Tyler Comings, Senior Associate

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PROFESSIONAL EXPERIENCE

Synapse Energy Economics Inc., Cambridge, MA. *Senior Associate,* July 2014 – present, *Associate*, July 2011 – July 2014.

Conducts research on energy system planning and coal plant economics, and performs economic modeling and analysis in support of a wide range of projects. Performs economic impact and benefit-cost analyses, statistical modeling, and research on environmental issues. Conducts economic impact analyses using models such as REMI and IMPLAN.

Ideas42, Boston, MA. *Senior Associate*, 2010 – 2011.

Organized studies analyzing behavior of consumers regarding finances, and worked with top researchers in behavioral economics. Managed implementation and data analysis for a study of mitigation of default for borrowers that were at-risk of delinquency. Performed case studies for World Bank on financial innovations in developing countries.

Economic Development Research Group Inc., Boston, MA. *Research Analyst*, *Economic Consultant*, 2005 – 2010.

Performed economic impact modeling and benefit-cost analyses using IMPLAN and REMI for transportation and renewable energy projects, including support for Federal stimulus applications. Performed statistical modeling, including results on the timing of effects of highway construction on economic growth in Appalachia. Developed a unique Web-tool for the National Academy of Sciences on linkages between economic development and transportation, and presented findings to state government officials around the country. Created economic development strategies and improvements to company's economic development software tool.

Harmon Law Offices, LLC., Newton, MA. *Billing Coordinator, Accounting Liaison*, 2002 – 2005.

Allocated IOLTA and Escrow funds, performed bank reconciliation and accounts receivable. Projected legal fees and costs for cases at the firm.

Massachusetts Department of Public Health, Boston, MA. *Data Analyst* (contract), 2002.

Designed statistical programs using SAS based on data taken from health-related surveys. Extrapolated trends in health awareness and developed benchmarks for performance of clinics and other healthcare facilities for statewide assessment.

EDUCATION

Tufts University, Medford, MA
Master of Arts in Economics, 2007

Boston University, Boston, MA
Bachelor of Arts in Mathematics and Economics, 2002. *Cum Laude*, Dean's Scholar.

ADDITIONAL SKILLS

Software: MS Office, STATA, SPSS, SAS, REMI, IMPLAN, Mathematica
Programming: C++
Languages: Conversant in French

PUBLICATIONS

Fisher, J., P. Luckow, A. Horowitz, T. Comings, A. Allison, E.A. Stanton, S. Jackson, K. Takahashi. 2016. *Michigan Compliance Assessment for the Clean Power Plan: MPSC/MDEQ EPA 111(d) Impact Analysis*. Prepared for Michigan Public Service Commission, Michigan Department of Environmental Quality, and Michigan Agency for Energy.

Comings, T., S. Jackson, J. Fisher. 2016. *The Economic Case for Retiring North Valmy Generating Station*. Synapse Energy Economics for Sierra Club.

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Stanton, E. A., P. Knight, A. Allison, T. Comings, A. Horowitz, W. Ong, N. R. Santen, K. Takahashi. 2016. *The RGGI Opportunity 2.0: RGGI as the Electric Sector Compliance Tool to Achieve 2030 State Climate Targets.* Synapse Energy Economics for Sierra Club, Pace Energy and Climate Center, and Chesapeake Climate Action Network.

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Ackerman, F., T. Comings. 2015. *Employment after Coal: Creating New Jobs in Eastern Kentucky*. Synapse Energy Economics for the Mountain Association for Community Economic Development.

Vitolo, T., M. Chang, T. Comings, A. Allison. 2015. *Economic Benefits of the Proposed Coolidge Solar I Solar Project*. Synapse Energy Economics for Coolidge Solar I, LLC.

Wilson, R., T. Comings, E. A. Stanton. 2015. *Analysis of the Tongue River Railroad Draft Environmental Impact Statement.* Synapse Energy Economics for Sierra Club and Earthjustice.

Synapse Energy Economics, Labor Network for Sustainability and 350.org. 2015. *The Clean Energy Future: Protecting the Climate, Creating Jobs, and Saving Money.*

Fisher, J., T. Comings, F. Ackerman, S. Jackson. 2015. *Clearing Up the Smog: Debunking Industry Claims that We Can't Afford Healthy Air.* Synapse Energy Economics for Earthjustice.

Stanton, E. A., T. Comings, S. Jackson, E. Karaca. 2015. *Atlantic Coast Pipeline Benefits Review.* Synapse Energy Economics for Southern Environmental Law Center.

Daniel, J. A. Napoleon, T. Comings, S. Fields. 2015. *Comments on Entergy Louisiana's 2015 Integrated Resource Plan*. Synapse Energy Economics for Sierra Club.

Comings, T., S. Jackson, K. Takahashi. 2015. *Comments on Indianapolis Power & Light Company's 2014 Integrated Resource Plan*. Synapse Energy Economics for the Sierra Club.

Takahashi, K., T. Comings, A. Napoleon. 2014. *Maximizing Public Benefit through Energy Efficiency Investments.* Synapse Energy Economics for Sierra Club.

Comings, T., S. Fields, K. Takahashi, G. Keith. 2014. *Employment Effects of Clean Energy Investments in Montana.* Synapse Energy Economics for Montana Environmental Information Center and Sierra Club.

Daniel, J., T. Comings, J. Fisher. 2014. *Comments on Preliminary Assumptions for Cleco's 2014/2015 Integrated Resource Plan.* Synapse Energy Economics for Sierra Club.

Comings, T., J. Daniel, P. Knight, T. Vitolo. 2014. *Air Emission and Economic Impacts of Retiring the Shawnee Fossil Plant.* Synapse Energy Economics for the Kentucky Environmental Foundation.

Fisher, J., T. Comings, D. Schlissel. 2014. *Comments on Duke Energy Indiana's 2013 Integrated Resource Plan*. Synapse Energy Economics and Schlissel Consulting for Mullet & Associates, Citizens Action Coalition of Indiana, Earthjustice, and Sierra Club.

Comings, T., K. Takahashi, G. Keith. 2013. *Employment Effects of Investing in Select Electricity Resources in Washington State.* Synapse Energy Economics for Sierra Club.

Stanton, E. A., T. Comings, K. Takahashi, P. Knight, T. Vitolo, E. Hausman. 2013. *Economic Impacts of the NRDC Carbon Standard.* Synapse Energy Economics for Natural Resources Defense Council (NRDC).

Ackerman, F., T. Comings, P. Luckow. 2013. *A Review of Consumer Benefits from a Corporate Average Fuel Economy (CAFE) Standards.* Synapse Energy Economics for Consumer Union.

Comings, T., P. Knight, E. Hausman. 2013. *Midwest Generation's Illinois Coal Plants: Too Expensive to Compete? (Report Update)* Synapse Energy Economics for Sierra Club.

Stanton, E. A., F. Ackerman, T. Comings, P. Knight, T. Vitolo, E. Hausman. 2013. *Will LNG Exports Benefit the United States Economy?* Synapse Energy Economics for Sierra Club.

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Keith, G., S. Jackson, A. Napoleon, T. Comings, J. Ramey. 2012. *The Hidden Costs of Electricity: Comparing the Hidden Costs of Power Generation Fuels.* Synapse Energy Economics for Civil Society Institute.

Fagan, R., M. Chang, P. Knight, M. Schultz, T. Comings, E. Hausman, R. Wilson. 2012 *The Potential Rate Effects of Wind Energy and Transmission in the Midwest ISO Region.* Synapse Energy Economics for Energy Future Coalition.

Bower, S., S. Huntington, T. Comings, W. Poor. 2012. *Economic Impacts of Efficiency Spending in Vermont: Creating an Efficient Economy and Jobs for the Future*. Optimal Energy, Synapse Energy Economics, and Vermont Department of Public Service for American Council for an Energy-Efficient Economy (ACEEE).

Comings, T., E. Hausman. 2012. *Midwest Generation's Illinois Coal Plants: Too Expensive to Compete?* Synapse Energy Economics for Sierra Club.

Woolf, T., J. Kallay, E. Malone, T. Comings, M. Schultz, J. Conyers. 2012. *Commercial & Industrial Customer Perspectives on Massachusetts Energy Efficiency Programs*. Synapse Energy Economics for Massachusetts Energy Efficiency Advisory Council.

Hornby, R., T. Comings. 2012. *Comments on Draft 2012 Integrated Resource Plan for Connecticut (January 2012)*.Synapse Energy Economics for AARP.

Hornby, R., D. White, T. Vitolo, T. Comings, K. Takahashi. 2012. *Potential Impacts of a Renewable and Energy Efficiency Portfolio Standard in Kentucky*. Synapse Energy Economics for Mountain Association for Community Economic Development and the Kentucky Sustainable Energy Alliance.

Hausman, E., T. Comings, G. Keith. 2012. *Maximizing Benefits: Recommendations for Meeting Long-Term Demand for Standard Offer Service in Maryland*. Synapse Energy Economics for Sierra Club.

Keith, G., B. Biewald, E. Hausman, K. Takahashi, T. Vitolo, T. Comings, P. Knight. 2011. *Toward a Sustainable Future for the U.S. Power Sector: Beyond Business as Usual 2011*. Synapse Energy Economics for Civil Society Institute.

Hausman, E., T. Comings, K. Takahashi, R. Wilson, W. Steinhurst, N. Hughes, G. Keith. 2011. *Electricity Scenario Analysis for the Vermont Comprehensive Energy Plan 2011*. Synapse Energy Economics for the Vermont Department of Public Service.

Steinhurst, W., T. Comings. 2011. *Economic Impacts of Energy Efficiency Investments in Vermont*. Synapse Energy Economics for the Vermont Department of Public Service.

Petraglia, L., T. Comings, G. Weisbrod. 2010. *Economic Development Impacts of Energy Efficiency and Renewable Energy in Wisconsin*. Economic Development Research Group and PA Consulting Group for Wisconsin Department of Administration.

Economic Development Research Group. 2009. *Economic Assessment of Proposed Brockton Power Facility*. Prepared for Brockton Power Company.

Economic Development Research Group and KEMA NV. 2009. *Economic Benefits of Connecticut's Clean Energy Program*. Prepared for the Connecticut Clean Energy Fund.

Howland, J., D. Murrow, L. Petraglia, T. Comings. 2009. *Energy Efficiency: Engine of Economic Growth in Eastern Canada*. Economic Development Research Group and Environment Northeast.

Economic Development Research Group and KEMA NV. 2008. *New York Renewable Portfolio Standard: Economic Benefits Report*. Prepared for New York State Energy Research and Development (NYSERDA).

Economic Development Research Group and Navigant Consulting. 2008. *Economic Potential of an Advanced Biofuels Sector in Massachusetts*. Prepared for the Massachusetts Office of Energy and Environmental Affairs.

Economic Development Research Group. 2006. *Environmental Impacts of Massachusetts Turnpike and Central Artery/Tunnel Projects*. Prepared for the Massachusetts Turnpike Authority.

TESTIMONY

Oklahoma Corporation Commission (Cause No. PUD 201600059): Responsive and rebuttal testimony evaluating the economics of Oklahoma Gas & Electric's application to install dry scrubbers at the Sooner generating facility. On behalf of Sierra Club. March 14, 2016 and March 23, 2016.

Hawaii Public Utilities Commission (Docket No. 2015-0022): Direct and rebuttal testimony on the economic impacts of the proposed merger of NextEra Corporation and Hawaiian Electric Companies (HECO). On behalf of the Hawaii Division of Consumer Advocacy. August 10, 2015 and October 7, 2015.

Ohio Public Utilities Commission (Case No. 14-1297-EL-SSO): Direct, supplemental and rehearing testimony evaluating the assumptions and analysis used by FirstEnergy Ohio in support of its application for approval of an electric security plan and related Retail Rate Stability Rider. On behalf of Sierra Club. December 22, 2014, supplemental (May 11, 2015, October 13, 2015 and December 30, 2015) and rehearing June 22, 2016.

Oklahoma Corporation Commission (Cause No. PUD 201400229): Direct and rebuttal testimony evaluating the assumptions in the analysis supporting Oklahoma Gas & Electric's request for authorization and cost recovery of a Clean Air Act compliance plan and Mustang modernization. On behalf of Sierra Club. December 16, 2014 and January 26, 2015.

Maryland Public Service Commission (Case No. 9361): Direct and surrebuttal testimony on the economic impact analysis filed by Exelon Corporation and Pepco Holdings, Inc. in their joint petition for the merger of the two entities. On behalf of the Maryland Office of the People's Counsel. December 8, 2014 and January 21, 2015.

State of New Jersey Board of Public Utilities (Docket No. EM14060581): Direct testimony on the economic impact analysis filed by Exelon Corporation and Pepco Holdings, Inc. in their joint petition for the merger of the two entities. On behalf of the New Jersey Division of Rate Counsel. November 14, 2014.

District of Columbia Public Service Commission (Formal Case No. 1119): Direct and answer testimony evaluating the economic impact analysis of the proposed Exelon-Pepco merger. On behalf of the District of Columbia Government. November 3, 2014 and March 20, 2015.

Kentucky Public Service Commission (Case No. 2013-00259): Direct and supplemental testimony regarding East Kentucky Power Cooperative's Application for Cooper Station Retrofit and Environmental Surcharge Cost Recovery. On behalf of Sonia McElroy and Sierra Club. November 27, 2013 and December 27, 2013.

Indiana Utility Regulatory Commission (Cause No. 44339): Direct testimony in the Matter of Indianapolis Power & Light Company's Application for a Certificate of Public Convenience and Necessity for the Construction of a Combined Cycle Gas Turbine Generation Facility. On behalf of Citizens Action Coalition of Indiana. August 22, 2013.

Resume dated October 2016

S&P Global
Ratings

RatingsDirect®

Research Update:

DPL Inc. And Dayton Power & Light Co. Ratings Affirmed, Off Watch; Outlook Negative

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Research Update:

DPL Inc. And Dayton Power & Light Co. Ratings Affirmed, Off Watch; Outlook Negative

Overview

- Dayton, Ohio-based Dayton Power & Light Co. (DP&L) recently closed on a new credit agreement, providing a secured term loan facility of $445 million applied toward the refunding of DP&L's first mortgage bonds due in 2016.
- The Public Utilities Commission of Ohio (PUCO) has restored the company's previously authorized rates after the Ohio Supreme Court's reversal of DP&L's non-bypassable service stability rider threatened to drastically lower rates.
- We are affirming our 'BB' issuer credit ratings on DP&L and its parent, DPL Inc., and removing the ratings from CreditWatch. The rating outlook is negative.
- Our recovery rating on DP&L's secured term loan is '1', indicating our expectation for a very high (90%-100%) recovery in a default. Our recovery rating for parent DPL Inc.'s unsecured debt is '4', indicating our expectation for average (30%-50%; upper half of the range) recovery in a default, mainly reflecting its structurally junior claim to the consolidated value and weaker valuation assumptions for DPL's merchant generation.
- The negative outlook reflects uncertainty about the durability and sustainability of future ESP plans or equivalent regulatory mechanisms that could result in weaker financial measures for both DPL and DP&L.

Rating Action

On Aug. 30, 2016, S&P Global Ratings affirmed its 'BB' issuer credit ratings on DPL Inc. and subsidiary Dayton Power & Light Co. (DP&L) and removed the ratings from CreditWatch, where we placed them with negative implications on June 27, 2016. The outlook is negative.

At the same time, we affirmed our 'BBB-' rating on DP&L's senior secured debt and removed the rating from CreditWatch, where we placed it with negative implications on Aug. 8, 2016. We also affirmed our 'BB' rating on DPL's senior unsecured debt and removed the rating from CreditWatch, where we placed it with negative implications on June 27, 2016.

Rationale

The resolution of the CreditWatch follows a recent order from the PUCO granting the company its motion to withdraw its second Electric Stability Plan

(ESP II) rates and re-implement previously authorized rates under ESP I.

The rating actions reflect the reduced probability of a near-term ratings downgrade, including reduced refinancing risk associated with the company's $445 million first mortgage bonds that was due in September 2016, and reduced financial risk following the recent order from the PUCO granting DP&L its motion to re-implement previously authorized rates under ESP I, reducing the likelihood of a pronounced weakening of the company's financial ratios.

Our ratings on DPL incorporate our assessment of the company's group credit profile as a moderately strategic subsidiary of ultimate parent AES Corp. In addition, while we view the cumulative value of structural protections in place as potentially providing one notch of insulation between DPL and AES Corp., we ascribe no ratings distinction given that we rate AES Corp. at 'BB', the same stand-alone credit profile as DPL.

Our business risk assessment for DPL reflects increased competition in the retail generation markets, including the company's relative small size, and lack of fuel diversity. This is partially mitigated by DP&L's lower-risk transmission and distribution (T&D) business that collectively results in a satisfactory business risk assessment for DPL.

We assess DPL's financial risk using our medial volatility table. This reflects the company's lower-risk regulated T&D business that is offset by its higher-risk merchant generation operations that is subject to increased competition. Under our base case that includes annual capital spending of about $145 million, and PJM capacity prices of $134 per megawatt day for the 2016/2017 year, we expect funds from operations (FFO) to debt of about 10% for DPL, indicative of an aggressive financial profile category.

Liquidity

We assess DPL and DP&L's liquidity as adequate. We expect DPL and DP&L to cover their liquidity needs for the next 12 months even if EBITDA declines by 10%. We also expect DPL and DP&L's liquidity sources over the next 12 months will exceed uses by more than 1.1x. These entities also benefit from sound relationships with its banks, and have the likely ability to absorb high-impact, low-probability events, with limited need for refinancing, including our view of the companies' ability to lower capital spending or sell assets in the event of financial stress.

Principal liquidity sources include:

- Consolidated credit facility availability of $380 million;
- Consolidated FFO of about $165 million; and
- Available cash of about $70 million.

Principal liquidity uses include:

- Consolidated capital spending of about $145 million; and
- Long-term debt maturities of about $57 million due in 2016.

Outlook

The negative outlook reflects uncertainty about the durability and sustainability of future ESPs or equivalent regulatory mechanisms that could result in weaker financial measures for both DPL and DP&L. Given the company's size relative to peers and our view of a somewhat challenging regulatory environment in Ohio that if not well-managed could raise regulatory risk, we could dampen our view of the company's business risk assessment.

Downside scenario

We could lower the ratings on DPL and DP&L over the next nine months if the company experiences adverse regulatory outcomes that weakened its financial ratios, including FFO to debt that is consistently at or below 9%. We could also lower the rating if we revised our business risk assessment on DPL Inc. downward, resulting in a lower stand-alone credit profile, or if we downgrade AES Corp.

Upside scenario

We could revise the outlook to stable over the next nine months if the company is able to demonstrate a sustained improvement in its financial ratios, including FFO to debt that is consistently greater than 13%, indicative of an improvement to the significant financial risk profile category. This could occur if the company improved its management of regulatory risk, including confirmation on the durability and sustainability of future ESP plans or equivalent regulatory mechanisms that collectively enhance our view of the company's credit quality.

Ratings Score Snapshot

Corporate Credit Rating: BB/Negative/--

Business risk: Satisfactory
- Industry risk: Low risk
- Country risk: Very low risk
- Competitive position: Satisfactory

Financial risk: Aggressive
- Cash flow/leverage: Aggressive

Anchor: 'bb'

Modifiers:
- Diversification: Neutral (no impact
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)

- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Group credit profile: bb

- Stand-alone credit profile: bb
- Entity status within group: Moderately strategic (no impact)

Recovery Analysis

- Our recovery rating on DP&L's secured term loan is '1', indicating our expectation for a very high recovery given default. Our recovery rating for parent DPL Inc.'s unsecured debt is '4' (upper half of the range), mainly reflecting its structurally junior claim to the consolidated value and weaker valuation assumptions for DPL's merchant generation. We conduct our recovery analysis for DPL and DP&L on a consolidated basis and assume a default in 2019. Our recovery valuation assumes that the regulated transmission and distribution assets will be valued at their net book value of about $1.15 billion, as a proxy for the allowed regulated return on these assets.
- We value the unregulated coal power generation assets at about $520 million, based on an average dollar per kilowatt of about $250 due to continued pressure on the value and economics of these types of assets. We assume the administrative expenses claim only totals 3% of the gross valuation since a default may only occur at DPL, which has a relatively simple capital structure. DP&L's secured debt is expected to total $775 million at default (including an estimate of six months' accrued interest) and would have the highest priority claim to the value of the regulated assets, or about $1.15 billion on a net basis. This suggests collateral coverage of about 144%.
- Our first mortgage bond criteria requires coverage from regulated assets of at least 150% to qualify for a '1+' recovery rating. As such, this debt has a '1' recovery rating, indicating our expectation for a recovery of 90%-100%. This produces an issue rating of 'BBB-', two notches higher than the corporate credit rating, although certain debt that has bond insurance from Berkshire Hathaway is rated higher based on our credit rating on the insurer.
- After accounting for other estimated claims at DP&L of about $178 million consisting of revolving bank debt, which we assume is 85% drawn at default, and structurally senior preferred stock), there is roughly $666 million in remaining value available to DPL creditors. This suggests total coverage of about 49% for DPL's unsecured debt of roughly $1.35 billion (including an estimate of six months interest). As such this debt has a '4' recovery rating (recovery of 30%-50%; upper half of the range) and an issue rating of 'BB'.

Simulated default assumptions

- Simulated year of default: 2019

Simplified waterfall

- Regulated asset value: $1.15 billion
- Merchant asset value: $520 million
- Net enterprise value (after 3% administrative costs): $1.62 billion
- Valuation split (DP&L/other subsidiaries): 69%/31%
- Net value available to DP&L's first-lien debt: $1.15 billion
- First mortgage bonds and other first-lien debt: $774 million
- --Recovery expectations: 90%-100%
- Total value available to unsecured creditors at DP&L: $845 million
- Unsecured revolver at DP&L: $155 million
- --Recovery expectations: Not applicable
- Structurally senior preferred stock at DP&L: $24 million
- Recovery expectations: Not applicable
- Remaining value available to claims at DPL: $666 million
- Senior unsecured debt at DPL: $1.35 billion
- --Recovery expectations: 30%-50%, upper half of the range

Notes: All debt amounts include six months of prepetition interest. Revolvers assumed to be drawn at 85%.

Related Criteria And Research

Related Criteria

- Criteria – Corporates – General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria – Corporates – Recovery: Revised Revolver Usage Assumptions For Recovery Analysis In Corporate Ratings, Nov. 20, 2014
- Criteria – Corporates - Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria – Corporates – Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria – Corporates – General: Corporate Methodology, Nov. 19, 2013
- Criteria – Corporates – General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For ‘1+’ And ‘1’ Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria Guidelines For Recovery Ratings On Global Industrials Issuers' Speculative-Grade Debt, Aug. 10, 2009

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
DPL Inc.		
Dayton Power & Light Co.		
Corporate Credit Rating	BB/Negative/--	BB/Watch Neg/--
DPL Inc.		
Senior Unsecured	BB	BB/Watch Neg
Recovery Rating	4H	4H
DPL Capital Trust II		
Preferred Stock	B+	B+/Watch Neg
Dayton Power & Light Co.		
Senior Secured	BBB-	BBB-/Watch Neg
Recovery Rating	1	1

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Ex. TC - 3

Dynegy stock pummeled after 2017 guidance and deleveraging pitch falls short

LUCAS BIFERA

Investors hammered Dynegy Inc. stock and bond prices after management offered 2017 guidance that came in on the lower end of analyst estimates, along with fears that the generator is not doing enough to deleverage or hedge against power price risk in the ENGIE portfolio it expects to soon own.

On the heels of its decision to retire some 1,500 MW of capacity next year, the merchant generator initiated 2017 full-year EBITDA guidance between $1.2 billion and $1.4 billion, with free cash flow guidance set at $150 million to $350 million.

But heading into the company's third-quarter earnings call Nov. 2, the consensus mean estimate for 2017 guidance was $1.39 billion, while free cash flow consensus was $332 million, both just shy of the higher end of the official guidance, according to S&P Capital IQ estimates.

While management was holding its call with analysts, share prices slid on the New York Stock Exchange, ending the day down more than 31% at $7.34.

Dynegy’s newly issued senior notes also tumbled on the weaker 2017 outlook. The company’s 8% notes due in 2025 lost 4.5 points, hitting fresh lows of 91.75, while the 7.625% notes due in 2024 lost 7.625 points and settled at 91, according to a S&P Leveraged Commentary & Data report on Nov. 2.

Deleveraging delivery

The company pointed to its recently restructured debt from its Illinois Power Generating Co. subsidiary as one example of how it is pushing to deleverage, shooting for a 4.5x debt-to-EBITDA ratio by 2018.

The company says under its 2017 guidance, it would still be at about 6.8x levered, Dynegy Executive Vice President and CFO Clint Freeland said.

That was not enough to convince some analysts, who suggested that Dynegy, unlike peer NRG Energy Inc., has not yet put in place a hard figure on how much of its free cash flow it will carve out for lowering that ratio.

"The new 2017 guidance shows that even if 100% of free cash flows are used for debt reduction, at the high-end, that $350 million would only lower leverage by about 0.3x leverage points and leverage would still be over 6x," CreditSights analysts suggested in a Nov. 2 note.

ENGIE

While the generator has arranged financing and integration activities needed to extract $90 million in expected synergies, it has yet to secure hedges on the ENGIE fleet, as it awaits final approval from FERC.

"We don't want to go out and hedge the ENGIE portfolio at this point of time because you just don't know when FERC will actually move ... you don't want to be in a situation where you find yourself in a short position," Dynegy President and CEO Robert Flexon said.

"Once we get the ENGIE portfolio, we would be absolutely there hedging that portfolio ... our hedging strategy is tied to also our financial goals, including our leverage goals," Flexon added.

This still triggered additional concerns from analysts, who pointed out that the ENGIE fleet, largely positioned in PJM and New England, could be highly volatile heading into what could be a warmer winter.

"We remain concerned that the Engie portfolio remains unhedged, a material risk for shareholders entering a warm winter," Morningstar analysts said in a Nov. 2 note, suggesting that the unhedged ENGIE portfolio could swing adjusted EBITDA by $74 million for every $1/MWh change in spark spreads.

Assessing assets

The generator said it is unlikely to pursue additional acquisitions, it said, as it tries to extract synergies in the ENGIE fleet when the deal is approved. That could temper some speculation that the generator would contemplated a possible purchase of a portfolio of Texas generation assets owned by TCEH Corp.

Dynegy indicated that it is revisiting the potential sale of individual assets, or bundles of assets, which could help it further deleverage. Management reopened the door to a possible sale of itsIndependence Station in New York, as well as peaker plants in PJM, a nod to a possible bundled sale down the line.

The company also said it is interested in consolidating ownership and operational control over a host of its assets in Ohio, including W.H. Zimmer and Miami Fort, while possibly looking to cede its interest in Conesville, J.M Stuart and Killen Station to their respective operators, who include American Electric Power Co. Inc. and AES Corp.

"We would like to own 100% of Zimmer and Miami Fort," Flexon said. "For the other plants where we are not the operator, our interest in those plants would go to the operator of that particular plant, and that's kind of a 3-way negotiation between AEP, AES and Dynegy."

Ex. TC - 5

Q3

State of the Market Report for PJM

January through September

Monitoring Analytics, LLC

Independent
Market Monitor
for PJM

11.10.2016

2016

Generator Forced Outage Rates

There are three primary forced outage rate metrics. The most fundamental forced outage rate metric is EFORd. The other forced outage rate metrics either exclude some outages, XEFORd, or exclude some outages and exclude some time periods, EFORp. The other outage rate metrics will no longer be used under the capacity performance capacity market design.

The unadjusted forced outage rate of a generating unit is measured as the equivalent demand forced outage rate (EFORd). EFORd is a measure of the probability that a generating unit will fail, either partially or totally, to perform when it is needed to operate. EFORd measures the forced outage rate during periods of demand, and does not include planned or maintenance outages. A period of demand is a period during which a generator is running or needed to run. EFORd calculations use historical performance data, including equivalent forced outage hours, service hours, average forced outage duration, average run time, average time between unit starts, available hours and period hours.[90] The EFORd metric includes all forced outages, regardless of the reason for those outages.

The average PJM EFORd for the first nine months of 2016 was 6.3 percent, a decrease from 6.9 percent for the first nine months of 2015. Figure 5-10 shows the average EFORd since 1999 for all units in PJM.[91]

Figure 5-10 Trends in the PJM equivalent demand forced outage rate (EFORd): 1999 through 2016

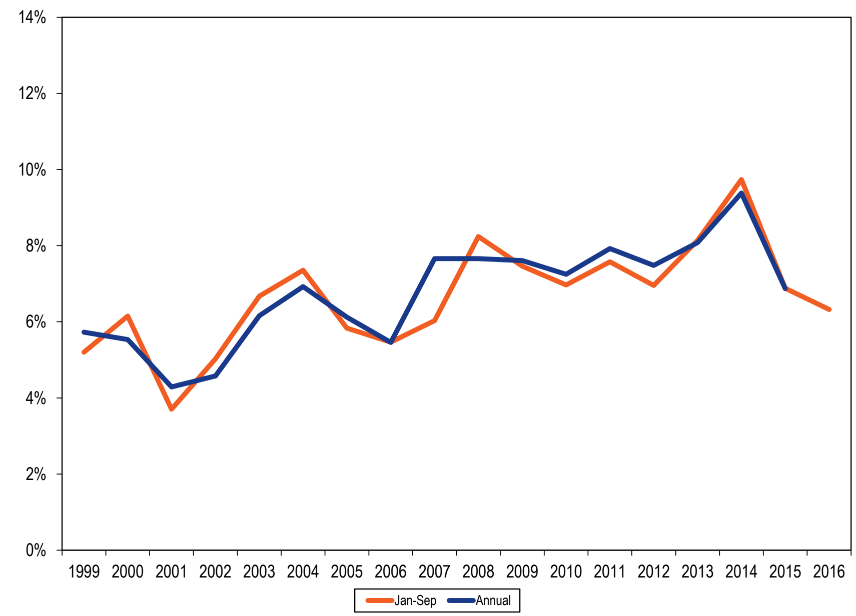

Table 5-19 shows the class average EFORd by unit type.

Table 5-19 PJM EFORd data for different unit types: January through September, 2007 through 2016

	2007 (Jan-Sep)	2008 (Jan-Sep)	2009 (Jan-Sep)	2010 (Jan-Sep)	2011 (Jan-Sep)	2012 (Jan-Sep)	2013 (Jan-Sep)	2014 (Jan-Sep)	2015 (Jan-Sep)	2016 (Jan-Sep)
Combined Cycle	3.5%	3.4%	4.5%	3.6%	3.0%	3.0%	3.3%	4.4%	2.6%	3.2%
Combustion Turbine	10.6%	10.8%	8.5%	8.2%	7.1%	6.6%	10.3%	16.7%	9.4%	5.5%
Diesel	12.3%	10.8%	8.8%	6.7%	9.7%	5.1%	6.1%	15.0%	9.7%	7.0%
Hydroelectric	1.9%	2.5%	2.7%	1.3%	2.3%	5.1%	3.3%	3.1%	2.9%	2.7%
Nuclear	1.2%	1.0%	4.3%	2.1%	2.4%	1.5%	1.3%	2.0%	1.2%	2.4%
Steam	8.6%	10.4%	9.4%	9.6%	11.1%	10.2%	11.8%	12.5%	10.1%	10.1%
Total	6.6%	7.6%	7.5%	7.0%	7.6%	7.0%	8.1%	9.7%	6.9%	6.3%

90 Equivalent forced outage hours are the sum of all forced outage hours in which a generating unit is fully inoperable and all partial forced outage hours in which a generating unit is partially inoperable prorated to represent full hours.
91 The universe of units in PJM changed as the PJM footprint expanded and as units retired from and entered PJM markets. See the *2015 State of the Market Report for PJM*, Appendix A: "PJM Geography" for details.

Ex. TC - 6
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Ex. TC - 7
Confidential

Ex. TC - 8

FITCH AFFIRMS DPL AND DP&L; OUTLOOK REVISED TO NEGATIVE

Fitch Ratings-New York-12 July 2016: Fitch Ratings has affirmed the Long-Term Issuer Default Ratings (IDR) of DPL Inc. (DPL) at 'B+' and Dayton Power Light & Company (DP&L) at 'BB+'. The Rating Outlook for both entities has been revised to Negative from Stable. A complete list of rating actions follows at the end of this release.

KEY RATING DRIVERS

--Ohio Supreme Court order jeopardises pending ESP;
--Alternative rate relief needed to maintain ratings;
--Near-term financial flexibility impaired.

The ratings affirmation and revision of the Rating Outlook follows the Ohio Supreme Court's rejection of DP&L's "service stability rider" (SSR) charge which could have material negative credit impact on DP&L and DPL. In addition to cash flow reduction in the near term, the court ruling could jeopardise the extension of a similar rate structure beyond 2016 as requested in DP&L's pending Electric Security Plan (ESP) filed with the Public Utility Commission of Ohio (PUCO) in February 2016. Fitch views the receipt of these payments as key to reducing leverage at DP&L and DPL.

The resolution of the Negative Outlook will depend upon the amount, sustainability and timeliness of alternative regulatory rate relief from PUCO, as well as the companies' ability to refinance or repay the 2016 maturities in a timely manner with reasonable terms.

The Ohio Supreme Court ruling terminates collection of the remaining SSR in 2016 of approximately $55 million per Fitch's estimate; $250 million of SSR payments that have been collected are not subject to refund. The ruling is an adverse development that casts doubt upon the proposed extension in the pending ESP of a similar rate structure to the SSR. This rate structure is an alternative to a "reliable electricity rider" (RER) which is similar to the Purchased Power Agreements (PPA) proposed by other Ohio utilities. Fitch notes that the PPAs have been largely abandoned by other Ohio utilities due to jurisdictional issues.

Fitch continues to believe that the PUCO will ultimately authorize an alternative rider for DP&L to mitigate the Ohio Supreme Court ruling. However, the path and timing to that end are primary credit concerns.

The court ruling has negative implications for DPL and DP&L's liquidity due to loss of cash flow from SSR and associated uncertainties surrounding the 2016 maturities. However, the companies should have sufficient liquidity to cover net cash needs in the next 12 months. Fitch projects DPL and DP&L to be modestly free cash flow positive in 2016 and expects negative free cash flow in 2017 without additional rate relief.

As of March 31, 2016, DP&L has $445 million first mortgage bonds due on Sept. 15, 2016 and DPL has $57 million senior unsecured notes due in October 2016. DP&L's $100 million 2006 pollution control bonds due in 2036 can be called at par on Sept. 1, 2016. Although Fitch believes that most of these maturities will be refinanced or repaid as planned, the possibility of achieving desirable financing terms and flexibility of the timing of execution are likely reduced.

Ex. TC - 8

Fitch intends to maintain a three-notch differential between the IDRs of DPL and DP&L. This is due to Fitch's belief that the existing regulatory measures, such as the capital structure requirement and restriction on dividend in case of negative retained earnings, provide some protection of DP&L's credit quality, but don't effectively insulate it from DPL in certain distress scenarios.

The debt instrument rating at DPL is notched above or below the IDR as a result of the relative recovery prospects in a hypothetical default scenario. Fitch affirms the instrument rating for DPL based on a recovery analysis. Fitch values the power generation assets using a net present value (NPV) analysis and the equity value in DP&L is added to derive DPL's enterprise value for the recovery analysis. Fitch assigned a 'BB/RR2' rating to DPL's senior secured revolving credit facility and term loan. The 'RR2' rating reflects a two-notch differential from the 'B+' IDR and indicates that Fitch estimates superior recovery of principal and related interest of between 71% - 90%. Fitch also assigned a 'BB-/RR3' rating to DPL's senior unsecured notes, reflecting a one-notch differential from the 'B+' IDR, implying good recovery of principal and related interest of between 51% - 70%.

KEY ASSUMPTIONS

--Several rate relief scenarios and correspondent deleveraging levels and timing were assumed;
--No equity support from AES;
--DP&L's debt-to-cap ratio assumed to reach 50% in 2018.

RATING SENSITIVITIES

Positive: Future developments that may, individually or collectively, lead to positive rating action include:

DPL and DP&L's rating Outlook can be stabilized if prospective rate relief is forthcoming, such that DPL's consolidated adjusted debt-to-operating EBITDAR can sustain comfortably below 6x and/or FFO-lease adjusted leverage below 6.5x. Divesture of DPL's merchant generation after the separation, in part or whole, could result in positive rating actions.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

Rating downgrades at DPL could be triggered by the absence of timely regulatory support in Ohio and/or continued challenging market conditions for its merchant generation business. Deterioration of DPL's consolidated adjusted debt-to-operating EBITDAR ratio on a sustained basis to above 7x or FFO-lease adjusted leverage sustained above 7.5x without a visible path for recovery could result in rating downgrades.

If DP&L fails to refinance its first mortgage bonds in 2016 with reasonable terms, ratings may be downgraded. Other factors that could cause negative rating actions include, but are not limited to, lower-than-expected cash flow at DP&L or the inability to execute deleveraging at DP&L, such that the future transmission and distribution utility's stand-alone debt-to-operating EBITDAR and FFO-lease adjusted leverage sustain above investment grade guideline ratios of 5x and 6x, respectively.

Fitch has affirmed the following ratings:

DPL, Inc.
--Long-Term IDR at 'B+';
--Short-Term IDR at 'B';
--Secured debt at 'BB/RR2';

--Senior unsecured debt at 'BB-/RR3'.

Dayton Power & Light Company
--Long-Term IDR at 'BB+';
--Senior secured debt at 'BBB';
--Preferred stock at 'BB';
--Short-Term IDR at 'B'.

DPL Capital Trust II
--Junior subordinate debt at 'B/RR5'.

The Ratings Outlook has been revised to Negative from Stable.

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Date of Relevant Rating Committee: July 12, 2016

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362

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