BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan	)	Case No. 16-395-EL-SSO
In the Matter of the Application of The Dayton Power and Light Company for Approval of Revised Tariffs	)	Case No. 16-396-EL-ATA
In the Matter of the Application of The Dayton Power and Light Company for Approval of Certain Accounting Authority Pursuant to Ohio Rev. Code § 4905.13	)	Case No. 16-397-EL-AAM

PUBLIC VERSION

DIRECT TESTIMONY OF THOMAS N. LAUSE ON BEHALF OF THE OHIO MANUFACTURERS' ASSOCIATION ENERGY GROUP

November 21, 2016

Q. Please state your name, title, and business address.

A. My name is Thomas N. Lause and I am employed by Cooper Tire & Rubber Company (Cooper Tire). My title is Vice President, Treasurer and my business address is 701 Lima Avenue, Findlay, Ohio, 45840.

I am also a Director on the Ohio Manufacturers' Association (OMA) Board of Directors, and a member of the Finance Committee of the OMA Board of Directors.

Q. What is your role with the Cooper Tire?

A. As Treasurer, I am responsible for treasury operations, tax strategy and compliance, and overall risk management for Cooper Tire's global operations. I also play an integral part in the financial and business decisions of Cooper Tire, including investment, expansion, and capital expenditure decisions. In order to fulfill these responsibilities, Cooper Tire closely monitors our manufacturing cost structure, including energy costs given the important role of electricity in our Company's manufacturing costs. The cost of electricity is a significant input in the cost of our product.

Q. Please describe your educational background, professional qualifications and employment experience.

A. I earned a BSBA with a major in Accounting from Bowling Green State University, Bowling Green, OH in 1981, and a MBA (Executive Program), also from Bowling Green State University. My final research topic was a case study

of Activity Based Costing. I also completed the Executive Leadership Program at the University of Notre Dame in 2005. I earned my Certificate of Public Accounting (now inactive), Certificate No. 20,183, from the State of Ohio in November 1986.

I have been employed at Cooper Tire for 33 years and I have served in various roles in operations and finance. My roles have been in Cooper Tire's plants, our European Operations, and in our Global Headquarters in Findlay, Ohio. I served as Global Operations Controller prior to taking on the Treasury responsibilities.

Q. As Treasurer of Cooper Tire, are you familiar with financial statements of public companies and reports from securities and rating analysts?

A. Yes.

Q. Have you previously testified before the Commission?

A. Yes. I previously testified before the Public Utilities Commission of Ohio (PUCO) in the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's electric security plan (ESP) IV case.[1]

[1] *In the Matter of the Application of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan,* Case No. 14-1297-EL-SSO (August 4, 2014) (FirstEnergy ESP IV).

Q. On whose behalf are you offering testimony?

A. I am testifying on behalf of the Ohio Manufacturers' Association Energy Group (OMAEG). As a Director on the OMA Board of Directors and a member of the OMAEG, my company and other OMAEG manufacturers have a significant interest in the distribution modernization rider (Rider DMR) proposed by DP&L and the costs that will be collected from manufacturers.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to Dayton Power & Light Company's (DP&L's) amended electric security plan (ESP) application and testimony specific to the proposed Rider DMR, including DP&L's assertion that "[w]ithout approval of the Company's proposed DMR, both DP&L and its parent, DPL Inc., would be unable to maintain their financial integrity."[2] My testimony will show that Rider DMR amounts to nothing more than a corporate bailout of DPL Inc. in the form of a subsidy by Ohio's manufacturers, which adds costs to consumers and all other Ohio businesses, making those businesses less competitive in the global economy. I will explain that Rider DMR sends an inappropriate and anticompetitive message to businesses looking to initiate or expand operations in the state of Ohio, as the bailout favors one Ohio company (and its subsidiaries) over others.

[2] DP&L's Amended Application at 3 (October 11, 2016).

Q. Describe your Company's operations and the impact on the state of Ohio.

A. Cooper Tire is headquartered in Findlay, Ohio and has three tire manufacturing plants in the United States: one in Findlay, Ohio (the only remaining tire manufacturing plant remaining in the state of Ohio), one plant in Texarkana, Arkansas and one plant in Tupelo, Mississippi. We also have tire manufacturing plants in Mexico, the United Kingdom, Serbia and China. In addition to its corporate headquarters, Cooper Tire has its Global Technical Center located in Findlay, Ohio as well as a mold manufacturing plant. Cooper Tire also has its Mickey Thompson subsidiary located in Northeast Ohio. Cooper Tire has over 2,000 employees in the state of Ohio and significantly contributes to state and local taxes. Cooper Tire also purchases significant volumes of goods and services from local Ohio businesses. Cooper Tire not only operates as a major employer of Ohio citizens, but also provides high quality products to citizens in the state of Ohio. Finally, Cooper Tire makes significant efforts to be a good corporate citizen through time and financial contributions to charitable organizations.

Q. Does Cooper Tire participate in a competitive market to sell its products?

A. Absolutely. Every day, Cooper Tire competes for business with other American tire manufacturers and with foreign tire manufacturers from lower cost parts of the world. In an industry like the global tire industry, where margins are tight, it is so important to keep costs down in order to remain competitive. Forcing Ohio manufacturing plants and facilities to bear above-market charges for electric

service adds risk to manufacturers' businesses in Ohio and impedes their ability to sustain or grow their operations in Ohio.

Q. How does a manufacturer, such as Cooper Tire, handle financial constraints in a competitive market?

A. Every day, Cooper Tire strives to sustain and improve its cost competiveness through innovation, improved productivity, and in some unfortunate cases, staff reductions, all to stay competitive in the global market. And every day, Cooper Tire determines, among its global network of facilities, where to allocate its production and where to invest its resources, with operational costs being a significant consideration.

Q. What measures could a manufacturer, such as Cooper Tire, adopt to protect itself from volatile electric pricing?

A. To manage electric supply needs in a cost effective manner, manufacturers could shop for their generation service with competitive retail electric service (CRES) providers. Cooper Tire has shopped for its generation service since 2012. This has enabled Cooper Tire to better manage its electric pricing by taking advantage of various contracts with CRES providers that are best suited for our business needs. As explained previously, electricity is a significant component in our manufacturing process. Our CRES contract provides more certainty as to this component of our manufacturing costs.

Additionally, manufacturers could construct customer-sited generation resources to reduce their reliance on the electric grid and exposure to high non-bypassable charges. Cooper Tire continues to explore the construction of customer-sited generation resources as a way of minimizing a portion of its electric costs. Finally, manufacturers could participate in energy efficiency projects to further reduce their reliance on the electric grid. Cooper Tire is constantly researching and investigating opportunities for energy efficiency projects that reduce our consumption of electricity. Often these projects require capital investments, but if we determine that the project has a favorable return on investment, we can justify the cash investment to execute the project.

Q. Do you believe electric competition is working?

A. Yes. As previously mentioned, Cooper Tire and other OMAEG manufacturers have taken advantage of low market prices by shopping for generation service. Competition in the electric markets has enabled manufacturers to negotiate prices and products for electric service with CRES providers, thereby providing manufacturers with opportunities to become more competitive.

Q. Are you familiar with the proposed Rider DMR?

A. I have reviewed DP&L's Amended Application filed on October 11, 2016, the testimony of DP&L witnesses Craig L. Jackson and R. Jeffrey Malinak, some discovery responses, and other related documents, and I believe that I have a general understanding of the intent and objective of Rider DMR.

Q. Describe the proposed Rider DMR.

A. As explained in DP&L witness Jackson's testimony, Rider DMR is proposed to be a seven-year non-bypassable charge collected from customers that would recover $145 million per year.[3] DP&L explains that "[t]he cash flow from the DMR will be used to (a) pay interest obligations on existing debt at DPL [Inc.] and DP&L (b) make discretionary debt prepayments at DPL [Inc.] and DP&L (c) allow DP&L to make capital expenditures to modernize and/or maintain the Company's transmission and distribution infrastructure."[4] DP&L plans to use Rider DMR revenue to reduce DP&L's debt by approximately [redacted]

Q. Do you support the proposed Rider DMR?

A. No. Speaking on behalf of OMAEG and its manufacturing members, such as Cooper Tire, we do not agree with the premise or intent of Rider DMR. We are opposed to providing any credit support and subsidies to DP&L's parent company and its unregulated subsidiaries, which result in additional costs to manufacturing customers. Rider DMR is unreasonable, unjust, and harmful to manufacturers, and the Commission should reject Rider DMR as bad public policy that does not benefit the public interest.

[3] Direct Testimony of DP&L witness Craig L. Jackson at 12 (October 11, 2016); OMAEG-INT-02-003 (Attachment TNL-1).

[4] Id. at 12-13.

[5] Id. at 16.

Q. Why do you disagree with customers providing credit support to DPL Inc. and its subsidiaries under Rider DMR?

A. Effective November 28, 2011, AES Corporation (AES) acquired DPL Inc., the holding parent company of DP&L. DP&L is the principle subsidiary of DPL Inc. In 2011, AES, DPL Inc., and DP&L entered into three stipulations in connection with its application before the Commission for approval for a change of control of DP&L, which resulted in the acquisition of DPL Inc. as a wholly-owned subsidiary of AES.[6] A provision in each of those stipulations states that AES, DPL Inc., and DP&L agree to not recover from ratepayers or through regulated rates and charges any costs incurred related to the negotiation, approval and closing of the merger between DPL Inc. and AES, or "any acquisition premium."[7] The Commission approved these stipulations in its Finding and Order issued on November 22, 2011.[8] Based upon the commitments made during the merger proceeding, collecting money from ratepayers through Rider DMR to pay down debt that was incurred as a result of the merger transaction is inconsistent with the stipulations entered into between the parties in the merger case.[9]

[6] *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, Stipulation and Recommendation with the City of Dayton (September 2, 2011) (Attachment TNL-2), Stipulation and Recommendation with Certain Interested Parties (September 19, 2011) (Attachment TNL-3), and Stipulation and Recommendation (October 26, 2011) (Attachment TNL-4).

[7] Attachment TNL-4 at 4 (October 26, 2011 Stipulation); see also Attachment TNL-2 at 3 (September 2, 2011 Stipulation); Attachment TNL-3 at 2 (September 19, 2011 Stipulation).

[8] *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, Finding and Order at 13 (November 22, 2011).

[9] OMAEG was a signatory party to the October 26, 2011 Stipulation. Attachment TNL-4 at 7.

Additionally, Rider DMR amounts to nothing more than a corporate bailout of an unregulated holding company, DPL Inc., and its subsidiaries that will impact Ohio manufacturers by increasing their electric costs. Cooper Tire, and other OMAEG manufacturers operate in competitive markets that require manufacturers to produce high quality products at competitive costs so that the products can be sold into the marketplace at competitive prices. We compete against manufacturers from other states and from low-cost countries. Therefore, if our costs increase, it makes it difficult to sustain, much less grow, our business.

For example, Cooper Tire operates the only full scale light vehicle tire manufacturing plant in the state of Ohio. All of our competitors' light vehicle tire plants have been closed, mainly due to being cost-uncompetitive. An additional above-market charge, such as Rider DMR, that is added to manufacturers' electric bills will increase costs to Ohio manufacturers and increase their cost of production, thereby impeding their ability to remain competitive in their own industries.

Furthermore, the credit support provided to DP&L and its parent through Rider DMR, which is paid for by customers, sends an inappropriate message to all businesses in the state of Ohio and to those businesses who are considering starting operations in Ohio. By approving this corporate bailout, the Commission would, in essence, be picking winners and losers of businesses and industries operating or seeking to operate in Ohio. Approval would also incent DPL Inc. or

AES to take large, unfounded risks in their unregulated businesses because the risks are being insured by captive ratepayers who are forced to pay costs associated with keeping DPL Inc. at an investment grade credit rating. Competitive market forces, however, deliver a much more efficient and accurate outcome, which is good for economic growth and Ohio's consumers.

Q. **Do you believe that Rider DMR will support investment in distribution grid modernization initiatives?**

A. No. While DP&L states in its Amended Application that Rider DMR revenues will allow DP&L to make capital expenditures for modernizing the grid, DP&L also states that Rider DMR revenues will be used to pay interest obligations on existing debt and to make debt prepayments.[10] Specifically, DP&L witness Jackson states that DP&L plans to use the Rider DMR revenues to reduce DP&L debt and to make a prepayment on debt held by DPL Inc.[11] After the debt payments are made, there will likely be little, if any, available remaining funds to invest in distribution grid modernization. Moreover, neither the Amended Application, nor the supporting testimony, includes any commitment or guarantee that DP&L will actually invest in grid modernization.

Q. **Do you agree with DP&L witness Jackson's statement that Rider DMR will not be used to support the generation business?**

A. No. I have concerns with how the Rider DMR funds given to DP&L will or could be used and the lack of restrictions on such use in the Amended Application and

[10] DP&L's Amended Application at 3 (October 11, 2016).

[11] Direct Testimony of DP&L witness Craig L. Jackson at 17 (October 11, 2016).

testimony. Given that DP&L, DPL Inc., and its unregulated subsidiaries, are in the same tax jurisdiction (i.e., USA Corporate Tax), there is no impediment from a corporate tax perspective to move funds among subsidiaries of a company (as opposed to when companies move funds between foreign entities which normally triggers cash tax payments). DP&L witness Jackson confirms that no such impediment exists between DP&L and DPL Inc.[12] Therefore, although Mr. Jackson states that Rider DMR revenues will not be used to support the generation business[13] because they do not "maintain generation specific debt,"[14] DP&L has made no guarantee that the revenue collected under Rider DMR will not be used to support its generation assets or that of other unregulated generator affiliates. Further, Mr. Jackson's confirmation that the debt held by DP&L and DPL Inc. is supported by DP&L's cash flow and assets[15] does also not prohibit DP&L from indirectly dividending-up revenues from Rider DMR to its parent company that may support other unregulated affiliates.

[12] Id. at 11.

[13] "DP&L generates, transmits, distributes and sells electricity to more than 515,000 customers in West Central Ohio. DP&L, solely or through jointly owned facilities, owns 2,510 MW of generation capacity and numerous transmission facilities. DPLE owns peaking generation units representing 556 MW located in Ohio and Indiana." http://www.aes.com/our-business/us-sbu/default.aspx; see also DPL Inc. and DP&L Annual Report on Form 10-K (Fiscal Year Ended December 31, 2015) at 5, 10. (https://www.sec.gov/Archives/edgar/data/27430/000078725016000035/dpl10k12312015q4.htm#s1F4880ADFF77C5ACFC3C46B40BA1C898).

[14] Direct Testimony of DP&L witness Craig L. Jackson at 12-13 (October 11, 2016). DPL Energy, LLC, (DPLE) is a wholly-owned subsidiary of DPL Inc. that owns and operates peaking generation facilities from which it makes wholesale sales. DPLE was recently renamed AES Ohio Generation, LLC, effective February 1, 2016. See DPL Inc. and DP&L Annual Report on Form 10-K (Fiscal Year Ended December 31, 2015) at 5, 10. (https://www.sec.gov/Archives/edgar/data/27430/000078725016000035/dpl10k12312015q4.htm#s1F4880ADFF77C5ACFC3C46B40BA1C898). See also Moody's August 5, 2016 rating action at https://www.moodys.com/research/Moodys-affirms-the-ratings-of-DPL-and-DPL-changes-outlook--PR_353167.

[15] Id. at 13.

Q. Have you reviewed the financial statements or information from financial analysts regarding AES, DPL Inc., and DP&L?

A. Yes. I have reviewed the financial statements and claims included in the testimonies of DP&L's witnesses Jackson and Malinak and the merger commitment documents filed with the Commission that I referenced previously on page nine. I have also reviewed various Moody's rating actions, DPL Inc. and DP&L's 2015 Annual Report, and other documents as referenced herein. Moody's has given DP&L a credit rating of Baa3 and DPL Inc. an investment credit rating of Ba3, downgrading DPL Inc.'s outlook to negative from stable.[16] This means there may be concerns in the investment community as to DPL Inc.'s financial profile and whether DPL Inc. and its subsidiaries may no longer meet the expectations or requirements for their current credit ratings.

Q. In your experience, what would you expect a company with DPL Inc.'s investment profile to do after a credit agency downgrades its outlook to negative?

A. First, I would expect a company to have already developed a plan for improving cash flows. For example, some key areas that could be addressed are Selling General and Administrative (SG&A) costs, including advertising, headcounts, and executive compensation. Other significant cash flow opportunities are curtailing or rationalizing capital spending and possibly reviewing the level of dividend payments being made to shareholders. While painful, some companies need to

[16] See Moody's August 5, 2016 rating action at https://www.moodys.com/research/Moodys-affirms-the-ratings-of-DPL-and-DPL-changes-outlook--PR_353167 and Moody's March 24, 2016 rating action at https://www.moodys.com/research/Moodys-Affirms-AES-Corporations-Ba3-CFR-Changes-Rating-Outlook-to--PR_346132.

sell off some assets or curtail a portion of their operations in order to improve future cash flows. These are the types of fiscally responsive actions that public companies should be prepared to take and I would expect these cost saving measures to occur prior to a company seeking a corporate bailout in the form of a subsidy. A corporate bailout in the form of a subsidy to one company simply adds costs to all other consumers and Ohio businesses, thus making these businesses less competitive in the global economy.

Q. In lieu of Rider DMR, are there other actions that DPL Inc. could take to maintain its credit rating at investment grade?

A. Yes. Management of a public company has the fiduciary responsibility to manage the business in the best interests of its shareholders. This means that if an investment grade credit rating is important to DPL Inc. (so that it may prevent a possible drop in its stock price), DPL Inc. management should be addressing its costs and cash flow issues proactively, similar to what all other public companies must do. For instance, DPL Inc. could sell its generation assets to reduce its debt load, which would reduce interest expense and improve the liquidity metrics used by the rating agencies. This is one action that should help raise its credit rating. However, under Rider DMR, DPL Inc. has no incentive to exercise fiscally responsible actions, but rather can rely on a strategy of receiving a corporate bailout by charging customers higher rates (in turn making its customers uncompetitive). This is not only fiscally irresponsible, but also lacks in self accountability.

Q. Do you believe that DP&L and DPL Inc.'s purported efforts to maintain financial integrity are sufficient?[17]

A. No, as explained above, it does not appear that DP&L and DPL Inc.'s efforts are sufficient because DP&L and DPL Inc. are seeking financial support from customers through Rider DMR. As a reason for the negative outlook and financial issues, DP&L witness Jackson cites to anemic load growth and increased energy efficiency projects by customers.[18] DP&L's request to increase customers' rates to fix this problem is counterproductive. A contributing factor to the customers' anemic load growth is high operating costs (including increasing electric costs). Raising customers' rates is a perverse way to try to increase load growth: Increasing electric rates will increase manufacturers' costs, which could cause manufacturers to become uncompetitive. As manufacturers become uncompetitive, DP&L will lose more economic activity.

Additionally, high electric costs are forcing customers to become more energy efficient, in an attempt to reduce their operating costs and reliance on the grid. It is more cost effective to invest in energy efficiency projects than purchase more electricity from the grid. Therefore, the best way for DP&L to incent load growth is to become more competitive and lower one of the key cost inputs for manufacturers: electric costs. It also appears that DP&L and its parent have not explored all opportunities to reduce their debt, such as selling generation assets or other business units.

[17] Direct Testimony of Craig L. Jackson at 18 (October 11, 2016).

[18] Id. at 8.

Q. What impact will Rider DMR have on manufacturers in the state of Ohio?

A. Rider DMR will increase the cost to do business for Ohio's manufacturers. As such, it is unreasonable, unjust, and harmful to manufacturers, and does not benefit the public interest. OMAEG and its manufacturing companies firmly believe that if the Commission grants any form of a bailout to DPL Inc., it will have a domino effect as it will cause electric intensive manufacturers to become less competitive in the global marketplace. It will also send a negative message to businesses looking to initiate or expand operations in the state of Ohio.

From a statewide economic impact perspective, granting any form of a bailout to DPL Inc. and its subsidiaries, will have a much greater negative impact on the state. As I testified in the recent FirstEnergy ESP IV proceeding, it is bad public policy to provide corporate bailouts to public utilities.[19] As I feared would happen if the Commission decided to go down that path and grant a corporate bailout for one utility, others would demand similar treatment. DP&L is now capitalizing on the public policy established in the FirstEnergy ESP IV proceeding by seeking a similar corporate bailout.

[19] FirstEnergy ESP IV, Direct Testimony on Rehearing of Thomas N. Lause on Behalf of the Ohio Manufacturers' Association Energy Group (June 23, 2016) and Rebuttal Testimony on Rehearing of Thomas N. Lause on Behalf of the Ohio Manufacturers' Association Energy Group (July 15, 2016).

Q. **In light of the Commission's decision in the FirstEnergy ESP IV proceeding, do you believe that DP&L should be treated similarly and also receive a corporate bailout?**

A. No. Although the Commission awarded a customer-funded subsidy to FirstEnergy through a similar Rider DMR (which Ohio's manufacturers oppose), DP&L's request and the circumstances surrounding such request are distinguishable. In the FirstEnergy ESP IV case, the Commission's approval of FirstEnergy's Rider DMR recognized that FirstEnergy had already filed a grid modernization business plan to invest in grid modernization,[20] and that the Ohio FirstEnergy utilities would not be the sole contributors to improving the financial health of the parent company.[21] Additionally, the Commission conditioned its approval on three factors: 1) continued retention of the corporate headquarters in Ohio; 2) no change in control of the public utilities; and 3) a demonstration of sufficient progress in the implementation and deployment of grid modernization programs.[22] Not only does DP&L fail to meet the conditions established by the Commission, the level of DP&L's request is disproportionate for the size of the company.

DP&L has no current business plans to modernize its grid and has not demonstrated how sufficient progress has been made in implementing and deploying smart grid.[23] In fact, DP&L admits that it will only modernize the grid

[20] FirstEnergy ESP IV, Fifth Entry on Rehearing at 89.

[21] Id. at 95

[22] Id. at 96.

[23] OMAEG-INT-02-009 (Attachment TNL-5).

if it has Rider DMR funds available sometime in the future after DPL Inc.'s debt is reduced.[24] Additionally, DP&L and DPL Inc. have recently changed ownership and AES' (the new parent company of DPL Inc.) corporate headquarters are not located in Ohio.[25]

Given that DP&L is the primary subsidiary of DPL Inc.,[26] DP&L has not demonstrated that the Ohio utility will not be the sole contributor to improving the financial health of the parent company, DPL Inc.

Furthermore, DP&L relies heavily on the credit rating agencies' reports and downgrade rationale in its Amended Application to demonstrate "DP&L's financial need."[27] But the stated rationale was based upon the Commission eliminating the unlawful Service Stability Rider (SSR) that would reduce DP&L's revenue in the amount of the SSR. The Commission, however, did not eliminate the revenue amount associated with SSR in its entirety as the Commission

[24] Direct Testimony of Craig L. Jackson at 16 (October 11, 2016).

[25] See 2015 Annual Report of The AES Corporation, which lists the address of AES' principal executive offices in Arlington, Virginia (http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_AES_2015.pdf). DP&L states that there are 131 employees "assigned" to 1065 Woodman Drive, Dayton, Ohio, 45432, which is the building listed as the address of DP&L and DPL Inc. on their Annual Report. OMAEG-INT-02-007 (Attachment TNL-6). See also DPL Inc. and DP&L Annual Report on Form 10-K (Fiscal Year Ended December 31, 2015) at 5, 10 (https://www.sec.gov/Archives/edgar/data/27430/000078725016000035/dpl10k12312015q4.htm#s1F4880ADFF77C5ACFC3C46B40BA1C898). DP&L also states that there are an additional 405 "**people** assigned to the building located at 1900 Dryden Road, Dayton, Ohio 45439." OMAEG-INT-02-007 (Attachment TNL-6)(emphasis added). Importantly, DP&L does not call these "405 people" employees of DP&L.

[26] See DPL Inc. and DP&L Annual Report on Form 10-K (Fiscal Year Ended December 31, 2015) (https://www.sec.gov/Archives/edgar/data/27430/000078725016000035/dpl10k12312015q4.htm#s1F4880ADFF77C5ACFC3C46B40BA1C898).

[27] Amended application at 2-3.

replaced the SSR with a nonbypassable Rate Stability Charge (RSC) from its first ESP.[28] Therefore, the credit agencies' concerns related to the elimination of the revenue amount associated with the SSR is moot, at least in part, and DP&L has not established a need for Rider DMR at the level proposed in the Amended Application.

Q. What conclusions have you reached about DP&L's Rider DMR proposal?

A. I recommend that the Commission reject DP&L's proposed Rider DMR, which equates to a corporate bailout. Manufacturers like Cooper Tire need reliable electric service at reasonable prices. The certainty provided by competitively-sourced supply contracts affords manufacturers stability and the ability to make sound business decisions. Layering above-market charges on top of low energy costs procured through a robust competitive market increases costs to customers' electric service with no real justification or purpose. It thwarts the ability of manufacturing companies, like Cooper Tire and other OMAEG members, from taking advantage of low market prices through shopping for generation service from CRES providers and impedes the competitive market construct that was established by the Ohio General Assembly. Above-market charges will have detrimental impacts on manufacturing companies around the state of Ohio, which will ultimately impact consumers and hinder future economic investment in the state.

[28] Direct Testimony of Craig L. Jackson at 8 (October 11, 2016) ("On June 20, 2016 the Supreme Court of Ohio reversed the Commission's Order in Case No. 12-426-EL-SSO. Beginning in September 2016, DP&L began collecting significantly less under its ESP I rates than it had under its ESP II rates."); also see *In the Matter of the Application of The Dayton Power and Light Company for Approval of its Electric Security Plan et al.,* Case No. 12-426-EL-SSO et al., Opinion and Order at 25 (September 4, 2013).

Q. Does this conclude your testimony?

A. Yes. But I reserve the right to supplement my testimony should new information become available through outstanding discovery or by other means.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served on November 21, 2016 by electronic mail upon the persons listed below.

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OMAEG-INT-02-003: Does the $145 million in annual revenue proposed to be collected through Rider DMR include an amount associated with Federal corporate income taxes?

RESPONSE: General Objections No. 9 (vague or undefined). Subject to all general objections, DP&L states that yes the $145 million includes a gross-up for Federal corporate income taxes.

Witness Responsible: Craig L. Jackson

FILE

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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

STIPULATION AND RECOMMENDATION
WITH THE CITY OF DAYTON

Ohio Administrative Code Rule 4901-1-30 provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in that proceeding. This Stipulation and Recommendation ("Stipulation") sets forth the understanding of the parties that have signed below (the "Signatory Parties"). The Signatory Parties recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt, as part of its Opinion and Order, this Stipulation which will resolve all of the issues in the above-captioned proceeding.

WHEREAS, on April 19, 2011, DPL Inc., The AES Corporation, and Dolphin Sub, Inc. ("Merger Sub") signed an Agreement and Plan of Merger;

WHEREAS, as a result of the proposed merger, Merger Sub would merge with and into DPL Inc., Merger Sub would cease to exist and DPL Inc. would survive as a wholly-owned subsidiary of AES;

WHEREAS, on May 18, 2011, Applicants AES, Merger Sub, DPL, and The Dayton Power and Light Company ("DP&L") filed an Application requesting that the Commission approve the merger;

WHEREAS, on July 18, 2011, The City of Dayton and other interested persons filed comments regarding the proposed merger, and on August 18, 2011, Applicants, Dayton and other interested persons filed reply comments regarding the proposed merger.

NOW, THEREFORE, for the purposes of resolving all issues raised in this proceeding, the Signatory Parties stipulate, agree and recommend as follows:

1. Dayton does not oppose the merger, and urges the Commission to issue a prompt approval of the merger. Dayton does not believe that a hearing is necessary in this matter, and withdraws its request for a hearing.

2. 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.

3. a. 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.

   b. 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.

   c. 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.

4. Applicants agree that costs incurred directly related to the negotiation, approval and closing of the merger will not be recovered from ratepayers or through regulated rates.

5. 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.

6. 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.

7. 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.

8. In arm's-length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Stipulation contains the entire Agreement among the Signatory Parties, and embodies a complete settlement of all of their claims, defenses, issues and objections in these proceedings. The Signatory Parties agree that this Stipulation is in the best interests of the public and of all parties, and urge the Commission to adopt it.

9. This Stipulation is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated. Nothing in this Stipulation shall be used or construed for any purpose to

imply, suggest or otherwise indicate that the results produced through it represent fully the objectives of any Signatory Party. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, except as expressly provided herein, nor is it to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. As with such Stipulations reviewed by the Commission, the willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

10. The Signatory Parties will support the Stipulation if the Stipulation is contested, and including support of it in an application for rehearing.

11. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification.

IN WITNESS THEREOF, the undersigned parties agree to this Stipulation and Recommendation as of this 2nd day of September, 2011. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

THE AES CORPORATION AND
DOLPHIN SUB, INC.

By Daniel R. Conway per authorization by CLM

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Stipulation and Recommendation with the City of Dayton has been served via electronic mail upon the following counsel of record, this 2nd day of September, 2011:

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Christopher L. Miller

557912.1

FILE

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

STIPULATION AND RECOMMENDATION WITH CERTAIN INTERESTED PERSONS

Ohio Administrative Code Rule 4901-1-30 provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in that proceeding. This Stipulation and Recommendation ("Stipulation") sets forth the understanding of the parties that have signed below (the "Signatory Parties"). The Signatory Parties recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt, as part of its Opinion and Order, this Stipulation which will resolve all of the issues in the above-captioned proceeding.

WHEREAS, on April 19, 2011, DPL Inc., The AES Corporation, and Dolphin Sub, Inc. ("Merger Sub") signed an Agreement and Plan of Merger;

WHEREAS, as a result of the proposed merger, Merger Sub would merge with and into DPL Inc., Merger Sub would cease to exist and DPL Inc. would survive as a wholly-owned subsidiary of AES;

WHEREAS, on May 18, 2011, Applicants AES, Merger Sub, DPL, and The Dayton Power and Light Company ("DP&L") filed an Application requesting that the Commission approve the merger;

WHEREAS, on July 18, 2011, Ohio Partners for Affordable Energy ("OPAE") and other interested persons filed comments regarding the proposed merger, and on August 18, 2011, Applicants, The Ohio Hospital Association ("OHA"), and other interested persons filed reply comments regarding the proposed merger.

NOW, THEREFORE, for the purposes of resolving all issues raised in this proceeding, the Signatory Parties stipulate, agree and recommend as follows:

1. The Signatory Parties support the merger, and urge the Commission to issue a prompt approval of the merger. The Signatory Parties do not believe that a hearing is necessary in this matter.

2. 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.

3. 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.

4. Applicants agree that costs incurred directly related to the negotiation, approval and closing of the merger will not be recovered from ratepayers or through regulated rates.

5. OHA: 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.

6. OPAE:

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

   b. 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.

7. In arm's-length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Stipulation contains the entire Agreement among the Signatory Parties, and embodies a complete settlement of all of their claims, defenses, issues and objections in these proceedings. The Signatory Parties agree that this Stipulation is in the best interests of the public and of all parties, and urge the Commission to adopt it.

8. This Stipulation is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through it represent fully the objectives of any Signatory Party. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, except as expressly provided herein, nor is it to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. As with such Stipulations reviewed by the Commission, the willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

9. The Signatory Parties will support the Stipulation if the Stipulation is contested, and including support of it in an application for rehearing.

10. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification.

IN WITNESS THEREOF, the undersigned parties agree to this Stipulation and Recommendation with Certain Interested Persons as of this 14th day of September, 2011. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

THE AES CORPORATION AND DOLPHIN SUB, INC.

By Daniel R Conway

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DPL INC. AND THE DAYTON POWER AND LIGHT COMPANY

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THE OHIO HOSPITAL ASSOCIATION

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Stipulation and Recommendation with Certain Interested Persons has been served via electronic mail upon the following counsel of record, this 19th day of September, 2011:

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FILE

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

STIPULATION AND RECOMMENDATION

Ohio Administrative Code Rule 4901-1-30 provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in that proceeding. This Stipulation and Recommendation ("Stipulation") sets forth the understanding of the parties that have signed below (the "Signatory Parties"). The Signatory Parties recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt, as part of its Opinion and Order, this Stipulation which will resolve all of the issues in the above-captioned proceeding.

This Stipulation is the product of serious bargaining among capable knowledgeable parties. The following interested persons have each participated, to varying degrees, in negotiations: The City of Dayton, The Ohio Hospital Association, Ohio Partners for Affordable Energy, Industrial Energy Users-Ohio, OMA Energy Group, the Ohio Energy Group, FirstEnergy Solutions[1] and the Commission's Staff. This Stipulation or other Stipulations filed in this case have been signed by the largest municipality in DP&L's service territory (City of Dayton), a low-income residential group (OPAE), commercial groups (OHA and OMA) and the

[1] FirstEnergy Solutions does not take a position on the merger.

Commission's Staff. The Stipulations thus represent a wide range of interests, including the interests of all of DP&L's customer classes.[2] Each of the Signatory Parties was represented by counsel who have many years of experience practicing before the Commission. There have been numerous negotiation sessions held and numerous proposals and counter-proposals were exchanged by the Signatory Parties.

The Stipulation will benefit customers and the public interest. In the Stipulation, Applicants have made certain commitments (as more fully described below) to maintain DP&L's operating headquarters in Dayton, to maintain DPL Inc.'s and DP&L's current workforce, not to seek recovery of costs associated with the merger from customers, to maintain DP&L's capital structure, to implement bill-ready capability for DP&L's existing billing system, and to promote and enhance competition in DP&L's service territory through numerous commitments.

The Stipulation does not violate any important regulatory principle or criteria. Ohio Rev. Code Section 4905.402(B) provides that the Commission shall approve a proposed merger if it "will promote public convenience and result in the provision of adequate service for a reasonable rate, rental, toll or charge." The Stipulation satisfies those criteria for the reasons described in the prior paragraph.

The Signatory Parties agree that the Stipulation is supported by adequate data and information; represents a just and reasonable resolution of the issues raised in these proceedings; violates no regulatory principle or precedent; and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process, encouraged by this

[2] Industrial Energy Users-Ohio and the Ohio Energy Group do not oppose the merger.

Commission and undertaken by parties representing a wide range of interests, including the Commission's Staff, to resolve those issues. While the Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission.

WHEREAS, on April 19, 2011, DPL Inc., The AES Corporation, and Dolphin Sub, Inc. ("Merger Sub") signed an Agreement and Plan of Merger;

WHEREAS, as a result of the proposed merger, Merger Sub would merge with and into DPL Inc., Merger Sub would cease to exist and DPL Inc. would survive as a wholly-owned subsidiary of AES;

WHEREAS, on May 18, 2011, Applicants AES, Merger Sub, DPL, and The Dayton Power and Light Company ("DP&L") filed an Application requesting that the Commission approve the merger;

WHEREAS, on July 18, 2011, the Staff of the Public Utilities Commission of Ohio ("Staff") and certain interested persons filed comments regarding the proposed merger, and on August 18, 2011, Applicants and certain interested persons filed reply comments regarding the proposed merger;

NOW, THEREFORE, for the purposes of resolving all issues raised in this proceeding, the Signatory Parties stipulate, agree and recommend as follows:

1. The Signatory Parties agree that the proposed merger "will promote public convenience and result in the provision of adequate service for a reasonable rate, rental, toll or charge," as required by Ohio Rev. Code § 4905.402(B). It is the Signatory Parties' belief that the commitments made by Applicants in the May 19, 2011 Application, the September 2, 2011 Stipulation and Recommendation with The City of Dayton, the September 19, 2011 Stipulation and Recommendation with Certain Interested Persons and in this Stipulation are sufficient to achieve the

criteria in Ohio Rev. Code § 4905.402 and therefore do not believe that a hearing is necessary in this matter.

2. 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.

3. 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.

4. 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.

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

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

7. 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

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

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.

8. 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").

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. In arm's-length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Stipulation contains the entire Agreement among the Signatory Parties, and embodies a complete settlement of all of their claims, defenses, issues and objections in these proceedings. The Signatory Parties agree that this Stipulation is in the best interests of the public and of all parties, and urge the Commission to adopt it.

15. This Stipulation is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through it represent fully the objectives of any Signatory Party. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, except as expressly provided herein, nor is it to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. As with such Stipulations reviewed by the Commission, the willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole.

16. The Signatory Parties will support the Stipulation if the Stipulation is contested. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification.

IN WITNESS THEREOF, the undersigned parties agree to this Stipulation and Recommendation as of this 26th day of October, 2011. The undersigned parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Stipulation and Recommendation has been served via electronic mail upon the following counsel of record, this 26th day October, 2011:

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COLUMBUS/1606186v.5

OMAEG-INT-02-009: Refer to the statement in DP&L's Amended Application on page 3, paragraph 6: the "cash flow from the DMR will be used to . . . (c) allow DP&L to make capital expenditures to modernize and/or maintain the Company's transmission and distribution infrastructure." Does DP&L currently have any scheduled projects to modernize the transmission and distribution infrastructure?

RESPONSE: General Objections Nos. 9 (vague or undefined), 13 (mischaracterization). Subject to all general objections, DP&L states that certain transmission and distribution capital projects are set forth in the Direct Testimony of Company witness Kevin L. Hall. DP&L intends to institute further grid modernization with funds from the DMR, but has not yet scheduled such projects and it would be premature to do so prior to a Commission ruling on the DMR.

Witness Responsible: Craig L. Jackson

OMAEG-INT-02-007: How many employees are currently employed at DP&L's headquarters in Dayton, Ohio?

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records), 9 (vague and undefined), 11 (calls for a legal conclusion). DP&L further objects because the terms "headquarters" and "employees" are vague and undefined. Subject to all general objections, DP&L states that currently there are 131 employees that are assigned to the building located at 1065 Woodman Drive, Dayton, Ohio, 45432; and there are 405 people assigned to the building located at 1900 Dryden Road, Dayton, Ohio 45439 (technically, the Dryden Road building is located in the City of Moraine, Ohio). These numbers do not include independent contractors or other employees that are assigned to areas outside of Dayton, Ohio.

Witness Responsible: Thomas A. Raga

Summary: Testimony Direct Testimony Of Thomas N. Lause On Behalf Of The Ohio Manufacturers' Association Energy Group - Public Version electronically filed by Debra A Gaunder on behalf of Ohio Manufacturers' Association Energy Group