

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The Dayton)	
Power and Light Company for Authority to)	Case No. 12-2281-EL-AAM
Modify its Accounting Procedures For Certain)	
Storm-Related Service Restoration Costs)	
)	

**APPLICATION OF THE DAYTON POWER & LIGHT COMPANY
FOR AUTHORITY TO MODIFY ITS ACCOUNTING PROCEDURES FOR
CERTAIN STORM-RELATED RESTORATION COSTS**

1. The Dayton Power and Light Company ("DP&L" or "the Company") is a public utility and electric light company as defined by Sections 4905.02 and 4905.03(A)(3) of the Ohio Revised Code ("O.R.C"), an electric distribution utility as defined by O.R.C. §4928.01(A)(6) and is subject to the jurisdiction of the Public Utilities Commission of Ohio ("PUCO" or "Commission").

2. The Company respectfully requests that the Commission, pursuant to O.R.C §4905.13, grant the accounting authority requested in this application and permit DP&L to defer costs that were incurred as a result of damage caused by the storms taking place during the final weekend of June 2012. More specifically, DP&L requests authority to defer as a regulatory asset the portion of the total distribution-related Operation and Maintenance ("O&M") expenses associated with restoring electric service to its customers during and in the aftermath of these destructive storms, which exceed the three-year average service restoration O&M expenses associated with non-major events.

3. The Company proposes to defer these O&M expenses for future recovery from all customers beginning at a date determined in a future Commission proceeding.

Until fully recovered, the Company will apply a carrying cost, based on its cost of debt of 5.86% as approved in DP&L's last Electric Security Plan ("ESP"), Case No. 08-1094-EL-SSO, *et al.*. The carrying cost will be applied to the unrecovered deferral balance and such carrying costs will be deferred for future recovery.

4. The Company's current distribution rates are frozen through December 31, 2012, pursuant to paragraph 18 of the Stipulation and Recommendation in the Company's ESP, ("ESP Stipulation"). However, pursuant to the ESP Stipulation, the distribution rate freeze does not limit the Company's right to apply at the Commission for approval of a separate rate or rider to recover "the cost of storm damage" (ESP Stipulation, ¶18(b)). The ESP Stipulation was filed on February 24, 2009 and approved pursuant to the Commission's Opinion and Order on June 24, 2009.

5. During the last weekend of June 2012 (June 29th/30th and July 1st) a widespread, major line of thunderstorms called a derecho, with heavy rain and wind gusts of up to 82 miles per hour, hit DP&L's service territory (among other areas and states from Illinois to the mid-Atlantic region), causing significant damage to DP&L's distribution and transmission system. The violent thunderstorms left over a million Ohioans without power during the hottest weather in two decades with record-high temperatures climbing into the 90s which put Ohio in a state of emergency. The combination of heavy rain and strong winds wreaked havoc within DP&L's service territory, causing extensive damage to the Company's distribution and transmission system facilities. The storm system caused poles and other equipment to break as a result of the wind gusts, and trees to break and come into contact with power lines and equipment, causing significant damage.

6. Of the Company's approximate 515,000 customers, nearly 211,000 were without power at the height of the outage. Approximately 7,000 workers were mobilized from Nebraska to Louisiana, Florida and Canada to assist with the restoration effort of the affected areas in multiple states. In DP&L's service territory 700 workers from Indiana, Kentucky, Virginia, Tennessee, Georgia, Pennsylvania, Oklahoma and Wisconsin were deployed along with 500 DP&L employees and 300 local contractors to restore power. The damage to the system in DP&L's service territory was significant. Approximately 250 distribution poles, 27 transmission poles and 315 distribution transformers had to be replaced, ten substations were damaged, and on the 12 kV circuits, there were 246 breaker operations and 103 circuits locked out. The customer service call center answered over 217,000 calls during the six day restoration effort.

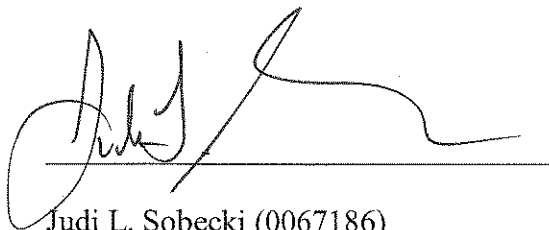
7. The Company's ESP Stipulation expressly authorizes the Company to seek recovery of the cost of storm damage such as those incurred as a result of the June 2012 storms.

8. The Company at this time is not requesting to commence recovery of O&M expenses associated with repairing/replacing those distribution facilities damaged by the storms. Instead, DP&L seeks approval for deferring the related O&M expenses and the resultant carrying costs as described above.

9. The requested deferral is an accounting procedure that does not result in an increase in any rate or charge. Therefore, no hearing is required on this application.

WHEREFORE, for the foregoing reasons, DP&L respectfully requests that the Commission grant the accounting authority requested in this application.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Judi L. Sobecki', is written over a horizontal line.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/10/2012 4:49:47 PM

in

Case No(s). 12-2281-EL-AAM

Summary: Application of The Dayton Power and Light Company for Authority to Modify its Accounting Procedures For Certain Storm-Related Service Restoration Costs electronically filed by Irda Hoxha Hinders on behalf of The Dayton Power and Light Company