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**Public Utilities
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November 27, 2015

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

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PUCO

RE: *In the Matter of the Application of The Dayton Power and Light Company for Authority to Issue or Assume Liability on Notes and Other Evidences of Indebtedness Pursuant to O.R.C. §4905.401*

Dear Docketing Division:

Enclosed please find Staff's Review and Recommendation in regard to the application of The Dayton Power and Light Company for authority to issue short-term debt in Case No. 15-1907-EL-AIS.

Doris McCarter
Division Chief, Forecasting, Markets and Corporate Oversight
Rates and Analysis Department
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton)	
Power and Light Company for Authority to Issue)	
And Assume Liability on Short-Term Notes and)	Case No. 15-1907-EL-AIS
Other Evidences of Indebtedness Pursuant to)	
Sections 4905.40 and 4905.401 of)	
The Ohio Revised Code)	

Staff Review and Recommendation

BACKGROUND:

Pursuant to Ohio Revised Code 4905.401, Ohio electric utilities are allowed to borrow up to 5% of the par value of all outstanding long-term securities ("Statutory Exemption") without specific approval of the Public Utilities Commission of Ohio (the "Commission"). Any Ohio electric utility wishing to incur short-term obligations in excess of the Statutory Exemption must seek Commission authorization.

On December 10, 2014, the Commission authorized The Dayton Power and Light Company (the "Company") to have short-term debt outstanding in aggregate principal amounts of not more than \$600 million at any one time through December 31, 2015.¹ Under the Statutory Exemption, the Company could borrow up to approximately \$39 million as of September 30, 2015, without the Commission's prior approval.

APPLICATION DESCRIPTION:

On November 13, 2015, the Company filed its Application and Exhibits ("Application") requesting Commission authorization through December 31, 2016, to incur short-term debt of up to \$600 million through issuing notes, revolving loan agreement ("RLA") loans as well as other evidences of short-term indebtedness (collectively "Short-Term Debt").

The Company proposes to use the proceeds from the Short-Term Debt to repay long term debt and for other general corporate purposes. The focus of the Company over the near term is on reducing outstanding debt in preparation to legally separate its generation business from its transmission and distribution business.

¹ See Commission Order dated December 10, 2014, in Case No. 14-1807-EL-AIS.

RECOMMENDATION:

Upon review of the Application, Staff believes that the \$600 million of requested authority is reasonable for the Company to achieve its purposes as stated in the Application and to effectuate the separation of its generation assets in 2016. Thus, Staff recommends the Application's approval.