



## Public Utilities Commission

Mike DeWine, Governor  
M. Beth Trombold, Acting Chair

### Commissioners

Lawrence K. Friedman  
Dennis P. Deters  
Daniel R. Conway

December 9, 2020

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

RE: *In the Matter of the Application of The Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness Pursuant to Section 4905.401 of the Ohio Revised Code, Case No. 20-1698-EL-AIS*

Dear Docketing Division:

Enclosed please find Staff's Review and Recommendation in regard to the application of The Dayton Power and Light Company for authority to issue short-term debt, Case No. 20-1698-EL-AIS.

A handwritten signature in black ink, appearing to read 'DL', with a horizontal line underneath.

David Liphtratt  
Chief, Accounting and Finance Division  
Rates and Analysis Department  
Public Utilities Commission of Ohio

Enclosure  
Cc: Parties of Record

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. 20-1698-EL-AIS
Short-Term Notes and Other Evidences of	)	
Indebtedness Pursuant to Section 4905.401	)	
of the Ohio Revised Code.	)	

---

**Staff Review and Recommendation**

---

**APPLICATION DESCRIPTION**

On November 9, 2020, The Dayton Power and Light Company (“DP&L”) filed an application with exhibits (collectively, “Application”) with the Public Utilities Commission of Ohio (“Commission”), pursuant to Ohio Revised Code (“R.C.”) section 4905.401, seeking authorization to issue notes, revolving loan agreement loans, and other evidences of indebtedness (collectively, “Debt”) for terms of less than 12 months in an aggregate amount not to exceed \$300 million at any one time during calendar year 2021. Through its Application, DP&L seeks a renewal of its existing \$300 million of authority that was granted on December 18, 2019.<sup>1</sup>

DP&L proposes to use the proceeds from the Debt to repay long-term debt, finance capital expenditures, and for other general corporate purposes.

R.C. 4905.401(A) permits Ohio electric utilities to incur short-term debt in an aggregate amount up to five percent of the par value of all outstanding long-term securities without prior approval from the Commission (“Statutory Exemption”). Any Ohio electric utility wishing to incur short-term obligations in excess of the Statutory Exemption must seek Commission authorization.

**REVIEW AND ANALYSIS**

As of September 30, 2020, DP&L had zero short-term borrowings outstanding. Under the Statutory Exemption, as of September 30, 2020, DP&L could borrow approximately \$29 million without the Commission’s prior approval. In 2021, DP&L’s cash needs include outlays for property taxes (\$72 million), interest payments (\$20.5 million), and preparation for seasonal

---

<sup>1</sup> See *In the Matter of the Application of The Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness*, Case No. 19-1979-EL-AIS, Finding and Order (Dec. 18, 2019).

peaks. The requested authority is sized to ensure preparation for unexpected disruptions in cash flow while reliably providing service.

DP&L has an unsecured, revolving credit agreement with a syndicated bank group; it has a borrowing limit of \$175 million. Under the terms of the credit agreement, DP&L can increase the size of the facility by an additional \$100 million. With this pool of liquidity, DP&L believes it has access to an amount sufficient to ensure continuity of operations in the event of cash flow disruption. The source of funds used to repay any short-term borrowing is DP&L's operating cash flows.

In its last report on SEC Form 10-K, DP&L disclosed that capital expenditures were planned to be \$206 million in 2020 and \$209 million in 2021. Capital projects are subject to continuing review and are revised given changes in financial conditions, load forecasts, and regulatory developments, among other factors. Capital expenditures through nine months of 2020 were \$125 million.<sup>2</sup>

## **RECOMMENDATION**

Upon review of the Application, Staff believes the requested authority as described by DP&L appears reasonable and recommends approval of the Application.

---

<sup>2</sup> SEC Form 10-Q for The Dayton Power and Light Company for the quarterly period ended September 30, 2020, Condensed Statements of Cash Flows (November 6, 2020)

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**12/9/2020 10:50:40 AM**

**in**

**Case No(s). 20-1698-EL-AIS**

Summary: Staff Review and Recommendation in regard to the application of The Dayton Power and Light Company for authority to issue short-term debt electronically filed by Zee Molter on behalf of PUCO Staff