

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
Dayton Power and Light Company for)	
Authority to Issue and Assume Liability on)	Case No. 18-1639-EL-AIS
Short-Term Notes and Other Evidences of)	
Indebtedness Pursuant to Section 4905.40)	
and 4905.401 of the Ohio Revised Code.)	

APPLICATION

The Applicant, The Dayton Power and Light Company ("DP&L"), respectfully
represents that:

1. DP&L is a corporation duly organized and existing under the laws of the State of Ohio, with its office and principal place of business in the city of Dayton, Ohio. As a public utility, as defined by 4905.02 of the Revised Code of Ohio, DP&L is subject to the jurisdiction of the Public Utilities Commission of Ohio ("the Commission").

2. DP&L is respectfully requesting the Commission to authorize \$300 million of short term borrowing authority for calendar year 2019, an amount equal to or less than that requested by DP&L and approved by the Commission for the past twelve years (2006-2017).

3. By Finding and Order in Case No. 89-1374-EL-AIS, dated October 17, 1989, and subsequent Orders dated October 18, 1990, October 17, 1991, October 29, 1992 (Case No. 92- 1760-EL-AIS), October 21, 1993 (Case No. 93-1588-EL-AIS), November 10, 1994 (Case No. 94-1555-EL-AIS), November 9, 1995 (Case No. 95-937-EL-AIS), November 7, 1996 (Case No. 96-1067-EL-AIS), November 13, 1997 (Case No. 97-1344-EL-AIS), November 5, 1998 (Case No. 98-1349-EL-AIS), November 4, 1999 (Case No. 99-1129-EL-

AIS), November 9, 2000 (Case No. 00-1879-EL-AIS), November 29, 2001 (Case No. 01-2812-EL-AIS) , December 5, 2002 (Case No. 02-2899-EL-AIS), November 6, 2003 (Case No. 03-1984-EL-AIS), December 4, 2004 (Case No. 04-1557-EL-AIS), and December 14, 2005 (Case No. 05-1412-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including Revolving Loan Agreement (“RLA”) Loans (as defined in the original application) in the aggregate principal amount of up to \$200 million for periods of less than 12 months. By Finding and order on November 28, 2006 (Case No. 06-1299-EL-AIS), December 19, 2007 (Case No. 07-1232-EL- AIS), and December 10, 2008 (Case No. 08-1183-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$300 million for periods of less than 12 months. By Finding and Order on December 9, 2009 (Case No. 09-1803-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$500 million for periods of less than 12 months. Then, by finding and Order on December 15, 2010 (Case No. 10-2629-EL-AIS), December 14, 2011 (Case No. 11-5567-EL-AIS), December 19, 2012 (Case No. 12-2950-EL-AIS), December 18, 2013 (Case No. 13-2370-EL-AIS), December 10, 2014 (Case No. 14-1807-EL-AIS), December 16, 2015 (Case No. 15-1907-EL-AIS), and December 21, 2016 (Case No. 16-2125-EL-AIS) the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$600 million for periods of less than 12 months. Most recently, by finding and Order on December 20, 2017 (Case No. 17-2107-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in

the original application) in the aggregate principal amount of up to \$300 million for periods of less than 12 months.

4. Paragraph 3 of DP&L's original application, relating to Notes or RLA Loans having a maturity of up to twelve months, requested authorization for a 12-month period, and allowance for annual renewal on the date of Commission authorization.

5. The original application was approved by the Commission on October 17, 1989 and subsequent applications were approved on the dates noted in Paragraph 3, above.

6. DP&L's current authority (Case No. 17-2107-EL-AIS) to issue Notes and other RLA Loans, not in excess of the aggregate amount of \$300 million, expires on December 31, 2018.

7. DP&L is now seeking to renew the authority as generally provided in the Commission's Orders noted in Paragraph 3 above, to issue Notes, RLA loans, as well as other evidences of indebtedness for terms of less than twelve (12) months in an aggregate amount not to exceed \$300 million, inclusive of the statutorily exempted amount of short term debt issuable by DP&L in accordance with Revised Code Section 4905.401(A), which amount is currently approximately \$29.4 million as shown in the calculation attached hereto as Exhibit A.

8. DP&L provides the Commission, as a part of this application, its income statement, cash flow statement and balance sheet as of June 30, 2018, as set forth on Exhibit B.

9. DP&L intends to use the proceeds from the Notes, RLA Loans or other evidences of indebtedness to repay long-term debt and for other general corporate purposes pursuant to Revised Code Section 4905.401.

Respectfully submitted,



Michael J. Schuler (0082390)

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Attorney for The Dayton Power and
Light Company (willing to accept
service by e-mail)

IN WITNESS WHEREOF, The Dayton Power and Light Company, by its President, has filed this Application to be executed on its behalf this 2ND day of NOVEMBER, 2018.

The Dayton Power and Light Company

By: 
Craig Jackson
President

STATE OF OHIO
COUNTY OF MONTGOMERY SS:

Before me, a Notary Public in and for the state and county aforesaid, personally came Craig Jackson to me personally known, who first being duly cautioned and sworn according to law, did depose and say that he is the President of The Dayton Power and Light Company, an Ohio corporation, and that the facts set forth and allegations contained in the foregoing Application are, as he believes, true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal this 2ND day of NOVEMBER, 2018.


Notary Public



Joya L. Murr, Notary Public
In and for the State of Ohio
My Commission Expires May 31, 2019

IN WITNESS WHEREOF, The Dayton Power and Light Company, by its Treasurer, has filed this Application to be executed on its behalf this 2nd day of November, 2018.


The Dayton Power and Light Company

By: 
Daniel Stadelmann
Treasurer

STATE of VIRGINIA
COUNTY OF ARLINGTON SS:

Before me, a Notary Public in and for the state and county aforesaid, personally came Daniel Stadelmann to me personally known, who first being duly cautioned and sworn according to law, did depose and say that he is the Treasurer of The Dayton Power and Light Company, an Ohio corporation, and that the facts set forth and allegations contained in the foregoing Application are, as he believes, true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal this 5th day of October, 2018.


Notary Public

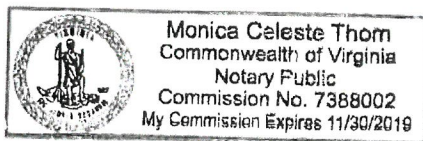


Exhibit A

The Dayton Power and Light Company
Statutory Exemption Calculation as of June 30, 2018

Long-term Bonds and Notes	587,300,000
Preferred Stock	-
Common Stock at Par	<u>400,000</u>
Total Value	<u>\$ 587,700,000</u>
Five Percent	<u>\$ 29,385,000</u>

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Operations
(Unaudited)

\$ in millions	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenues	\$ 168.8	\$ 168.2	\$ 364.8	\$ 358.3
Cost of revenues:				
Net fuel cost	0.7	—	1.6	—
Net purchased power cost	68.9	66.5	152.7	147.6
Total cost of revenues	69.6	66.5	154.3	147.6
Gross margin	99.2	101.7	210.5	210.7
Operating expenses:				
Operation and maintenance	39.9	40.1	72.1	78.1
Depreciation and amortization	18.8	18.6	37.4	36.7
General taxes	16.0	19.6	35.3	38.5
Loss on asset disposal	0.1	—	0.1	—
Loss on disposal of business (Note 14)	—	—	12.4	—
Total operating expenses	74.8	78.3	157.3	153.3
Operating income	24.4	23.4	53.2	57.4
Other income / (expense), net				
Investment income	0.2	0.1	0.1	0.1
Interest expense	(6.5)	(8.0)	(14.7)	(15.6)
Charge for early redemption of debt	(0.1)	(0.1)	(0.6)	(0.1)
Other expense, net	(0.9)	(0.3)	(1.6)	(1.7)
Total other expense, net	(7.3)	(8.3)	(16.8)	(17.3)
Income from continuing operations before income tax	17.1	15.1	36.4	40.1
Income tax expense from continuing operations	2.1	3.8	5.7	11.8
Net income from continuing operations	15.0	11.3	30.7	28.3
Discontinued operations (Note 13):				
Income / (loss) from discontinued operations before income tax	—	11.2	—	(77.5)
Income tax expense / (benefit) from discontinued operations	—	6.4	—	(23.5)
Net income / (loss) from discontinued operations	—	4.8	—	(54.0)
Net income / (loss)	\$ 15.0	\$ 16.1	\$ 30.7	\$ (25.7)

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Comprehensive Income / (Loss)
(Unaudited)

\$ in millions	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net income / (loss)	\$ 15.0	\$ 16.1	\$ 30.7	\$ (25.7)
Equity securities activity:				
Reclassification to Retained earnings, net of income tax benefit of \$0.0, \$0.0, \$0.6 and \$0.0 for each respective period	—	0.1	(1.1)	0.2
Total change in fair value of equity securities	—	0.1	(1.1)	0.2
Derivative activity:				
Change in derivative fair value, net of income tax (expense) / benefit of \$(0.1), \$0.1, \$0.3 and \$(0.1) for each respective period	0.2	(0.1)	0.7	0.2
Reclassification to earnings, net of income tax benefit of \$0.1, \$0.1, \$0.3 and \$0.2 for each respective period	(0.2)	(0.2)	(0.5)	(0.4)
Reclassification of earnings related to discontinued operations, net of income tax expense of \$0.0, \$(0.8), \$0.0 and \$(4.0) for each respective period	—	1.2	—	7.3
Total change in fair value of derivatives	—	0.9	0.2	7.1
Pension and postretirement activity:				
Prior service costs for the period, net of income tax benefit of \$0.0, \$0.0, \$0.0 and \$0.6 for each respective period	—	—	—	(1.1)
Net loss for period, net of income tax benefit of \$0.0, \$0.0, \$0.0 and \$0.2 for each respective period	—	—	—	(0.5)
Reclassification to earnings, net of income tax expense of \$(0.2), \$(0.3), \$(0.4) and \$(1.6) for each respective period	0.8	0.7	1.7	3.2
Total pension and postretirement adjustments	0.8	0.7	1.7	1.6
Other comprehensive income	0.8	1.7	0.8	8.9
Net comprehensive income / (loss)	\$ 15.8	\$ 17.8	\$ 31.5	\$ (16.8)

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Balance Sheets
(Unaudited)

\$ in millions	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23.0	\$ 5.2
Restricted cash	7.2	0.4
Accounts receivable, net (Note 2)	100.2	70.8
Inventories (Note 2)	7.7	7.3
Taxes applicable to subsequent years	34.7	71.1
Regulatory assets, current	26.5	23.9
Other prepayments and current assets	11.6	14.6
Total current assets	<u>210.9</u>	<u>193.3</u>
Property, plant & equipment:		
Property, plant & equipment	2,243.7	2,247.2
Less: Accumulated depreciation and amortization	<u>(971.7)</u>	<u>(987.3)</u>
	1,272.0	1,259.9
Construction work in process	25.7	41.5
Total net property, plant & equipment	<u>1,297.7</u>	<u>1,301.4</u>
Other non-current assets:		
Regulatory assets, non-current	151.0	163.2
Intangible assets, net of amortization	16.5	18.8
Other deferred assets	24.5	12.7
Total other non-current assets	<u>192.0</u>	<u>194.7</u>
Total assets	<u>\$ 1,700.6</u>	<u>\$ 1,689.4</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current portion of long-term debt (Note 7)	\$ 4.6	\$ 4.6
Short-term debt (Note 7)	10.0	10.0
Accounts payable	47.6	46.6
Accrued taxes	74.7	70.1
Accrued interest	0.9	0.8
Customer security deposits	20.7	21.8
Regulatory liabilities, current	32.4	14.8
Other current liabilities	12.7	12.9
Total current liabilities	<u>203.6</u>	<u>181.6</u>
Non-current liabilities:		
Long-term debt (Note 7)	582.7	642.0
Deferred taxes	125.5	131.0
Taxes payable	39.6	75.8
Regulatory liabilities, non-current	233.9	221.2
Pension, retiree and other benefits	83.8	91.1
Unamortized investment tax credit	0.7	0.9
Asset retirement obligations	4.7	8.0
Other deferred credits	7.0	7.1
Total non-current liabilities	<u>1,077.9</u>	<u>1,177.1</u>
Commitments and contingencies (Note 11)		
Common shareholder's equity:		
Common stock, at par value of \$0.01 per share	0.4	0.4
250,000,000 shares authorized, 41,172,173 shares issued and outstanding		
Other paid-in capital	741.7	685.8
Accumulated other comprehensive loss	(35.4)	(36.2)
Accumulated deficit	<u>(287.6)</u>	<u>(319.3)</u>
Total common shareholder's equity	<u>419.1</u>	<u>330.7</u>
Total liabilities and shareholder's equity	<u>\$ 1,700.6</u>	<u>\$ 1,689.4</u>

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Cash Flows
(Unaudited)

\$ in millions	Six months ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income / (loss)	\$ 30.7	\$ (25.7)
Adjustments to reconcile net income / (loss) to net cash from operating activities:		
Depreciation and amortization	37.4	45.5
Charge for early redemption of debt	0.6	0.1
Deferred income taxes	(6.7)	3.2
Fixed-asset impairment	—	66.3
Loss on disposal of business	12.4	—
Loss on asset disposal, net	0.1	16.2
Changes in certain assets and liabilities:		
Accounts receivable	10.9	26.3
Inventories	(0.3)	8.0
Taxes applicable to subsequent years	36.4	39.1
Deferred regulatory costs, net	(6.7)	(9.1)
Accounts payable	(5.6)	(38.0)
Accrued taxes payable	(31.7)	(75.7)
Accrued interest payable	—	(0.1)
Security deposits	(1.2)	1.7
Pension, retiree and other benefits	(4.4)	2.0
Other	7.2	(2.3)
Net cash provided by operating activities	79.1	57.5
Cash flows from investing activities:		
Capital expenditures	(44.5)	(57.6)
Insurance proceeds	0.1	1.3
Payments on disposal of business	(14.5)	—
Proceeds from sale of property	10.6	0.1
Other investing activities, net	(0.2)	—
Net cash used in investing activities	(48.5)	(56.2)
Cash flows from financing activities:		
Returns of capital paid to parent	(23.8)	(9.0)
Capital contributions from parent	80.0	—
Borrowings from revolving credit facilities	30.0	—
Repayment of borrowings from revolving credit facilities	(30.0)	—
Retirement of long-term debt	(62.2)	(10.3)
Issuance of short-term debt - related party	—	30.0
Repayment of short-term debt - related party	—	(35.0)
Net cash used in financing activities	(6.0)	(24.3)
(Increase) decrease in cash and restricted cash of discontinued operations and held-for-sale businesses	—	27.5
Cash, cash equivalents, and restricted cash:		
Net change	24.6	4.5
Balance at beginning of period	5.6	1.6
Cash, cash equivalents, and restricted cash at end of period	\$ 30.2	\$ 6.1
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	\$ 11.5	\$ 13.6
Income taxes paid, net	\$ 2.7	\$ 26.2
Non-cash financing and investing activities:		
Accruals for capital expenditures	\$ 5.6	\$ 9.1

See Notes to Condensed Financial Statements.

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Case No(s). 18-1639-EL-AIS

Summary: Application of The Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness Pursuant to Section 4905.40 and 4905.401 of the Ohio Revised Code electronically filed by Mr. Tyler A. Teuscher on behalf of The Dayton Power and Light Company