (10% to 30%) recovery of principal in a default. We also lowered our issue rating on DP&L's senior secured debt two notches, to 'BBB-' from 'BBB+'. We revised the recovery rating on the senior secured debt to '1', reflecting high (90% to 100%) recovery, from '1+'. All debt issue ratings have also been removed from CreditWatch negative.

Rationale

Standard & Poor's ratings on DPL Inc. reflect the company's consolidated credit profile, which includes its association with the weaker credit quality of its parent, The AES Corp. (BB-/Stable/--). DPL is the holding company for regulated electric utility DP&L. The ratings also reflect DPL's "strong" business risk profile and its "aggressive" financial risk profile, as defined in our criteria. (We rank business risk from "excellent" to "vulnerable" and financial risk from "minimal" to "highly leveraged.")

We view DPL and DP&L's business risk profiles as "strong" based on the increased competition among Midwest energy retail providers and the expected growth of the unregulated retail business. In addition, we expect competition to increase because of lower wholesale electricity prices, which will materially reduce DPL's profit margins. The company's financial position has very little cushion due to the increased amount of acquisition debt from parent company AES. DPL recently announced that it will be taking an impairment charge of \$1.85 billion on the goodwill associated with the AES purchase. Although we do not expect this impairment to affect cash flows, it will substantially weaken net income and earnings in 2012 as well as the total-debt-to-capital ratio. DPL's credit quality is heavily influenced by the substantial additional acquisition-related debt and its adverse impact on the company's key financial measures. Consequently, our baseline forecast calls for total debt to EBITDA of about 6.5x to 7.0x and adjusted FFO to total debt to be about 8% to 10%.

Our ratings on DPL and DP&L are higher than our rating on parent AES, as structural protections (a separateness agreement, an independent director, and debt limitations and covenants) provide some insulation to the subsidiaries.

Our assessment of both entities' strong business risk profiles is based on DP&L's eventual transition to generation market rates. We expect increasing competition from lower wholesale electricity prices to materially reduce DPL's profit margins in the next 12 to 24 months. Our assessment also takes into account the expected growth of the unregulated retail subsidiary, a lack of fuel diversity, and a weak economy in Dayton. Those factors are partly offset, in our view, by the lower-risk regulated transmission and distribution portion of the business, generally low-cost generating facilities, and the completion of an extensive environmental compliance program. With heightened competition in Ohio, unrated affiliate DPL Energy Resources now provides electricity to about 77% of DP&L's estimated 57% switched load at market rates.

DP&L recently filed a new electric security plan (ESP) for Jan. 1, 2013, through Dec. 31, 2017. The company's current ESP expires on Dec. 31, 2012. The new plan would reflect a proportionate blend of the rate resulting from a competitive bidding process and DP&L's current ESP generation prices. DP&L is proposing to blend in auction results with current standard-service offer rates, starting with a 10% mix of auction results and culminating in a 100% move to market rates in June 2016. DP&L has also requested approval for a

non-bypassable service stability rider (SSR) and a customer-switching tracker. We view the SSR and the tracker as good for credit quality as they would provide additional cash flow that would otherwise be lost in the company's transition to full market rates.

As a reference point, AEP Ohio's recent ESP filing with the Public Utilities Commission of Ohio includes a non-bypassable rider. AEP also filed to create a separate generation company for its Ohio generation assets.

We assess DPL's financial risk profile as aggressive, reflecting our base-case scenario of adjusted funds from operations (FFO) to total debt of about 8% to 10% and adjusted total debt to EBITDA of about 6.5x for the next 12 months. For the 12 months ended June 30, 2012, adjusted FFO to debt was 11%, compared with 12% at year-end 2011; adjusted debt to EBITDA was 5.8x, slightly weaker than 5.2x at year-end 2011.

Liquidity

Liquidity is "adequate" under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. "Adequate" liquidity supports our 'BB' issuer credit rating on DPL and its subsidiary DP&L. Our assessment is based on the following factors and assumptions:

- We expect liquidity sources (including FFO and credit facility availability) to exceed uses by more than 1.2x over the next 12 months;
- Debt maturities over the next year are manageable;
- Even if EBITDA declines by 15%, we believe net sources will be well in excess of liquidity requirements; and
- The company has good relationships with its banks and has a good standing in the credit markets.

DPL's projected sources of liquidity are mostly operating cash flow and available bank lines. Its projected uses are mainly for necessary capital expenditures and debt maturities. The company's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to reduce capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management further support our assessment of its liquidity as adequate.

DP&L's next maturity, in October 2013, is significant, at \$470 million. Given the magnitude of the maturity, we expect the company to address it well in advance of the due date. DP&L maintains a \$200 million revolving credit facility that matures on April 20, 2013. The company also has another \$200 million revolving credit facility that expires in August 2015. Subject to certain conditions and approvals, DP&L has the option to increase both facilities by up to an additional \$50 million each.

DPL recently reduced the limit on its \$125 million credit facility to \$75 million and negotiated changes to the covenant requirements with the bank group. The first financial covenant, originally a total-debt-to-capitalization

ratio, was changed, effective Sept. 30, 2012, to a total-debt-to-EBITDA ratio. The ratio is not to exceed 7.0x to 10.0x as of Sept. 30, 2012, and the ratio steps up to 8.25x to 10.0x by Sept. 30, 2013. The company is currently in compliance with this covenant. In addition, EBITDA to interest must be at least 2.5x under the covenant. The company is currently in compliance with this covenant as well.

Both DP&L bank agreements have one financial covenant requiring that DP&L's total debt to capital not exceed 65%; the company is comfortably in compliance, as its actual ratio is about 43%.

In our analysis, we assumed liquidity of about \$680 million over the next 12 months, consisting of projected PFO, excess cash, and availability under the credit facilities. We estimate liquidity uses of roughly \$560 million during the same period for capital spending, dividends, and debt maturities.

Recovery analysis

We assign recovery ratings on all debt issued by non-investment-grade rated corporate entities, and these ratings determine potential notching of issue ratings relative to our corporate credit rating on that company. Our recovery analysis is based on a simulated default by the company with its existing capital structure. Highlights of our recovery analysis are as follows:

- Our recovery analysis for DPL and DP&L was based on a simulated default in 2016, at which point all of its power assets will have transitioned to competitive-merchant status.
- Following a simulated default, we valued the regulated assets (the transmission and distribution equipment and non-bypassable charge) at their approximate net book value of \$955 million as a proxy for the allowed regulated return on these critical assets, and we valued the power assets at about \$905 million using a dollar-per-kilowatt (kw) approach that considers the nature of the individual assets and the conditions assumed in our simulated default scenario.
- We assumed a higher dollar-per-kilowatt multiple for the Zimmer (\$450/kw), Killen (\$425/kw), and Miami (\$425/kw) coal plants because environmental updates will have been completed prior to our simulated default date and because these facilities are newer and run with greater efficiency than the other coal assets. Conversely, we used lower multiples for the Stuart (\$375/kw), East Bend (\$350/kw), and Conesville (\$350/kw) coal plants because these facilities are somewhat older or less efficient and because these facilities could require additional environmental upgrades to meet federal and state laws. We have assigned no value to the Beckjord and Hutchings coal plants, which should be decommissioned, or to the low-margin retail marketing business. These assumptions produced a gross enterprise value of \$1.86 billion. Based on the company's relatively simple capital structure, we have estimated administrative bankruptcy expenses at 3%, producing a net enterprise value of about \$1.8 billion.
- DP&L's secured debt is expected to total \$923 million at default (including an estimate of six months' accrued interest) and would have

Research Update: S&PCORRECT: DPL Inc., Dayton Power & Light Co. Lowered To 'BB' From 'BBB-'; Debt Ratings Also Cut; Outlook Stable

the highest priority claim to this value. This suggests the potential for full recovery and total coverage of 195%, but the transfer of regulated assets to a merchant arm would leave only about 100% of the remaining regulated-asset value. Under our first-mortgage-bond criteria, this produces a '1' recovery rating, reflecting our expectation of 90% to 100%, thus the secured issue rating of 'BBB-', which is two notches higher than the corporate credit rating, although certain debt backed by bond insurance from Berkshire Hathaway is rated higher based on the insurer's credit rating. After accounting for other estimated claims at DP&L (two revolving facilities, which we assume would be fully drawn at default, and structurally senior preferred stock) of about \$424 million, roughly \$447.5 million in remaining value would be available to DPL creditors. This suggests total coverage of about 24% for DPL's unsecured debt of roughly \$1.8 billion. As such, this debt has a '5' recovery rating, reflecting modest (10% to 30%) recovery prospects, and an issue rating of 'BB-'.

Outlook

The stable rating outlook on DPL reflects Standard & Poor's baseline forecast that consolidated adjusted FFO to debt will be about 8% to 10% over the next 12 to 18 months. Significant risks to the forecast include increasing competition from lower electricity prices that could materially lower DPL's profit margins and a weaker economy than we currently expect.

We could lower the ratings if FFO to debt is consistently lower than 8% or the business risk profile weakens as a result of the disproportionate growth of the competitive energy business. Conversely, we could raise the ratings if FFO to debt consistently strengthens to greater than 15% on a sustained basis, which we would expect to result mostly from higher electricity prices and an improved economy.

Related Criteria And Research

- Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Analytical Methodology, April 15, 2008

Ratings List

Downgraded; Off CreditWatch

	To	From
DPL Inc.		
Dayton Power & Light Co.		
Corporate credit rating	BB/Stable/--	BBB-/Watch Neg/--

DPL Inc.

Research Update: S&PCORRECT: DPL Inc., Dayton Power & Light Co. Lowered To 'BB' From 'BBB-'; Debt Ratings Also Cut; Ork Stable

Senior unsecured	BB-	BB+/Watch Neg
Recovery rating	5	

Dayton Power & Light Co.

Senior secured	BBB-	BBB+/Watch Neg
Recovery rating	1	1+

DPL Capital Trust II

Preferred stock	B+	BB/Watch Neg
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S&PCORRECT: DPL Inc., Dayton Power & Light Ratings Lowered Two Notches, To 'BB' From 'BBB-'; Debt Ratings Also Cut; Outlook Stable

Publication date: 09-Nov-2012 10:03:47 EST

View Analyst Contact Information

(Editor's Note: This release, originally published on Nov. 8, 2012, is being republished to correct the rating on DPL Inc.'s senior unsecured debt in the "Rating Action" section and ratings list.)

- Increased competition because of lower wholesale electricity prices will continue to materially reduce DPL's profit margins.
- We expect the unregulated retail business to grow because of the eventual transition to generation market rates.
- The company's financial position is stressed due to the substantial amount of acquisition debt at parent company AES.
- We are lowering our ratings on DPL Inc. and its wholly owned subsidiary, Dayton Power & Light (DP&L), including the corporate credit rating on both entities, to 'BB' from 'BBB-' and removed them from CreditWatch with negative implications. We are also lowering our issue ratings on DPL's senior unsecured debt to 'BB-' from 'BB+' and on DP&L's senior secured debt to 'BBB-' from 'BBB+' and removing them from CreditWatch negative.
- The outlook is stable, reflecting our baseline forecast for consolidated adjusted FFO to debt of about 8% to 10% for the next three years.

NEW YORK (Standard & Poor's) Nov. 8, 2012--Standard & Poor's Ratings Services today said it has lowered its corporate credit ratings on DPL Inc. and subsidiary Dayton Power & Light Co. (DP&L) two notches, to 'BB' from 'BBB-', and removed them from CreditWatch negative. The outlook is stable.

At the same time, we lowered our issue rating on DPL's senior unsecured debt to 'BB-' from 'BB+'. We assigned a recovery rating of '5', indicating our expectation that lenders would receive modest (10% to 30%) recovery of principal in a default. We also lowered our issue rating on DP&L's senior secured debt two notches, to 'BBB-' from 'BBB+'. We revised the recovery rating on the senior secured debt to '1', reflecting high (90% to 100%) recovery, from '1+'. All debt issue ratings have also been removed from CreditWatch negative.

Standard & Poor's ratings on DPL Inc. reflect the company's consolidated

credit profile, which includes its association with the weaker credit quality of its parent, The AES Corp. (BB-/Stable/--). DPL is the holding company for regulated electric utility DP&L. The ratings also reflect DPL's "strong" business risk profile and its "aggressive" financial risk profile, as defined in our criteria.

"We view DPL and DP&L's business risk profiles as 'strong' based on the increased competition among Midwest energy retail providers and the expected growth of the unregulated retail business," said Standard & Poor's credit analyst Matthew O'Neill. In addition, we expect competition to increase because of lower wholesale electricity prices, which will materially reduce DPL's profit margins.

Our ratings on DPL and DP&L are higher than our rating on parent AES, as structural protections (a separateness agreement, an independent director, and debt limitations and covenants) provide some insulation to the subsidiaries.

Liquidity is "adequate" under Standard & Poor's corporate liquidity methodology.

The stable rating outlook on DPL reflects Standard & Poor's baseline forecast that consolidated adjusted FFO to debt will be about 8% to 10% over the next 12 to 18 months. Significant risks to the forecast include increasing competition from lower electricity prices that could materially lower DPL's profit margins and a weaker economy than we currently expect.

We could lower the ratings if FFO to debt is consistently lower than 8% or the business risk profile weakens as a result of the disproportionate growth of the competitive energy business. Conversely, we could raise the ratings if FFO to debt consistently strengthens to greater than 15% on a sustained basis, which we would expect to result mostly from higher electricity prices and an improved economy.

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Matthew L O'Neill, New York (1) 212-438-4295;
matthew_oneill@standardandpoors.com
Secondary Contact: John W Whitlock, New York (1) 212-438-7678;
john_whitlock@standardandpoors.com

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Fitch Ratings

FITCH DOWNGRADES DPL AND PLACES DPL AND DP&L ON RATING WATCH NEGATIVE

Fitch Ratings-New York-07 November 2012: Fitch Ratings has downgraded the Issuer Default Rating (IDR) of DPL Inc. (DPL) to 'BB' from 'BB+'. In addition, Fitch has placed DPL and its wholly owned subsidiary The Dayton Power and Light Company (DP&L) on Rating Watch Negative. The Rating Watch Negative implies that the ratings may be either lowered or affirmed and are typically resolved over a relatively short period of time. Fitch expects to resolve the Rating Watch Negative for DPL and DP&L once the outcome of DP&L's recently filed Electric Security Plan (ESP) is known.

The downgrade in DPL's ratings and the assignment of Rating Watch Negative is driven by significantly reduced EBITDA and FFO expectations compared with Fitch's prior forecasts. A material reduction in power prices that has exacerbated switching to alternate retail electricity providers among DP&L's standard service offer (SSO) customers and reduced DP&L's wholesale revenues accounts for Fitch's revised expectations. The substantial increase in leverage at DPL following the acquisition by The AES Corporation (AES, rated 'BB-' Outlook Stable by Fitch) is causing additional stress on DPL's credit metrics, in an operating environment that continues to worsen.

DPL's ratings reflect its highly leveraged capital structure and the primary support it receives from the upstream distributions from DP&L. The ratings of DPL and DP&L are linked and the IDRs of both entities consider the combined leverage, which consists of approximately \$1.7 billion of debt at DPL and \$0.9 billion of debt at DP&L. The ratings of DPL and DP&L are not tightly linked to the IDR of the ultimate parent, AES. However, any material weakening of the credit of AES could adversely affect Fitch's ratings of DPL and DP&L.

DP&L is facing several regulatory and market challenges in Ohio. Its current ESP expires in Dec. 31, 2012. DP&L has filed for a new ESP to be effective Jan. 1, 2013 in an environment where low power prices have caused acceleration in customer switching and heightened retail competition. DP&L has requested a nonbypassable charge of \$120 million over the five-year ESP period, a faster transition of SSO tariff to market, and a commitment to file a generation separation plan by YE 2013 such that DP&L expects that the non-regulated generation business would be legally separated from the regulated transmission and distribution business by YE 2017.

Switching has accelerated in DP&L's retail territory in 2012. As of June 30, 2012, approximately 56% of DP&L's customers had switched to alternate suppliers. Through the first six months of 2012, customer switching has impacted DP&L's gross margin by \$110 million and DPL's gross margin by \$9 million. The lost gross margin at DP&L has been partially offset by higher margins at DPL's non-regulated subsidiary, DPL Energy Resources (DPLER), which has been successful in winning a majority of the switched load. DPLER is also actively competing for the retail load in non-DP&L service territory.

DPL's credit metrics have sharply deteriorated in the wake of increased switching and falling wholesale revenues. For the last twelve months (LTM) ended June 30, DPL's consolidated funds from operations (FFO)-to-debt ratio was 11% and debt-to-EBITDA ratio was 6.3x. Fitch expects a further deterioration of these metrics absent a waning of residential switching, a constructive ESP outcome and material debt reduction at DPL. All these three factors bear monitoring and will be used by Fitch to drive future rating actions.

DP&L's LTM metrics remain robust, though these have moderated somewhat from their very strong historical financial performance as a result of increased competition in the competitive retail energy market and weaker wholesale revenues. For the LTM ending June 30, DP&L's FFO-to-debt ratio was 38% and its debt-to-EBITDA ratio was 2.1x. Fitch forecasts DP&L's robust credit metrics

to deteriorate somewhat based on the terms of the requested ESP and assuming that residential switching exacerbates for a few months before moderating. However, Fitch expects DP&L's forecasted credit metrics to remain superior relative to Fitch guidelines for the 'BBB-' IDR. DP&L's current ratings are constrained by the additional leverage at DPL and the need for a high proportion of DP&L's earnings to be upstreamed to DPL as dividends to support parent debt.

Fitch has notched DP&L's IDR two levels above that of DPL. The Merger Stipulation, as approved by the Public Utility Commission of Ohio (PUCO), places explicit financial restrictions on DP&L that reduces its credit risk relative to DPL. DP&L is required to maintain a capital structure that includes an equity ratio of at least 50% and cannot have a negative retained earnings balance. In addition, the DP&L Articles of Incorporation, and the Ohio state codes place further restrictions on: (1) upstream dividend distribution; (2) transactions with an affiliate such as liquidity support, debt incurrence or collateral support; and (3) issuance of new debt without explicit approval from the PUCO.

Liquidity is adequate and is supported by DP&L's cash flows and full availability on the utility's \$200 million revolving credit facility maturing in August 2015 and \$200 million revolving credit facility maturing in April 2013. DPL also has full availability on its own \$75 million revolving credit facility maturing in August 2014. Subsequent to a recent amendment to its credit agreement, the capacity on the revolver was reduced to \$75 million, from \$125 million previously. The amendment also eliminated the prior debt to capital financial covenant replacing it with a debt to EBITDA covenant. The amendment also imposes significant restriction on DPL's ability to pay dividend to AES. In the third quarter of 2012, DPL recognized an estimated \$1.85 billion non-cash goodwill impairment charge. DPL had recorded substantial goodwill of \$2.6 billion in the fourth quarter of 2011 in connection with its acquisition by AES.

DP&L has a significantly large debt maturity on Oct. 1, 2013, with its \$469 million first mortgage bonds coming due. Although these notes account for more than half of DP&L's existing debt outstanding, Fitch expects the replacement of this debt to be manageably done prior to maturity.

What Could Trigger a Rating Action

Outcome of the ESP: Fitch expects to resolve the Rating Watch for DPL and DP&L once the outcome of the recently filed ESP is known. While no procedural schedule is set as of now, it is Fitch's expectation that the PUCO could issue a final order before the end of the first quarter of 2013.

Pace of debt reduction: A constructive ESP outcome in itself may not be adequate to ward off negative rating actions for DPL and DP&L. Fitch expects DPL to significantly reduce debt from the current levels to prevent further downgrade to ratings.

Higher switching levels: Higher than anticipated switching levels and the inability to secure a switching tracker in its ESP order could place additional stress on DP&L's cash flows, and in turn, exert greater pressure on the upstream dividends from DP&L to DPL.

Higher than Anticipated Capex: Capital expenditures in excess of Fitch's current forecasts could accentuate the stress that the combined entity will undergo over the next few years.

Ratings Upgrade Unlikely: Positive rating actions are unlikely for several years given the highly leveraged balance sheet at DPL and the structural change in the operating environment facing DP&L. The separation plan, once filed by DP&L and approved by the PUCO, and the resulting capital structure at the regulated utility will have an important bearing on the future rating actions for DP&L.

Fitch has downgraded the following ratings and placed them on Rating Watch Negative:

DPL

--Long-term IDR to 'BB' from 'BB+';

--Senior unsecured debt to 'BB' from 'BB+'.

DPL Capital Trust II

--Junior subordinate debt to 'B+' from 'BB-'.

Fitch has placed the following ratings on Rating Watch Negative:

DPL

--Short-term IDR 'B'.

DP&L

--Long-term IDR 'BBB-';

--Senior secured debt 'BBB+';

--Preferred stock 'BB+';

--Short-term IDR 'F3'.

Contact:

Primary Analyst

Shalini Mahajan

Senior Director

+1-212-908-0351

Fitch, Inc.

One State Street Plaza

New York, NY 10004

Secondary Analyst

Kevin L. Beicke, CFA

Director

+1-212-908-9112

Committee Chairperson

Timothy Greening

Managing Director

+1-312-368-3205

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

--'Corporate Rating Methodology' (Aug. 8, 2012);

--'Parent and Subsidiary Rating Linkage' (Aug 8, 2012);

--'Recovery Ratings and Notching Criteria for Utilities' (Aug. 12, 2012);

--'Rating North American Utilities, Power, Gas, and Water Companies' (May 16, 2011).

Applicable Criteria and Related Research:

Corporate Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=684460

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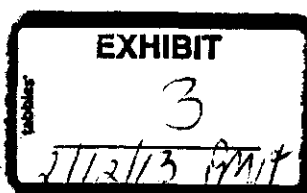
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OCC EXH. 5

OCC 3



MOODY'S INVESTORS SERVICE

Announcement: Moody's places the ratings of DPL and DP&L under review for possible downgrade

Global Credit Research - 09 Nov 2012

New York, November 08, 2012 – Moody's Investors Service today placed all the ratings for DPL Inc. (DPL) and its regulated subsidiary, The Dayton Power and Light Company (DP&L), under review for possible downgrade.

"The rating action has been driven by larger-than-anticipated decline in key consolidated financial metrics, uncertainty relating to DP&L's regulatory compact beginning 2013 and challenges around debt maturities beginning in the later-half of 2013" said Moody's Vice President Scott Solomon.

RATINGS RATIONALE

The decline in consolidated financial metrics has been driven in large part by increased customer shopping within DP&L's service territory. Approximately 57% of DP&L's retail electric volumes have switched to a competitive electric retail service provider or CRES as of September 30, 2012, an amount larger than anticipated. While DPLER, an affiliated company and one of the registered CRES providers, has acquired 76% of the switched load, the loss of customers and reduced margins from customer shopping have pressured DPL's consolidated operating margins and cash flows.

Specifically, DPL's metrics of cash flow from operations pre-changes in working capital (CFO pre-WC) to debt and interest coverage declined to approximately 8% and 3 times, respectively, for the twelve months ended September 30, 2012. We had expected these specific metrics to range between 10-12% and to be slightly in excess of 3 times, respectively, during the first few years following the company's acquisition by The AES Corporation (AES: Ba3 CFR, stable) completed late last year.

Today's rating action also considered the potential for incremental margin compression associated with DP&L's transition to market-based generation rates. DP&L operates under a electric security plan or ESP through December 31, 2012 that requires DP&L to offer a regulatory determined standard service offer generation rate for customers who do not choose a CRES.

In October, the company filed a new ESP that proposes a three year, five month transition to market, whereby a wholesale competitive bidding structure would be phased in to price and supply standard service offer generation. Importantly, the ESP requests approval of a non-bypassable Service Stability Rider (SSR) that is designed to recover \$120 million per year for five years, thereby allowing a smooth transition to full market determined pricing while factoring in the utility's financial health during that time. The Public Utility Commission of Ohio is currently reviewing the filing.

DP&L's rating is constrained by DPL's highly leveraged balance sheet. In addition to the approximate \$925 million in long-term debt at DP&L, there is \$1,700 million of long-term holding company debt at DPL. Funds to meet DPL's debt service are primarily derived from DP&L and therefore any rating action at DPL would trigger similar action at DP&L.

The review for possible downgrade will consider management's ability to manage a credit supportive outcome from the ongoing regulatory process and its plans to improve the company's consolidated financial profile through deleveraging. Moreover, we intend to evaluate the company's plans to refinance the significant amount of debt maturities scheduled over the next 12-24 months.

Ratings placed under review for possible downgrade:

..Issuer: DPL Inc.

....Senior Unsecured Debt – Ba1

..Issuer: The Dayton Power and Light Company

Senior Secured Bonds – A2

.... Issuer Rating – Baa2

....Senior Unsecured Debt – Baa2

....Preferred Stock – Ba1

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moody.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the Issuer/entity page on www.moody.com for the last rating action and the rating history. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moody.com for further information.

Please see www.moody.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Scott Solomon
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group

JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1853

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1853

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MOODY'S

INVESTORS SERVICE

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Specifically, DPL's metrics of cash flow from operations pre-changes in working capital (CFO pre-WC) to debt and interest coverage declined to approximately 8% and 3 times, respectively, for the twelve months ended September 30, 2012. We had expected these specific metrics to range between 10-12% and to be slightly in excess of 3 times, respectively, during the first few years following the company's acquisition by The AES Corporation (AES: Ba3 CFR, stable) completed late last year.

Today's rating action also considered the potential for incremental margin compression associated with DP&L's transition to market-based generation rates. DP&L operates under a electric security plan or ESP through December 31, 2012 that requires DP&L to offer a regulatory determined standard service offer generation rate for customers who do not choose a CRES.

In October, the company filed a new ESP that proposes a three year, five month transition to market, whereby a wholesale competitive bidding structure would be phased in to price and supply standard service offer generation. Importantly, the ESP requests approval of a non-bypassable Service Stability Rider (SSR) that is designed to recover \$120 million per year for five years, thereby allowing a smooth transition to full market determined pricing while factoring in the utility's financial health during that time. The Public Utility Commission of Ohio is currently reviewing the filing.

DP&L's rating is constrained by DPL's highly leveraged balance sheet. In addition to the approximate \$925 million in long-term debt at DP&L, there is \$1,700 million of long-term holding company debt at DPL. Funds to meet DPL's debt service are primarily derived from DP&L and therefore any rating action at DPL would trigger similar action at DP&L.

The review for possible downgrade will consider management's ability to manage a credit supportive outcome from the ongoing regulatory process and its plans to improve the company's consolidated financial profile through deleveraging. Moreover, we intend to evaluate the company's plans to refinance the significant amount of debt maturities scheduled over the next 12-24 months.

Ratings placed under review for possible downgrade:

...Issuer: DPL Inc.

....Senior Unsecured Debt — Ba1

...Issuer: The Dayton Power and Light Company

Senior Secured Bonds — A2

.... Issuer Rating – Baa2

....Senior Unsecured Debt – Baa2

....Preferred Stock – Ba1

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Scott Solomon
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY, 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group

JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Credit Opinion: DPL Inc.

DPL Inc.

Dayton, Ohio, United States

Ratings

Category	Moody's Rating
Outlook	Rating(s) Under Review
Sr Unsec Bank Credit Facility	*Ba1
Senior Unsecured	*Ba1
Parent: AES Corporation, (The)	
Outlook	Stable
Corporate Family Rating	Ba3
Sr Sec Bank Credit Facility	Ba1/LGD2
Senior Unsecured	Ba3/LGD4
Dolphin Sub II, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Ba1
Dayton Power & Light Company	
Outlook	Rating(s) Under Review
Issuer Rating	*Baa2
First Mortgage Bonds	*A3
Sr Unsec Bank Credit Facility	*Baa2
Prof. Stock	*Ba1

* Placed under review for possible downgrade on November 9, 2012

Contacts

Analyst	Phone
Scott Solomon/New York City	212.553.4358

William L. Hess/New
York City

212.553.3837

Key Indicators

[1]DPL Inc.

	LTM (09/30/12)	2011	2010	2009
(CFO Pre-W/C + Interest) / Interest Expense	2.9x	5.8x	7.7x	7.6x
(CFO Pre-W/C) / Debt	8%	13%	36%	41%
(CFO Pre-W/C - Dividends) / Debt	4%	6%	26%	32%
Debt / Book Capitalization	74%	49%	42%	45%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Significant parent company leverage limits financial flexibility

Higher than anticipated retail shopping levels at utility impacts cash flow and financial metrics

Uncertain regulatory compact

Near-term debt maturities may present a challenge

Corporate Profile

DPL Inc. (DPL: Ba1 senior unsecured, under review for possible downgrade) is a regional energy company headquartered in Dayton, Ohio and is the parent company of The Dayton Power and Light Company (DP&L: Baa2 Issuer Rating, under review for possible downgrade), a regulated electric utility whose service territory is in west central Ohio.

DP&L has ownership interest in 8 coal-fired generating stations with a combined generating capacity of 2,830 megawatts. All of the stations, with the exception of the 207 megawatt Beckjord Unit 6 and the 365 megawatt Hutchings station, have been equipped with emission control equipment. The current plan is to deactivate Beckjord by April

2015.

DPL also owns retail energy suppliers DPL Energy Resources, Inc. or DPLER and MC Squared Energy Services, LLC and operates 556 megawatts of merchant peaking capacity in Ohio and Indiana through its DPL Energy, LLC subsidiary. DPL is a subsidiary of The AES Corporation (AES: Ba3 Corporate Family Rating, stable), a globally diversified power holding company.

Recent Events

On November 9th Moody's placed all of DPL and DP&L's ratings under review for possible downgrade.

SUMMARY RATING RATIONALE

The under review for possible downgrade of DPL's senior unsecured rating is driven by high parent leverage, a larger-than-anticipated decline in key consolidated financial metrics during 2012 and uncertainty relating to DP&L's regulatory compact beyond 2012. While DPL's rating is under review for possible downgrade, plans to improve the company's consolidated financial profile through deleveraging should help limit downward rating pressure.

DETAILED RATING CONSIDERATIONS

Significant parent company leverage

DPL's acquisition by AES in November 2011 was funded in part with debt that was transferred to DPL at the closing of the transaction. As a result, DPL is highly leveraged with long-term debt totaling approximately \$1,700 million (compared to approximately \$450 million prior to the announcement of the acquisition) or 65% of consolidated long-term debt and limiting DPL's financial flexibility.

Management has set out an objective of reducing parent level debt by as much as \$400 million by 2015 with available cash and internal cash flow. Dividends to AES during this timeframe will be limited.

High levels of customer shopping At DP&L has negatively impacted cash flow

DP&L operates under a Electric Security Plan through December 2012 that requires the utility to offer Standard Service Offer (SSO) generation services to customers who do not choose an alternative electric provider. The SSO rate, however, is set at an above market rate, which combined with low regional power prices, has resulted in increased levels of competition to provide generation services. As a result, approximately 57% of DP&L's retail volumes have switched to a competitive electric retail service provider or (CRES), an amount that has placed more than anticipated pressure on operating margins.

DPL Energy Resources, Inc. or DPLER, an affiliated company and one of the registered CRES providers, has acquired 77% of the switched load. The average price it is currently offering residential customers is 6.5 cents per kWh through May 2014. DPLER does not own any generation assets and all of its electricity needed to meet its sales obligations are purchased from either DP&L or the open-market.

For the nine months ended September 30, 2012, customer switching negatively affected DPL's gross margin by approximately \$96.0 million and DP&L's gross margin by approximately \$176.0 million. Moreover, DPL's consolidated metrics of cash flow from operations pre-changes in working capital (CFO pre-WC) to debt and interest coverage have declined to approximately 8% and 3 times, respectively, for the twelve months ended September 30, 2012. We had expected these specific metrics to range between 10-12% and to be slightly in excess of 3 times, respectively, during the first years following the company's acquisition by The AES Corporation (AES: Ba3 CFR, stable).

Uncertain regulatory compact beginning 2013

DP&L operates under an electric security plan or ESP through December 31, 2012 that requires the utility to offer a regulatory determined SSO generation rate for customers who do not choose a CRES.

On March 30, DP&L filed with the Public Utilities Commission of Ohio (PUCO) a proposal seeking to set its new SSO rates in the form of a Market Rate Offer or MRO. Subsequently, the company filed a notice of withdrawal of its MRO in September and filed an ESP in October.

The ESP proposes a three year, five month transition to market, whereby a wholesale competitive bidding structure will be phased in to supply generation service to customers located in DP&L's service territory that have not chosen an alternative generation supplier.

Importantly, the ESP requests approval of a non-bypassable Service Stability Rider (SSR) that is designed to recover \$120 million per year for five years, thereby allowing a smooth transition to full market determined pricing while supporting the utility's financial health during that time, a credit positive.

DP&L has also requested approval of a switching tracker that would measure the incremental amount of switching over a base case and defer the lost value into a regulatory asset which would be recovered from all customers beginning January 2014. The ESP states that DP&L commits to file on or before December 31, 2013 its plan for full legal separation of its generation assets with expected completion by December 31, 2017.

The PUCO is currently reviewing the filing and may not resolve that matter until early-2013.

Increased emphasis on unregulated retail business increases company's risk profile

In an effort to offset customer losses, DPLER and its affiliate MC Squared has increased its marketing efforts to provide competitive retail generation service outside of DP&L's service territory. To that end, DPLER/MC Squared has added approximately 101,000 new customers in Illinois to-date in 2012. DPLER does not own any generation assets and the majority of the electricity needed to meet its sales obligations have typically been purchased from DP&L. This retail business has purchased approximately 86% of its requirements from DP&L and the remainder from PJM. While the gross margin for the competitive retail segment has increased year-to-date (\$52 million compared to \$46 million the prior comparable period), the addition of unregulated retail customers beyond the historical footprint of its utility increases DPL's consolidated risk profile.

Our current expectation is for the company to limit the size of its retail operations such that it could continue to source the vast majority of its electric requirements from DP&L.

Liquidity Profile

DPL and DP&L's liquidity profiles are currently inadequate due to significant debt maturities over the near-term that need to be refinanced.

The acquisition of DPL by AES resulted in \$2,576 million of goodwill incurred at DPL (DP&L did not incur any goodwill). Based on reduced cash flow forecasts, however, DPL recorded a goodwill impairment expense of \$1,850 million in the third quarter 2012. In anticipation of this write down, DPL in October amended its \$425 million term loan due August 2014 and revolving credit facility due August 2014 as follows:

Reduced the size of DPL's revolving credit facility to \$75 million from \$125 million;

Limits the payment of dividends or distributions to AES;

Eliminated the total debt to total capitalization ratio financial covenant

Added a financial covenant that requires DPL's total debt to EBITDA not to exceed 7.00 to 1.00 from September 30, 2012 to December 31, 2012, 7.75 to 1.00 from January 1, 2013 to March 31, 2013, 8.00 to 1.00 from April 1, 2013 to June 30, 2013 and 8.25 to 1.00 from and after July 1, 2013.

DP&L did not amend its \$200 million revolver due April 2013 or its \$200 million revolver due August 2015.

There are currently no borrowings under any of DPL or DP&L's revolving credit facilities. Moreover, the company's cash balances are considerable (cash balances at September 30 included \$186.2 million at DPL and \$19.4 million at DP&L which currently remain at these levels). That said, the company faces considerable yet manageable funded debt maturities over the next 12-24 months.

The most near-term funded debt maturity is \$469 million of senior secured debt at DP&L in October 2013. While substantial, we view this maturity as manageable; however, DPL faces a material term loan debt maturity of \$425 million in August 2014. Assuming DPL meets its planned debt reduction targets, the amount outstanding under this term loan at maturity would be significantly less than the current outstanding amount.

DPL and DP&L also face maturities of their revolving credit facilities: DPL's lone \$75 million revolver is scheduled to terminate in August 2014 and one of DP&L's \$200 million revolvers matures in April 2013.

Rating Outlook

DPL's rating is under review for possible downgrade. The review will consider management's ability to manage a credit supportive outcome from the ongoing regulatory process and its plans to improve the company's consolidated financial profile through deleveraging and refinancing initiatives to meet the significant amount of debt maturities scheduled over the next 12-24 months.

What Could Change the Rating - Down

The rating for DPL could be downgraded should credit metrics weaken such that cash flow to debt falls below 10% for an extended period or if the company increases its exposure to unregulated operations. An outcome of DP&L's ESP that is materially different than what was outlined by management in October could also have negative implications. Any rating action at DPL would likely trigger similar action at DP&L.

Rating Factors

DPL Inc.

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 9/30/2012		Moody's 12-18 month Forward View* As of November 2012	
Factor 1: Regulatory Framework (25%) a) Regulatory Framework	Measure	Score	Measure	Score
		Baa		Baa

Factor 2: Ability To Recover Costs And Earn Returns (25%)			
a) Ability To Recover Costs And Earn Returns		Baa	Baa
Factor 3: Diversification (10%)			
a) Market Position (5%)		Ba	Ba
b) Generation and Fuel Diversity (5%)		B	B
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)			
a) Liquidity (10%)		Ba	Ba
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.4x	A	2.4-3.0x Baa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.8%	Baa	7-10% Ba
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	14.4%	Baa	7-10% Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	53.3%	Baa	70-80% B
Rating:			
a) Indicated Rating from Grid		Baa2	Bal
b) Actual Rating Assigned		Bal	Bal

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 9/30/2012(L); Source: Moody's Financial Metrics

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