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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for Approval of a Unique Arrangement with Caterpillar Inc.	)))	Case No. 10-734-EL-AEC

STIPULATION AND RECOMMENDATION

Ohio Administrative Code ("O.A.C.") §4901-1-30 provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to O.A.C. §4901-1-10(C), the Staff of the Public Utilities Commission of Ohio ("Staff") is considered a party for the purpose of entering into a stipulation. Accordingly, the Dayton Power and Light Company (hereinafter referred to as "DP&L"), the Office of the Ohio Consumers' Counsel ("OCC"), and the Staff (hereinafter referred to individually as a "Signatory Party" and collectively as "Signatory Parties") hereby enter into this Stipulation and Recommendation ("Stipulation") and recommend that the Public Utilities Commission of Ohio ("PUCO" or "Commission") adopt it.[1] The purpose of this Stipulation is to set forth the understanding and agreement of the Signatory Parties and to recommend that the Commission approve and adopt this Stipulation, which resolves all of the issues in the above-named unique arrangement proceeding, brought by DP&L pursuant to Ohio Revised Code ("O.R.C.") §4905.31 and O.A.C. §4901:1-38.

The Signatory Parties understand that although this Stipulation is not binding upon the

[1] The Industrial Energy Users-Ohio ("IEU-Ohio"), was granted intervention in this proceeding by Entry dated September 30, 2010. While not a signatory to this Stipulation, IEU-Ohio has indicated it will not oppose the Stipulation or otherwise take any action in this proceeding.

Commission, it is entitled to careful consideration by the Commission. This Stipulation and its supporting documentation represent a just and reasonable resolution of the issues raised in this proceeding and is the product of a cooperative effort encouraged by this Commission and undertaken by parties with diverse interests, to resolve the issues associated with this proceeding. Specifically, this Stipulation to which all of the Signatory Parties agree is supported by information set forth in DP&L's application filed in Case No. 10-734-EL-AEC on June 1, 2010, and OCC's Comments filed in this proceeding.

This Stipulation is the product of serious bargaining among capable, knowledgeable parties with diverse interests. The Stipulation benefits customers and the public interest by, among other things, working with Caterpillar to create what Caterpillar states will be approximately 500 new full-time jobs with an estimated payroll of $14 million per year and average hourly wage of approximately $13.40/hour, exclusive of benefits. Finally, the Signatory Parties believe that the settlement proposal taken in its entirety does not violate any regulatory principle or practice. The Signatory Parties request that the Commission give the Stipulation careful consideration and adopt it at the earliest practicable date.

Except for purposes of enforcing this Stipulation, this Stipulation, the information and data contained herein or attached, and the Commission's order adopting this Stipulation shall not be cited as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves the Stipulation. The Signatory Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed as the position that any Signatory Party might support or take in any other proceeding.

Further, no specific element or item contained in or supporting this Stipulation shall be construed as the results any Signatory Party might support or seek in the absence of this Stipulation in this proceeding or any other proceeding. This Stipulation is a comprehensive and reasonable compromise of the issues raised by parties with diverse interests and involving a balancing of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon adoption in its entirety by the Commission, without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, any Signatory Party may, within thirty (30) days of the issuance of the Commission's order, file an application for rehearing or terminate and withdraw the Stipulation by filing a notice with the Commission in this proceeding, including service to all Signatory Parties. The Signatory Parties agree they will not oppose or argue against any other Signatory Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. If, upon rehearing, the Commission does not adopt the Stipulation in its entirety without material modification, then any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission, including service to all Signatory Parties, in this proceeding within thirty (30) days of the Commission's Entry (or Order) on Rehearing.

Prior to any Signatory Party filing a notice seeking withdrawal from this Stipulation pursuant to this provision, the Signatory Parties agree to convene immediately to work in good faith to try to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes agreement with the Signatory Party wishing to terminate, then the new agreement shall be submitted to the Commission for its review and approval. Upon the filing and notice of termination and withdrawal by any Signatory Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, the Signatory Parties request that the Commission acknowledge the notice within thirty days of its filing, but whether or not the Commission acknowledges the notice does not alter the effectiveness of the notice of termination and withdrawal. In the event of a notice of termination and withdrawal, and if the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all Signatory Parties to the present Stipulation, this proceeding shall go forward at the procedural point at which this Stipulation was filed, i.e., the Commission shall convene an evidentiary hearing and the Signatory Parties shall be afforded the full opportunity to present evidence through witnesses, cross-examine all witnesses, present rebuttal testimony, and brief all issues, which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

All Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein. The Signatory Parties agree that the settlement in this Stipulation, as a package, benefits customers and is in the public interest.

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Signatory Parties believe that this Stipulation represents a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Signatory Parties stipulate, agree and recommend that the Commission make the following findings and issue its Order in this proceeding approving this Stipulation in accordance with the following:

1. The proposed Unique Arrangement is attached as Exhibit A.

2. The collection of delta revenue from DP&L's customers that is associated with the compensation set forth in Article Four of the Contract will be capped at $410,000 over the term of the Contract.[2]

   a. For each year that the Contract between Caterpillar and DP&L is in effect, DP&L agrees to submit to OCC the annual report created by Caterpillar in accordance with Article Seven of the Contract within seven (7) days of receiving the report from Caterpillar.

3. DP&L will provide a credit to the economic development rider ("EDR") in the amount of $30,000 per year for each of the five years of the Contract term. If DP&L chooses to delay the collection of the cost of the proposed Contract from its customers beyond the date the Commission approves the arrangement, DP&L will not seek to collect any carrying charges on costs that may be deferred resulting from its delay. Any portion of DP&L's EDR designed to collect the cost of this Contract will not include any assessment of carrying charges on deferred expenses related to the delay of recovery of expenses associated with this Contract.

4. DP&L will share its proposed customer bill message explaining the implementation of the EDR with the OCC and PUCO Staff prior to instituting recovery of costs through the EDR, and will discuss and consider all suggestions and ideas by the OCC and PUCO Staff.

5. The calculation of the economic development rider for each customer class shall follow the allocation required under O.A.C. §4901:1-38-08(A)(4) whereby the cost of the arrangement is allocated to all customers in proportion to the current revenue distribution between and among customer classes.

6. DP&L will work with Caterpillar to develop a document, which will be filed in this docket by December 31, 2011, indicating that Caterpillar will commit the results of its energy efficiency and/or demand response measures associated with LEED certification for integration with DP&L's energy efficiency and demand response program portfolio and that Caterpillar will not seek additional compensation from DP&L or its customers for that commitment.

7. Except as modified by this Stipulation, DP&L's Application in this matter should be approved, once the Commission determines the Unique Arrangement attached as Exhibit A is consistent with the terms agreed to in this Stipulation.

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[2] This cap is computed using September 2010 rates and the projected billing determinants for the facility which results in expected annual delta revenues of $82,000 per year for each of the five years of the Contract term.

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation, this 28th day of January, 2011.

On behalf of the Dayton Power and Light Company

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Exhibit A

UNIQUE ARRANGEMENT

between

CATERPILLAR INC.

and

THE DAYTON POWER AND LIGHT COMPANY

This Unique Arrangement ("Agreement") is entered on April 12, 2010 between Caterpillar Inc. ("Caterpillar") and The Dayton Power and Light Company ("DP&L").

Whereas under Section 4905.31 of the Ohio Revised Code, a utility and a customer may enter into any financial device practicable or advantageous to the parties interested, including a device to recover costs incurred, such as revenues foregone, in conjunction with any economic development and job retention program of the utility; and

Whereas under Section 4901:1-38-05 of the Ohio Administrative Code ("OAC"), the Commission has the authority to approve a unique arrangement between a utility and a customer; and

Whereas Caterpillar proposes to build a 1.4 million square feet distribution facility (the "Facility") within DP&L's service territory in response to certain incentives to construct such facility;

Now therefore, in consideration of the mutual covenants, terms and conditions set forth herein, the parties hereto agree as follows:

ARTICLE ONE
SCOPE AND TERM

During the term of this Agreement, DP&L agrees to furnish to Caterpillar, and Caterpillar agrees to accept, service to meet the electric needs of the Facility. Service shall be provided according to the terms and conditions of DP&L's Electric Tariffs P.U.C.O. No. 17 ("Tariffs") except as otherwise described herein. In the event of a conflict between this Agreement and the Tariffs, this Agreement shall be controlling.

This Agreement shall commence on the first day of the ninth calendar month after permanent service is established at the Facility or after the Commission's approval of this agreement, whichever is later and continue for five (5) years.

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ARTICLE TWO
TERMINATION

Either party may terminate this Agreement (a) in the event of default, (b) if the Public Utilities Commission of Ohio rejects this Agreement or requires material modifications, (c) if the Commission limits DP&L's recovery of Delta Revenues as defined by OAC 4901:1-38-01(C) associated with service to the Facility, or (d) for failure to comply, as described in OAC 4901:1-38-09.

ARTICLE THREE
POWER REQUIREMENTS

DP&L shall supply and Caterpillar shall accept the full electric requirements of the Facility according to DP&L's. P.U.C.O. No.17 Electric Distribution Service Primary and Electric Generation Service Standard Offer Primary.

ARTICLE FOUR
COMPENSATION

During the term of this Agreement, Caterpillar shall pay to DP&L all charges contained in DP&L's P.U.C.O. No.17 Electric Distribution Service Primary and Electric Generation Service Standard Offer Primary, less 15 percent of those charges, provided that Caterpillar's metered monthly load is greater than 500 kW. Should Caterpillar's metered load fall below 500 kW, service will be billed at standard rates.

All billing, payment, and other terms of service, and the obligations of each party not addressed herein, shall be as provided for in the Tariff.

ARTICLE FIVE
ENERGY EFFICIENCY/DEMAND RESPONSE

Caterpillar plans to construct the Facility to qualify for a Leadership in Energy and Environmental Design ("LEED") certification. DP&L will provide energy efficiency incentives and rebates for this construction in the amount of up to $100,000. Upon completion of the facility, Caterpillar agrees to work with DP&L to explore the possibility of making an application to commit the results of its energy efficiency and/or demand response measures and programs for integration with DP&L's energy efficiency and demand response program portfolio for purposes of the Company's compliance with Section 4928.66 of the Ohio Revised Code.

ARTICLE SIX
EXTENSION OF ELECTRIC FACILITIES

DP&L will provide up to $50,000 to assist Caterpillar with its Contribution In Aid of Construction (CIAC) expenses incurred to extend electric services to the Facility. Subject to this incentive, all other line extension requirements found in P.U.C.O. No.17 Electric Distribution Service Extension of Electric Facilities, Tariff Sheet D12 shall apply.

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ARTICLE SEVEN
REPORTING

For each year that the Agreement between Caterpillar and DP&L is in effect, Caterpillar shall submit to DP&L and PUCO Staff an annual report which complies with the requirements set forth in Section 4901:1-38-06 of the OAC, by no later than April 30th of each year.

Wherefore the parties have caused this Unique Arrangement to be executed on the date entered above.

AGREED TO AND ACCEPTED BY:

CATERPILLAR INC.	THE DAYTON POWER AND LIGHT COMPANY
By: Martin H. Collier	By: [signature]
Name: MARTIN H. COLLIER	Name: Bryce Nickel
Title: REAL ESTATE MANAGER	Title: Vice President, Service Operations
Date: 4/29/10	Date: May 20, 2010

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