

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company For)
Authority to Issue and Sell an Amount Not)
to Exceed \$490 Million of First Mortgage) Case No. 13-893-EL-AIS
Bonds, Debentures, Notes, or Other)
Evidences of Indebtedness or Unsecured)
Notes)

FINDING AND ORDER

The Commission finds:

- (1) Applicant, The Dayton Power and Light Company (Applicant or DP&L), is an Ohio corporation and a public utility, as defined in Sections 4905.02 and 4905.03, Revised Code, and is subject to the jurisdiction of this Commission.
- (2) On April 16, 2013, Applicant filed an application and exhibit, as amended with exhibit on May 30, 2013, and as supplemented on June 28, 2013 (hereinafter, the Application), pursuant to the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) Applicant proposes to issue and sell, from time to time through December 31, 2013, up to \$490 million principal amount of First Mortgage Bonds, debentures, notes and other evidences of indebtedness (the New Bonds/Securities), in one or more series, pursuant to the terms and conditions, as more fully described in the Application.
- (4) The New Bonds will be issued for terms not to exceed 30 years and will carry an annual interest rate to the purchasers not to exceed 6%. Further, the underwriting commission and the agents' fees for the issuance will not exceed 1.25%, all as set forth in the Application.
- (5) Applicant proposes to use the proceeds from the issuance of the New Bonds primarily to retire its \$470 million outstanding First Mortgage Bonds due in October, 2013 (the Prior Bonds) and pay

the associated cost of issuance of the New Bonds and early redemption of the Prior Bonds as described in the Application.

- (6) Applicant will negotiate the terms of each offering of the New Bonds with a group of underwriters or placement agents headed by a managing underwriter or placement agent or co-managing underwriter or placement agent, as described in the Application.
- (7) Applicant states that its issuance of the New Bonds will be in accordance with its electric transition plan and the electric security plan as approved by the Commission in Case Nos. 99-1687-EL-ETP and 08-1094-EL-SSO, respectively, and in accordance with the ultimate decision pursuant to the Commission's final order on the Applicant's corporate separation plan in Case No. 12-426-EL-SSO, as described in the Application.
- (8) On June 6, 2013, the Ohio Consumers' Counsel (OCC) filed a motion to intervene. In support of its motion, OCC explains that, as DP&L is requesting authority to issue a significant amount of long-term debt for a period of up to thirty years plus additional redemption and issuance costs, OCC's intervention is necessary to avoid potential adverse impacts that residential customers may suffer as a result of DP&L's request. OCC provides that it seeks to prevent any potential unjust or unreasonable costs being incurred or passed on to DP&L's residential customers, which may be exponentially greater in light of the pending electric security plan proceeding in Case No. 12-426-EL-SSO (ESP Case). OCC adds that its intervention will not unduly prolong or delay proceedings, and its intervention will contribute to an equitable resolution of any issues.¹
- (9) On June 10, 2013, DP&L filed a memorandum in opposition to OCC's motion to intervene. In its memorandum contra, DP&L asserts that OCC fails to demonstrate that the interest of residential ratepayers is different than DP&L's interests in securing the best possible rate. DP&L opines that OCC's attempt to link the current proceeding with the pending ESP case is baseless. Further, DP&L states that OCC makes a baseless claim that redemption costs associated with DP&L's application appear unjust and unreasonable.

¹ On July 9, 2013, OCC filed additional comments regarding the application.

- (10) On June 17, 2013, OCC filed a reply memorandum in support of its motion to intervene. OCC claims that it does not share DP&L's interests, as DP&L has a fiduciary duty to its stakeholders, a position that does not necessarily align with that of residential customers' interests in attaining the lowest amount of financing and costs consistent with market conditions. Further, OCC states that nothing within DP&L's application explains or itemizes the redemption costs DP&L seeks to collect.
- (11) The Commission finds that OCC's motion to intervene meets the criteria set forth in Rule 4901-1-11, O.A.C., and Section 4903.221, Revised Code. OCC represents residential customers in DP&L service territory, with interests clearly diverse to those of DP&L; therefore, OCC has a real and substantial interest in the proceeding. As DP&L's application seeks consent to issue and sell debt, the costs associated with this proceeding may impact residential customers. Further, the interest of residential customers is not currently represented by any other party in this proceeding. Finally, while DP&L notes that time is of the essence in regards to its application, DP&L fails to provide how OCC's intervention may cause an undue delay in this proceeding. In addition, the Supreme Court has held that statutes and rules governing intervention should be "generally liberally construed in favor of intervention." *Ohio Consumers' Counsel v. Pub. Util. Comm.* (2006), 111 Ohio St.3d 384 (quoting *State ex rel. Polo v. Cuyahoga City. Bd. of Elections* (1995), 74 Ohio St.3d 143, 144). Accordingly, the Commission finds DP&L's motion to intervene should be granted.
- (12) Nonetheless, the Commission finds that the Applicant has addressed OCC's concerns adequately. The Commission is of the opinion that the cost of issuance of the Securities and redemption of the Prior Bonds appear reasonable. The Commission is also of the opinion that the approval sought by the Applicant to issue the Securities should be granted. Further, the Commission finds that the aggregate principal amount of the New Bonds, and the probable cost to Applicant and other terms thereof, which are to be no less favorable than the parameters set forth in the Application, do not appear to be unjust or unreasonable. Moreover, the effect on Applicant's revenue requirements resulting from issuance of the Securities can be determined only

in rate proceedings in which all factors affecting rates are taken into account according to law.

- (13) Based on the information contained in the Application and the Exhibits attached thereto, the purposes to which the proceeds from the New Bonds shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service, and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant, The Dayton Power & Light Company, is authorized to issue and sell, from time to time through December 31, 2013, up to \$490 million principal amount of First Mortgage Bonds, debentures, notes and other evidences of indebtedness, in one or more series, pursuant to the terms and conditions, as set forth in the Application and Exhibits. It is, further,

ORDERED, That Applicant shall apply the proceeds from the Securities for the purposes set forth in this Order and otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is, further,

ORDERED, That, after the Securities authorized by this Order are consummated, Applicant shall file a report to the Commission, as soon as practicable, with the terms and full particulars regarding the transactions. It is, further,

ORDERED, That Applicant shall account for the Securities as prescribed in the Federal Energy Regulatory Commission Uniform System of Accounts as currently in effect. It is, further,

ORDERED, That the Securities authorized herein shall be in compliance with Applicant's electric transition plan and electric security plan as approved by the Commission in Case Nos. 99-1687-EL-ETP and 08-1094-EL-SSO, respectively, and in accordance with the ultimate decision pursuant to the Commission's final order on the Applicant's corporate separation plan in Case No. 12-426-EL-SSO. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission as to the Securities or the interest thereon on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission to assure completion of any specific construction project of the Applicant. It is, further,

ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of the Applicant. It is, further,

ORDERED, That a copy of this Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser


M. Beth Trombold

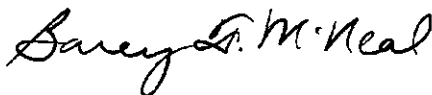
Lynn Slaby


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SUM/jd

Entered in the Journal

JUL 10 2013



Barcy F. McNeal
Secretary

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Secretary