

In the Matter of The Dayton Power and Light) Case No. 11-2383-EL-ECP
Company's Environmental Control Plan.)
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Pursuant to Section 4901:1-41-03 of the Ohio Administrative Code, The Dayton Power and Light Company hereby submits the attached Environmental Control Plan, addressing current conditions, goals, and potential actions for resource planning or environmental compliance.

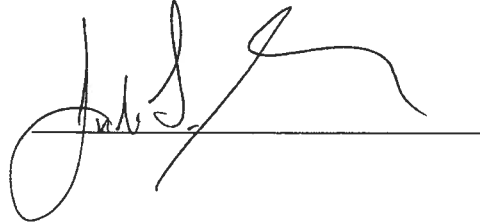

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Company**

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served both electronically and via Federal Express, postage prepaid, this 15th day of April, 2011 upon the following:

Scott J. Nally, Director
Ohio Environmental Protection Agency
50 West Town Street, Suite 700
Columbus, OH 43215

A handwritten signature in black ink, appearing to read "Scott J. Nally", is written over a horizontal line.

The Dayton Power and Light Company

Environmental Control Plan Report April 15, 2011

Pursuant to Ohio Administrative Code (OAC) Section 4901:1-41-03, the Dayton Power and Light Company (DP&L or the Company) hereby submits its Environmental Control Plan Report. DP&L is an electric distribution utility as defined by Ohio Revised Code (ORC) Section 4928.01(A)(6) and a public utility as defined by OAC Section 4901:1-41-01(F). The purpose of this Report is to provide the Public Utilities Commission of Ohio (PUCO), a status update on the Company's resource planning and environmental compliance activities.

4901:1-41-03 (A) The Climate Registry

DP&L became a participating member of The Climate Registry in December of 2009. The Company is tracking greenhouse gas emissions and plans to provide a report to The Climate Registry during the 3rd quarter of 2011, in accordance with the Climate Registry's protocols.

4901:1-41-03 (B)&(C) Environmental Control Plan, Including Carbon Dioxide Control Planning

DP&L has lengthy and detailed Title V Air Permits for each generation station it owns and operates. These permits contain all applicable requirements associated with air emissions. Their provisions are verifiable and compliance with these documents is the core of the DP&L environmental control plans (air) for the foreseeable future.

DP&L has lengthy and detailed National Pollutant Discharge Elimination System (NPDES) Water Permits for each station owned or operated. These permits contain the applicable requirements associated with water discharges. Their provisions are verifiable and compliance with these documents is the core of the DP&L environmental control plans (water) for the foreseeable future.

Each of DP&L's electric generating units (other than the new solar facility) combusts fossil fuels and emits carbon dioxide. Currently the DP&L share of carbon dioxide emissions is approximately 16 million tons per year. There are currently no Ohio or Federal regulations requiring reductions in CO₂ or other greenhouse gas emissions. However, DP&L is closely following many aspects of this broad issue.

Although there are no currently effective requirements to reduce CO₂ or other GHG emissions, as well documented in other proceedings before this Commission, DP&L is currently implementing certain programs and taking actions that will have positive effects on the amount of emissions relative to electric service requirements of customers:

- DP&L engaged in test burns during 2009 and 2010 regarding the feasibility of co-firing coal-fired units with biomass.
- DP&L has constructed a 1.1 MW solar array that became operational March 24, 2010.
- DP&L has implemented extensive energy efficiency and demand response programs that will reduce the demand for electricity and should therefore over time, reduce the level of CO₂ and other GHG emissions per customer served.

In addition, DP&L's Environmental Control Plan includes a close monitoring of the development of significant environmental regulations, and the impact of those regulations on DP&L's efforts to enhance environmental controls and to reduce carbon dioxide emissions. Specifically, DP&L is monitoring the following proceedings:

Mercury Emission Regulations

On February 8, 2008, a three-judge panel of the Court of Appeals, D.C. Circuit, struck down the USEPA regulations that were designed to establish a trading program for mercury emissions, finding that the USEPA had not complied with statutory requirements applicable to

“de-listing” mercury as a hazardous air pollutant and that a cap-and-trade approach was not authorized by law for “listed” hazardous air pollutants. The USEPA and a group representing utilities filed a request for rehearing en banc (i.e., a rehearing before all the D.C. Circuit judges). That request was denied on May 20, 2008. A petition for a writ of certiorari was filed with the U.S. Supreme Court October 17, 2008. On February 23, 2009, the U.S. Supreme Court denied the petition. The USEPA released the proposed Maximum Available Control Technology (MACT) standards for coal and oil fired electric generating units on March 16, 2011, and has announced its intent to finalize standards by November 2011. The proposed MACT standard would regulate the emissions of mercury, certain non-mercury metallic toxic pollutants, acid gases, and organic air toxics including dioxin. Once finalized and published, affected electric generating units will have three years to come into compliance with the new requirements, with the option to request an additional year. At this time, DP&L is reviewing the proposed regulations to determine the potential impact of the standards on its existing plants. DP&L is unable to determine the overall impact of the MACT standard until it is finalized; however, it is likely to have a substantial impact on unscrubbed units.

Nitrogen Oxide and Sulfur Dioxide Emission Regulations

On December 17, 2003, the USEPA proposed the Interstate Air Quality Rule (IAQR) to reduce and permanently cap SO₂ and NO_x emissions from electric utilities. The proposed rule focused on states, including Ohio, whose power plant emissions were believed to be significantly contributing to fine particle and ozone pollution in downwind states in the eastern United States. The IAQR was renamed the Clean Air Interstate Rule (CAIR) on June 10, 2004 and was finalized by USEPA on March 10, 2005. CAIR created interstate trading programs for annual nitrogen oxide (NO_x) emission allowances and made modifications to an existing trading

program for sulfur dioxide (SO₂) that were to take effect in 2010. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit issued a decision that struck down the USEPA's CAIR and its associated Federal Implementation Plan. The Court's decision, in part, invalidated the new NO_x annual emission allowance trading program and the modifications to the SO₂ emission trading program. The USEPA and a group representing utilities filed a request on September 24, 2008 for a rehearing that permits CAIR to remain in effect until the USEPA issues new regulations that would conform to the Court's July 11, 2008 decision. On December 23, 2008, the U.S. Court of Appeals issued an order on reconsideration that permits CAIR to remain in effect until the USEPA issues new regulations that conform to the Court's July 11, 2008 decision. On July 6, 2010, the USEPA proposed the Clean Air Transport Rule (CATR) to replace CAIR. It is expected that the USEPA will finalize the new CATR rules in 2011, with an effective date in January 2012. The implications of the new rules will not be known until the rules are finalized.

Greenhouse Gas Emission Regulations

In response to a U.S. Supreme Court decision that the USEPA has the authority to regulate CO₂ emissions from motor vehicles, the USEPA made a finding that CO₂ and certain other gases are pollutants under the CAA. The USEPA has not yet identified the specifics of how these newly designated pollutants will be regulated. In April 2009, the USEPA issued a proposed endangerment finding under the CAA. The proposed finding determined that CO₂ and other Greenhouse Gases (GHGs) from motor vehicles threaten the health and welfare of future generations by contributing to climate change. This finding was finalized in December 2009 and became effective in January of 2010. On April 1, 2010, USEPA signed the "Light Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards" rule,

which renders GHGs as “regulated air pollutants” under the CAA. As a result of this action, beginning January 1, 2011, coal-fired power plants and other combustion sources became subject to various permitting programs. In June 2009, the U.S. House of Representatives passed H.R. 2454, the American Clean Energy and Security Act (ACES). This proposed legislation, which targeted a reduction in the emission of GHGs from large sources by 80% in 2050 through an economy-wide cap and trade program, was not enacted. Future GHG legislation is expected to have a significant effect on DP&L’s operations. However, due to the uncertainty associated with such proposed legislation, it is difficult to predict the final outcome of this legislation and the impact it may have on DP&L.

Addressing Uncertainty

The above information indicates that the federal government is considering multiple initiatives over the next several years to reduce utility air emissions of NO_x, SO₂, CO₂, and hazardous air pollutants, including mercury. Fortunately, DP&L has invested heavily in modern air pollution control systems. The Selective Catalytic Reduction (SCR) and Flue Gas Desulfurization (FGD) systems at the Stuart and Killen stations may meet future NO_x and SO₂ obligations. The FGD scrubbers in conjunction with SCR operation may meet the mercury, toxic metals, and acid gas removal obligations proposed in the Utility MACT that was released March 16, 2011 without the installation of additional technology.

CONCLUSION

DP&L is actively addressing the provisions of S.B. 221, which have the potential to reduce carbon dioxide emissions. DP&L continues to monitor federal and state laws, as well as, technological advances; and will implement carbon dioxide reduction strategies that are viable and prudent.

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 11-2383-EL-ECP

Summary: Annual Report In the Matter of The Dayton Power and Light Company's
Environmental Control Plan electronically filed by Eric R Brown on behalf of The Dayton Power
and Light Company