BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The AES Corporation, Dolphin Sub, Inc., DPL Inc. and The Dayton Power and Light Company for Consent and Approval for a Change of Control of The Dayton Power and Light Company.	))))))	Case No. 11-3002-EL-MER

ANNUAL COMPLIANCE REPORT

On May 18, 2011, DPL Inc. ("DPL"), DP&L, The AES Corporation ("AES"), and Dolphin Sub, Inc. ("Merger Sub") (collectively "Merger Applicants") filed an Application in this docket requesting that the Public Utilities Commission of Ohio ("PUCO" or "Commission") approve the merger between AES, DPL and Merger Sub. On September 2, 2011 a Stipulation and Recommendation between Merger Applicants and The City of Dayton was filed. A second Stipulation and Recommendation between Merger Applicants and The Ohio Hospital Association and Ohio Partners for Affordable Energy was filed on September 19, 2011. Finally, on October 26, 2011, a third Stipulation and Recommendation was filed in the Merger Proceeding which was signed by Merger Applicants, the OMA Energy Group, and the Staff of the PUCO.[1] The Merger Stipulations were approved without modification by Finding and Order dated November 22, 2011. In its Finding and Order, the Commission directed that annual compliance reports indicating the progress and commitment to the additional provisions made by the Applicants in the stipulations filed in the proceeding be docketed beginning on April 1, 2012. DP&L hereby files this compliance report pursuant to the Commission's November 22, 2011

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[1] The three stipulations will be collectively referred to herein as "Merger Stipulations."

Order. Listed below are each commitment made in the Merger Stipulations, followed by a Compliance Statement and progress report, where applicable.

1. AES agrees to maintain DP&L's operating headquarters in Dayton, Ohio, and DP&L's name for at least five (5) years following the effective date of the merger. AES may include a designation or line specifying that DP&L is an AES company or affiliate, or member of the AES family of companies.

   Compliance Statement: Applicants are complying with this commitment.

2. For three (3) years following the effective date of the merger, Applicants agree not to implement any involuntary workforce reductions that result in DPL Inc. and DP&L employing less than ninety percent (90%) of the number of individuals in the aggregate who are employed (exclusive of officers and management employees covered by a change in control agreement) the day before the merger closes.

   Compliance Statement: Applicants have complied with this commitment.

3. Applicants agree to maintain customer service representatives who are knowledgeable about options available to low-income customers.

   Compliance Statement: Applicants are complying with this commitment.

4. After the final approval by this Commission of the merger, Applicants shall pay a total of $400,000 to OPAE to benefit electric consumers at or below 200% of the federal poverty line or consumers who demonstrate they are at-risk of losing electric service. The payment shall be due on or before December 31, 2013. The contribution shall be made directly to OPAE, as a Section 501(c)(3) entity, which will handle the distribution of funds to agencies providing Emergency Home Energy Assistance Program (E-HEAP) benefits in the service territory of The Dayton Power and Light Company. OPAE agrees not to seek any additional payments from DP&L for the purpose of providing bill payment assistance for the year 2013 in connection with any proceeding before this Commission.

   Compliance Statement: The payment was made in September 2013, therefore the Applicants have complied with this commitment.

5. In view of the needs for reliable and cost-effective electricity service of OHA's member hospitals, and the benefits to those hospitals from energy efficiency and peak demand reduction programs, after the final approval by this Commission of the merger. Applicants shall pay a total of Seventy Five Thousand Dollars and No Cents (US$75,000.00) to OHA to assist its member hospitals to participate in those programs. The payment shall be due on or before December 31, 2013. OHA agrees not to seek any payments from DP&L for the year 2013 in connection with any proceeding before this Commission.

   Compliance Statement: The payment was made in September 2013, therefore the Applicants have complied with this commitment.

6. To protect Dayton's annual payroll tax revenue (receipts by Dayton from Applicant of Dayton income tax withheld by Applicant associated with wages Applicant pays to its employees), if the payroll tax revenue received by Dayton from the Applicants from January 1, 2012 through December 31, 2016 is less than Three Million Dollars and No Cents (US$3,000,000.00), then AES shall be required to compensate Dayton for the difference through a direct payment to be made to Dayton within ninety (90) days of written request from Dayton.

Compliance Statement: By its terms, the time period for measuring compliance with this commitment does not end until December 31, 2016.

7. Executive payouts, distributions, earnings, change of control payments, retention incentives, or other executive compensation paid by the Applicants in connection with or as a result of the merger, shall be made and realized for tax purposes within the Dayton corporate limits to the extent that they are subject to the taxing provisions of Dayton's RCGO as of the effective date of the Stipulation and Recommendation.

Compliance Statement: Applicants have complied with this commitment.

8. Through December 31, 2017 Applicants agree to discuss with Dayton any plans Applicants have to move DP&L's operating headquarters, at least one hundred and eighty (180) days before any move is to occur.

Compliance Statement: Applicants are complying with this commitment.

9. If DP&L's operating headquarters are moved out of the MacGregor Park facility on or before December 31, 2017, then Dayton shall have an option to purchase the approximately 125 acres and improvements comprising DPL's MacGregor Park facility, under the following terms and conditions:

a. If Applicants receive a bonafide offer to purchase the MacGregor Park property on or before December 31, 2017 and such offer contains a commitment that the use for the MacGregor Park property by the bonafide purchaser falls within the definition of a Business Park as codified in the City of Dayton Zoning Code or should Dayton otherwise acknowledge in writing that the Applicants (or any successor in interest) have a planned use for the MacGregor Park property that satisfies Dayton's reasonable expectations and requirements regarding land use, planning and development, then Dayton's option over the MacGregor Park property shall immediately expire and the requirements of paragraphs 5(b) and 5(c) below shall no longer apply and shall be deemed void. Under such circumstances, the Applicants shall provide Dayton written notice of the bonafide offer and a complete description of the details of such planned use in order to allow Dayton to certify that such use satisfies the Zoning Code requirements and/or Dayton's reasonable expectations and requirements. Dayton shall have up to thirty (30) days to provide to Applicants a written response accepting or rejecting Applicants request for certification, which response shall not be unreasonably withheld or delayed.

b. If Applicants receive a bonafide offer to purchase the MacGregor Park property on or before December 31, 2017 that Applicants choose to accept and such bonafide offer does not satisfy the requirements of 5(a), then the Applicants shall within fifteen (15) days give to the City Manager of Dayton written notice that shall identify for the City Manager the amount of the bonafide offer and set

an option price for Dayton in an amount not to exceed one hundred and five percent (105%) of such bonafide offer ("City Option Price"). Dayton must notify Applicants in writing within forty-five (45) calendar days of its decision to acquire the MacGregor Park property for the City Option Price, or else the option expires without further notice. If within forty-five (45) calendar days Dayton provides written notice that it will exercise its option to purchase the MacGregor Park property at the City Option Price, then Dayton must acquire the MacGregor Park property at a closing within ninety (90) days of its written notice to Applicants or else the option expires without further notice.

c. If Applicants do not have a current bonafide offer to purchase the facility, then Applicants shall give to the City Manager of Dayton written notice of their intent to move DP&L's operating headquarters out of the MacGregor Park facility at least one hundred and eighty (180) days before any move is to occur. The notice shall contain an appraisal of the fair market value of the land and improvements at the MacGregor Park facility by an M.A.I. certified appraiser selected by Applicants. Unless the Applicants receive a bonafide offer to acquire the MacGregor Park property, Dayton shall have up to eighteen (18) months from the date of receipt of the Applicants' notice of its intent to move to notify Applicants, in writing, of Dayton's decision to exercise the option to acquire the MacGregor Park property for a price equal to Applicants appraisal value. If within eighteen (18) months Dayton provides written notice that it will exercise its option to purchase the property, then Dayton must acquire the property at Applicants' appraisal value at a closing within ninety (90) days of its written notice to Applicants, or else the option expires without further notice. If Applicants receive a bonafide offer to purchase the MacGregor Park property that Applicants choose to accept initially or during the pendency of the aforementioned eighteen (18) month time period, but prior to Dayton exercising its option, then the option procedure contained in either paragraph 5(a) or 5(b), whichever is appropriate based upon the circumstance, shall control.

Compliance Statement: Applicants are complying with this commitment. DP&L's operating headquarters are still located in the MacGregor Park facility.

10. Applicants agree to make an economic development payment to the City of Dayton in the amount of Seven Hundred Thousand Dollars and No Cents (US$700,000.00) on or before December 31, 2014, of which Three Hundred and Fifty Thousand Dollars and No Cents (US$350,000.00) shall be received by Dayton on or before December 31, 2013. In consideration for this payment, Dayton agrees to not request any economic development payments from DP&L for the years 2013-2014 in connection with any proceeding before this Commission. Dayton may negotiate over and benefit from any program (economic development or otherwise) that is established for the benefit of DP&L customers.

Compliance Statement: The first payment specified in the Merger Stipulations was made in September 2013. The second payment was made October 2014, therefore the Applicants have complied with this commitment.

11. Applicants agree that neither the costs incurred directly related to the negotiation, approval and closing of the merger nor any acquisition premium shall be eligible

for inclusion in rates and charges applicable to retail electric service provided by DP&L.

Compliance Statement: Applicants are complying with this commitment.

12. DP&L shall maintain a capital structure that includes an equity ratio of at least 50 percent.

Compliance Statement: Applicants are currently complying with this commitment.[2]

13. DP&L agrees to not have a negative retained earnings balance.

Compliance Statement: Applicants are complying with this commitment.

14. DP&L will add Utility Consolidated Bill Ready Billing Capability[3] ("Bill Ready Capability") to its existing billing system within six months of the Commission Order approving the merger ("Commission Deadline"). Given the complexity of the work involved and the imperative for Applicants to complete this work correctly, making such modifications may take more time as DP&L's billing system is a custom system. Nonetheless, if the Commission Deadline is missed, DP&L will issue a refund to its customers in the following manner: If Bill Ready Capability is operational on or prior to the Commission Deadline, then no refund is due. If Bill Ready Capability is not operational by the Commission Deadline, then DP&L will issue a refund to its customers in the amount of $5,000,000 minus the costs DP&L has incurred as of the Commission Deadline to design, develop, and implement Bill Ready Capability. For example, if as of the Commission Deadline, Bill Ready Capability is not operational and DP&L has incurred $2,000,000 in costs, DP&L will be required to issue a $3,000,000 refund to its customers. The refund, if any, would be calculated as of the Commission Deadline and will be refunded to DP&L customers in the next practicable billing cycles immediately following that date. DP&L will not seek recovery of the costs associated with developing and implementing Bill Ready Capability from ratepayers. Should DP&L seek to reduce the refund to customers by the costs already incurred to enable Bill Ready Capability, such costs shall be filed with the Commission to determine the appropriateness of the amount of costs that are to be used as an offset to the refund. Any refunded amounts will not be recoverable from ratepayers or through regulated rates.

Compliance Statement: DP&L has complied with this commitment. This billing option has been made available to CRES Providers beginning May 22, 2012.

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[2] However, for the very short period from September 19th through October 1st 2013, when DP&L was refinancing its long-term debt, DP&L's equity ratio temporarily fell below 50 percent. DP&L notified the Commission Staff.

[3] Utility Consolidated Bill Ready Billing Capability is a process by which DP&L has the technology and systems in place to exchange EDI transactions with suppliers, which enables DP&L to render a consolidated bill including both the utility's charges and supplier-calculated charges.

15. Within three months of the Commission Order approving the merger, DP&L will implement process changes that will allow it to make customer capacity and transmission peak load contribution data accessible to Competitive Retail Electric Service ("CRES") providers via Electronic Data Interchange ("EDI").

Compliance Statement: DP&L has complied with this commitment. This process went into effect on December 5, 2011.

16. Within one week of the Commission Order approving the merger, DP&L will amend its application in Case No. 11-4504-EL-ATA to reduce its charge for 12 months of interval meter data from $300 to $150. Approval of this Stipulation constitutes the Commission's approval of this rate reduction.

Compliance Statement: DP&L has complied with this commitment by way of filing dated November 28, 2011 within DP&L's amended application in Case No. 11-4504-EL-ATA. This process went into effect on November 29, 2011.

17. Within one week of the Commission Order approving the merger, for customers receiving competitive services from an Alternate Generation Supplier (AGS) and who are required under DP&L's applicable AGS tariff to have interval meters, DP&L will reduce its charge for the incremental costs of upgrading the present meter plus all incremental costs associated with the installation of an interval meter from $905 to $570. Approval of this Stipulation constitutes the Commission's approval of this rate reduction.

Compliance Statement: DP&L has complied with this commitment. This process went into effect on November 29, 2011.

18. Within one week of the Commission Order approving the merger, DP&L will amend its application in Case No. 11-4504-EL-ATA to permit CRES providers, under normal circumstances, to enroll a customer more than thirty days prior to the customer's next meter read, with the enrollment defaulting to the following month. Approval of this Stipulation constitutes the Commission's approval of this process change.

Compliance Statement: DP&L has complied with this commitment by way of filing dated November 28, 2011 within DP&L's amended application in Case No. 11-4504-EL-ATA. This process went into effect on November 29, 2011.

19. Within one week of the Commission Order approving the merger, DP&L will amend its application in Case No. 11-4504-EL-ATA to reflect that in instances in which an interval meter request form is required for a customer taking service from a CRES provider, DP&L will enroll customers within 3 business days for accounts with a single service. Approval of this Stipulation constitutes the Commission's approval of this process change.

Compliance Statement: DP&L has complied with this commitment by way of filing dated November 28, 2011 within DP&L's amended application in Case No. 11-4504-EL-ATA. This process went into effect on November 29, 2011.

20. Upon the Commission's Order approving the merger, DP&L will provide percentage off billing if the CRES provider provides to DP&L updated rate factor changes to effectuate this pricing option, similar to the manner in which DP&L provides this service today.

Compliance Statement: DP&L has complied with this commitment.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing annual merger compliance report has been served via electronic mail upon the following counsel of record, this 1st day April, 2015:

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Summary: Annual Report on compliance electronically filed by Mr. Tyler A. Teuscher on behalf of The Dayton Power and Light Company