BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 15-1830-EL-AIR

CASE NO. 15-1831-EL-AAM

CASE NO. 15-1832-EL-ATA

2015 DISTRIBUTION BASE RATE CASE

BOOK III – TESTIMONY

VOLUME 2 OF 4

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Public Utilities Commission of Ohio

Dayton Power and Light Company

DP&L Case No. 15-1830-EL-AIR

Standard Filing Requirements for Rate Increases

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BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 15-1830-EL-AIR
CASE NO. 15-1831-EL-AAM
CASE NO. 15-1832-EL-ATA

DIRECT TESTIMONY OF
EDWARD J. KUNZ

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ■ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ☐ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ■ **OTHER**

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

DIRECT TESTIMONY OF

EDWARD J. KUNZ

ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY

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I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Edward J. Kunz. I work for the AES U.S. Services, LLC ("AES Services"). I have duties and responsibilities with Indianapolis Power and Light Company ("IPL") and The Dayton Power and Light Company ("DP&L" or "Company") via an affiliate agreement with AES Services.

Q. Please describe your position and responsibilities with AES Services.

A. I am Manager, Retirement Services. I manage the defined benefit plans, the defined contribution plans, and the fiduciary benefit committee.

Q. Please summarize your educational and professional qualifications.

A. I have a Master's in Business Administration from Butler University. I have a Bachelor of Science in Accounting from University of Southern Indiana. I also am an Accredited Investment Fiduciary.

Q. Please summarize your prior work experience.

A. I have worked for entities within AES Services, including DP&L, for a total of 37 years, primarily in the benefits and payroll area.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. My testimony supports the test year inclusion of pensions and other postretirement benefit ("Other Post Employee Benefits" or "OPEB") costs (or "expense") included in the Company's proposed revenue requirement. My testimony also discusses the Pension and OPEB adjustment amounts. Lastly, my testimony explains the basis for including in rate base DP&L's Prepaid Pension Asset, as well as the rate base reduction for the OPEB liability.

Q. Are you sponsoring or cosponsoring any schedules?

A. Yes. I sponsor or cosponsor the following schedules:

- Schedule B-6, Line 25 representing Net Prepaid Pension Asset to be included as an Other Rate Base Item. Total Company is shown in Column (D) and the Adjusted Jurisdictional in shown in Column (I). The Net Prepaid Pension Asset is the net of the Prepaid Pension Asset (pension benefit plans) and the Prepaid Pension Liability (OPEB plans). The individual benefit plans that comprise total pensions are Retirement Income Plan ("RIP") and the Supplemental Executive Retirement Plan ("SERP"), while the Life Insurance Plan, Grandfathered Medical Plan, and Non-Grandfathered Medical Plan comprise total OPEB.
- Schedule C-3.13, Lines 5-6 addressing the adjustments for Pension expense and OPEB expense. As discussed below, there is no adjustment in the initial filing because the expense amounts are based upon the December 31, 2014 Mercer certified actuarial report. DP&L expects to receive the December 31, 2015 Mercer certified actuarial report in February 2016 and will update the pension cost based on that report.
- Schedule C-9, Lines 5-6 representing the DP&L pension and OPEB cost charged to operating and maintenance expense ("O&M") for the twelve months ended May 31, 2016. The schedule includes the total Company unadjusted test year, the jurisdictional unadjusted test year, the jurisdictional adjustments reflected on Schedule C-3.13, and the resulting adjusted jurisdictional test year. The months

of June through September 2015 in the test year are actual charges derived from the books and records of the Company. The months of October 2015 through May 2016 are derived by taking an average of the June through September actual charges. The other information presented on Schedule C-9 is sponsored by Company Witness Steadman.

- Schedule C-9.1, Page 1 of 3, Lines 18-19 representing five calendar years of DP&L total Company history of pension and OPEB costs. The schedule also includes this respective information for the unadjusted test year ending May 31, 2016. The other information presented on Schedule C-9.1 is sponsoredby Company Witness Steadman.

Q. Are you sponsoring or cosponsoring any workpapers?

A. Yes. I sponsor or cosponsor the following workpapers:

- Workpaper B-6b
- Workpaper C-3.13, Lines 3-4 and Line 12-13
- Workpaper C-9, Lines 5-6
- Workpaper C-9.1, Page 1 of 3, Lines 19-20
- Workpaper C-9.1b, Page 1 of 2, Lines 1-7 and Page 2 of 2, Lines 3-9

Q. Are you sponsoring any exhibits to your testimony?

A. Yes. My testimony includes the following exhibits:

- Exhibit EJK-1, which sets forth the pension and OPEB costs that details the adjustments and allocations from the certified actuarial reports to DP&L jurisdictional. This exhibit contains two pages. The first page provides the detailed calculations of how we start with Pension & OPEB expenses from the certified actuarial reports (Exhibit EJK-3) then deduct out various expenses (i.e., applicable to AES Services, applicable to DPL, Inc. subsidiaries, and other miscellaneous items) to determine Pension and OPEB expenses for total Company, total Company charged to O&M, and jurisdictional O&M. The second page depicts the actual June through September Pension and OPEB expenses for total Company and total Company charged to O&M, as well as for total jurisdictional and jurisdictional charged to O&M. The page also calculates the average of the four months to determine the Pension & OPEB expenses for the remaining months of the test year (October 2015 through May 2016).

- Exhibit EJK-2: Page 1 of 4 is the Net Prepaid Pension Asset detail for total Company and jurisdictional at December 31, 2014 per Mercer (Exhibit EJK-3, page E-3) adjusted for accounting residuals and rounding. Page 2 of 4 is the cumulative amortization of Net Periodic Benefit Cost per Mercer (Exhibit EJK-3, page F-1) by plan through September 30, 2015 for total Company and jurisdictional. Page 3 of 4 is the Company contributions by plan through September 30, 2015 for total Company and jurisdictional. Page 4 of 4 is similar to Workpaper B-6b except that it subtotals Net Prepaid Pension Asset between Pension and OPEB. The adjustment factors applied to total Company on each page of the Exhibit EJK-2 are based on year-end 2014 actuarial valuations and applicable CAM allocation percentages.
- Exhibit EJK-3, a copy of the Mercer ASC 715 (US GAAP) Actuarial Valuation Report as of December 31, 2014 which details pension and OPEB expense, as

well as prepaid pension asset and prepaid pension liability. Appendix E and F of the report pertain to "Before Reflecting Purchase Accounting" which are the sections applicable to DP&L. The "After Reflecting Purchase Accounting" and the "Blended Result" pertain to the holding company (DPL, Inc.). Appendix E pertains to year-end 2014 disclosure information, while Appendix F pertains to estimated 2015 net periodic benefit cost information (pension and OPEB expense). In addition, the amounts charged to AES Services are the sum of the "SC" columns in Sections G-K, Page 6, respectively.

- Exhibit EJK-4, a copy of the Mercer Data, Assumptions, Methods, and Provisions as of January 1, 2014 for the DP&L Retirement Income Plan.
- Exhibit EJK-5, a copy of the Mercer Data, Assumptions, Methods, and Provisions as of December 31, 2014 pertaining to the Funded Status and 2015 Fiscal Year Expense for the DP&L SERP.
- Exhibit EJK-6, a copy of the Mercer Data, Assumptions, Methods, and Provisions as of December 31, 2014 pertaining to the Funded Status and 2015 Fiscal Year Expense for the DPL Inc. Postretirement Medical and Life Insurance Plan (OPEB).
- Exhibit EJK-7, the effect on the revenue requirement of including net prepaid pension asset in rate base
- Exhibit EJK-8, PBGC savings due to net prepaid pension assets

Q. Were these attachments prepared or assembled by you or under your direction or supervision?

A. Yes. I prepared Exhibit EJK-1 and Exhibit EJK-2. Mercer LLC ("Mercer") prepared Exhibits EJK-3 through Exhibit EJK-6, which I have reviewed and sponsor. Mercer is one of the leading companies providing assistance and services associated with retirement programs.

III. ANNUAL PENSION AND OPEB COST

Q. How is net periodic benefit cost ("pension cost" or "pension expense") determined for pensions?

A. Pensions represent obligations of DP&L to employees upon retirement. The annual pension cost is determined under Generally Accepted Accounting Principles ("GAAP") in a manner that charges each period with the net pension cost of such benefits attributable ("earned") during the period. The accounting for pensions is promulgated in Topic 715, Compensation-Retirement Benefits, of the Accounting Standards Codification ("ASC 715"), as formerly contained in Financial Accounting Standards Board Opinion No. 87, Employers' Accounting for Pensions. Under GAAP, the annual pension cost is determined using an actuarial valuation based on various factors. Mercer performs the valuation for the Company using reasonable actuarial methods and assumptions, which are detailed in Exhibits EJK-3 through Exhibit EJK-5. Pension expense costs relate directly to providing service to DP&L customers, and this Commission has generally permitted pension costs determined in accordance with ASC 715 as allowable operating expenses when determining revenue requirements.

Q. What are the components of pension cost under GAAP?

A. ASC 715 requires an annual, actuarially-determined calculation of pension cost. The net pension cost for the period (also referred to as the "net periodic benefit cost") recognizes the consequence of events and transactions affecting a pension plan and is recorded in the financial statements. This approach aggregates the compensation cost of pension benefit accruals, interest cost resulting from deferred payments of these benefits and the results of investing plan assets.

Under ASC 715, the pension cost consists of the following elements:

Service cost. The service cost is the actuarial present value of pension benefits calculated under the applicable pension benefit formula and attributed to current employees' service during the period. Actuarial assumptions reflecting the time value of money (discount rate) and the probability of payment (assumptions about mortality, turnover, early retirement, etc.) are factored into the computation.

Interest cost. The interest cost or accretion component is the increase in the projected benefit obligation due to the passage of time. This component essentially recognizes that the anticipated benefit plan payments are one year closer to being paid from the pension plan.

Expected return on plan assets. The expected return on plan assets is calculated by applying the expected long-term rate of return on plan assets to the market value of the plan assets at the beginning of the year. Note that the expected long-term rate of return is used, meaning that actual investment returns are not directly recognized in this component of pension costs. The market value of plan assets can be either fair market value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. DP&L uses the fair market value method.

Amortization of gains and losses. Gains and losses are changes in the level of either the projected benefit obligation or plan assets resulting from actual experience compared to the assumptions. Asset gains and losses are the differences between the actual and expected return on plan assets during a period. Plan obligation gains and losses are the differences between the actual liability and the expected liability at the end of the measurement period. This figure includes assumption changes such as the discount rate used to value pension liabilities, mortality, etc. ASC 715 does not require that such gains and losses be recognized as a component of pension costs in the period in which they occur; instead, such gains and losses are amortized. The amortization of unrecognized gains and losses will be included as a component of net pension cost for a year if, as of the beginning of the year, the unrecognized gain or loss exceeds ten percent of the greater of the projected benefit obligation or the market value of the plan assets (this is referred to as the "corridor"). If amounts exceed the corridor, pension cost is increased by the loss in excess of the corridor divided by the average remaining future service of active plan participants.

Amortization of prior service costs (credits). The final component of pension cost for a period is the amortization of unrecognized prior service costs. Prior service costs generally arise from plan amendments increasing or decreasing the value of plan liabilities. ASC 715 provides that changes in benefits due to plan amendments should be recognized over the average remaining future service of active plan participants.

Q. Please discuss the actuarial analyses performed annually for DP&L by Mercer concerning the calculation of pension and OPEB costs.

A. DP&L engages Mercer to perform an actuarial valuation of the pension and OPEB plans each year in order to prepare DP&L's financial statements in accordance with the relevant requirements, as well as calculating the minimum funding requirements for the pension plan under the Internal Revenue Code.

For the actuarial valuation, DP&L provides Mercer with information regarding plan provisions, participant census data, and plan asset detail, including contributions, benefit payment information, and additional actuarial assumptions. Using this information, along with various actuarial assumptions, Mercer projects the expected future benefit payments under the plans based on current information. These future benefit payments are discounted with interest to determine the current present value of plan benefits (*i.e.*, current benefit obligations).

Mercer provides assistance to DP&L in selecting the assumptions and methods used to estimate future benefit payments from the plans, by providing background information and professional expertise. Periodically, assumption studies comparing expected experience to actual observed experience are performed, and if necessary, the actuarial assumptions are refined.

Based on the plans' obligations and accumulated assets, Mercer prepares reports detailing the financial statement reporting information, including annual cost calculations and year-end disclosure information. DP&L reviews this information, which is then used to prepare the financial statements.

IV. ASC 715 PENSION COST

Q. What amount of pension cost is included in DP&L's proposed revenue requirement?

A. Exhibit EJK-1 shows DP&L's total Company pension cost is $10,516,019 (Schedule C-9.1, Page 1 of 3, Column H, Line 18) for the test year ended May 31, 2016. The portion of total Company pension cost charged to operation and maintenance expense ("O&M") is $7,948,499 (Schedule C-9, Column C, Line 5) for the test year ended May 31, 2016. The jurisdictional O&M pension cost is $3,752,064 (Schedule C-9, Column F, Line 5) for the test year ended May 31, 2016. Please note that the adjustment (Schedule C-9, Column G, Line 5) is zero, but will be updated with the December 31, 2015 certified actuarial report information which is detailed below. Schedule C-3.13, Line 5, presents the total Company (Column D) and jurisdictional O&M (Column G) pension cost adjustments to the test year, which are both zero because the expense amounts are based upon the December 31, 2014 Mercer certified actuarial report. DP&L expects to receive the December 31, 2015 Mercer certified actuarial report in February 2016 and will update the pension cost based on that report.

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Q. Please describe DP&L's OPEB plan.

A. DP&L provides a variety of benefits, including medical coverage, prescription drug coverage and life insurance benefits, to certain employees who retire from the Company.

Q. How is OPEB cost determined?

A. The accounting for OPEB is also contained in ASC 715, which codified the accounting previously required under Financial Accounting Standards Board Opinion No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. The accounting requirements for OPEB plans are similar, in many respects, to those for pensions. Under ASC 715, accounting for both OPEB and pension plans require measurement, on an actuarially determined basis, of the promise to provide benefits to retirees or employees upon retirement. Mercer performs the valuation using reasonable actuarial methods and assumptions which are consistent with the requirements of ASC 715, which are detailed in Exhibits EJK-3 and Exhibit EJK-6. OPEB expense costs relate directly to providing service to DP&L customers, and this Commission has generally permitted OPEB costs determined in accordance with ASC 715 as allowable operating expenses when determining revenue requirements.

The annual OPEB cost determination consists of 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of gains and losses, and 5) amortization of prior service costs. These factors are similar to those described previously for pensions.

Unlike pensions, there are no ERISA or IRS requirements with respect to contributions or minimum/maximum funding levels for OPEBs.

Q. What amount of OPEB cost is included in DP&L's proposed revenue requirement?

A. Exhibit EJK-1 shows DP&L's total Company OPEB cost is $125,856 (Schedule C-9.1, Page 1 of 3, Column H, Line 19) for the test year ended May 31, 2016. The portion of total Company OPEB cost charged to O&M expense is $100,104 (Schedule C-9, Column C, Line 6) for the test year ended May 31, 2016. The jurisdictional O&M OPEB cost is $(21,852) (Schedule C-9, Column F, Line 6) for the test year ended May 31, 2016.

Please note that the adjustment (Schedule C-9, Column G, Line 6) is zero, but will be *updated with the December 31, 2015 certified actuarial report information which is* detailed below. Schedule C-3.13, Line 6, presents the total Company (Column D) and jurisdictional O&M (Column G) OPEB cost adjustments to the test year, which are both zero because the expense amounts are based upon the December 31, 2014 Mercer certified actuarial report. DP&L expects to receive the December 31, 2015 Mercer certified actuarial report in February 2016 and will update the OPEB cost based on that report.

Q. What causes the jurisdictional O&M OPEB expense to be a negative expense of $21,852 when the total Company OPEB cost charged to O&M is a positive expense of $100,104?

A. The OPEB expense (cost) is comprised of three plans. One of the three plans (postretirement medical for pre-1987 retirees) is a negative expense. The allocation from total Company to jurisdictional distribution for the postretirement medical for pre-1987 retirees plan has a greater percent charge to jurisdictional distribution. Thus, for jurisdictional O&M OPEB expense, the higher percentage allocation of a negative expense results in an overall negative number when you add the OPEB expense together for the three plans.

VI. PREPAID PENSION ASSET

Q. Please describe DP&L's ongoing funding for the employee pension plan.

A. Funding for the qualified Defined Benefit Pension Plan is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended by the Pension Protection Act of 2006, as well as targeted funding levels necessary to meet applicable thresholds (i.e., to avoid at-risk status). DP&L's funding policy for the Pension Plans is to contribute annually no less than the minimum required by applicable law.

Q. How does DP&L define a Prepaid Pension Asset?

A. DP&L is using the term Prepaid Pension Asset as the cumulative amount of actual cash pension contributions to the pension trust fund made by DP&L beyond the cumulative amount of pension cost that has been accrued to expense for DP&L. The Prepaid Pension Asset is investor-supplied and should be included in rate base in order to reflect the Company's cost of funds on the additional cash contributions.

Q. Is the Prepaid Pension Asset reflected on DP&L's books?

A. Yes. DP&L recognizes a pension liability (funded status) on its balance sheet equal to the difference between assets and benefit obligations, as required under US GAAP. Additionally, DP&L recognizes a regulatory asset on its balance sheet equal to actuarial gains/losses and prior service costs that have not yet been amortized through expense. The net amount of the funded status and the regulatory asset is equal to the plan's Prepaid Pension Asset.

Q. What is the difference between the ASC 715 net periodic benefit cost and the Prepaid Pension Asset?

A. The ASC 715 calculation of net periodic benefit cost is used to develop the pension expense for the revenue requirement. This calculation does not capture the time value of money in the cost of the prepaid pension asset. In order to capture this reasonable and necessary cost, the prepaid pension asset must be recognized in rate base.

Q. Why does DP&L have a Prepaid Pension Asset?

A. A Prepaid Pension Asset arises when cumulative contributions to the plan exceed cumulative expense under US GAAP. Since plan contributions are determined under ERISA and IRS regulations, and pension expense is determined under ASC 715, the amount contributed to the plan each year is generally different from the expense. As shown on Workpaper B-6b and Exhibit EJK-2, as of September 30, 2015, DP&L has contributed approximately $95 million more than the cumulative amount of pension cost determined in accordance with ASC 715. The portion of the $95 million attributable to Distribution is approximately $54 million. Please note that Workpaper B-6b shows total AOCI as a negative number (combined RIP plan and SERP plan) which is actually shown on DP&L's books as a negative regulatory liability which equates to the same as a regulatory asset. For non-regulated entities, the unamortized prior service cost and unamortized net loss are shown in shareholder's equity as a charge or negative equity; however, for regulated entities, they are shown as a regulatory asset. We depicted the unamortized prior service cost and unamortized net loss as negative Accumulated Other Comprehensive Income ("AOCI") since the certified actuarial report (Exhibit EJK-3, page E-3) depicts them as AOCI.

Q. Can DP&L access these pension assets?

A. No. ERISA requirements generally do not permit employers to remove money from the qualified pension funds.

Q. Why does DP&L propose to include the Prepaid Pension Asset in rate base?

A. The Prepaid Pension Asset represents investor capital residing in the pension plan and thus should earn a return and be included as a component of rate base.

The Prepaid Pension Asset recorded on DP&L's balance sheet arises from contributions made by DP&L to the pension fund and/or crediting pension expense in accordance with ASC 715. In either case, this balance sheet amount is investor-supplied with DP&L either crediting the cash account with a contribution to the pension fund or crediting its pension costs on the income statement (based on the ASC 715 computation), reducing revenue requirements.

Including the prepaid pension asset in rate base will allow ratemaking recognition of DP&L's cost of funds on the additional cash contributions. These additional contributions also serve to control future pension costs that would otherwise need to be contained in rates. Including the prepaid pension asset in rate base is appropriate because DP&L's customers benefit from the existence of the appropriate pension funding and the lower pension expense resulting from DP&L having made these contributions. The additional pension contributions have been prudently incurred by DP&L to provide service to its customers, are necessary for the provision of service, and constitute assets that are used and useful in providing public service.

Q. Is there a benefit to customers when contributions in excess of ASC 715 accruals are made to the Company's pension plan?

A. Yes. As I have explained, DP&L customers have benefited because these additional contributions resulted in additional investment income in the pension trust and in turn this income reduced pension cost that is recognized for ratemaking purposes. In addition, funding the pension plan made DP&L's pension plan more secure, benefitting customers because a strong pension plan is important to attracting and retaining a good work force so that DP&L can continue to provide customers cost-effective and reliable electric service. Moreover, the Pension Benefit Guaranty Corporation ("PBGC") annual fee is reduced by approximately $521 thousand (see Exhibit EJK-8) for 2015 as a result of the prepaid pension asset. This fee is not paid directly by DP&L because it is paid out of the DP&L pension plan trust. However, the PBGC fee reduces the funded status which increases required DP&L pension funding over time.

Q. Has the Commission previously approved the inclusion of a utility's prepaid pension assets in rate base?

A. Yes. In Case No. 07-551-EL-AIR, the Commission ruled that a full accrual of pension and OPEB expenses should be included in the test year expenses, along with a corresponding rate base item (see page 16 of the 1/21/2009 Opinion & Order). Also, in Case No. 10-2929-EL-UNC, the Commission ruled that the prepaid pension asset should be included in rate base (see page 21 of the Opinion & Order).

Q. Does DP&L also have a prepaid asset related to postretirement benefits other than pensions?

A. No. As shown on Workpaper B-6b and Exhibit EJK-2, in the case of OPEBs, a liability exists. This liability represents the cumulative difference between the actual OPEB claims at the end of the test period and the ASC 715 calculated OPEB expense. Unlike pensions, DP&L has not made contributions to a separate fund for postretirement benefits other than pensions (with the exception of postretirement benefits for union employees who retired prior to 1987). As a result, the postretirement benefits other than pensions are in a net liability status at the end of the test year. By including the OPEB liability in rate base, this treatment is consistent with the inclusion of the prepaid pension asset in rate base described above. As shown on Workpaper B-6b and Exhibit EJK-2, as of September 30, 2015, DP&L has contributed approximately $21 million less than the cumulative amount of OPEB cost determined in accordance with ASC 715. The portion of the $21 million attributable to Distribution is approximately $13 million. Please note that Workpaper B-6b shows total AOCI as a net positive number (combined Life plan, GF plan, and NGF plan) which is actually shown on DP&L's books as a regulatory liability. For non-regulated entities, the unamortized prior service credit and unamortized net gain are shown in shareholder's equity as a credit or additional equity; however, for regulated entities, they are shown as a regulatory liability. We depicted the unamortized prior service credit and unamortized net gain as AOCI since the certified actuarial report (Exhibit EJK-3, page E-3) depicts them as AOCI.

Q **Do you have an estimate of how much the annual pension cost has been reduced by DP&L having a prepaid pension asset that pertains to DP&L Distribution?**

A Yes. To quantify the benefit of DP&L's contributions, I assume the $54 million (DP&L Distribution only) prepaid pension asset earns the "expected" 6.50% return, which is one of the assumptions DP&L must provide to its actuaries to determine the annual pension cost under ASC 715. The expected return on plan assets represents the long-term rate of return on plan assets. DP&L's independent accountants sign off on this rate as well as the other assumptions used in the pension expense calculation. There is little variance in the determination of the long-term rate of return on plan assets used by most entities with similar investment portfolios. This process produces an approximate $3.5 million reduction to ASC 715 pension expense.

Q. Does the inclusion of the net prepaid pension asset result in a benefit to customers?

A. Yes. The prepaid pension asset directly reduces pension expense as calculated pursuant to ASC 715 (also known as SFAS 87), by approximately $3.5 million (the "direct ASC 715 reduction") per year. As explained in the Q&A above, this is computed by multiplying the prepaid pension asset by the 6.50% long-term expected return assumed in the actuarial report which computes annual pension expense. This is a direct reduction to ASC 715 pension expense. In addition, there are other tangible benefits from the prepaid pension asset in that it will reduce pension cost every year, it will protect employees by funding benefits they have already earned, and it will increase DP&L's perceived financial strength by reducing unfunded obligations. These other benefits have not been quantified, but they nonetheless exist.

In addition to the savings to pension expense pursuant to ASC 715, the prepaid pension asset reduces expenditures to the Pension Benefit Guaranty Corporation (PBGC). The PBGC was created by the Employee Retirement Income Security Act of 1974. It is a governmental agency that serves as the "insurer" for private-sector defined benefit pension plans. In the event a plan sponsor becomes insolvent, the PBGC steps in to continue plan payments to retirees and beneficiaries. The PBGC is not funded by general tax revenues; instead, it collects insurance premiums from employers that sponsor insured pension plans, earns money from investments, and receives funds from pension plans it takes over.

The PBGC charges plan sponsors a premium based on both the headcount ("flat rate premium") and funded position ("variable rate premium") of their pension plans. Premium rates are set by law and change annually. For 2015, the flat rate premium for single employer plans is $57 per participant, and the variable rate premium is 2.4% of unfunded vested benefits. Since the variable unfunded rate is calculated and owed based upon the plan's unfunded vested benefits status, the prepaid pension asset reduces the amount of the PBGC variable rate premium. Without the prepaid pension asset, the pension plan would have a larger unfunded status, would be deemed riskier by the PBGC, and a larger premium would be owed to the PBGC for it to provide its guarantee. The reduction in the premium resulting from the prepaid pension asset is approximately $521 thousand for the test year. This calculation is set forth in Exhibit EJK-8.

Payments to the PBGC can either be paid out of the trust fund or paid directly by employers. If they are paid directly by employers, they are unquestionably charged to current expense. Even if they are paid out of the fund, the avoided payment would ultimately be paid by DP&L and would be reflected as pension expense. Since this payment would relate to the current period, intergenerational equities would require that this increased PBGC payment, if required to be made, be reflected as a component of current pension expense for ratemaking purposes. Otherwise, customers in future periods would be paying higher rates to recover costs that are incurred currently. Effectively, this would be the result under ASC 715 as well. The additional fee would be deferred and amortized to pension expenses over approximately fifteen years,[1] but an equivalent fee would be owed every year, thus producing an annual amortization equal to one-tenth of ten years' fee - or one year. Adding the avoided PBGC obligation to the direct ASC 715 expense reduction produces a total pension expense savings of approximately $4 million per year.

To quantify this monetary benefit, the annual expense savings may be compared to the impact on the revenue requirement of the net prepaid pension asset. As shown on Exhibit EJK-7, the reduction to the revenue requirement from removing the net prepaid pension asset from rate base is approximately $3 million. Thus, the quantifiable net benefit to customers is approximately $1 million annually.

VII. CONCLUSION

Q. What are your conclusions with respect to the appropriate ratemaking treatment of the net prepaid pension asset?

A. The prepaid pension asset is an investor supplied asset of DP&L. The prepaid pension asset provides benefits to DP&L's employees and ratepayers currently and for years into the future. The net prepaid pension asset reduces the annual pension expense calculated under ASC 715 and ratepayers receive the benefit of this reduced expense which is a component of operating expenses. The quantifiable annual net benefit customers of having a net prepaid pension assets is approximately $1 million. In addition, funding the pension plan makes DP&L's pension plan more secure, benefitting customers because a strong pension plan is important to attracting and retaining a good work force so that

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[1] The amortization period is the average remaining service lives of the employees expected to benefit.

DP&L can continue to provide customers cost-effective and reliable electric service. Funding pension benefits is a responsible and integral part of providing service. The prepaid pension asset should be included in rate base and earn the authorized rate of return. In addition, the full accrual of pension and OPEB expenses should be included in the year expenses.

Q Does that conclude your direct testimony?

A. Yes.

The Dayton Power & Light Company
Pension & OPEB Expense
Jurisdictional Expense
Test Year June 2015 - May 2016

	Monthly							
	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total
Mercer Actuarial Valuation	$ 1,214,965	$ 23,410	$ 1,238,375	$ 30,351	$ (33,338)	$ 16,344	$ 13,357	$ 1,251,732
Less: Charged to SERVCO	$ 177,326	$ -	$ 177,326	$ 806	$ -	$ 1,759	$ 2,565	$ 179,891
	$ 1,037,639	$ 23,410	$ 1,061,049	$ 29,545	$ (33,338)	$ 14,585	$ 10,792	$ 1,071,841
Less: Charged to DPL Inc. Subs	$ 15,876	$ 1,702	$ 17,578	$ 332	$ (280)	$ 252	$ 304	$ 17,882
DP&L Net Periodic Benefit Cost	$ 1,021,763	$ 21,708	$ 1,043,471	$ 29,213	$ (33,058)	$ 14,333	$ 10,488	$ 1,053,959
DP&L Net Periodic Benefit Cost			$ 1,043,471				$ 10,488	
Less: CCD Billings			$ 169,541				$ -	
Add: Unfunded Pension Exp			$ 2,405				$ -	
Adjusted Benefit Expense - Total DP&L			$ 876,335				$ 10,488	
O&M % - Total DP&L			75.6%				79.5%	
Net of Capitalization - Total DP&L			$ 662,375				$ 8,342	
DP&L Distribution			$ 523,454				$ (3,048)	
O&M % - DP&L Distribution			59.7%				59.7%	
DP&L Jurisdictional Benefit Expense			$ 312,672				$ (1,821)	

The Dayton Power & Light Company
Pension & OPEB Expense
Jurisdictional Expense
Test Year June 2015 - May 2016

	Annually							
	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total
Mercer Actuarial Valuation	$ 14,579,573	$ 280,917	$ 14,860,490	$ 364,205	$ (400,059)	$ 196,121	$ 160,267	$ 15,020,757
Less: Charged to SERVCO	$ 2,127,912	$ -	$ 2,127,912	$ 9,672	$ -	$ 21,108	$ 30,780	$ 2,158,692
	$ 12,451,661	$ 280,917	$ 12,732,578	$ 354,533	$ (400,059)	$ 175,013	$ 129,487	$ 12,862,065
Less: Charged to DPL Inc. Subs	$ 190,512	$ 20,424	$ 210,936	$ 3,984	$ (3,360)	$ 3,024	$ 3,648	$ 214,584
DP&L Net Periodic Benefit Cost	$ 12,261,149	$ 260,493	$ 12,521,642	$ 350,549	$ (396,699)	$ 171,989	$ 125,839	$ 12,647,481
DP&L Net Periodic Benefit Cost			$ 12,521,652				$ 125,856	
Less: CCD Billings			$ 2,034,493				$ -	
Add: Unfunded Pension Exp			$ 28,860				$ -	
Adjusted Benefit Expense - Total DP&L			$ 10,516,019				$ 125,856	
O&M % - Total DP&L			75.6%				79.5%	
Net of Capitalization - Total DP&L			$ 7,948,499				$ 100,104	
DP&L Distribution			$ 6,281,448				$ (36,576)	
O&M % - DP&L Distribution			59.7%				59.7%	
DP&L Jurisdictional Benefit Expense			$ 3,752,064				$ (21,852)	

The Dayton Power & Light Company
Pension & OPEB Expenses
Total DP&L and Total Distribution
Before Capitalization and After Capitalization
Actual & Average of June - September, 2015

		Before Capitalization							After Capitalization					
		DPL	**Jun**	**July**	**Aug**	**Sept**	**Average**	**O&M%**		**Jun**	**July**	**Aug**	**Sept**	**Average**
9260003	PENSION	PENSION EXP-UNFUNDED-ACTIVE EMPLOYEES (SEDC	$ -	$ -	$ -	$ -	$ -	79.54%	PENSION	$ -	$ -	$ -	$ -	$ -
9260008	PENSION	PENSION EXP-UNFUNDED-FORMER EMPLOYEES	$ 2,405	$ 2,405	$ 2,405	$ 2,405	$ 2,405		PENSION	$ 1,913	$ 1,913	$ 1,913	$ 1,913	$ 1,913
9260017	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-EXPECTED RETI	$ (1,748,534)	$ (1,748,534)	$ (1,748,534)	$ (1,748,534)	$ (1,748,534)		PENSION	$ (1,390,828)	$ (1,390,828)	$ (1,390,828)	$ (1,390,828)	$ (1,390,828)
9260018	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-INTEREST COST	$ 1,325,476	$ 1,325,476	$ 1,325,476	$ 1,325,476	$ 1,325,476		PENSION	$ 1,054,317	$ 1,054,317	$ 1,054,317	$ 1,054,317	$ 1,054,317
9260019	PENSION	SERP NET GAIN	$ 13,279	$ 13,279	$ 13,279	$ 13,279	$ 13,279		PENSION	$ 10,562	$ 10,562	$ 10,562	$ 10,562	$ 10,562
9260020	PENSION	SERP PENSION EXPENSE ACCRUAL	$ -	$ -	$ -	$ -	$ -		PENSION	$ -	$ -	$ -	$ -	$ -
9260021	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-SERV COST	$ 443,026	$ 443,026	$ 443,026	$ 443,026	$ 443,026		PENSION	$ 352,394	$ 352,394	$ 352,394	$ 352,394	$ 352,394
9260022	OPEB	POST RETIR-HEALTH ACCRUAL	$ -	$ -	$ -	$ -	$ -		OPEB	$ -	$ -	$ -	$ -	$ -
9260023	OPEB	POST RETIRE-LIFE ACCRUAL	$ 6,490	$ 6,490	$ 6,490	$ 6,490	$ 6,490		OPEB	$ 5,162	$ 5,162	$ 5,162	$ 5,162	$ 5,162
9260024	OPEB	POST RETIR-HEALTH ACCRUAL NON-GRAND	$ 7,304	$ 7,304	$ 7,304	$ 7,304	$ 7,304		OPEB	$ 5,810	$ 5,810	$ 5,810	$ 5,810	$ 5,810
9260025	PENSION	PENSION PRIOR SERVICE COST	$ 260,991	$ 260,991	$ 260,991	$ 260,991	$ 260,991		PENSION	$ 207,599	$ 207,599	$ 207,599	$ 207,599	$ 207,599
9260026	PENSION	PENSION NET LOSS/GAIN	$ 740,805	$ 740,805	$ 740,805	$ 740,805	$ 740,805		PENSION	$ 589,255	$ 589,255	$ 589,255	$ 589,255	$ 589,255
9260027	OPEB	RETIREE HEALTH GF-NET GAIN	$ (50,048)	$ (50,048)	$ (50,048)	$ (50,048)	$ (50,048)		OPEB	$ (39,809)	$ (39,809)	$ (39,809)	$ (39,809)	$ (39,809)
9260028	OPEB	RETIREE HEALTH NGF-NET LOSS	$ 2,066	$ 2,066	$ 2,066	$ 2,066	$ 2,066		OPEB	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643
9260029	OPEB	RETIREE LIFE-PRIOR SERVICE COST	$ 6,718	$ 6,718	$ 6,718	$ 6,718	$ 6,718		OPEB	$ 5,344	$ 5,344	$ 5,344	$ 5,344	$ 5,344
9260032	OPEB	RETIREE LIFE-NET GAIN	$ (5,934)	$ (5,934)	$ (5,934)	$ (5,934)	$ (5,934)		OPEB	$ (4,720)	$ (4,720)	$ (4,720)	$ (4,720)	$ (4,720)
9260060	PENSION	SERP INTEREST COST	$ 8,428	$ 8,428	$ 8,428	$ 8,428	$ 8,428		PENSION	$ 6,704	$ 6,704	$ 6,704	$ 6,704	$ 6,704
9260061	OPEB	POST RETIREE-HEALTH GF INTEREST COST	$ 29,037	$ 29,037	$ 29,037	$ 29,037	$ 29,037		OPEB	$ 23,097	$ 23,097	$ 23,097	$ 23,097	$ 23,097
9260062	OPEB	POST RETIREE-HEALTH NGF INTEREST COST	$ 4,963	$ 4,963	$ 4,963	$ 4,963	$ 4,963		OPEB	$ 3,948	$ 3,948	$ 3,948	$ 3,948	$ 3,948
9260063	OPEB	POST RETIREE-LIFE ENTEREST COST	$ 21,939	$ 21,939	$ 21,939	$ 21,939	$ 21,939		OPEB	$ 17,451	$ 17,451	$ 17,451	$ 17,451	$ 17,451
9260065	OPEB	POST RETIREE-HEALTH GF EXPECTED RETURN	$ (12,047)	$ (12,047)	$ (12,047)	$ (12,047)	$ (12,047)		OPEB	$ (9,582)	$ (9,582)	$ (9,582)	$ (9,582)	$ (9,582)
9261001	PENSION	PENSION (ACCRUAL)-CCD	$ (191,809)	$ (193,112)	$ (172,558)	$ (173,424)	$ (182,726)		PENSION	$ (191,809)	$ (193,112)	$ (172,558)	$ (173,424)	$ (182,726)
9261009	PENSION	PENSION (CASH)-CCD	$ 11,449	$ 13,142	$ 14,576	$ 13,571	$ 13,185		PENSION	$ 11,449	$ 13,142	$ 14,576	$ 13,571	$ 13,185
		PENSION	**$ 865,516**	**$ 865,906**	**$ 887,894**	**$ 886,023**	**$ 876,335**		**PENSION**	**$ 651,556**	**$ 651,946**	**$ 673,934**	**$ 672,063**	**$ 662,375**
		OPEB	**$ 10,488**	**$ 10,488**	**$ 10,488**	**$ 10,488**	**$ 10,488**		**OPEB**	**$ 8,342**	**$ 8,342**	**$ 8,342**	**$ 8,342**	**$ 8,342**

		Before Capitalization							After Capitalization					
		DPL DIST	**Jun**	**July**	**Aug**	**Sept**	**Average**	**O&M%**		**Jun**	**July**	**Aug**	**Sept**	**Average**
9260003	PENSION	PENSION EXP-UNFUNDED-ACTIVE EMPLOYEES (SEDC	$ -	$ -	$ -	$ -	$ -	59.73%	PENSION	$ -	$ -	$ -	$ -	$ -
9260008	PENSION	PENSION EXP-UNFUNDED-FORMER EMPLOYEES	$ 1,011	$ 1,011	$ 1,011	$ 1,011	$ 1,011		PENSION	$ 604	$ 604	$ 604	$ 604	$ 604
9260017	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-EXPECTED RETI	$ (878,440)	$ (878,440)	$ (878,440)	$ (878,440)	$ (878,440)		PENSION	$ (524,714)	$ (524,714)	$ (524,714)	$ (524,714)	$ (524,714)
9260018	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-INTEREST COST	$ 665,901	$ 665,901	$ 665,901	$ 665,901	$ 665,901		PENSION	$ 397,759	$ 397,759	$ 397,759	$ 397,759	$ 397,759
9260019	PENSION	SERP NET GAIN	$ 5,581	$ 5,581	$ 5,581	$ 5,581	$ 5,581		PENSION	$ 3,334	$ 3,334	$ 3,334	$ 3,334	$ 3,334
9260020	PENSION	SERP PENSION EXPENSE ACCRUAL	$ -	$ -	$ -	$ -	$ -		PENSION	$ -	$ -	$ -	$ -	$ -
9260021	PENSION	PEOPLE EXP-DEFINED BENEFIT PLAN-SERV COST	$ 222,570	$ 222,570	$ 222,570	$ 222,570	$ 222,570		PENSION	$ 132,947	$ 132,947	$ 132,947	$ 132,947	$ 132,947
9260022	OPEB	POST RETIR-HEALTH ACCRUAL	$ -	$ -	$ -	$ -	$ -		OPEB	$ -	$ -	$ -	$ -	$ -
9260023	OPEB	POST RETIRE-LIFE ACCRUAL	$ 3,530	$ 3,530	$ 3,530	$ 3,530	$ 3,530		OPEB	$ 2,109	$ 2,109	$ 2,109	$ 2,109	$ 2,109
9260024	OPEB	POST RETIR-HEALTH ACCRUAL NON-GRAND	$ 2,639	$ 2,639	$ 2,639	$ 2,639	$ 2,639		OPEB	$ 1,576	$ 1,576	$ 1,576	$ 1,576	$ 1,576
9260025	PENSION	PENSION PRIOR SERVICE COST	$ 131,118	$ 131,118	$ 131,118	$ 131,118	$ 131,118		PENSION	$ 78,320	$ 78,320	$ 78,320	$ 78,320	$ 78,320
9260026	PENSION	PENSION NET LOSS/GAIN	$ 372,171	$ 372,171	$ 372,171	$ 372,171	$ 372,171		PENSION	$ 222,307	$ 222,307	$ 222,307	$ 222,307	$ 222,307
9260027	OPEB	RETIREE HEALTH GF-NET GAIN	$ (36,511)	$ (36,511)	$ (36,511)	$ (36,511)	$ (36,511)		OPEB	$ (21,809)	$ (21,809)	$ (21,809)	$ (21,809)	$ (21,809)
9260028	OPEB	RETIREE HEALTH NGF-NET LOSS	$ 747	$ 747	$ 747	$ 747	$ 747		OPEB	$ 446	$ 446	$ 446	$ 446	$ 446
9260029	OPEB	RETIREE LIFE-PRIOR SERVICE COST	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654		OPEB	$ 2,183	$ 2,183	$ 2,183	$ 2,183	$ 2,183
9260032	OPEB	RETIREE LIFE-NET GAIN	$ (3,227)	$ (3,227)	$ (3,227)	$ (3,227)	$ (3,227)		OPEB	$ (1,928)	$ (1,928)	$ (1,928)	$ (1,928)	$ (1,928)
9260060	PENSION	SERP INTEREST COST	$ 3,542	$ 3,542	$ 3,542	$ 3,542	$ 3,542		PENSION	$ 2,116	$ 2,116	$ 2,116	$ 2,116	$ 2,116
9260061	OPEB	POST RETIREE-HEALTH GF INTEREST COST	$ 21,183	$ 21,183	$ 21,183	$ 21,183	$ 21,183		OPEB	$ 12,653	$ 12,653	$ 12,653	$ 12,653	$ 12,653
9260062	OPEB	POST RETIREE-HEALTH NGF INTEREST COST	$ 1,793	$ 1,793	$ 1,793	$ 1,793	$ 1,793		OPEB	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071
9260063	OPEB	POST RETIREE-LIFE ENTEREST COST	$ 11,933	$ 11,933	$ 11,933	$ 11,933	$ 11,933		OPEB	$ 7,128	$ 7,128	$ 7,128	$ 7,128	$ 7,128
9260065	OPEB	POST RETIREE-HEALTH GF EXPECTED RETURN	$ (8,789)	$ (8,789)	$ (8,789)	$ (8,789)	$ (8,789)		OPEB	$ (5,250)	$ (5,250)	$ (5,250)	$ (5,250)	$ (5,250)
9261001	PENSION	PENSION (ACCRUAL)-CCD	$ -	$ -	$ -	$ -	$ -		PENSION	$ -	$ -	$ -	$ -	$ -
9261009	PENSION	PENSION (CASH)-CCD	$ -	$ -	$ -	$ -	$ -		PENSION	$ -	$ -	$ -	$ -	$ -
		PENSION	**$ 523,454**	**$ 523,454**	**$ 523,454**	**$ 523,454**	**$ 523,454**		**PENSION**	**$ 312,672**	**$ 312,672**	**$ 312,672**	**$ 312,672**	**$ 312,672**
		OPEB	**$ (3,048)**	**$ (3,048)**	**$ (3,048)**	**$ (3,048)**	**$ (3,048)**		**OPEB**	**$ (1,821)**	**$ (1,821)**	**$ (1,821)**	**$ (1,821)**	**$ (1,821)**

The Dayton Power & Light Company
Net Prepaid Pension Asset
At 12-31-2014

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Gross Amount per GL Based on Mercer YE Valuation Report (Schedule E-3):								
Net Funded Status (Liability)	(68,687,415)	(3,374,866)	(72,062,281)	(6,716,446)	(7,773,264)	(1,823,260)	(16,312,970)	(88,375,251)
Less: Prior Service Credit (Cost)	(20,340,853)	-	(20,340,853)	(619,063)	-	-	(619,063)	(20,959,916)
Less: Net Gain (Loss)	(150,035,386)	(2,447,750)	(152,483,136)	1,675,646	4,682,187	(579,187)	5,778,646	(146,704,490)
Total AOCI/Prepaid Asset	(170,376,239)	(2,447,750)	(172,823,989)	1,056,583	4,682,187	(579,187)	5,159,583	(167,664,406)
Net Prepaid Pension Asset	101,688,824	(927,116)	100,761,708	(7,773,029)	(12,455,451)	(1,244,073)	(21,472,553)	79,289,155
% to Distribution per YE 2014 Allocation:								
Net Funded Status (Liability)	49.47%	38.97%		53.78%	72.34%	35.51%		
Prior Service Credit (Cost)	49.12%			57.40%				
Net Gain (Loss)	54.62%	38.97%		76.84%	72.00%	36.11%		

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Distribution Amount per GL Based on YE allocations:								
Net Funded Status (Liability)	(33,977,682)	(1,315,185)	(35,292,867)	(3,611,813)	(5,623,117)	(647,357)	(9,882,287)	(45,175,154)
Less: Prior Service Credit (Cost)	(9,992,070)	-	(9,992,070)	(355,332)	-	-	(355,332)	(10,347,402)
Less: Net Gain (Loss)	(81,942,285)	(953,888)	(82,896,173)	1,287,583	3,371,228	(209,139)	4,449,672	(78,446,501)
Total AOCI/Prepaid Asset	(91,934,355)	(953,888)	(92,888,243)	932,251	3,371,228	(209,139)	4,094,340	(88,793,903)
Net Prepaid Pension Asset	57,956,673	(361,297)	57,595,376	(4,544,064)	(8,994,345)	(438,218)	(13,976,627)	43,618,749

Overall % directly allocable to Distribution at 12-31-2014: 55.01%

The Dayton Power & Light Company
Net Periodic Benefit Cost
For the Year to Date 9-30-2015

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Estimated Net Periodic Benefit Costs for 2015 per GL Based on Mercer YE Valuation Report (Schedule F-1):								
Net Funded Status (Liability)	(1,245,780)	(81,801)	(1,327,581)	(266,202)	(154,206)	(125,892)	(546,300)	(1,873,881)
Less: Prior Service Credit (Cost)	2,484,477	-	2,484,477	62,487	-	-	62,487	2,546,964
Less: Net Gain (Loss)	7,204,428	128,889	7,333,317	(55,530)	(454,248)	21,204	(488,574)	6,844,743
Total AOCI/Prepaid Asset	9,688,905	128,889	9,817,794	6,957	(454,248)	21,204	(426,087)	9,391,707
Net Prepaid Pension Asset	(10,934,685)	(210,690)	(11,145,375)	(273,159)	300,042	(147,096)	(120,213)	(11,265,588)
% to Distribution per YE 2014 Allocation:								
Net Funded Status (Liability)	49.47%	38.96%		53.77%	72.34%	35.50%		
Prior Service Credit (Cost)	49.12%			57.40%				
Net Gain (Loss)	54.62%	38.98%		76.82%	72.00%	36.12%		

	RIP	SERP	*Total Pension*	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Annual Amount Charged to Distribution Based on YE 2014 Allocation %s:								
Net Funded Status (Liability)	(616,266)	(31,869)	(648,135)	(143,145)	(111,555)	(44,694)	(299,394)	(947,529)
Less: Prior Service Credit (Cost)	1,220,463	-	1,220,463	35,865	-	-	35,865	1,256,328
Less: Net Gain (Loss)	3,934,728	50,238	3,984,966	(42,660)	(327,060)	7,659	(362,061)	3,622,905
Total AOCI/Prepaid Asset	5,155,191	50,238	5,205,429	(6,795)	(327,060)	7,659	(326,196)	4,879,233
Net Prepaid Pension Asset	(5,771,457)	(82,107)	(5,853,564)	(136,350)	215,505	(52,353)	26,802	(5,826,762)

The Dayton Power & Light Company
Contributions
For the Year to Date 9-30-2015

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Actual Contributions During the Year:								
Net Funded Status (Liability)	5,000,000	292,412	5,292,412	251,937	478,546	-	730,483	6,022,895
Less: Prior Service Credit (Cost)	-	-	-	-	-	-	-	-
Less: Net Gain (Loss)	-	-	-	-	-	-	-	-
Total AOCI/Prepaid Asset	-	-	-	-	-	-	-	-
Net Prepaid Pension Asset	5,000,000	292,412	5,292,412	251,937	478,546	-	730,483	6,022,895
% to Distribution per YE 2014 Allocation:								
Net Funded Status (Liability)	49.47%	38.97%		53.78%	72.34%			

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Actual Contributions to *Distribution* Based on YE Allocations:								
Net Funded Status (Liability)	2,473,500	113,953	2,587,453	135,492	346,179	-	481,671	3,069,124
Less: Prior Service Credit (Cost)	-	-	-	-	-	-	-	-
Less: Net Gain (Loss)	-	-	-	-	-	-	-	-
Total AOCI/Prepaid Asset	-	-	-	-	-	-	-	-
Net Prepaid Pension Asset	2,473,500	113,953	2,587,453	135,492	346,179	-	481,671	3,069,124

The Dayton Power & Light Company
Net Prepaid Pension Asset
At 9-30-2015

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Gross Amount per GL (Sum Pages 1-3)								
Net Funded Status (Liability)	(64,933,195)	(3,164,255)	(68,097,450)	(6,730,711)	(7,448,924)	(1,949,152)	(16,128,787)	(84,226,237)
Less: Prior Service Credit (Cost)	(17,856,376)	-	(17,856,376)	(556,576)	-	-	(556,576)	(18,412,952)
Less: Net Gain (Loss)	(142,830,958)	(2,318,861)	(145,149,819)	1,620,116	4,227,939	(557,983)	5,290,072	(139,859,747)
Total AOCI/Prepaid Asset	(160,687,334)	(2,318,861)	(163,006,195)	1,063,540	4,227,939	(557,983)	4,733,496	(158,272,699)
Net Prepaid Pension Asset	95,754,139	(845,394)	94,908,745	(7,794,251)	(11,676,863)	(1,391,169)	(20,862,283)	74,046,462
% to Distribution per YE 2014 Allocation:								
Net Funded Status (Liability)	49.47%	38.97%		53.78%	72.34%	35.51%		
Prior Service Credit (Cost)	49.12%			57.40%				
Net Gain (Loss)	54.62%	38.97%		76.84%	72.00%	36.11%		

	RIP	SERP	Total Pension	Life	GF Med	NGF Med	Total Postretirement	Total All Plans
Distribution amount (Sum Pages 1-3)								
Net Funded Status (Liability)	(32,120,448)	(1,233,101)	(33,353,549)	(3,619,466)	(5,388,493)	(692,051)	(9,700,010)	(43,053,559)
Less: Prior Service Credit (Cost)	(8,771,607)	-	(8,771,607)	(319,467)	-	-	(319,467)	(9,091,074)
Less: Net Gain (Loss)	(78,007,557)	(903,650)	(78,911,207)	1,244,923	3,044,168	(201,480)	4,087,611	(74,823,596)
Total AOCI/Prepaid Asset	(86,779,164)	(903,650)	(87,682,814)	925,456	3,044,168	(201,480)	3,768,144	(83,914,670)
Net Prepaid Pension Asset	54,658,716	(329,451)	54,329,265	(4,544,922)	(8,432,661)	(490,571)	(13,468,154)	40,861,111

Overall % directly allocable to Distribution at 9-30-2015: 55.18%

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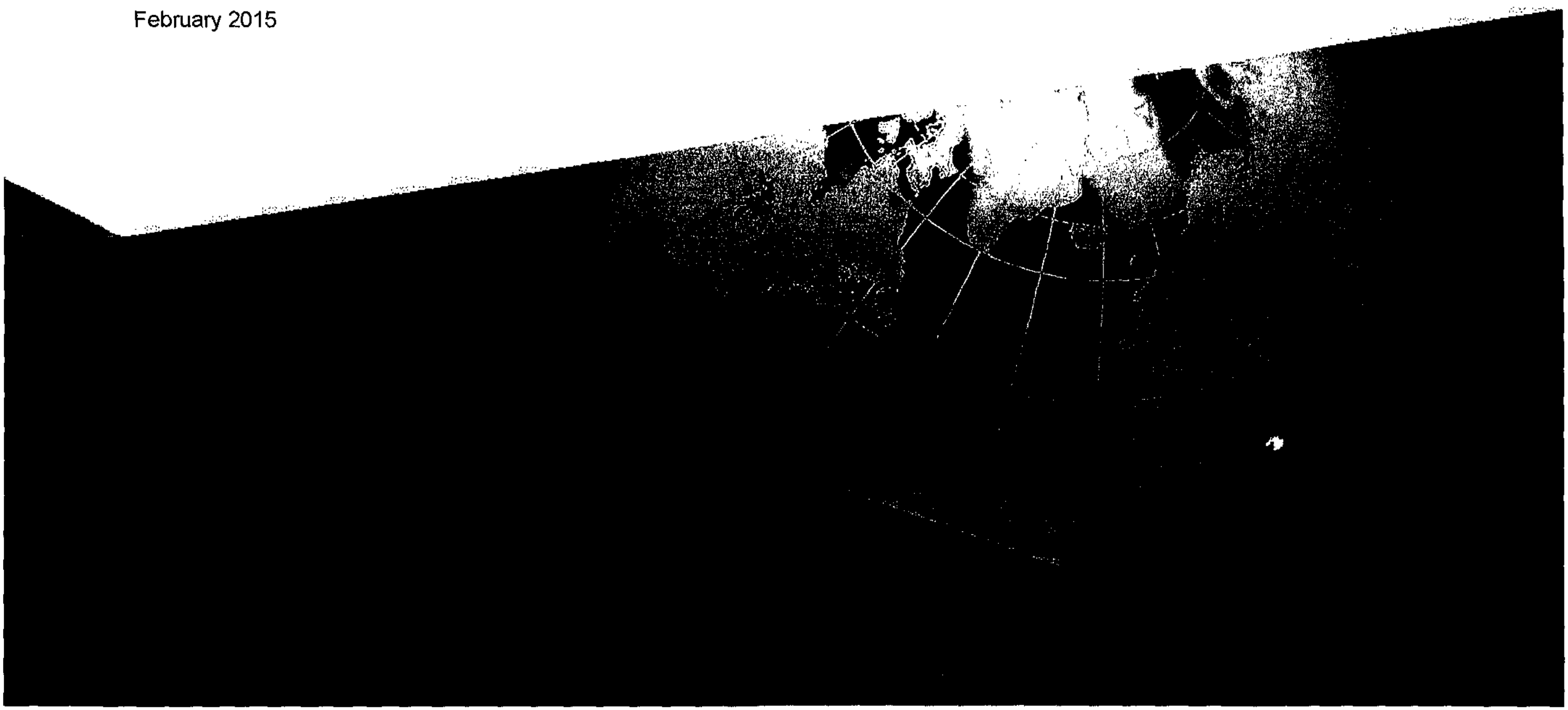
ACTUARIAL VALUATION REPORT AS OF DECEMBER 31, 2014

DPL INC.

February 2015



MARSH & McLENNAN COMPANIES

CONTENTS

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Report Highlights

Mercer has prepared this report for DPL Inc. to present actuarial estimates of liabilities as of December 31, 2014 for the following plans:
- The Dayton Power and Light Company Retirement Income Plan
- DPL Inc. Supplemental Executive Retirement Plan
- DPL Inc. Postretirement Life Insurance
- DPL Inc. Grandfathered Postretirement Medical Plan
- DPL Inc. Non-Grandfathered Postretirement Medical Plan

to be incorporated, as DPL Inc. deems appropriate, in its financial statements under US accounting standards.

All figures in this report are expressed in USD.

Please see Section 3 of this report for further explanation as to the purposes and limitations of this report.

Summary of Results

Below are highlights of the blended before and after purchase accounting results as of December 31, 2014 compared to the corresponding figures as of December 31, 2013.

Fiscal year ending December 31, 2013						
	RIP	SERP	Life	Non-Grandfathered	Grandfathered	Total
Net periodic benefit cost[a]	5,491,829	172,313	398,964	214,892	(373,313)	5,904,685
Benefit obligation	367,384,013	3,164,807	6,370,220	1,697,322	11,597,508	390,213,870
Fair value of plan assets	349,165,550	0	0	0	3,665,860	352,831,410
Funded status	(18,218,463)	(3,164,807)	(6,370,220)	(1,697,322)	(7,931,648)	(37,382,460)
Discount Rate at year-end	4.86%	3.98%	5.07%	4.70%	3.91%	

Fiscal year ending December 31, 2014						
	RIP	SERP	Life	Non-Grandfathered	Grandfathered	Total
Net periodic benefit cost[a]	5,160,239	183,583	375,485	175,763	(314,945)	5,580,125
Benefit obligation	440,398,623	3,374,866	6,716,446	1,823,260	11,013,007	463,326,202
Fair value of plan assets	371,711,208	0	0	0	3,239,743	374,950,951
Funded status	(68,687,415)	(3,374,866)	(6,716,446)	(1,823,260)	(7,773,264)	(88,375,251)
Discount Rate at year-end	4.02%	3.43%	4.19%	3.83%	3.41%	

The net periodic benefit cost for the fiscal year ending December 31, 2014 includes no charges/credits due to special events.
We are not aware of any events subsequent to December 31, 2014 year end that would have a material effect on the results of the valuation.

[a] Blended amounts for unrecognized prior service cost and unrecognized gain/loss were provided by DPL as well as the percentages used to blend the before and after purchase accounting results for expense.

Below is the projected net periodic benefit cost as of December 31, 2015.

	Fiscal year ending December 31, 2015					
	RIP	SERP	Life	Non-Grandfathered	Grandfathered	Total
Net periodic benefit cost[b]	9,385,119	203,792	343,803	165,420	(268,205)	9,829,929

The net periodic benefit cost for the fiscal year ending December 31, 2015 includes no charges/credits due to special events.

Review of Results

Retirement Income Plan

The benefit obligation increased by $73,014,610 between December 31, 2013 and December 31, 2014, while the fair value of assets for the plan increased by $22,545,658. As a result, the plan's funded status decreased by $50,468,952.

The contributing factors to the overall increase in benefit obligation include:

- A decrease in discount rate from 4.86% to 4.02% increased the benefit obligation by approximately $40.0 million.
- Changes in the mortality assumption to reflect expected longer life expectancy increased the benefit obligation by approximately $19.8 million.
- A plan provision change (benefit multiplier) increased the benefit obligation by approximately $6.8 million.
- Demographic changes increased the benefit obligation by approximately $7.0 million.

The following changes offset the increase in benefit obligation:

- The passage of time decreased the benefit obligation by approximately $0.6 million.

Supplemental Executive Retirement Plan

The benefit obligation increased by $210,059 between December 31, 2013 and December 31, 2014.

The contributing factors to the overall increase include:

[b] Blended amounts for unrecognized prior service cost and unrecognized gain/loss were provided by DPL as well as the percentages used to blend the before and after purchase accounting results for expense.

- A decrease in discount rate from 3.98% to 3.43%.
- Changes in the mortality assumption to reflect expected longer life expectancy.

Postretirement Life Insurance Plan

The benefit obligation increased by $346,226 between December 31, 2013 and December 31, 2014.

The contributing factors to the overall increase in benefit obligation include:

- A decrease in discount rate from 5.07% to 4.19% increased the benefit obligation by approximately $0.8 million.
- The passage of time increased the benefit obligation by approximately $0.1 million.

The following changes offset the increase in benefit obligation:

- Changes in the mortality assumption to reflect expected longer life expectancy decreased the benefit obligation by approximately $0.2 million.
- Demographic changes decreased the benefit obligation by approximately $0.3 million.

Grandfathered Postretirement Medical Plan

The benefit obligation decreased by $584,501 between December 31, 2013 and December 31, 2014, while the fair value of assets decreased by $426,117. As a result, the plan's funded status improved by $158,384.

The contributing factors to the overall decrease in benefit obligation include:

- The passage of time decreased the benefit obligation by approximately $0.7 million
- Demographic changes decreased the benefit obligation by approximately $0.8 million.

The following changes offset the decrease in benefit obligation:

- A decrease in discount rate from 3.91% to 3.41% increased the benefit obligation by approximately $0.4 million.
- Changes in the mortality assumption to reflect expected longer life expectancy increased the benefit obligation by approximately $0.5 million.
- Updates to the claims cost nominally increased the benefit obligation.

Non-grandfathered Postretirement Medical Plan

The benefit obligation increased by $125,938 between December 31, 2013 and December 31, 2014.

The contributing factors to the overall increase in benefit obligation include:

- A decrease in discount rate from 4.70% to 3.83% increased the benefit obligation by approximately $0.1 million.
- The passage of time increased the benefit obligation by approximately $0.2 million.

The following changes offset the increase in benefit obligation:

- Updates to the claim costs for the plan decreased the benefit obligation by approximately $0.1 million.
- Demographic changes decreased the benefit obligation by approximately $0.1 million.
- Changes in the mortality assumption to reflect expected longer life expectancy had a nominal effect on the benefit obligation.

Details of the “Blended”, “After Reflecting Purchase Accounting” and “Before Reflecting Purchase Accounting” disclosure and estimated defined benefit cost information are shown in Appendices A-F. Details of the “Blended”, “After Reflecting Purchase Accounting” and “Before Reflecting Purchase Accounting” disclosure and estimated defined benefit cost information allocated by Strategic Business Unit are shown in Appendices G-K. Details of plan assets are shown in Appendix L.

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Data, Assumptions, Methods, and Provisions

This report is based on the participant data, assumptions, methods and provisions summarized in the following report and incorporated herein by reference:

- *Data, Assumptions, Methods and Provisions as of January 1, 2014 – The Dayton Power and Light Company Retirement Income Plan*, dated February 2015.
- *Data, Assumptions, Methods and Provisions — December 31, 2014 Funded Status and 2015 Fiscal Year Expense — The Dayton Power and Light Company Supplemental Executive Retirement Plan*, dated February 2015.
- *Data, Assumptions, Methods and Provisions — December 31, 2014 Funded Status and 2015 Fiscal Year Expense — DPL Inc. Postretirement Medical and Life Insurance Plans*, dated February 2015.

Authorized users of this report should contact Mercer to request copies of the above Data, Assumptions, Methods and Provisions (DAMP) reports, if they do not already have them, in order to understand all aspects of the calculations that are incorporated by reference.

To prepare this report Mercer has used and relied on financial data submitted as of the measurement date by DPL Inc. without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

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Important Notices

Mercer has prepared this report exclusively for DPL Inc.; subject to this limitation, DPL Inc. may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

The only purpose of this report is to present actuarial estimates of liabilities as of December 31, 2014 for the following plans:

- The Dayton Power and Light Company Retirement Income Plan
- DPL Inc. Supplemental Executive Retirement Plan
- DPL Inc. Postretirement Life Insurance
- DPL Inc. Grandfathered Postretirement Medical Plan
- DPL Inc. Non-Grandfathered Postretirement Medical Plan

to be incorporated, as DPL Inc. deems appropriate, in its financial statements under US accounting standards.

This report may not be used for any other purpose. Mercer is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission.

This report was prepared in accordance with generally accepted actuarial principles and procedures. The actuarial assumptions were selected by DPL Inc.

All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used, or relied upon without reference to the report as a whole.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security, and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic, and societal factors, including financial scenarios that assume future sustained investment losses.

DPL Inc. is ultimately responsible for selecting the plan's accounting policies, methods, and assumptions. This information is referenced in Section 2 of this report. DPL Inc. is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

This report is based on our understanding of applicable law and regulations as of the valuation date. Mercer is not an accountant or auditor and is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this report are for reference purposes only. As you know, Mercer is not a law firm, and this analysis is not intended to be a legal opinion. You should consider securing the advice of legal counsel with respect to any legal matters related to this document and any attachments.

DPL Inc. should notify Mercer promptly after receipt of this valuation report if DPL Inc. disagrees with anything contained herein or is aware of any information that would affect the results of this report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to DPL Inc. unless DPL Inc. promptly provides such notice to Mercer.

Professional Qualifications

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate. We are not aware of any direct or material indirect financial interest or relationship, including *investments or other services* that could create a conflict of interest, that would impair the objectivity of this work.

Matt McDaniel, FSA, EA, MAAA, CFA	February 11, 2015 **Date**	**Rich Bailey, FSA, MAAA**	February 11, 2015 **Date**
Robert R. Morgan, EA, MAAA	February 11, 2015 **Date**		

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APPENDIX A

Disclosure Information - Blended Results

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
A. Change in benefit obligation												
1. Benefit obligation at beginning of year	$ 367,384,013	$ 392,091,462	$ 3,164,807	$ 3,482,179	$ 6,370,220	$ 7,052,157	$ 11,597,508	$ 13,164,921	$ 1,697,322	$ 2,117,548	$ 390,213,870	$ 417,908,267
2. Service cost	5,944,105	7,182,396	-	-	74,192	83,924	-	-	96,823	108,058	6,115,120	7,374,378
3. Interest cost	17,262,772	15,406,621	118,465	105,050	312,488	292,083	423,909	387,395	77,726	74,489	18,195,360	16,265,638
4. Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-
5. Plan amendments	6,813,813	-	-	-	-	-	-	-	-	-	6,813,813	-
6. Plan curtailments	-	-	-	-	-	-	-	-	-	-	-	-
7. Plan settlements	-	-	-	-	-	-	-	-	-	-	-	-
8. Special termination benefits	-	-	-	-	-	-	-	-	-	-	-	-
9. a. Benefits paid from the plan	(23,801,055)	(20,883,000)	-	-	-	-	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	-	-	(389,883)	(389,883)	(320,608)	(259,654)	(576,241)	(697,889)	-	-	(1,286,732)	(1,347,426)
10. Medicare subsidies received	-	-	-	-	-	-	68,448	73,248	-	-	68,448	73,248
11. Expenses paid	-	-	-	-	-	-	-	-	-	-	-	-
12. Taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
13. Premiums paid	-	-	-	-	-	-	-	-	-	-	-	-
14. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-	-	-	-	-	-	-	-	-	-	-
15. Plan combinations	-	-	-	-	-	-	-	-	-	-	-	-
16. Actuarial loss (gain)	66,794,975	(26,413,466)	481,477	(32,539)	280,154	(798,290)	39,512	(770,074)	(48,611)	(602,773)	67,547,507	(28,617,142)
17. Exchange rate changes	-	-	-	-	-	-	-	-	-	-	-	-
18. Benefit obligation at end of year	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	*United States*	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	*Dec 31, 2013*	*Dec 31, 2014*	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
B. Change in plan assets												
1. Fair value of plan assets at beginning of year	$ 349,165,550	$ 361,339,772	$ -	$ -	$ -	$ -	$ *3,665,860*	$ 4,162,214	$ -	$ -	$ 352,831,410	$ 365,501,986
2. Actual return on plan assets	46,346,713	8,708,778	-	-	-	-	45,564	(9,509)	-	-	46,392,277	8,699,269
3. a. Employer contributions to plan	-	-	-	-	-	-	-	-	-	-	-	-
b. Employer direct benefit payments	-	-	*389,883*	389,883	320,608	259,654	576,241	697,889	-	-	1,286,732	1,347,426
4. Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-
5. Plan settlements	-	-	-	-	-	-	-	-	-	-	-	-
6. a. *Benefits paid from the plan*	(23,801,055)	(20,883,000)	-	-	-	-	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	-	-	(389,883)	(389,883)	*(320,608)*	*(259,654)*	(576,241)	(697,889)	-	-	(1,286,732)	(1,347,426)
7. *Medicare subsidies received*	-	-	-	-	-	-	68,448	73,248	-	-	*68,448*	*73,248*
8. Expenses paid	-	-	-	-	-	-	-	-	-	-	-	-
9. Taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
10. Premiums paid	-	-	-	-	-	-	-	-	-	-	-	-
11. Acquisitions / divestitures	-	-	-	-	-	-	-	-	-	-	-	-
12. Plan combinations	-	-	-	-	-	-	-	-	-	-	-	-
13. Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
14. *Exchange rate changes*	-	-	-	-	-	-	-	-	-	-	-	-
15. Fair value of plan assets at end of year	$ 371,711,208	$ 349,165,550	$ -	$ -	$ -	$ -	$ 3,239,743	$ 3,665,860	$ -	$ -	$ 374,950,951	$ 352,831,410
C. Reconciliation of funded status												
1. *Fair value of plan assets*	$ *371,711,208*	$ *349,165,550*	$ -	$ -	$ -	$ -	$ *3,239,743*	$ *3,665,860*	$ -	$ -	$ *374,950,951*	$ *352,831,410*
2. Benefit obligations	440,398,623	367,384,013	3,374,866	3,164,807	6,716,446	6,370,220	11,013,007	11,597,508	1,823,260	1,697,322	463,326,202	390,213,870
3. Funded status (plan assets less benefit obligations)	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ *(7,773,264)*	$ *(7,931,648)*	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ *(7,773,264)*	$ *(7,931,648)*	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
D. Amounts recognized on the consolidated balance sheet position consists of												
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	(389,883)	(380,276)	(356,187)	(418,684)	-	-	(100,683)	(88,157)	(846,753)	(887,117)
3. Noncurrent liabilities	(68,687,415)	(18,218,463)	(2,984,983)	(2,784,531)	(6,360,259)	(5,951,536)	(7,773,264)	(7,931,648)	(1,722,577)	(1,809,165)	(87,528,498)	(36,495,343)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
E. Reconciliation of amounts recognized in statement of financial position												
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(14,057,256)	(8,765,632)	-	-	(374,726)	(425,160)	-	-	-	-	(14,431,982)	(9,190,792)
3. Net gain (loss)	(101,987,824)	(61,970,167)	(1,496,572)	(1,080,212)	1,241,961	1,583,039	3,690,134	4,360,988	59,806	23,769	(98,492,495)	(57,082,583)
4. Accumulated other comprehensive income (loss)	$ (116,045,080)	$ (70,735,799)	$ (1,496,572)	$ (1,080,212)	$ 867,235	$ 1,157,879	$ 3,690,134	$ 4,360,988	$ 59,806	$ 23,769	$ (112,924,477)	$ (66,273,375)
5. Accumulated contributions in excess of net periodic benefit cost	47,357,665	52,517,336	(1,878,294)	(2,084,595)	(7,583,681)	(7,528,099)	(11,463,398)	(12,292,636)	(1,883,066)	(1,721,091)	24,549,226	28,890,915
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
F. Components of net periodic benefit cost												
1. Service cost	$ 5,944,105	$ 7,182,396	$ -	$ -	$ 74,192	$ 83,924	$ -	$ -	$ 96,823	$ 108,058	$ 6,115,120	$ 7,374,378
2. Interest cost	17,262,772	15,406,821	118,465	105,050	312,488	292,083	423,909	387,395	77,726	74,489	18,195,360	16,265,638
3. Expected return on plan assets	(22,886,080)	(23,467,122)	-	-	-	-	(219,952)	(249,733)	-	-	(23,106,032)	(23,716,855)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	1,471,675	1,471,675	-	-	47,851	47,851	-	-	-	-	1,519,526	1,519,526
6. Amortization of net (gain) loss	3,367,767	4,898,259	65,118	67,263	(59,046)	(24,894)	(518,902)	(510,975)	1,214	32,345	2,856,151	4,461,998
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 5,160,239	$ 5,491,829	$ 183,583	$ 172,313	$ 375,485	$ 398,964	$ (314,945)	$ (373,313)	$ 175,763	$ 214,892	$ 5,580,125	$ 5,904,685

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
G. Changes recognized in other comprehensive income												
Changes in plan assets and benefit obligations recognized in other comprehensive income												
1. New prior service cost	$ 6,813,813	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,813,813	$ -
2. Net loss (gain) arising during the year (includes curtailment gains not recognized as a component of net period cost)	43,334,342	(11,655,122)	481,477	(32,539)	280,154	(798,290)	213,900	(510,832)	(48,611)	(602,773)	44,261,262	(13,599,556)
3. Effect of exchange rates on amounts included in AOCI	-	-	-	-	-	-	-	-	-	-	-	-
Amounts recognized as a component of net periodic benefit cost												
4. Amortization, settlement or curtailment recognition of net transition asset (obligation)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization or curtailment recognition of prior service credit (cost)	(1,471,675)	(1,471,675)	-	-	(47,851)	(47,851)	-	-	-	-	(1,519,526)	(1,519,526)
6. Amortization or settlement recognition of *net gain (loss)*	(3,367,767)	(4,898,259)	(65,118)	(67,263)	59,046	24,894	518,902	510,975	(1,214)	(32,345)	(2,856,151)	(4,461,998)
7. Total recognized in other comprehensive loss (income)	$ 45,308,713	$ (18,025,056)	$ 416,359	$ (99,802)	$ 291,349	$ (821,247)	$ 732,802	$ 143	$ (49,825)	$ (635,118)	$ 46,699,398	$ (19,581,080)
8. Total recognized in net periodic benefit and other comprehensive loss (income)	$ 50,468,952	$ (12,533,227)	$ 599,942	$ 72,511	$ 666,834	$ (422,283)	$ 417,857	$ (373,170)	$ 125,938	$ (420,226)	$ 52,279,523	$ (13,676,395)
Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year												
9. Initial net asset (obligation)	$ -		$ -		$ -		$ -		$ -		$ -	
10. Prior service credit (cost)	(2,007,681)		-		(50,434)		-		-		(2,058,115)	-
11. Net gain (loss)	(5,716,401)		(94,721)		61,560		473,813		2,430		(5,273,319)	
12. Total estimated to be amortized from AOCI over the next fiscal year	$ (7,724,082)		$ (94,721)		$ 11,126		$ 473,813		$ 2,430		$ (7,331,434)	

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
H. Weighted-average assumptions to determine benefit obligations												
1. Discount rate	4.02%	4.86%	3.43%	3.98%	4.19%	5.07%	3.41%	3.91%	3.83%	4.70%		
2. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
3. Measurement date	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013		
Additional information for post-retirement medical plans												
4. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.97%	6.75%	6.97%	7.75%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	4.50%	5.00%	4.50%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2029	2021	2029	2023		
I. Assumptions to determine net cost												
1. Discount rate	4.86%	4.04%	3.98%	3.19%	5.07%	4.27%	3.91%	3.14%	4.70%	3.65%		
2. Expected return on assets	6.75%	7.00%	Not applicable	Not applicable	Not applicable	Not applicable	6.00%	6.00%	Not applicable	Not applicable		
3. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
4. Basis used to determine overall expected long-term rate-of-return on assets assumption.												
Additional information for post-retirement medical plans												
5. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.75%	8.00%	7.75%	8.50%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	5.00%	5.00%	5.00%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2021	2018	2023	2019		

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
J. Additional year-end information												
Required information for all defined benefit plans												
1. Accumulated benefit obligation	$ 427,631,079	$ 356,614,975	$ 3,374,866	$ 3,164,807	$ -	$ -	$ -	$ -	$ -	$ -	$ 431,005,945	$ 359,779,782
Required disclosures for post-retirement medical plans												
2. Sensitivity to trend rate assumptions												
a. One percent increase in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	29,568	29,739	30,194	29,763	59,762	59,502
ii. Effect on benefit obligation	-	-	-	-	-	-	793,400	766,610	207,450	179,809	1,000,850	946,419
b. One percent decrease in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	(26,549)	(26,583)	(21,167)	(24,590)	(47,716)	(51,173)
ii. Effect on benefit obligation	-	-	-	-	-	-	(709,303)	(688,575)	(177,867)	(154,407)	(887,170)	(842,982)
3. Special Disclosure on the impact of the Medicare Drug Act of 2003												
a. Reduction in APBO due to the federal subsidy	-	-	-	-	-	-	(1,112,508)	(1,324,054)	-	-	(1,112,508)	(1,324,054)
The effect of the federal subsidy by net periodic postretirement benefit cost component												
b. Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
c. Interest Cost	-	-	-	-	-	-	-	-	-	-	-	-
d. Net amortization and deferral of actuarial (gain)/loss	-	-	-	-	-	-	-	-	-	-	-	-
e. Net periodic postretirement benefit cost	-	-	-	-	-	-	-	-	-	-	-	-
K. Additional year-end information for plans with accumulated benefit obligations in excess of plan assets												
1. Projected benefit obligation	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870
2. Accumulated benefit obligation	427,631,079	356,614,975	3,374,866	3,164,807	-	-	-	-	-	-	431,005,945	359,779,782
3. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-	3,239,743	3,665,860	-	-	374,950,951	352,831,410

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance	
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets						
1. Projected benefit obligation	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220
2. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-
M. Cash flows						
1. *Projected company contributions for following fiscal year*	$ -		$ 389,883		$ 356,187	
2. Expected benefit payments for FYE						
31-Dec-2015 :	24,361,003		389,883		356,187	
31-Dec-2016 :	24,803,506		361,297		347,071	
31-Dec-2017 :	25,380,408		341,067		340,183	
31-Dec-2018 :	25,984,228		320,411		334,684	
31-Dec-2019 :	26,435,383		299,432		331,158	
Next five years	135,812,338		1,187,655		1,643,331	
3. Expected Medicare subsidy receipts for FYE						
31-Dec-2015 :	-		-		-	
31-Dec-2016 :	-		-		-	
31-Dec-2017 :	-		-		-	
31-Dec-2018 :	-		-		-	
31-Dec-2019 :	-		-		-	
Next five years	-		-		-	

Plan Name	Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets						
1. Projected benefit obligation	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870
2. Fair value of plan assets	3,239,743	3,665,860	-	-	374,950,951	352,831,410
M. Cash flows						
1. *Projected company contributions for following fiscal year*	$ 1,416,304		$ 100,683		$ 2,263,057	$ -
2. Expected benefit payments for FYE						
31-Dec-2015 :	1,552,636		100,683		26,760,392	-
31-Dec-2016 :	1,453,567		122,607		27,088,048	-
31-Dec-2017 :	1,335,299		114,044		27,511,001	-
31-Dec-2018 :	1,218,782		114,421		27,972,526	-
31-Dec-2019 :	1,119,602		135,634		28,321,187	-
Next five years	4,126,493		727,458		143,497,275	-
3. Expected Medicare subsidy receipts for FYE						
31-Dec-2015 :	136,332		-		136,332	-
31-Dec-2016 :	128,848		-		128,848	-
31-Dec-2017 :	121,529		-		121,529	-
31-Dec-2018 :	113,489		-		113,489	-
31-Dec-2019 :	104,209		-		104,209	-
Next five years	384,578		-		384,578	-

APPENDIX B

Estimated Net Periodic Benefit Cost Information - Blended Results

Plan Name	Retirement Income Plan	Supplemental Executive Retirement Plan	Postretirement Life Insurance	Grandfathered Postretirement Medical Plan	Non-Grandfathered Postretirement Medical Plan	All Plans
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost						
1. Service cost	$ 7,119,611	-	$ 80,972	-	$ 99,947	$ 7,300,530
2. Interest cost	17,214,368	109,071	273,957	351,396	67,903	18,016,695
3. Expected return on plan assets	(22,672,942)	-	-	(145,788)	-	(22,818,730)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	2,007,681	-	50,434	-	-	2,058,115
6. Amortization of net (gain) loss	5,716,401	94,721	(61,560)	(473,813)	(2,430)	5,273,319
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ 9,385,119	$ 203,792	$ 343,803	$ (268,205)	$ 165,420	$ 9,829,929

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DPL INC.

Plan Name	Retirement Income Plan	Supplemental Executive Retirement Plan	Postretirement Life Insurance	Grandfathered Postretirement Medical Plan	Non-Grandfathered Postretirement Medical Plan	*All Plans*
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
B. Additional Items For Net Periodic Benefit Cost Calculations						
1. *Fair Value of Assets*	$ 371,711,208	-	-	$ 3,239,743	-	$ 374,950,951
2. Market-related value of assets	360,994,990	-	-	3,239,743	-	364,234,733
3. a. Expected expenses, taxes and insurance premiums	-	-	-	-	-	-
b. Weighted for timing	-	-	-	-	-	-
4. a. Expected benefits paid from plan assets	24,361,003	-	-	-	-	24,361,003
b. Weighted for timing	12,180,502	-	-	-	-	12,180,502
5. a. Expected benefits paid by company	-	389,883	356,187	1,416,304	100,683	2,263,057
b. Weighted for timing	-	194,942	178,094	708,152	50,342	1,131,530
6. a. Expected employer contributions to plan assets	-	389,883	-	-	-	389,883
b. Weighted for timing	-	194,942	-	-	-	194,942
7. a. Expected employee contributions	-	-	-	-	-	-
b. Weighted for timing	-	-	-	-	-	-
8. Average future years of service	12.15	12.28	9.26	5.81	13.55	N/A
9. Average future years of service to full eligibility	-	-	-	5.81	-	Not applicable

APPENDIX C

Disclosure Information - After Reflecting Purchase Accounting

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
A. Change in benefit obligation												
1. Benefit obligation at beginning of year	$ 367,384,013	$ 392,091,462	$ 3,164,807	$ 3,482,179	$ 6,370,220	$ 7,052,157	$ 11,597,508	$ 13,164,921	$ 1,697,322	$ 2,117,548	$ 390,213,870	$ 417,908,267
2. Service cost	5,944,105	7,182,396	-	-	74,192	83,924	-	-	96,823	108,058	6,115,120	7,374,378
3. Interest cost	17,262,772	15,406,621	118,465	105,050	312,488	292,083	423,909	387,395	77,726	74,489	18,195,360	16,265,638
4. Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-
5. Plan amendments	6,813,813	-	-	-	-	-	-	-	-	-	6,813,813	-
6. Plan curtailments	-	-	-	-	-	-	-	-	-	-	-	-
7. Plan settlements	-	-	-	-	-	-	-	-	-	-	-	-
8. Special termination benefits	-	-	-	-	-	-	-	-	-	-	-	-
9. a. Benefits paid from the plan	(23,801,055)	(20,883,000)	-	-	-	-	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	-	-	(389,883)	(389,883)	(320,608)	(259,654)	(576,241)	(697,889)	-	-	(1,286,732)	(1,347,426)
10. Medicare subsidies received	-	-	-	-	-	-	68,448	73,248	-	-	68,448	73,248
11. Expenses paid	-	-	-	-	-	-	-	-	-	-	-	-
12. Taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
13. Premiums paid	-	-	-	-	-	-	-	-	-	-	-	-
14. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-	-	-	-	-	-	-	-	-	-	-
15. Plan combinations	-	-	-	-	-	-	-	-	-	-	-	-
16. Actuarial loss (gain)	66,794,975	(26,413,466)	481,477	(32,539)	280,154	(798,290)	39,512	(770,074)	(48,611)	(602,773)	67,547,507	(28,617,142)
17. Exchange rate changes	-	-	-	-	-	-	-	-	-	-	-	-
18. Benefit obligation at end of year	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
B. Change in plan assets												
1. Fair value of plan assets at beginning of year	$ 349,165,550	$ 361,339,772	$ -	$ -	$ -	$ -	$ 3,665,860	$ 4,162,214	$ -	$ -	$ 352,831,410	$ 365,501,986
2. Actual return on plan assets	46,346,713	8,708,778	-	-	-	-	45,564	(9,509)	-	-	46,392,277	8,699,269
3. a. Employer contributions to plan	-	-	-	-	-	-	-	-	-	-	-	-
b. Employer direct benefit payments	-	-	389,883	389,883	320,608	259,654	576,241	697,889	-	-	1,286,732	1,347,426
4. Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-
5. Plan settlements	-	-	-	-	-	-	-	-	-	-	-	-
6. a. Benefits paid from the plan	(23,801,055)	(20,883,000)	-	-	-	-	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	-	-	(389,883)	(389,883)	(320,608)	(259,654)	(576,241)	(697,889)	-	-	(1,286,732)	(1,347,426)
7. Medicare subsidies received	-	-	-	-	-	-	68,448	73,248	-	-	68,448	73,248
8. Expenses paid	-	-	-	-	-	-	-	-	-	-	-	-
9. Taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
10. Premiums paid	-	-	-	-	-	-	-	-	-	-	-	-
11. Acquisitions / divestitures	-	-	-	-	-	-	-	-	-	-	-	-
12. Plan combinations	-	-	-	-	-	-	-	-	-	-	-	-
13. Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
14. Exchange rate changes	-	-	-	-	-	-	-	-	-	-	-	-
15. Fair value of plan assets at end of year	$ 371,711,208	$ 349,165,550	$ -	$ -	$ -	$ -	$ 3,239,743	$ 3,665,860	$ -	$ -	$ 374,950,951	$ 352,831,410
C. Reconciliation of funded status												
1. Fair value of plan assets	$ 371,711,208	$ 349,165,550	$ -	$ -	$ -	$ -	$ 3,239,743	$ 3,665,860	$ -	$ -	$ 374,950,951	$ 352,831,410
2. Benefit obligations	440,398,623	367,384,013	3,374,866	3,164,807	6,716,446	6,370,220	11,013,007	11,597,508	1,823,260	1,697,322	463,326,202	390,213,870
3. Funded status (plan assets less benefit obligations)	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)

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Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
D. Amounts recognized on the consolidated balance sheet position consists of												
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	(389,883)	(380,276)	(356,187)	(418,684)	-	-	(100,683)	(88,157)	(846,753)	(887,117)
3. Noncurrent liabilities	(68,687,415)	(18,218,463)	(2,984,983)	(2,784,531)	(6,360,259)	(5,951,536)	(7,773,264)	(7,931,648)	(1,722,577)	(1,609,165)	(87,528,498)	(36,495,343)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
E. Reconciliation of amounts recognized in statement of financial position												
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(6,813,813)	-	-	-	-	-	-	-	-	-	(6,813,813)	-
3. Net gain (loss)	(37,033,043)	6,301,299	(794,388)	(312,911)	191,173	471,327	(364,621)	(150,721)	486,090	458,364	(37,514,789)	6,767,358
4. Accumulated other comprehensive income (loss)	$ (43,846,856)	$ 6,301,299	$ (794,388)	$ (312,911)	$ 191,173	$ 471,327	$ (364,621)	$ (150,721)	$ 486,090	$ 458,364	$ (44,328,602)	$ 6,767,358
5. Accumulated contributions in excess of net periodic benefit cost	(24,840,559)	(24,519,762)	(2,580,478)	(2,851,896)	(6,907,619)	(6,841,547)	(7,408,643)	(7,780,927)	(2,309,350)	(2,155,686)	(44,046,649)	(44,149,818)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
F. Components of net periodic benefit cost												
1. Service cost	$ 5,944,105	$ 7,182,396	$ -	$ -	$ 74,192	$ 83,924	$ -	$ -	$ 96,823	$ 108,058	$ 6,115,120	$ 7,374,378
2. Interest cost	17,262,772	15,406,621	118,465	105,050	312,488	292,083	423,909	397,395	77,726	74,489	18,195,360	16,265,638
3. Expected return on plan assets	(22,886,080)	(23,450,720)	-	-	-	-	(219,952)	(249,733)	-	-	(23,106,032)	(23,700,453)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-	-	-	(20,885)	-	(20,885)	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 320,797	$ (861,703)	$ 118,465	$ 105,050	$ 386,680	$ 376,007	$ 203,957	$ 137,662	$ 153,664	$ 182,547	$ 1,183,563	$ (60,437)

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
G. Changes recognized in other comprehensive income												
Changes in plan assets and benefit obligations recognized in other comprehensive income												
1. New prior service cost	$ 6,813,813	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,813,813	$ -
2. Net loss (gain) arising during the year (includes curtailment gains not recognized as a component of net period cost)	43,334,342	(11,671,524)	481,477	(32,539)	280,154	(798,290)	213,900	(510,832)	(48,611)	(602,773)	44,261,262	(13,615,958)
3. Effect of exchange rates on amounts included in AOCI	-	-	-	-	-	-	-	-	-	-	-	-
Amounts recognized as a component of net periodic benefit cost												
4. Amortization, settlement or curtailment recognition of net transition asset (obligation)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization or curtailment recognition of prior service credit (cost)	-	-	-	-	-	-	-	-	-	-	-	-
6. Amortization or settlement recognition of net gain (loss)	-	-	-	-	-	-	-	-	20,885	-	20,885	-
7. Total recognized in other comprehensive loss (income)	$ 50,148,155	$ (11,671,524)	$ 481,477	$ (32,539)	$ 280,154	$ (798,290)	$ 213,900	$ (510,832)	$ (27,726)	$ (602,773)	$ 51,095,960	$ (13,615,958)
8. Total recognized in net periodic benefit and other comprehensive loss (income)	$ 50,468,952	$ (12,533,227)	$ 599,942	$ 72,511	$ 666,834	$ (422,283)	$ 417,857	$ (373,170)	$ 125,938	$ (420,226)	$ 52,279,523	$ (13,676,395)
Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year												
9. Initial net asset (obligation)	$ -		$ -		$ -		$ -		$ -		$ -	
10. Prior service credit (cost)	(560,808)		-		-		-		-		(560,808)	-
11. Net gain (loss)	(305,300)		(37,207)		-		-		22,418		(320,089)	
12. Total estimated to be amortized from AOCI over the next fiscal year	$ (866,108)		$ (37,207)		$ -		$ -		$ 22,418		$ (880,897)	

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
H. Weighted-average assumptions to determine benefit obligations												
1. Discount rate	4.02%	4.86%	3.43%	3.98%	4.19%	5.07%	3.41%	3.91%	3.83%	4.70%		
2. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
3. Measurement date	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013		
Additional information for post-retirement medical plans												
4. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.97%	6.75%	6.97%	7.75%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	4.50%	5.00%	4.50%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2029	2021	2029	2023		
I. Assumptions to determine net cost												
1. Discount rate	4.86%	4.04%	3.98%	3.19%	5.07%	4.27%	3.91%	3.14%	4.70%	3.65%		
2. Expected return on assets	6.75%	7.00%	Not applicable	Not applicable	Not applicable	Not applicable	6.00%	6.00%	Not applicable	Not applicable		
3. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
4. Basis used to determine overall expected long-term rate-of-return on assets assumption.												
Additional information for post-retirement medical plans												
5. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.75%	8.00%	7.75%	8.50%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	5.00%	5.00%	5.00%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2021	2018	2023	2019		

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	*Dec 31, 2014*	*Dec 31, 2013*	*Dec 31, 2014*	*Dec 31, 2013*	*Dec 31, 2014*	*Dec 31, 2013*	*Dec 31, 2014*	*Dec 31, 2013*	*Dec 31, 2014*	*Dec 31, 2013*	*Dec 31, 2014*	*Dec 31, 2013*
J. Additional year-end information												
Required information for all defined benefit plans												
1. Accumulated benefit obligation	$ 427,631,079	$ 356,614,975	$ 3,374,866	$ 3,164,807	$ -	$ -	$ -	$ -	$ -	$ -	$ 431,005,945	$ 359,779,782
Required disclosures for post-retirement medical plans												
2. Sensitivity to trend rate assumptions												
a. One percent increase in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	29,568	29,739	30,194	29,763	59,762	59,502
ii. Effect on benefit obligation	-	-	-	-	-	-	793,400	766,610	207,450	179,809	1,000,850	946,419
b. One percent decrease in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	(26,549)	(26,583)	(21,167)	(24,590)	(47,716)	(51,173)
ii. Effect on benefit obligation	-	-	-	-	-	-	*(709,303)*	*(688,575)*	*(177,867)*	*(154,407)*	*(887,170)*	*(842,982)*
3. Special Disclosure on the Impact of the Medicare Drug Act of 2003												
a. Reduction in APBO due to the federal subsidy *The effect of the federal subsidy by net periodic postretirement benefit cost component*	-	-	-	-	-	-	(1,112,508)	(1,324,054)	-	-	(1,112,508)	(1,324,054)
b. Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
c. Interest Cost	-	-	-	-	-	-	-	-	-	-	-	-
d. Net amortization and deferral of actuarial (gain)/loss	-	-	-	-	-	-	-	-	-	-	-	-
e. Net periodic postretirement benefit cost	-	-	-	-	-	-	-	-	-	-	-	-
K. Additional year-end information for plans with accumulated benefit obligations in excess of plan assets												
1. Projected benefit obligation	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870
2. Accumulated benefit obligation	427,631,079	356,614,975	3,374,866	3,164,807	-	-	-	-	-	-	431,005,945	359,779,782
3. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-	3,239,743	3,665,860	-	-	374,950,951	352,831,410

DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets												
1. Projected benefit obligation	$ 440,396,623	$ 367,384,013	$ 3,374,666	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870
2. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-	3,239,743	3,665,860	-	-	374,950,951	352,831,410
M. Cash flows												
1. Projected company contributions for following fiscal year	$ -		$ 389,683		$ 356,187		$ 1,416,304		$ 100,683		$ 2,263,057	$ -
2. Expected benefit payments for FYE												
31-Dec-2015 :	24,361,003		389,683		356,187		1,552,636		100,683		26,760,392	-
31-Dec-2016 :	24,803,506		361,297		347,071		1,453,567		122,607		27,088,048	-
31-Dec-2017 :	25,380,408		341,067		340,183		1,335,299		114,044		27,511,001	-
31-Dec-2018 :	25,984,228		320,411		334,684		1,218,782		114,421		27,972,526	-
31-Dec-2019 :	26,435,363		299,432		331,156		1,119,602		135,634		28,321,187	-
Next five years	135,812,338		1,187,655		1,643,331		4,126,493		727,459		143,497,275	-
3. Expected Medicare subsidy receipts for FYE												
31-Dec-2015 :	-		-		-		136,332		-		136,332	-
31-Dec-2016 :	-		-		-		128,848		-		128,848	-
31-Dec-2017 :	-		-		-		121,529		-		121,529	-
31-Dec-2018 :	-		-		-		113,489		-		113,489	-
31-Dec-2019 :	-		-		-		104,209		-		104,209	-
Next five years	-		-		-		384,578		-		384,578	-

APPENDIX D

Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Plan Name	*Retirement* Income Plan	Supplemental *Executive* Retirement Plan	*Postretirement* Life Insurance	Grandfathered *Postretirement* Medical Plan	Grandfathered *Postretirement* Medical Plan	All Plans
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost						
1. Service cost	$ 7,119,611	$ -	$ 80,972	$ -	$ 99,947	$ 7,300,530
2. Interest cost	17,214,368	109,071	273,957	351,396	67,903	18,016,695
3. Expected return on plan assets	(22,672,942)	-	-	(145,788)	-	(22,818,730)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	560,808	-	-	-	-	560,808
6. Amortization of net (gain) loss	305,300	37,207	-	-	(22,418)	320,089
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ 2,527,145	$ 146,278	$ 354,929	$ 205,608	$ 145,432	$ 3,379,392

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Plan Name	Retirement Income Plan	Supplemental Executive Retirement Plan	*Postretirement Life Insurance*	*Grandfathered Postretirement* Medical Plan	Grandfathered Postretirement Medical Plan	All Plans
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
B. *Additional Items* For Net Periodic Benefit Cost Calculations						
1. Fair Value of Assets	$ 371,711,208	$ -	$ -	$ 3,239,743	$ -	$ 374,950,951
2. Market-related value of assets	360,994,990	-	-	3,239,743	-	364,234,733
3. a. Expected expenses, taxes and insurance premiums	-	-	-	-	-	-
b. *Weighted for timing*	-	-	-	-	-	-
4. a. *Expected benefits* paid from plan assets	24,361,003	-	-	-	-	24,361,003
b. Weighted for timing	12,180,502	-	-	-	-	12,180,502
5. a. Expected benefits paid by company	-	389,883	356,187	1,416,304	100,683	2,263,057
b. Weighted for timing	-	194,942	178,094	708,152	50,342	1,131,530
6. a. Expected employer contributions to plan assets	-	389,883	-	-	-	389,883
b. Weighted for timing	-	194,942	-	-	-	194,942
7. a. Expected employee *contributions*	-	-	-	-	-	-
b. Weighted for *timing*	-	-	-	-	-	-
8. Average future years of service	12.15	12.28	13.55	5.81	13.55	N/A
9. Average future years of service to full eligibility	-	-	-	5.81	11.95	Not applicable

APPENDIX E

Disclosure Information - Before Reflecting Purchase Accounting

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance	
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
A. Change in benefit obligation						
1. Benefit obligation at beginning of year	$ 367,384,013	$ 392,091,462	$ 3,164,807	$ 3,482,179	$ 6,370,220	$ 7,052,157
2. Service cost	5,944,105	7,182,396	-	-	74,192	83,924
3. Interest cost	17,262,772	15,406,621	118,465	105,050	312,488	292,083
4. Employee contributions	-	-	-	-	-	-
5. *Plan amendments*	*6,813,813*	-	-	-	-	-
6. Plan curtailments	-	-	-	-	-	-
7. Plan settlements	-	-	-	-	-	-
8. Special termination benefits	-	-	-	-	-	-
9. a. Benefits paid from the plan	(23,801,055)	(20,883,000)	-	-	-	-
b. Direct benefit payments	-	-	(389,883)	(389,883)	(320,608)	(259,654)
10. Medicare subsidies received	-	-	-	-	-	-
11. Expenses paid	-	-	-	-	-	-
12 Taxes paid	-	-	-	-	-	-
13. Premiums paid	-	-	-	-	-	-
14. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-	-	-	-	-
15. Plan combinations	-	-	-	-	-	-
16. Actuarial loss (gain)	66,794,975	(26,413,466)	481,477	(32,539)	280,154	(798,290)
17. Exchange rate changes	-	-	-	-	-	-
18. Benefit obligation at end of year	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220

Plan Name	Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
A. Change in benefit obligation						
1. Benefit obligation at beginning of year	$ 11,597,508	$ 13,164,921	$ 1,697,322	$ 2,117,548	$ 390,213,870	$ 417,908,267
2. Service cost	-	-	96,823	108,058	6,115,120	7,374,378
3. Interest cost	423,909	387,395	77,726	74,489	18,195,360	16,265,638
4. Employee contributions	-	-	-	-	-	-
5. *Plan amendments*	-	-	-	-	6,813,813	-
6. Plan curtailments	-	-	-	-	-	-
7. Plan settlements	-	-	-	-	-	-
8. Special termination benefits	-	-	-	-	-	-
9. a. Benefits paid from the plan	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	(576,241)	(697,989)	-	-	(1,286,732)	(1,347,426)
10. Medicare subsidies received	*68,448*	*73,248*	-	-	68,448	73,248
11. Expenses paid	-	-	-	-	-	-
12 Taxes paid	-	-	-	-	-	-
13. Premiums paid	-	-	-	-	-	-
14. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-	-	-	-	-
15. Plan combinations	-	-	-	-	-	-
16. Actuarial loss (gain)	39,512	(770,074)	(48,611)	(602,773)	67,547,507	(28,617,142)
17. Exchange rate changes	-	-	-	-	-	-
18. Benefit obligation at end of year	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
B. Change in plan assets												
1. Fair value of plan assets at beginning of year	$ 349,165,550	$ 361,339,772	$ -	$ -	$ -	$ -	$ 3,665,860	$ 4,162,214	$ -	$ -	$ 352,831,410	$ 365,501,986
2. Actual return on plan assets	46,346,713	8,708,778	-	-	-	-	45,564	(9,509)	-	-	46,392,277	8,699,269
3. a. Employer contributions to plan	-	-	-	-	-	-	-	-	-	-	-	-
b. Employer direct benefit payments	-	-	389,893	389,883	320,608	259,654	576,241	697,889	-	-	1,286,732	1,347,426
4. Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-
5. Plan settlements	-	-	-	-	-	-	-	-	-	-	-	-
6. a. Benefits paid from the plan	(23,801,055)	(20,883,000)	-	-	-	-	(540,129)	(560,093)	-	-	(24,341,184)	(21,443,093)
b. Direct benefit payments	-	-	(389,883)	(389,883)	(320,608)	(259,654)	(576,241)	(697,889)	-	-	(1,286,732)	(1,347,426)
7. Medicare subsidies received	-	-	-	-	-	-	68,448	73,248	-	-	68,448	73,248
8. Expenses paid	-	-	-	-	-	-	-	-	-	-	-	-
9. Taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
10. Premiums paid	-	-	-	-	-	-	-	-	-	-	-	-
11. Acquisitions / divestitures	-	-	-	-	-	-	-	-	-	-	-	-
12. Plan combinations	-	-	-	-	-	-	-	-	-	-	-	-
13. Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
14. Exchange rate changes	-	-	-	-	-	-	-	-	-	-	-	-
15. Fair value of plan assets at end of year	$ 371,711,208	$ 349,165,550	$ -	$ -	$ -	$ -	$ 3,239,743	$ 3,665,860	$ -	$ -	$ 374,950,951	$ 352,831,410
C. Reconciliation of funded status												
1. Fair value of plan assets	$ 371,711,208	$ 349,165,550	$ -	$ -	$ -	$ -	$ 3,239,743	$ 3,665,860	$ -	$ -	$ 374,950,951	$ 352,831,410
2. Benefit obligations	440,398,623	367,384,013	3,374,866	3,164,807	6,716,446	6,370,220	11,013,007	11,597,508	1,823,260	1,697,322	463,326,202	390,213,870
3. Funded status (plan assets less benefit obligations)	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
D. Amounts recognized on the consolidated balance sheet position consists of												
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	(389,893)	(380,276)	(356,187)	(418,684)	-	-	(100,683)	(88,157)	(846,753)	(887,117)
3. Noncurrent liabilities	(68,687,415)	(18,218,463)	(2,984,983)	(2,784,531)	(6,360,259)	(5,951,536)	(7,773,264)	(7,931,648)	(1,722,577)	(1,609,165)	(87,528,498)	(36,495,343)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
E. Reconciliation of amounts recognized in statement of financial position												
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(20,340,853)	(16,278,863)	-	-	(619,063)	(702,383)	-	-	-	-	(20,959,916)	(16,981,246)
3. Net gain (loss)	(150,035,385)	(112,998,288)	(2,447,750)	(2,119,599)	1,674,940	2,057,908	4,620,225	5,535,342	(565,397)	(648,663)	(146,753,367)	(108,173,300)
4. Accumulated other comprehensive income (loss)	$ (170,376,238)	$ (129,277,151)	$ (2,447,750)	$ (2,119,599)	$ 1,055,877	$ 1,355,525	$ 4,620,225	$ 5,535,342	$ (565,397)	$ (648,663)	$ (167,713,283)	$ (125,154,546)
5. Accumulated contributions in excess of net periodic benefit cost	101,688,823	111,058,688	(927,116)	(1,045,208)	(7,772,323)	(7,725,745)	(12,393,489)	(13,466,990)	(1,257,863)	(1,048,659)	79,338,032	87,772,086
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (68,687,415)	$ (18,218,463)	$ (3,374,866)	$ (3,164,807)	$ (6,716,446)	$ (6,370,220)	$ (7,773,264)	$ (7,931,648)	$ (1,823,260)	$ (1,697,322)	$ (88,375,251)	$ (37,382,460)
F. Components of net periodic benefit cost												
1. Service cost	$ 5,944,105	$ 7,182,396	$ -	$ -	$ 74,192	$ 83,924	$ -	$ -	$ 96,823	$ 108,058	$ 6,115,120	$ 7,374,378
2. Interest cost	17,262,772	15,406,621	118,465	105,050	312,488	292,083	423,909	387,395	77,726	74,489	18,195,360	16,265,638
3. Expected return on plan assets	(22,886,080)	(23,481,390)	-	-	-	-	(219,952)	(249,733)	-	-	(23,106,032)	(23,731,123)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	2,751,823	2,751,823	-	-	83,320	83,320	-	-	-	-	2,835,143	2,835,143
6. Amortization of net (gain) loss	6,297,245	9,159,048	153,326	158,377	(102,814)	(43,346)	(701,217)	(690,506)	34,655	81,289	5,681,195	8,664,862
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 9,369,865	$ 11,018,498	$ 271,791	$ 263,427	$ 367,186	$ 415,981	$ (497,260)	$ (552,844)	$ 209,204	$ 263,836	$ 9,720,766	$ 11,408,898

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
G. Changes recognized in other comprehensive income												
Changes in plan assets and benefit obligations recognized in other comprehensive income												
1. New prior service cost	$ 6,813,813	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,813,813	$ -
2. Net loss (gain) arising during the year (includes curtailment gains not recognized as a component of net period cost)	43,334,342	(11,640,654)	481,477	(32,539)	280,154	(798,290)	213,900	(510,832)	(48,611)	(602,773)	44,261,262	(13,585,288)
3. Effect of exchange rates on amounts included in AOCI	-	-	-	-	-	-	-	-	-	-	-	-
Amounts recognized as a component of net periodic benefit cost												
4. Amortization, settlement or curtailment recognition of net transition asset (obligation)	-	-	-	-	-	-	-	-	-	-	-	-
5. Amortization or curtailment recognition of prior service credit (cost)	(2,751,823)	(2,751,823)	-	-	(83,320)	(83,320)	-	-	-	-	(2,835,143)	(2,835,143)
6. Amortization or settlement recognition of net gain (loss)	(6,297,245)	(9,159,048)	(153,326)	(158,377)	102,814	43,346	701,217	690,506	(34,655)	(81,289)	(5,681,195)	(8,654,862)
7. Total recognized in other comprehensive loss (income)	$ 41,099,087	$ (23,551,725)	$ 328,151	$ (190,916)	$ 299,648	$ (838,264)	$ 915,117	$ 179,674	$ (83,266)	$ (684,062)	$ 42,558,737	$ (25,085,293)
8. Total recognized in net periodic benefit and other comprehensive loss (income)	$ 50,468,952	$ (12,533,227)	$ 599,942	$ 72,511	$ 666,834	$ (422,263)	$ 417,857	$ (373,170)	$ 125,938	$ (420,226)	$ 52,279,523	$ (13,676,395)
Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year												
9. Initial net asset (obligation)	$ -		$ -		$ -		$ -		$ -		$ -	
10. Prior service credit (cost)	(3,312,631)		-		(83,320)		-		-		(3,395,951)	-
11. Net gain (loss)	(9,605,905)		(171,846)		74,044		605,667		(28,271)		(9,126,311)	
12. Total estimated to be amortized from AOCI over the next fiscal year	$ (12,918,536)		$ (171,846)		$ (9,276)		$ 605,667		$ (28,271)		$ (12,522,262)	

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
H. Weighted-average assumptions to determine benefit obligations												
1. Discount rate	4.02%	4.86%	3.43%	3.99%	4.19%	5.07%	3.41%	3.91%	3.63%	4.70%		
2. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
3. Measurement date	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013		
Additional information for post-retirement medical plans												
4. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.97%	6.75%	6.97%	7.75%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	4.50%	5.00%	4.50%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2029	2021	2029	2023		
I. Assumptions to determine net cost												
1. Discount rate	4.86%	4.04%	3.98%	3.19%	5.07%	4.27%	3.91%	3.14%	4.70%	3.65%		
2. Expected return on assets	6.75%	7.00%	Not applicable	Not applicable	Not applicable	Not applicable	6.00%	6.00%	Not applicable	Not applicable		
3. Rate of compensation increase	3.94%	3.94%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
4. Basis used to determine overall expected long-term rate-of-return on assets assumption.												
Additional information for post-retirement medical plans												
5. Assumed health care trend rate												
a. Immediate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	6.75%	8.00%	7.75%	8.50%		
b. Ultimate Trend Rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	5.00%	5.00%	5.00%	5.00%		
c. Year that the rate reaches ultimate trend rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2021	2018	2023	2019		

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
J. Additional year-end information												
Required information for all defined benefit plans												
1. *Accumulated benefit obligation*	$ 427,631,079	$ 356,614,975	$ 3,374,866	$ 3,164,807	$ -	$ -	$ -	$ -	$ -	$ -	$ 431,005,945	$ 359,779,782
Required disclosures for post-retirement medical plans												
2. Sensitivity to trend rate assumptions												
a. One percent increase in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	29,568	29,739	30,194	29,763	59,762	59,502
ii. Effect on benefit obligation	-	-	-	-	-	-	793,400	766,810	207,450	179,809	1,000,850	946,419
b. One percent decrease in trend rate												
i. Effect on total service cost and interest cost components	-	-	-	-	-	-	(26,549)	(26,583)	(21,167)	(24,590)	(47,716)	(51,173)
ii. Effect on benefit obligation	-	-	-	-	-	-	(709,303)	(688,575)	(177,867)	(154,407)	(887,170)	(842,982)
3. Special Disclosure on the impact of the *Medicare Drug Act of 2003*												
a. Reduction in APBO due to the federal subsidy	-	-	-	-	-	-	(1,112,508)	(1,324,054)	-	-	(1,112,508)	(1,324,054)
The effect of the federal subsidy by net periodic postretirement benefit cost component												
b. Service Cost	-	-	-	-	-	-	-	-	-	-	-	-
c. Interest Cost	-	-	-	-	-	-	-	-	-	-	-	-
d. Net amortization and deferral of actuarial (gain)/loss	-	-	-	-	-	-	-	-	-	-	-	-
e. Net periodic postretirement benefit cost	-	-	-	-	-	-	-	-	-	-	-	-
K. Additional year-end information for plans with accumulated benefit obligations in excess *of plan assets*												
1. Projected benefit obligation	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,897,322	$ 463,326,202	$ 390,213,870
2. Accumulated benefit obligation	427,631,079	356,614,975	3,374,866	3,164,807	-	-	-	-	-	-	431,005,945	359,779,782
3. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-	3,239,743	3,665,860	-	-	374,950,951	352,831,410

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DPL INC.

Plan Name	Retirement Income Plan		Supplemental Executive Retirement Plan		Postretirement Life Insurance		Grandfathered Postretirement Medical Plan		Non-Grandfathered Postretirement Medical Plan		All Plans	
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets												
1. *Projected benefit obligation*	$ 440,398,623	$ 367,384,013	$ 3,374,866	$ 3,164,807	$ 6,716,446	$ 6,370,220	$ 11,013,007	$ 11,597,508	$ 1,823,260	$ 1,697,322	$ 463,326,202	$ 390,213,870
2. Fair value of plan assets	371,711,208	349,165,550	-	-	-	-	3,239,743	3,665,860	-	-	374,950,951	352,831,410
M. Cash flows												
1. Projected company contributions for following fiscal year	$ -		$ 389,883		$ 356,187		$ 1,416,304		$ 100,683		$ 2,263,057	$ -
2. Expected benefit payments for FYE												
31-Dec-2015 :	24,361,003		389,883		356,187		1,552,636		100,683		26,760,392	-
31-Dec-2016 :	24,803,506		361,297		347,071		1,453,567		122,607		27,088,048	-
31-Dec-2017 :	25,380,408		341,067		340,183		1,335,299		114,044		27,511,001	-
31-Dec-2018 :	25,984,228		320,411		334,684		1,218,782		114,421		27,972,526	-
31-Dec-2019 :	26,435,363		299,432		331,156		1,119,602		135,634		28,321,187	-
Next five years	135,812,338		1,187,655		1,643,331		4,126,493		727,458		143,497,275	-
3. Expected Medicare subsidy receipts for FYE												
31-Dec-2015 :	-		-		-		136,332		-		136,332	-
31-Dec-2016 :	-		-		-		128,848		-		128,848	-
31-Dec-2017 :	-		-		-		121,529		-		121,529	-
31-Dec-2018 :	-		-		-		113,489		-		113,489	-
31-Dec-2019 :	-		-		-		104,209		-		104,209	-
Next five years	-		-		-		384,578		-		384,578	-

APPENDIX F

Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Plan Name	**Retirement Income Plan**	**Supplemental Executive Retirement Plan**	***Postretirement Life* Insurance**	***Grandfathered* Postretirement *Medical Plan***	**Non-Grandfathered Postretirement Medical Plan**	**All Plans**
Country	**United States**	**United States**	**United States**	**United States**	**United States**	**United States**
Fiscal year ending on	**Dec 31, 2015**	**Dec 31, 2015**	**Dec 31, 2015**	**Dec 31, 2015**	**Dec 31, 2015**	**Dec 31, 2015**
A. Net Periodic Benefit Cost						
1. Service cost	$ 7,119,611	$ -	$ 80,972	$ -	$ 99,947	$ 7,300,530
2. Interest cost	17,214,368	109,071	273,957	351,396	67,903	18,016,695
3. *Expected return* on plan assets	(22,672,942)	-	-	(145,788)	-	(22,818,730)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	3,312,631	-	83,320	-	-	3,395,951
6. Amortization of net (gain) loss	9,605,905	171,846	(74,044)	(605,667)	28,271	9,126,311
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ 14,579,573	$ 280,917	$ 364,205	$ (400,059)	$ 196,121	$ 15,020,757

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DPL INC.

Plan Name	Retirement Income Plan	Supplemental Executive Retirement Plan	Postretirement Life Insurance	Grandfathered Postretirement Medical Plan	Non-Grandfathered Postretirement Medical Plan	All Plans
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
B. Additional Items For Net Periodic Benefit Cost Calculations						
1. Fair Value of Assets	$ 371,711,208	$ -	$ -	$ 3,239,743	$ -	$ 374,950,951
2. Market-related value of assets	360,994,990	-	-	3,239,743	-	364,234,733
3. a. Expected expenses, taxes and insurance premiums	-	-	-	-	-	-
b. Weighted for timing	-	-	-	-	-	-
4. a. Expected benefits paid from plan assets	24,361,003	-	-	-	-	24,361,003
b. Weighted for timing	12,180,502	-	-	-	-	12,180,502
5. a. Expected benefits paid by company	-	389,883	356,187	1,416,304	100,683	2,263,057
b. Weighted for timing	-	194,942	178,094	708,152	50,342	1,131,530
6. a. Expected employer contributions to plan assets	-	389,883	-	-	-	389,883
b. Weighted for timing	-	194,942	-	-	-	194,942
7. a. Expected employee contributions	-	-	-	-	-	-
b. Weighted for timing	-	-	-	-	-	-
8. Average future years of service	12.15	12.28	13.55	5.81	13.55	N/A
9. Average future years of service to full eligibility	-	-	-	5.81	11.95	Not applicable

APPENDIX G

SBU Allocations - The Dayton Power and Light Company Retirement Income Plan

Disclosure Information - After Reflecting Purchase Accounting

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status									
1. Fair value of plan assets	$ 80,556,511	$ 14,805,969	$ 134,737,209	$ 1,961,777	$ 117,456,787	$ 9,447,584	$ 5,602,824	$ 7,142,547	$ 371,711,208
2. Benefit obligations	95,442,311	17,541,920	159,634,900	2,324,288	139,161,279	11,193,375	6,638,153	8,462,397	440,398,623
3. Funded status (plan assets less benefit obligations)	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)
B. Amounts recognized on the consolidated balance sheet position consists of									
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	-	-	-	-
3. Noncurrent liabilities	(14,885,800)	(2,735,951)	(24,897,691)	(362,511)	(21,704,492)	(1,745,791)	(1,035,329)	(1,319,850)	(68,687,415)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)

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DPL INC.
RETIREMENT INCOME PLAN

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position									
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(534,535)	-	(2,904,299)	-	(3,221,975)	(153,004)	-	-	(6,813,813)
3. Net gain (loss)	(9,287,896)	(863,579)	(15,079,103)	(198,597)	(9,097,095)	(905,365)	(404,783)	(1,196,625)	(37,033,043)
4. Accumulated other comprehensive income (loss)	$ (9,822,431)	$ (863,579)	$ (17,983,402)	$ (198,597)	$ (12,319,070)	$ (1,058,369)	$ (404,783)	$ (1,196,625)	$ (43,846,856)
5. Accumulated contributions in excess of net periodic benefit cost	(5,063,369)	(1,872,372)	(6,914,289)	(163,914)	(9,385,422)	(687,422)	(630,546)	(123,225)	(24,840,559)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)
D. Components of net periodic benefit cost									
1. Service cost	$ 672,981	$ 1,065,436	$ 1,402,056	$ 83,656	$ 2,271,401	$ 157,376	$ 291,199	$ -	$ 5,944,105
2. Interest cost	3,767,572	692,465	6,314,360	91,937	5,348,322	439,972	255,121	353,023	17,262,772
3. Expected return on plan assets	(4,994,850)	(918,034)	(8,371,248)	(121,886)	(7,090,525)	(583,291)	(338,226)	(468,020)	(22,886,080)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ (554,297)	$ 839,867	$ (654,832)	$ 53,707	$ 529,198	$ 14,057	$ 208,094	$ (114,997)	$ 320,797

SBU Allocations - The Dayton Power and Light Company Retirement Income Plan
Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost									
1. Service cost	$ 808,000	$ 1,279,192	$ 1,799,605	$ 107,376	$ 2,606,263	$ 185,046	$ 334,129	$ -	$ 7,119,611
2. Interest cost	3,728,333	702,160	6,204,073	93,197	5,452,523	438,845	266,177	329,060	17,214,368
3. Expected return on plan assets	(4,913,635)	(903,107)	(8,218,446)	(119,661)	(7,164,408)	(576,266)	(341,751)	(435,668)	(22,672,942)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	43,995	-	239,037	-	265,183	12,593	-	-	560,808
6. Amortization of net (gain) loss	66,164	12,161	110,664	1,611	96,472	7,760	4,602	5,866	305,300
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ (267,143)	$ 1,090,406	$ 134,933	$ 82,523	$ 1,256,033	$ 67,978	$ 263,157	$ (100,742)	$ 2,527,145

SBU Allocations - The Dayton Power and Light Company Retirement Income Plan

Disclosure Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status									
1. Fair value of plan assets	$ 80,556,511	$ 14,805,969	$ 134,737,209	$ 1,961,777	$ 117,456,787	$ 9,447,584	$ 5,602,824	$ 7,142,547	$ 371,711,208
2. Benefit obligations	95,442,311	17,541,920	159,634,900	2,324,288	139,161,279	11,193,375	6,638,153	8,462,397	440,398,623
3. Funded status (plan assets less benefit *obligations)*	$ *(14,885,800)*	$ *(2,735,951)*	$ *(24,897,691)*	$ *(362,511)*	$ *(21,704,492)*	$ *(1,745,791)*	$ *(1,035,329)*	$ *(1,319,850)*	$ *(68,687,415)*
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)
B. Amounts recognized on the consolidated balance sheet position consists of									
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	-	-	-	-
3. Noncurrent liabilities	(14,885,800)	(2,735,951)	(24,897,691)	(362,511)	(21,704,492)	(1,745,791)	(1,035,329)	(1,319,850)	(68,687,415)
4. *Net amount [asset (obligation)] recognized in* statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)

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DPL INC.
RETIREMENT INCOME PLAN

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position									
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(2,190,556)	(304,371)	(8,682,432)	(84,130)	(8,147,523)	(499,081)	(234,954)	(197,806)	(20,340,853)
3. Net gain (loss)	(27,515,923)	(4,213,818)	(63,708,038)	(906,635)	(43,084,384)	(4,301,504)	(2,026,016)	(4,279,067)	(150,035,385)
4. Accumulated other comprehensive income (loss)	$ (29,706,479)	$ (4,518,189)	$ (72,390,470)	$ (990,765)	$ (51,231,907)	$ (4,800,585)	$ (2,260,970)	$ (4,476,873)	$ (170,376,238)
5. Accumulated contributions in excess of net periodic benefit cost	14,820,679	1,782,238	47,492,779	628,254	29,527,415	3,054,794	1,225,641	3,157,023	101,688,823
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (14,885,800)	$ (2,735,951)	$ (24,897,691)	$ (362,511)	$ (21,704,492)	$ (1,745,791)	$ (1,035,329)	$ (1,319,850)	$ (68,687,415)
D. Components of net periodic benefit cost									
1. Service cost	$ 672,981	$ 1,065,436	$ 1,402,056	$ 83,656	$ 2,271,401	$ 157,376	$ 291,199	$ -	$ 5,944,105
2. Interest cost	3,767,572	692,465	6,314,360	91,937	5,348,322	439,972	255,121	353,023	17,262,772
3. Expected return on plan assets	(4,994,850)	(918,034)	(8,371,248)	(121,886)	(7,090,525)	(583,291)	(338,226)	(468,020)	(22,886,080)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	380,913	70,010	1,166,740	16,988	945,397	75,312	45,097	51,366	2,751,823
6. Amortization of net (gain) loss	1,374,363	252,603	2,303,400	33,538	1,951,002	160,496	93,065	128,778	6,297,245
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 1,200,979	$ 1,162,480	$ 2,815,308	$ 104,233	$ 3,425,597	$ 249,865	$ 346,256	$ 65,147	$ 9,369,865

SBU Allocations - The Dayton Power and Light Company Retirement Income Plan
Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C	C-SC	D	D-SC	G	T	G-SC	NG	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost									
1. Service cost	$ 808,000	$ 1,279,192	$ 1,799,605	$ 107,376	$ 2,606,263	$ 185,046	$ 334,129	$ -	$ 7,119,611
2. Interest cost	3,728,333	702,160	6,204,073	93,197	5,452,523	438,845	266,177	329,060	17,214,368
3. Expected return on plan assets	(4,913,635)	(903,107)	(8,218,446)	(119,661)	(7,164,408)	(576,266)	(341,751)	(435,668)	(22,672,942)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	424,908	70,010	1,405,777	16,988	1,210,580	87,905	45,097	51,366	3,312,631
6. Amortization of net (gain) loss	2,081,773	382,622	3,481,931	50,697	3,035,364	244,148	144,790	184,580	9,605,905
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 2,129,379	$ 1,530,877	$ 4,672,940	$ 148,597	$ 5,140,322	$ 379,678	$ 448,442	$ 129,338	$ 14,579,573

APPENDIX H

SBU Allocations - DPL Inc. Supplemental Executive Retirement Plan

Disclosure Information - After Reflecting Purchase Accounting

Executive	Beurger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status							
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	1,517,772	877,845	163,537	620,578	195,134	-	3,374,866
3. Funded status (plan assets less benefit obligations)	$ (1,517,772)	$ (877,845)	$ (163,537)	$ (620,578)	$ (195,134)	$ -	$ (3,374,866)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,517,772)	$ (877,845)	$ (163,537)	$ (620,578)	$ (195,134)	$ -	$ (3,374,866)
B. Amounts recognized on the consolidated balance sheet position consists of							
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	(389,883)	(389,883)
3. Noncurrent liabilities	-	-	-	-	-	(2,984,983)	(2,984,983)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ -	$ -	$ -	$ -	$ -	$ (3,374,866)	$ (3,374,866)

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DPL INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Executive	Beurger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position							
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-	-
3. Net gain (loss)	-	-	-	-	-	(794,388)	(794,388)
4. Accumulated other comprehensive income (loss)	$ -	$ -	$ -	$ -	$ -	$ (794,388)	$ (794,388)
5. Accumulated contributions in excess of net periodic benefit cost	-	-	-	-	-	(2,580,478)	(2,580,478)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ -	$ -	$ -	$ -	$ -	$ (3,374,866)	$ (3,374,866)
D. Components of net periodic benefit cost							
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	54,340	29,449	5,872	21,896	6,908		118,465
3. Expected return on plan assets	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 54,340	$ 29,449	$ 5,872	$ 21,896	$ 6,908		$ 118,465

SBU Allocations - DPL Inc. Supplemental Executive Retirement Plan

Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Executive	Beurger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost							
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	49,916	27,320	5,382	20,068	6,385		109,071
3. Expected return on plan assets	-	-	-	-	-	-	-
4. *Amortization of initial net obligation (asset)*	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-
6. Amortization of net (gain) loss						37,207	37,207
7. *Curtailment (gain) / loss recognized*	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 49,916	$ 27,320	$ 5,382	$ 20,068	$ 6,385	$ 37,207	$ 146,278

SBU Allocations - DPL Inc. Supplemental Executive Retirement Plan
Disclosure Information - Before Reflecting Purchase Accounting

Executive	Buerger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. *Reconciliation of funded status*							
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	1,517,772	877,845	163,537	620,578	195,134	-	3,374,866
3. Funded status (plan assets less benefit obligations)	$ (1,517,772)	$ (877,845)	$ (163,537)	$ (620,578)	$ (195,134)	$ -	$ (3,374,866)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,517,772)	$ (877,845)	$ (163,537)	$ (620,578)	$ (195,134)	$ -	$ (3,374,866)
B. *Amounts recognized* on the consolidated balance sheet position consists of							
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	(389,883)	(389,883)
3. Noncurrent liabilities	-	-	-	-	-	(2,984,983)	(2,984,983)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ -	$ -	$ -	$ -	$ -	$ (3,374,866)	$ (3,374,866)

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DPL INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Executive	Buerger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position							
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-	-
3. Net gain (loss)	-	-	-	-	-	(2,447,750)	(2,447,750)
4. Accumulated other comprehensive income (loss)	$ -	$ -	$ -	$ -	$ -	$ (2,447,750)	$ (2,447,750)
5. Accumulated contributions in excess of net periodic benefit cost	-	-	-	-	-	(927,116)	(927,116)
6. *Net amount [surplus (deficit)] recognized in* statement of financial position	$ -	$ -	$ -	$ -	$ -	$ (3,374,866)	$ (3,374,866)
D. Components of net periodic benefit cost							
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	54,340	29,449	5,872	21,896	6,908	-	118,465
3. Expected return on plan assets	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	153,326	153,326
7. *Curtailment (gain) / loss recognized*	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 54,340	$ 29,449	$ 5,872	$ 21,896	$ 6,908	$ 153,326	$ 271,791

SBU Allocations - DPL Inc. Supplemental Executive Retirement Plan

Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Executive	Buerger	Frazer	Anderson	Morey	Smith	Unallocated	Total
Country	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost							
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	49,916	27,320	5,382	20,068	6,385		109,071
3. Expected return on plan assets	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	171,846	171,846
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 49,916	$ 27,320	$ 5,382	$ 20,068	$ 6,385	$ 171,846	$ 280,917

APPENDIX I

SBU Allocations - Postretirement Life Insurance

Disclosure Information - After Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	NG	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status									
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	140,651	1,214,716	2,870,958	2,281,622	43,959	121,333	11,938	31,269	6,716,446
3. Funded status (plan assets less benefit obligations)	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-
5. *Net amount [asset (obligation)] recognized in* statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
B. Amounts recognized on the consolidated balance sheet position consists of									
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	(378)	(67,372)	(171,045)	(107,991)	(2,994)	(6,346)	(26)	(35)	(356,187)
3. Noncurrent liabilities	(140,273)	(1,147,344)	(2,699,913)	(2,173,631)	(40,965)	(114,987)	(11,912)	(31,234)	(6,360,259)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)

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DPL INC.
POSTRETIREMENT LIFE INSURANCE

Strategic Business Unit	C-SC	C	D	G	NG	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position									
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-	-	-	-
3. Net gain (loss)	(16,742)	(204,665)	479,575	(124,087)	17,130	37,702	2,621	(361)	191,173
4. Accumulated other comprehensive income (loss)	$ (16,742)	$ (204,665)	$ 479,575	$ (124,087)	$ 17,130	$ 37,702	$ 2,621	$ (361)	$ 191,173
5. Accumulated contributions in excess of net periodic benefit cost	(123,909)	(1,010,051)	(3,350,533)	(2,157,535)	(61,089)	(159,035)	(14,559)	(30,908)	(6,907,619)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
D. Components of net periodic benefit cost									
1. Service cost	$ 2,444	$ 21,112	$ 17,667	$ 31,121	$ -	$ 1,348	$ 73	$ 427	$ 74,192
2. Interest cost	6,382	55,121	138,237	101,823	2,464	6,491	575	1,395	312,488
3. Expected return on plan assets	-	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 8,826	$ 76,233	$ 155,904	$ 132,944	$ 2,464	$ 7,839	$ 648	$ 1,822	$ 386,680

SBU Allocations - Postretirement Life Insurance

Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	NG	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost									
1. Service cost	$ 1,695	$ 14,644	$ 34,612	$ 27,507	$ 530	$ 1,463	$ 144	$ 377	$ 80,972
2. Interest cost	5,885	49,485	116,710	93,338	1,779	4,951	500	1,309	273,957
3. Expected return on plan assets	-	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 7,580	$ 64,129	$ 151,322	$ 120,845	$ 2,309	$ 6,414	$ 644	$ 1,686	$ 354,929

SBU Allocations - Postretirement Life Insurance

Disclosure Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	NG	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status									
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	140,651	1,214,716	2,870,958	2,281,622	43,959	121,333	11,938	31,269	6,716,446
3. Funded status (plan assets less benefit obligations)	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
B. Amounts recognized on the consolidated balance sheet position consists of									
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	(378)	(67,372)	(171,045)	(107,991)	(2,994)	(6,346)	(26)	(35)	(356,187)
3. Noncurrent liabilities	(140,273)	(1,147,344)	(2,699,913)	(2,173,631)	(40,965)	(114,987)	(11,912)	(31,234)	(6,360,259)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)

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DPL INC.
POSTRETIREMENT LIFE INSURANCE

Strategic Business Unit	C-SC	C	D	G	NG	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of *financial position*									
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	(9,245)	(79,841)	(302,937)	(206,347)	-	(16,606)	(1,259)	(2,828)	(619,063)
3. Net gain (loss)	21,521	125,790	1,168,858	258,006	(5,823)	96,225	5,487	4,876	1,674,940
4. Accumulated other comprehensive income (loss)	$ 12,276	$ 45,949	$ 865,921	$ 51,659	$ (5,823)	$ 79,619	$ 4,228	$ 2,048	$ 1,055,877
5. Accumulated contributions in excess of net periodic benefit cost	(152,927)	(1,260,665)	(3,736,879)	(2,333,281)	(38,136)	(200,952)	(16,166)	(33,317)	(7,772,323)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (140,651)	$ (1,214,716)	$ (2,870,958)	$ (2,281,622)	$ (43,959)	$ (121,333)	$ (11,938)	$ (31,269)	$ (6,716,446)
D. Components of *net periodic benefit cost*									
1. Service cost	$ 2,444	$ 21,112	$ 17,667	$ 31,121	$ -	$ 1,348	$ 73	$ 427	$ 74,192
2. Interest cost	6,382	55,121	138,237	101,823	2,464	6,491	575	1,395	312,488
3. Expected return on plan assets	-	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	1,244	10,746	40,772	27,772	-	2,235	170	381	83,320
6. Amortization of net (gain) loss	(2,100)	(18,135)	(45,483)	(33,502)	(811)	(2,135)	(189)	(459)	(102,814)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 7,970	$ 68,844	$ 151,193	$ 127,214	$ 1,653	$ 7,939	$ 629	$ 1,744	$ 367,186

SBU Allocations - Postretirement Life Insurance

Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Strategic Business Unit	CSC	C	D	G	NG	T	DSC	GSC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost									
1. Service cost	$ 1,695	$ 14,644	$ 34,612	$ 27,507	$ 530	$ 1,463	$ 144	$ 377	$ 80,972
2. Interest cost	5,885	49,485	116,710	93,338	1,779	4,951	500	1,309	273,957
3. Expected return on plan assets	-	-	-	-	-	-	-	-	-
4. Amortization of *initial net obligation* (asset)	-	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	1,244	10,746	40,772	27,772	-	2,235	170	381	83,320
6. Amortization of net (gain) loss	(1,551)	(13,391)	(31,649)	(25,153)	(485)	(1,338)	(132)	(345)	(74,044)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-	-
9. *Special termination benefit recognized*	-	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 7,273	$ 61,484	$ 160,445	$ 123,464	$ 1,824	$ 7,311	$ 682	$ 1,722	$ 364,205

APPENDIX J

SBU Allocations - Grandfathered Postretirement Medical Plan
Disclosure Information - After Reflecting Purchase Accounting

Strategic Business Unit	C	D	G	NG	T	Total
Country	**United States**	**United States**	**United States**	**United States**	**United States**	**United States**
Fiscal year ending on	**Dec 31, 2014**	**Dec 31, 2014**	**Dec 31, 2014**	**Dec 31, 2014**	**Dec 31, 2014**	**Dec 31, 2014**
A. Reconciliation of funded status						
1. Fair value of plan assets	$ 829,370	$ 1,743,639	$ 600,986	$ 20,179	$ 45,569	$ 3,239,743
2. Benefit obligations	2,819,316	5,927,230	2,042,960	68,597	154,904	11,013,007
3. Funded status (plan assets less benefit obligations)	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
B. Amounts recognized on the consolidated balance sheet position consists of						
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	-
3. Noncurrent liabilities	(1,989,946)	(4,183,591)	(1,441,974)	(48,418)	(109,335)	(7,773,264)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)

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DPL INC.
GRANDFATHERED POSTRETIREMENT MEDICAL PLAN

Strategic Business Unit	C	D	G	NG	T	Total
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position						
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-
3. Net gain (loss)	(919,593)	386,088	19,696	48,014	101,174	(364,621)
4. Accumulated other comprehensive income (loss)	$ (919,593)	$ 386,088	$ 19,696	$ 48,014	$ 101,174	$ (364,621)
5. Accumulated contributions in excess of net periodic benefit cost	(1,070,353)	(4,569,679)	(1,461,670)	(96,432)	(210,509)	(7,408,643)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
D. Components of net periodic benefit cost						
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	102,308	231,476	77,851	5,756	6,518	423,909
3. Expected return on plan assets	(53,084)	(120,105)	(40,394)	(2,986)	(3,383)	(219,952)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ 49,224	$ 111,371	$ 37,457	$ 2,770	$ 3,135	$ 203,957

SBU Allocations - Grandfathered Postretirement Medical Plan

Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Strategic Business Unit	C	D	G	NG	T	Total
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost						
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	91,392	187,845	65,204	2,138	4,817	351,396
3. Expected return on plan assets	(37,322)	(78,463)	(27,044)	(908)	(2,051)	(145,788)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-
6. Amortization of net (gain) loss	-	-	-	-	-	-
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ 54,070	$ 109,382	$ 38,160	$ 1,230	$ 2,766	$ 205,608

SBU Allocations - Grandfathered Postretirement Medical Plan

Disclosure Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C	D	G	NG	T	Total
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status						
1. Fair value of plan assets	$ 829,370	$ 1,743,639	$ 600,986	$ 20,179	$ 45,569	$ 3,239,743
2. *Benefit obligations*	2,819,316	5,927,230	2,042,960	68,597	154,904	11,013,007
3. Funded status (plan assets less benefit obligations)	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
4. Contributions and distributions made by company from measurement date to *fiscal year end*	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
B. Amounts recognized on the consolidated balance sheet position consists of						
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	-	-	-	-	-	-
3. Noncurrent liabilities	(1,989,946)	(4,183,591)	(1,441,974)	(48,418)	(109,335)	(7,773,264)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)

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DPL INC.
GRANDFATHERED POSTRETIREMENT MEDICAL PLAN

Strategic Business Unit	C	D	G	NG	T	Total
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position						
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-
3. Net gain (loss)	1,219,829	2,481,119	723,061	(18,340)	214,556	4,620,225
4. *Accumulated other comprehensive income (loss)*	$ 1,219,829	$ 2,481,119	$ 723,061	$ (18,340)	$ 214,556	$ 4,620,225
5. Accumulated contributions in excess of net periodic benefit cost	(3,209,775)	(6,664,710)	(2,165,035)	(30,078)	(323,891)	(12,393,489)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (1,989,946)	$ (4,183,591)	$ (1,441,974)	$ (48,418)	$ (109,335)	$ (7,773,264)
D. Components of net periodic benefit cost						
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	102,308	231,476	77,851	5,756	6,518	423,909
3. Expected return on plan assets	(53,084)	(120,105)	(40,394)	(2,986)	(3,383)	(219,952)
4. *Amortization of initial net obligation (asset)*	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-
6. Amortization of net (gain) loss	(169,234)	(382,901)	(128,779)	(9,521)	(10,782)	(701,217)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ (120,010)	$ (271,530)	$ (91,322)	$ (6,751)	$ (7,647)	$ (497,260)

SBU Allocations - Grandfathered Postretirement Medical Plan

Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C	D	G	NG	T	Total
Country	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost						
1. Service cost	$ -	$ -	$ -	$ -	$ -	$ -
2. Interest cost	91,392	187,845	65,204	2,138	4,817	351,396
3. Expected return on plan assets	(37,322)	(78,463)	(27,044)	(908)	(2,051)	(145,788)
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-
6. Amortization of net (gain) loss	(155,050)	(325,971)	(112,354)	(3,773)	(8,519)	(605,667)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	$ (100,980)	$ (216,589)	$ (74,194)	$ (2,543)	$ (5,753)	$ (400,059)

APPENDIX K

SBU Allocations - Non-Grandfathered Postretirement Medical Plan

Disclosure Information - After Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status								
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	140,704	266,003	486,893	827,608	46,454	16,061	39,537	1,823,260
3. Funded status (plan assets less benefit obligations)	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
4. Contributions and distributions made by company *from measurement date to fiscal year end*	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
B. Amounts recognized on the consolidated balance sheet position consists of								
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	(7,770)	(14,689)	(26,887)	(45,702)	(2,565)	(887)	(2,183)	(100,683)
3. Noncurrent liabilities	(132,934)	(251,314)	(460,006)	(781,906)	(43,889)	(15,174)	(37,354)	(1,722,577)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)

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ACTUARIAL VALUATION REPORT AS OF DECEMBER 31, 2014

DPL INC.
NON-GRANDFATHERED POSTRETIREMENT MEDICAL PLAN

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position								
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-	-	-
3. Net gain (loss)	(31,731)	(59,986)	201,502	347,281	5,786	6,647	16,591	486,090
4. Accumulated other comprehensive income (loss)	$ (31,731)	$ (59,986)	$ 201,502	$ 347,281	$ 5,786	$ 6,647	$ 16,591	$ 486,090
5. Accumulated contributions in excess of net periodic benefit cost	(108,973)	(206,017)	(688,395)	(1,174,889)	(52,240)	(22,708)	(56,128)	(2,309,350)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
D. Components of net periodic benefit cost								
1. Service cost	$ 7,921	$ 14,976	$ 24,687	$ 43,759	$ 2,575	$ 814	$ 2,091	$ 96,823
2. Interest cost	4,101	7,754	23,668	37,612	2,013	781	1,797	77,726
3. *Expected return on plan assets*	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	(1,102)	(2,083)	(6,359)	(10,106)	(542)	(210)	(483)	(20,885)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-
8. *Settlement (gain) / loss recognized*	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-
10. *Net periodic benefit cost*	$ 10,920	$ 20,647	$ 41,996	$ 71,265	$ 4,046	$ 1,385	$ 3,405	$ 153,664

SBU Allocations - *Non-Grandfathered* Postretirement Medical Plan

Estimated 2015 Net Periodic Benefit Cost Information - After Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. *Net Periodic Benefit Cost*								
1. Service cost	$ 7,713	$ 14,582	$ 26,690	$ 45,368	$ 2,547	$ 880	$ 2,167	$ 99,947
2. *Interest cost*	5,240	9,907	18,133	30,823	1,730	598	1,472	67,903
3. Expected return on plan assets	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	(1,730)	(3,271)	(5,987)	(10,176)	(571)	(197)	(486)	(22,418)
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-
10. *Net periodic benefit cost*	$ 11,223	$ 21,218	$ 38,836	$ 66,015	$ 3,706	$ 1,281	$ 3,153	$ 145,432

SBU Allocations - Non-Grandfathered Postretirement Medical Plan

Disclosure Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
A. Reconciliation of funded status								
1. Fair value of plan assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Benefit obligations	140,704	266,003	486,893	827,608	46,454	16,061	39,537	1,823,260
3. *Funded status (plan assets less benefit obligations)*	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
4. Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-	-	-
5. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
B. Amounts recognized on the consolidated balance sheet position consists of								
1. Noncurrent assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Current liabilities	(7,770)	(14,689)	(26,887)	(45,702)	(2,565)	(887)	(2,183)	(100,683)
3. Noncurrent liabilities	(132,934)	(251,314)	(460,006)	(781,906)	(43,889)	(15,174)	(37,354)	(1,722,577)
4. Net amount [asset (obligation)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)

ASC715 (US GAAP)
ACTUARIAL VALUATION REPORT AS OF DECEMBER 31, 2014

DPL INC.
NON-GRANDFATHERED POSTRETIREMENT MEDICAL PLAN

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014	Dec 31, 2014
C. Reconciliation of amounts recognized in statement of financial position								
1. Initial net asset(obligation)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Prior service credit (cost)	-	-	-	-	-	-	-	-
3. Net gain (loss)	(76,985)	(145,539)	(122,778)	(190,884)	(16,042)	(4,050)	(9,119)	(565,397)
4. Accumulated other comprehensive income (loss)	$ (76,985)	$ (145,539)	$ (122,778)	$ (190,884)	$ (16,042)	$ (4,050)	$ (9,119)	$ (565,397)
5. Accumulated contributions in excess of net periodic benefit cost	(63,719)	(120,464)	(364,115)	(636,724)	(30,412)	(12,011)	(30,418)	(1,257,863)
6. Net amount [surplus (deficit)] recognized in statement of financial position	$ (140,704)	$ (266,003)	$ (486,893)	$ (827,608)	$ (46,454)	$ (16,061)	$ (39,537)	$ (1,823,260)
D. Components of net periodic benefit cost								
1. Service cost	$ 7,921	$ 14,976	$ 24,687	$ 43,759	$ 2,575	$ 814	$ 2,091	$ 96,823
2. Interest cost	4,101	7,754	23,668	37,612	2,013	781	1,797	77,726
3. Expected return on plan assets	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	1,828	3,457	10,553	16,770	898	348	801	34,655
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 13,850	$ 26,187	$ 58,908	$ 98,141	$ 5,486	$ 1,943	$ 4,689	$ 209,204

SBU Allocations - Non-Grandfathered Postretirement Medical Plan

Estimated 2015 Net Periodic Benefit Cost Information - Before Reflecting Purchase Accounting

Strategic Business Unit	C-SC	C	D	G	T	D-SC	G-SC	Total
Country	United States	United States	United States	United States	United States	United States	United States	United States
Fiscal year ending on	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015	Dec 31, 2015
A. Net Periodic Benefit Cost								
1. Service cost	$ 7,713	$ 14,582	$ 26,690	$ 45,368	$ 2,547	$ 880	$ 2,167	$ 99,947
2. Interest cost	5,240	9,907	18,133	30,823	1,730	598	1,472	67,903
3. Expected return on plan assets	-	-	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-	-	-
5. Amortization of prior service cost	-	-	-	-	-	-	-	-
6. Amortization of net (gain) loss	2,182	4,125	7,550	12,832	720	249	613	28,271
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-	-	-
10. Net periodic benefit cost	$ 15,135	$ 28,614	$ 52,373	$ 89,023	$ 4,997	$ 1,727	$ 4,252	$ 196,121

APPENDIX L

Market-Related Value of Assets

Plan Name	Retirement Income Plan
Country	**United States**
Fiscal year ending on	**Dec 31, 2014**
A. Development of Market-Related Value of Assets	
1. *Fair value of assets at beginning of previous* fiscal year	$ 349,165,550
2. Contributions during previous fiscal year	-
3. Distributions during previous fiscal year	(23,801,055)
4. Expected return on assets at 6.75%	22,886,080
5. Expected market value as of Dec 31, 2014 (1. + 2. + 3. + 4.)	$ 348,250,575
6. Market value of assets as of Dec 31, 2014	371,711,208
7. Prior year fair value gain/(loss) *(6. – 5.)*	$ 23,460,633
8. 2 years ago fair value gain/(loss)	$ (14,772,612)
9. Phase in of *gains/(losses)*	
a. Prior fiscal year gain/(loss) * 2/3	15,640,422
b. 2 years ago gain/(loss) * 1/3	(4,924,204)
10. Market-related value of assets as of end of *previous fiscal year* (6. - 9a. - 9b.)	$ 360,994,990

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MARSH & McLENNAN COMPANIES

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TALENT • HEALTH • RETIREMENT • INVESTMENTS

DATA, ASSUMPTIONS, METHODS, AND PROVISIONS AS OF JANUARY 1, 2014
THE DAYTON POWER AND LIGHT COMPANY RETIREMENT INCOME PLAN

UPDATED
FEBRUARY 2015

MARSH & McLENNAN COMPANIES

CONTENTS

1

Overview

This document details the participant data, assumptions, methods, and provisions used in actuarial estimates and calculations for the The Dayton Power and Light Company Retirement Income Plan. This information is applicable to Mercer's actuarial valuations for the 2014 plan and fiscal year and selected other Mercer deliverables. This document is an integral part of the reports that refer to it.

Mercer has prepared this report exclusively for Dayton Power and Light; subject to this limitation, Dayton Power and Light may direct that this report be provided to its auditors in connection with a plan audit or an audit of its financial statements. Mercer is not responsible for use of this report by any other party.

This document contains:

1. A summary of the participant data provided by Dayton Power and Light; and

2. The actuarial basis for our calculations, including:

   A. Actuarial assumptions
   B. Actuarial and accounting methods
   C. A summary of plan provisions

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security, and/or benefit-related issues should not be made solely on the basis of this document or any other part of an actuarial report, but only after careful consideration of alternative economic, financial, demographic, and societal factors, including financial scenarios that assume future sustained investment losses.

Section 3 references or reflects the funding assumptions that have been selected as of the valuation date. Certain actuarial assumptions used for funding, including discount rates, mortality tables, and others identified in this report are prescribed by regulation or statute. Dayton Power and Light is responsible for reviewing the funding assumptions referenced and advising Mercer as to any information it deems worthy of consideration in the determination of funding assumptions. Dayton Power and Light is responsible for making the plan sponsor elections shown in this section and for advising Mercer if it chooses to make changes to those elections.

Section 3 also references assumptions used for plan and employer accounting. These assumptions were selected by Dayton Power and Light and it is responsible for reviewing those assumptions as shown within and advising Mercer if any changes are required thereto.

Dayton Power and Light is responsible for selecting the plan's funding policy, actuarial valuation methods, and asset valuation methods. The policies and methods reflected in this document are those that have been so selected and are referenced or described in Section 4. Dayton Power and Light is responsible for reviewing and confirming that the policies and methods as referenced or described in Section 4 are accurate and is solely responsible for communicating to Mercer any changes required thereto.

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Participant Data

Mercer has used and relied on the following participant data as supplied by Dayton Power and Light. Dayton Power and Light is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of January 1, 2014 and that the data is sufficiently comprehensive and accurate for its intended purpose. If the data supplied is not sufficiently comprehensive and accurate for its intended purpose, the results of our calculations may differ significantly from the results that would be obtained with such data. Although Mercer has reviewed the suitability of the data for its intended use in accordance with Actuarial Standard of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Participants or former participants are included or excluded from the valuation as described in Section 4 — Actuarial Methods.

Notes Regarding Participant Data

- Participants on long-term disability are included with inactive participants using the assumption that they are permanently disabled.
- Assumptions for missing participant data:
  - We estimated the benefits for 22 deferred inactive participants.
  - We rolled forward pay from the prior year for 24 active Management records missing 2013 pay.

Participant Statistics

	Plan year beginning	
	January 1, 2014	**January 1, 2013**[1]
Participants included in valuation		
• Active	1,238	1,337
• Inactive with deferred benefits	387	383
• Inactive with immediate benefits	2,140	2,152
• Total	3,765	3,872
Active statistics		
• Average age	47.4	46.9
• Average years of service	16.2	16.5
• Total pay[23]	$ 42,260,202	$ 42,919,878
• Average pay	85,895	77,055
• Total cash balance amount[4]	269,564	157,789
• Average cash balance amount	2,995	1,461
Inactive deferred statistics		
• Average age	55.0	55.0
• Total monthly benefits	$ 318,329	$ N/A
• Average monthly benefits	823	728
Inactive immediate statistics		
• Average age	73.8	73.8
• Total monthly benefits	$ 1,710,842	$ N/A
• Average monthly benefits	799	779

[1] Per prior actuary's report.

[2] Pension pay for the prior plan year limited in accordance with IRC Section 401(a)(17).

[3] Pay shown for Management only.

[4] Cash Balance amounts for Management – Cash Balance group only

Status Reconciliation

	Active participants	Inactive participants: With deferred benefits	Inactive participants: With immediate benefits	Total
Beginning of the year[5]	1,337	383	2,152	3,872
Retirements	(34)	(32)	66	0
Disabilities	(21)	21	0	0
Deaths	(2)	(4)	(66)	(72)
Non-vested terminations	(46)	N/A	N/A	(46)
Vested terminations	(25)	25	N/A	0
Rehires	1	0	0	1
Lump sum payouts	(5)	(2)	N/A	(7)
Survivors	N/A	0	16	16
Expiration of benefits	N/A	N/A	0	0
Transfers out	0	0	0	0
Transfers in	0	0	0	0
Data corrections	(1)	(4)	(35)	(40)
New entrants	34	N/A	7[6]	41
Net change	(99)	4	(12)	(107)
End of the year	1,238	387[7]	2,140[8]	3,765

[5] Per prior actuary's report. Prior actuary excluded 3 deferred and 24 receiving QDRO records from counts.

[6] New QDRO records reported

[7] Count includes 1 deferred QDRO.

[8] Count includes 37 receiving QDROs.

Distribution of Active Participants as of January 1, 2014

Attained age	Years of credited service										
	Under 1	**1–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30–34**	**35–39**	**40 & up**	**Total**
Under 25	8	15	1								24
25–29	6	51 57,024 909	44 75,588								101
30–34	3	47 61,661 856	73 74,531	12							135
35–39	3	20 72,733 580	59 80,923 353	21 93,902	6						109
40–44	6	43 70,570 852	53 84,027	14	8	25 123,264					149
45–49	1	30 72,251 1,430	50 75,734	14	7	34 107,525	12				148
50–54	2	29 72,202 1,885	32 81,699	18	5	21 103,730	11	31 104,419	1		150
55–59	4	16	25 90,420	8	2	16	1	102 92,125	41 84,738	1	216
60–64	1	8	4	2	2	7	2	48 89,224	46 83,705	25 73,090	145
65–69			2	2		3		6	5	27 80,007	45
70 & up				1		1		3		11	16
Total	34	259	343	92	30	107	26	190	93	64	1,238

In each cell, the top number is the count of active participants for each age/service combination, the middle number is average pay for 2013 limited to $255,000, and the bottom number is the average Cash Balance account value. Average pay is not shown for cells with fewer than 20 participants.

3

Actuarial Assumptions

To prepare an actuarial valuation, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because actuarial estimates can be very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on alternative assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if alternative assumptions are used for the actuarial estimates. At Dayton Power and Light's request, Mercer is available to perform such a sensitivity analysis.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

Actuarial Assumptions for January 1, 2014 Funding Valuation

Discount rate sponsor elections		
• Segment rates or full yield curve	Segment	
• Look-back months	4	
	Stabilized	**Nonstabilized**
• First 5 years	4.99%	1.37%
• Next 15 years	6.32%	4.05%
• Over 20 years	6.99%	5.06%
Mortality sponsor elections		
• Healthy participants	Section 430(h)(3) prescribed separate generational annuitant and nonannuitant mortality tables.	
• Pre-1995 disabilities	Same as Healthy	
• Post-1994 disabilities	Same as Healthy	

Cash balance plans	
• Interest accumulation rate	3.80%, determined as the greater of 1) the yield on 30 year Treasury Securities (3.80% as of November, 2013) or 2) 3.79% minimum rate

• Salary increases	See Table of Sample Rates. Rationale: Based on historical experience for the plan and future expectations.
• Flat-dollar benefit increases	None assumed
• Social Security wage base	4.00% per year
• Expected investment return	7.52% per year for 2012 and 7.00% per year for 2013
• Expenses	$340,000. Based on the average of the prior two year's actual plan administrative expenses, rounded up to the nearest $5,000.
Demographic assumptions	
• Withdrawal	See Table of Sample Rates
• Disability incidence	See Table of Sample Rates
• Benefit commencement age for current and future vested deferred	Management: Age 57 if eligible for early retirement, else 65. Union: Age 61 if eligible for early retirement, else 65.
• Spouse assumptions	
Percentage married	Union participants: 100% Management participants: 80%
Spouse age difference	Female spouses are assumed to be three years younger than their husbands.

Form of payment — Union & Legacy Management	Lump sum	Single life	50% J&S
• Active retirements	0%	100%	0%
• Future vested deferred	0%	100%	0%
• Future disabilities	0%	100%	0%
• Future deaths	0%	0%	100%
• Current vested deferred	0%	100%	0%
Form of payment — Cash Balance	**Lump sum**	**Single life**	**50% J&S**
• Active retirements	100%	0%	0%
• Future vested deferred	100%	0%	0%
• Future disabilities	100%	0%	0%
• Future deaths	100%	0%	0%
• Current vested deferred	100%	0%	0%

Table of Sample Rates

Salary Rates - Management

Attained age	Salary increases - Management
20	8.5%
25	8.5%
30	7.5%
35	4.5%
40	3.5%
45	3.0%
50	3.0%
55	2.5%
60	2.5%
65	2.5%

Withdrawal Rates - Management

Attained age	Years of Service					
	0	1	2	3	4	5+
20	19.25%	19.25%	19.25%	19.25%	19.25%	18.38%
25	15.73%	15.73%	15.73%	15.73%	15.73%	15.02%
30	13.97%	13.09%	12.10%	11.88%	11.88%	11.34%
35	13.97%	13.09%	12.10%	11.22%	10.45%	8.30%
40	13.97%	13.09%	12.10%	11.22%	10.45%	5.88%
45	13.97%	13.09%	12.10%	11.22%	10.45%	4.10%
50	13.97%	13.09%	12.10%	11.22%	10.45%	2.84%
55	13.97%	13.09%	12.10%	11.22%	10.45%	2.31%

Withdrawal Rates - Union

Attained age	Years of Service					
	0	1	2	3	4	5+
20	10.08%	10.08%	10.08%	10.08%	10.08%	5.76%
25	7.98%	7.98%	7.98%	7.98%	7.98%	4.56%
30	6.09%	5.88%	5.88%	5.88%	5.88%	3.36%
35	6.09%	5.88%	5.46%	5.25%	5.04%	2.28%
40	6.09%	5.88%	5.46%	5.25%	5.04%	1.68%
45	6.09%	5.88%	5.46%	5.25%	5.04%	1.32%
50	6.09%	5.88%	5.46%	5.25%	5.04%	1.20%
55	6.09%	5.88%	5.46%	5.25%	5.04%	1.20%

Disability Incidence Rates

Attained age	Percentage			
	Management		Union	
	Male	Female	Male	Female
20	0.027%	0.027%	0.042%	0.042%
25	0.027%	0.027%	0.042%	0.042%
30	0.027%	0.036%	0.042%	0.056%
35	0.036%	0.063%	0.056%	0.098%
40	0.072%	0.117%	0.112%	0.182%
45	0.144%	0.216%	0.224%	0.336%
50	0.297%	0.360%	0.462%	0.560%
55	0.621%	0.576%	0.966%	0.896%
60	1.035%	0.810%	1.610%	1.260%
65	0.000%	0.000%	0.000%	0.000%

Retirement Age Rates

Attained age	Management	Union
Under 55	0%	0%
55	15%	4%
56	8%	4%
57	12%	4%
58	12%	4%
59	12%	4%
60	10%	8%
61	20%	15%
62	20%	15%
63	25%	5%
64	10%	10%
65	20%	20%
66	20%	15%
67	100%	10%
68	100%	10%
69	100%	15%
70	100%	100%

Actuarial Assumptions for Employer Accounting ASC 715 and Plan Accounting (ASC 960) Where Different from Funding

Economic assumptions	
• Discount rate for ASC 715	4.02% per year for fiscal year ending December 31, 2014 funded status and fiscal 2015 expense determination. 4.86% per year for fiscal year ending December 31, 2013 funded status and fiscal 2014 expense determination. Rationale: The discount rate was estimated using the Mercer Above Mean Yield Curve, under which the plan's projected benefit payments are matched against a series of spot rates derived from a market basket of high quality fixed income securities.
• Interest rate for ASC 960	4.86% per year.
• Long-term rate of return on assets	6.50% per year. Rationale: The expected rate of return on plan assets is selected by the plan sponsor based on their expectation for future asset return.
• Expenses	Expected return is net of expenses.
Mortality – ASC 960 and ASC715 December 31, 2013 Funded Status and Fiscal 2014 Expense	
• Healthy participants	RP-2000 Combined Generational Mortality Table projected using scale AA
• Disabled participants	RP-2000 Disabled Retiree Static Mortality Table.
Mortality – ASC 715 December 31, 2014 Funded Status and Fiscal 2015 Expense	
• Healthy participants	RP–2014 Mortality for healthy employees, adjusted to remove post-2007 projected mortality improvements that were embedded in the table ("MRP-2007"). This table is then projected with generational mortality improvements using the scale implied by the Social Security Administration's annual mortality rates ("MSS-2007").
• Disabled participants	RP-2014 Disabled Generational Mortality table projected with improvement scale implied by the Social Security Administration's annual mortality rates

Actuarial Assumption Changes Since Prior Valuation

Funding

- Interest discounts and mortality rates were updated from 2013 to 2014 in accordance with PPA.
- The expense component of normal cost increased from $285,000 to $340,000 to reflect our expectations for the current plan year.
- We updated the cash balance interest credit rate from 3.79% to 3.80% to better reflect expected future plan experience.

ASC 715

The following changes were made for December 31, 2014 funded status measurement and expense determination for the fiscal year ending December 31, 2015.

- The discount rate decreased from 4.86% to 4.02%.
- The long term rate of return on assets decreased from 6.75% to 6.50% for fiscal 2015 expense.
- The mortality table was updated.

ASC 960

The interest rate for ASC 960 has changed from 4.04% at January 1, 2013 to 4.86% at January 1, 2014.

4

Actuarial Methods

An actuarial valuation is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses, and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future cost levels to recognize the entire cost of the plan over time.

Actuarial Methods for Funding

Asset Methods

The asset valuation method is an average of the adjusted market value over the last 2 years preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110% and no less than 90% of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date.
- **Insurance contracts:** We are not aware of any insurance contracts held by the plan.

Minimum Funding Methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual are the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- This plan provides benefits that are not a function of a participant's accrued benefit or years of service. This benefit is allocated to funding target based on the ratio of the participant's service at the beginning of the plan year to their service at each decrement age and is allocated to target normal cost based on the proportionate benefit attributable to the increase in the participant's service and compensation during the plan year.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Actuarial Methods for Employer Accounting Under US Financial Accounting Standards (ASC 715)

Actuarial Cost Method

Benefit obligations are estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A description of the calculation follows:

An individual's estimated attributed benefit for valuation purposes related to a particular separation date is the benefit described under the plan based on credited service as of the measurement date, but determined using the projected salary that would be used in the calculation estimate of the benefit on the expected separation date.

The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.

An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year. If multiple decrements are used, the benefit obligation and the service cost for an individual are the sum of the component benefit obligations and service costs associated with the various anticipated separation dates. Such benefit obligations and service costs reflect the estimated attributed benefits and the probability of the individual separating on those dates.

The vested benefit obligation is based on the expected date of separation, and an individual's projected benefit obligation is constrained to be not less than his or her accumulated benefit obligation.

The plan's **service cost** is estimated by combining the individual service costs, and the plan's **projected benefit obligation** (PBO) is estimated by combining the benefit obligations for all participants under the plan.

Asset Method

The market-related value of assets is determined each year by adjusting the previous year's value by expected returns, benefit payments and contributions. Asset gains and losses are reflected in equal adjustments over a three-year period.

Valuation Procedures

- **Financial data:** We used financial data submitted as of the measurement date by Dayton Power and Light, including any classification within the fair value hierarchy under ASC 820, without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

- **Discount rate setting process:** The discount rate is estimated as the single equivalent rate such that the present value of the plan's cash flows using the single rate equals the present value of those cash flows using the Mercer Above Mean Yield Curve.
- **Projection of obligations from valuation date to year-end measurement date:** Benefit obligations have been rolled-forward from the valuation date to the year-end measurement date based on the assumption that there have been no experience gains or losses, except for changes in discount rate. Discount rate changes are reflected in the year-end obligation amounts.
- **Future benefit increases:** We are not aware of any substantive commitments the plan sponsor has made beyond those in the plan document.

Accounting Policies

- **Amortization methods and periods:** Cumulative gains and losses in excess of 10% of the greater of PBO or market-related value of plan assets are amortized over the expected average remaining future lifetime of the inactive participants.
  - This report revises the fiscal year 2015 estimated expense delivered on August 4 to correct an error in our valuation coding. The only item affected is the period over which gains and losses are amortized for ASC 715 purposes; plan liabilities and service cost are not affected. The programming error overstated the amortization period, resulting in less earnings recognition of the accumulated losses than may be permissible under ASC 715. Note that under ASC 715, actuarial losses are fully recognized on the balance sheet immediately, regardless of the timing of income statement recognition. The effect on expense for 2015, with purchase accounting, is nominal and $1.8 million, without purchase accounting. The actual expense in this report has been corrected and is consistent with prior reporting periods.
- Where an accounting method to be used is not prescribed by accounting standards, DPL Inc. is responsible for choosing the relevant accounting policies to apply. This policy is described below:
  - Measurement of unrecognized items on balance sheet: Unrecognized prior service costs and unrecognized gains & losses on the balance in the "blended" accounting results for DPL Inc. are provided by the plan sponsor. The plan sponsor determines this amount based on a blend of results with and without reflecting purchase accounting, weighted by regulatory and nonregulatory business units. These amounts are provided to Mercer by the plan sponsor and are not audited nor verified by Mercer. The "cumulative contributions in excess of net periodic benefit cost" for each plan is the sum of the plan's funded status and any unrecognized gains/losses or prior service costs. Amortization of unrecognized gains/losses and prior service costs are recognized in "blended" pension expense using a weighting provided by the plan sponsor. Mercer uses the weightings provided without audit to determine these pension expense components.

Actuarial Methods for Plan Accounting (ASC 960)

The present value of accumulated plan benefits reflects the benefits attributable under the plan provisions to employees' service rendered to the benefit information date. The plan uses a beginning of year measurement date.

Method Changes Since Prior Valuation

Funding

This is the first year that Mercer has performed the actuarial valuation for this plan. Last year's valuation was done by Aon Hewitt. This change qualifies for automatic IRS approval.

ASC 715

This is the first year that Mercer has performed the actuarial valuation for this plan. Last year's valuation was done by Aon Hewitt.

ASC 960

This is the first year that Mercer has performed the actuarial valuation for this plan. Last year's valuation was done by Aon Hewitt.

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Plan Provisions

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by Dayton Power and Light as summarized below. Dayton Power and Light is solely responsible for the validity, accuracy, and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the results of any calculation may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and the results of estimates under each of the different interpretations could vary.

The following is a summary of what we understand to be the most relevant plan provisions for purposes of actuarial valuations. This summary should not be used for purposes of determining benefits under the plan.

Summary of Major Plan Provisions – Union Employees

Effective date and plan year	Original plan: January 1, 1953 Restated plan: January 1, 2010 Last amended: March 14, 2013 Plan year: Calendar year
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	Effective January 1, 2015 the Normal Retirement Benefit multiplier increased from $41.00 to $45.00.
Definitions	
• Covered employees	An Employee who was: 1) Represented by a collectively bargained unit recognized on January 1, 1996 and 2) Has not subsequently become a Non-Unit employee.
• Participation	Members of a collectively bargaining unit who are at least age 18. Participation will commence on the January 1 or July 1 coincident with or next following the date on which the participation requirements are met.
• Vesting service	One year is granted for each plan year during which the employee is credited with at least 500 hours.

• Credited service	For periods prior to 1/1/1984, credited service calculated under the plan provisions then in effect. For periods after 12/31/83, based on following table: **Hours** — **Credit** 1,560+ — 1 year 1,000-1,559 — 3/4 year 500-999 — 1/2 year 0-499 — 0 year
Normal retirement	
• Eligibility	Age 65 with five years of vesting service.
• Benefit	A monthly amount equal to $45.00 times years of credited service (not to exceed 37). The accrued benefit is reduced for the cost of death benefit coverage.
Early retirement	
• Eligibility	Age 55 and 10 years of vesting service.
• Benefit	The normal retirement benefit, reduced 5/12 of 1% for each month benefit commencement precedes age 62. Benefits for participants who have 30 years of benefit service are not reduced for early retirement.
• Supplement	$300 payable monthly to Social Security Normal Retirement age. Participants with 30 years of benefit service receive a $400 monthly supplement to Social Security Normal Retirement Age.
• Early Retirement Window	Effective July 13, 2005, an early retirement window (ERW) was opened to participants who would be at least age 50 on January 1, 2006. Under the ERW, participants will receive unreduced pension benefits payable immediately if they are currently early (or normal) retirement eligible. Participants not yet early retirement eligible will be eligible to receive their pension benefits beginning at age 55, with the subsidized reductions (5% per year, and unreduced at 30 years of service). In addition, these participants will receive the monthly supplement beginning at age 55.
Late retirement	
• Eligibility	Retirement after age 65.
• Benefit	The normal retirement benefit based on service at actual retirement.

Deferred vested	
• *Eligibility*	*Age 21 with five years of vesting service.*
• Benefit	For participants with 10 years of vesting service, the accrued normal retirement benefit payable unreduced at age 62. Otherwise, an actuarial equivalent benefit payable at an early retirement age.
Disability	
• Eligibility	Determined by Plan Administrator.
• Benefit	Benefit payable under company sponsored disability plan.
Pre-retirement death	
• Eligibility	Active, married employees with 5 years of vesting service.
• Benefit	50% of the benefit (excluding supplements) payable immediately, reduced for early commencement and form of payment. Benefits are reduced for cost of coverage from vested status per following table: **Age** **Reduction/Year** 55-65 0.5% 45-54 0.2% < 45 0.1% If death occurs prior to the participant's Social Security retirement age, a $300 supplement paid monthly to the surviving spouse until the spouse's age 65.
Form of benefits	
• Automatic form for unmarried participants	Life annuity
• Automatic form for married participants	Actuarial equivalent 50% Joint and Survivor annuity
• Optional forms	Actuarial equivalent 75% Joint and Survivor annuity
• Optional form conversion factors	1971 Group Annuity Mortality Table for Males and 6% interest.
Ad hoc COLA	Retiree cost of living adjustment (COLA) effective June 1, 2009 for participants who retired during the period 1960 through 2000.
Miscellaneous	
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is $210,000.

Summary of Major Plan Provisions – Management Pre-2011 Hires (Legacy)

Effective date and plan year	Original plan: January 1, 1953 Restated plan: January 1, 2010 Last amended: March 14, 2013 Plan year: Calendar year
Status of the plan	Management employees hired prior to January 1, 2011 are eligible to participate in the plan once they satisfy the participation requirements. The plan has ongoing benefit accruals.
Significant events that occurred during the year	None.
Definitions	
• Covered employees	An Employee hired prior to January 1, 2011 who: 1) was not represented by a collective bargaining representative on January 1, 1996, or 2) has not become a Union employee
• Participation	Age 21 and one year of service. Participation will commence on January 1 or July 1 coincident with or following the date when the participation requirements are met.
• Vesting service	One year of vesting service is granted for plan years with at least 1,000 hours.
• Credited service	One year of credited service is granted for plan years with at least 1,000 hours.
• Pensionable earnings	Plan Year Compensation, excluding deferred compensation, overtime, bonuses and other additional earnings. Section 401(k) and 125 deferrals are included.
• Final average earnings	High 3 consecutive out of the last 5 completed calendar years prior to the date of termination or retirement. For participants eligible to receive benefits under the company-sponsored LTD plan, Final Average Earnings on the date eligibility for the LTD benefit begins.
• Covered Compensation	The average (without indexing) of the Social Security wage bases in effect for the 35-year period ending with the year of the termination of employment, rounded down to the nearest multiple of $600.

Normal retirement	
• Eligibility	Age 65 with 5 years of vesting service.
• Benefit	The sum of (1) and (2) below multiplied by credited service (limited to 30 years): 1) 1.25% of Final Average Earnings 2) 0.45% of Final Average Earnings in excess of covered compensation levels. Accrued benefit is reduced for cost of death benefit coverage.
Early retirement	
• Eligibility	Age 55 with 10 years of vesting service.
• Normal retirement benefit	The normal retirement benefit, reduced 3/12 of 1% for each month benefit commencement precedes age 62. Benefit is reduced for cost of death benefit.
• Supplement	A monthly benefit of $187.50 is payable to age 65.
• Window	Effective July 1, 2001, an early retirement window was opened to active management participants at least age 55 with 75 "age plus service" points. Retirees under the window receive unreduced early retirement benefits as well as a total supplemental benefit of $1,000 per month until age 65.
Late retirement	
• Eligibility	Retirement after age 65.
• Benefit	The normal retirement benefit, based on compensation and service at actual retirement.
Deferred vested	
• Eligibility	Age 21 with 5 years of service.
• Benefit	For participants with 10 years of vesting service, the accrued normal retirement benefit payable unreduced at age 62. Otherwise, an actuarial equivalent benefit payable at an early retirement age.
Disability	
• Eligibility	Eligible for company-sponsored LTD benefits as determined by the plan administrator.
• Benefit	The normal retirement benefit deferred to age 62, based on final average compensation as of the date of disability and benefit service at age 62 including any period the employee is eligible for long-term disability benefits.

Pre-retirement death	
• Eligibility	Active, married participants with 5 years of vesting service.
• Benefit	50% of benefit (excluding supplements) payable immediately, reduced for early commencement and form of payment. Benefits are reduced for cost of coverage from vested status per following table: **Age** — **Reduction/Year** 55-65 — 0.5% 45-54 — 0.2% < 45 — 0.1% If death occurs prior to the participant's Social Security retirement age, a $187.50 supplement paid monthly until spouse's age 65.
Form of benefits	
• Automatic form for unmarried participants	*Life annuity*
• Automatic form for married participants	Actuarial equivalent 50% Joint and Survivor annuity
• Optional forms	Actuarial equivalent 75% Joint and Survivor annuity; Lump Sum: Automatic if less than $1,000; Optional if greater than $1,000 and less than covered compensation in effect.
• Optional form conversion factors	1971 Group Annuity Table for Males and 6% interest. Lump Sum: 417(e) mortality and interest (2 month look back).
Ad hoc COLA	Retiree COLA effective June 1, 2009 for participants who retired during the period 1960 through 2000.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2014, the limit is $260,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is $210,000.

Summary of Major Plan Provisions – Management Post-2010 Hires

Effective date and plan year	Original plan: January 1, 2011 Last amended: March 14, 2013 Plan year: Calendar year
Status of the plan	Management employees hired or rehired on or after January 1, 2011 are eligible to participate in the plan once they satisfy the participation requirements. The plan has ongoing benefit accruals.
Significant events that occurred during the year	*None*
Definitions	
• Covered employees	An employee hired or rehired after December 31, 2010, excluding Union Employees.
• Participation	Salaried employees who are hired or rehired on or after January 1, 2011 and are at least age 21 with one year of service. Participation will commence on January 1 coincident with or following the date when the participation requirements are met.
• Vesting service	One year of vesting service is granted for each plan year with at least 1,000 hours.
• Credited service	One year of credited service is granted for each plan year with at least 1,000 hours.
• Compensation	Plan Year Compensation, excluding deferred compensation, overtime, bonuses and other additional earnings. Section 401(k) and 125 deferrals are included.
• Pay credits	Each Participant's Cash Balance Account shall be credited under the terms contained in the following table at the end of each Plan Year, subject to an exception for mid-year terminations, during which such Participant completes at least 1,000 Hours of Service.

Years of Service Earned After December 31, 2010	Pay Credit
Less than 5	3% of Compensation
At least 5, but less than 10	4% of Compensation
At least 10, but less than 15	5% of Compensation
At least 15, but less than 20	6% of Compensation
At least 20	7% of Compensation

• *Interest credits*	*Interest Credits shall be made to the Cash Balance Account* on the last day of each calendar quarter and shall be calculated by *multiplying the balance in the Participant's* Cash Balance Account on the first day of such period by the Applicable Interest Crediting Rate for such period. The term "Applicable Interest Crediting Rate" shall mean the annual interest crediting rate (adjusted to reflect quarterly allocations) equal to (1) the yield on 30-year Treasury securities or (2) 3.79%, whichever is greater.
Normal retirement	
• Eligibility	Age 65 with 3 years of vesting service.
• Benefit	The participant's cash balance account.
Early retirement	
• Eligibility	Age 55 with three years of vesting service.
• Benefit	The participant's cash balance account.
Late retirement	
• Eligibility	Retirement after age 65.
• Benefit	The participant's cash balance account.
Deferred vested	
• Eligibility	3 years of vesting service.
• Benefit	The participant's cash balance account.
Disability	
• Eligibility	Eligible for company-sponsored LTD benefits as determined by the Plan Administrator.
• Benefit	The participant's cash balance account.
Pre-retirement death	
• Eligibility	Active, married participants with 3 years of vesting service.
• Benefit	The present value of the participant's cash balance account payable no later than: 1) 1^{st} of the month following participant death and 2) 1^{st} of the month the member would have qualified for early retirement.
Form of benefits	
• Automatic form for unmarried participants	Life annuity
• Automatic form for married participants	Actuarial equivalent 50% Joint and Survivor annuity
• Optional forms	Actuarial equivalent 75% Joint and Survivor annuity; lump *sum equal to the cash balance account*

• Optional form conversion factors	The 1971 Group Annuity Mortality Table for Males and 6% interest.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2014, the limit is $260,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is $210,000.

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated and amended through *Amendment #2*, executed March 14, 2013 are included in this valuation:

- **Most recent plan amendments included:** Amendment #2 is included because it was adopted by the valuation date and is effective by the end of the plan year.
- **Plan amendments excluded:** None.
- **Late retirement increases:**
  - *Active participants:* None. Continued accruals are valued.
  - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including a late retirement actuarial increase.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60% of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Plan Provisions Specific to Funding

Additional Benefits Included or Excluded

- **IRC Section 436 benefit restrictions:**
  - *Plan amendments:* See above.
  - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
  - *Benefit accruals:* The plan's funding target and target normal cost do not reflect any limitations on benefit accruals.
- **Unpredictable contingent event benefits:** We are not aware of any unpredictable contingent event benefits provided under the plan.

Plan Provision Changes Since Prior Valuation

Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2013 to 2014.

Amendment #2, executed March 14, 2013, had no effect on the plan liability.

Effective January 1, 2015 the Union Normal Retirement Benefit multiplier increased from $41.00 to $45.00.

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MARSH & McLENNAN COMPANIES

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TALENT • HEALTH • RETIREMENT • INVESTMENTS

DATA, ASSUMPTIONS, METHODS AND PROVISIONS

DECEMBER 31, 2014 FUNDED STATUS AND 2015 FISCAL YEAR EXPENSE

THE DAYTON POWER AND LIGHT COMPANY SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

FEBRUARY 2015

MARSH & McLENNAN COMPANIES

CONTENTS

1

Overview

This document details the participant data, assumptions, methods and provisions used in actuarial estimates and calculations for The Dayton Power and Light Company's Supplemental Executive Retirement Plan. This information is applicable to Mercer's accounting valuation for the 12/31/2014 funded status and the 2015 fiscal year expense and selected other Mercer deliverables. This document is an integral part of the reports that refer to it.

Mercer has prepared this report exclusively for DPL Inc.; subject to this limitation, DPL Inc. may direct that this report be provided to its corporate auditors in connection with the audit of its employer financial statements. Mercer is not responsible for use of this report by any other party.

This document contains:

1. A summary of the participant data provided by the plan sponsor; and
2. The actuarial basis for our calculations, including:

   A. Actuarial assumptions
   B. Actuarial methods
   C. A summary of plan provisions

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this document or any other part of an actuarial report, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

Section 3 references assumptions used for employer accounting. These assumptions were selected by DPL Inc. and DPL Inc. is responsible for reviewing those assumptions as shown within and advising Mercer if any changes are required thereto.

DPL Inc. is responsible for selecting the plan's actuarial valuation methods. The policies and methods reflected in this document are those that have been so selected and are referenced or described in Section 4. DPL Inc. is responsible for reviewing and confirming that the policies and methods as referenced or described in Section 4 are accurate and is solely responsible for communicating to Mercer any changes required thereto.

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Participant Data

Mercer has used and has relied on the following participant data as supplied by the plan sponsor. DPL Inc. is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of January 1, 2015 and that the data is sufficiently comprehensive and accurate for its intended purpose. If the data supplied is not sufficiently comprehensive and accurate for its intended purpose, the results of our calculation may differ significantly from the results that would be obtained with such data. Although Mercer has reviewed the suitability of the data for its intended use in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Participants or former participants are included or excluded from the valuation as described in Section 4 – Actuarial Methods.

Participant Data Reconciliation

	Active	Deferred Vested	Retired
January 1, 2014	0	0	5
Age retirements	0	0	0
Disability retirements	0	0	0
Deaths without beneficiary	0	0	0
Deaths with beneficiary	0	0	0
Nonvested terminations	0	0	0
Vested terminations	0	0	0
Rehires	0	0	0
Lump sum cashouts	0	0	0
Survivors	0	0	0
Expiration of benefits	0	0	0
Data adjustments	0	0	0
New entrants during year	N/A	N/A	N/A
Net change	0	0	0
January 1, 2015	0	0	5

Participant Statistics

	Plan year beginning	
	January 1, 2015	**January 1, 2014[1]**
Retirees included in valuation	5	5
Retiree statistics		
• Average age	76.4	75.4
• Total monthly benefits	$ 32,490	$ 32,490
• Average monthly benefits	6,498	6,498

Demographic data for inactive participants included in the valuation

Retired Participants – Distribution by Age

	Retiree	Spouse
▪ Less than 64	0	0
▪ 65 to 69	0	0
▪ 70+	5	2
Total	**5**	**2**

[1] Per prior actuary's report.

3

Actuarial Assumptions

To prepare an actuarial valuation, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because actuarial estimates can be very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on alternative assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if alternative assumptions are used for the actuarial estimates. At DPL Inc.'s request, Mercer is available to perform such a sensitivity analysis.

Assumptions may also be changed from one valuation to the next because of changes in mandates, plan experience, changes in expectations about the future and other factors. An assumption change is not an indication that prior assumptions were unreasonable when made.

Actuarial Assumptions for Employer Accounting ASC 715 for Fiscal Year Ending December 31, 2014

Economic Assumptions	
• Discount rate	3.43% for December 31, 2014 funded status and 2015 fiscal year expense
• Salary increases	Not applicable
• Social Security wage base	Not applicable
• Expenses	None assumed
Demographic assumptions	
• Healthy mortality	RP–2014 Mortality for healthy employees, adjusted to remove post-2007 projected mortality improvements that were embedded in the table ("MRP-2007"). This table is then projected with generational mortality improvements using the scale implied by the Social Security Administration's annual mortality rates ("MSS-2007").
• Disabled mortality	None assumed

• Withdrawal	None assumed	
• Disability incidence	None assumed	
• Retirement age	Immediate	
	Male participants	**Female participants**
• Spouse assumptions		
– Percentage married	N/A	N/A
– Spouse age difference	N/A	N/A

Actuarial Assumption Changes Since Prior Valuation

- The discount rate changed from 3.98% to 3.43% at December 31, 2014.
- The mortality table was updated.

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Actuarial Methods

An actuarial valuation is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of estimates to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future cost levels to recognize the entire cost of the plan over time.

Actuarial Methods for Employer Accounting Under US Financial Accounting Standards (ASC 715)

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations in this report are consistent with our understanding of the provisions of ASC 715.

Actuarial Cost Method

The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.

An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year. If multiple decrements are used, the benefit obligation and the service cost for an individual are the sum of the component benefit obligations and service costs associated with the various anticipated separation dates. Such benefit obligations and service costs reflect the estimated attributed benefits and the probability of the individual separating on those dates.

The vested benefit obligation is based on the expected date of separation, and an individual's projected benefit obligation is constrained to be not less than his or her accumulated benefit obligation.

The plan's **service cost** is estimated by combining the individual service costs, and the plan's **projected benefit obligation** (PBO) is estimated by combining the benefit obligations for all participants under the plan.

Asset Method

The nonqualified plan's benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide nonqualified benefits.

Participant Methods

We used the participant data supplied by the plan sponsor as of January 1, 2015. We have reviewed the data and have no reason to doubt its substantial accuracy.

Valuation Procedures

- **Financial data:** We used data submitted as of the measurement date, without further audit. Customarily, this information would not be verified by a plan's actuary. We've reviewed the information for internal consistency and have no reason to doubt its substantial accuracy.
- **Discounting rate setting process:** The discount rate is estimated as the single equivalent rate such that the present value of the plan's cash flows using the single rate equals the present values of those cash flows using the Mercer Above Mean Yield Curve.
- **Benefits not included:** None.
- **Future benefit increases:** The plan sponsor has made no substantive commitments beyond those in the plan document.

Accounting Policies

The pension expense for the year is made up of:

a) the cost of the additional benefits that members accrue during the year based on projected salaries at retirement or earlier termination (current service cost);
b) plus interest on the projected benefit obligation (interest cost);
c) less the expected return on the assets held by the plan (expected return on plan assets);
d) plus or minus the amount required to recognize prior service costs and actuarial losses or gains in accordance with the Company's accounting policy.

Unrecognized past service cost is amortized on a straight line basis over the average service period for active participants who are expected to receive a benefit at the date of the amendment. Cumulative unrecognized gains and losses in excess of 10% of the greater of beginning-of-year PBO or market-related value of plan assets are amortized over the expected average remaining lifetime of plan participants.

Measurement of unrecognized items on balance sheet: Unrecognized prior service costs and unrecognized gains & losses on the balance in the "blended" accounting results for DPL Inc. are provided by the plan sponsor. The plan sponsor determines this amount based on a blend of results with and without reflecting purchase accounting, weighted by regulatory and nonregulatory business units. These amounts are provided to Mercer by the plan sponsor and are not audited nor verified by Mercer. The "cumulative contributions in excess of net periodic benefit cost" for each plan is the sum of the plan's funded status and any unrecognized gains/losses or prior service costs. Amortization of unrecognized gains/losses and prior service costs are recognized in "blended" pension expense using a weighting provided by the plan sponsor. Mercer uses the weightings provided without audit to determine these pension expense components.

Measurement date: The measurement date is December 31, 2014.

Method Changes Since Prior Valuation

- There have been no method changes since the last actuarial valuation on December 31, 2013.

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Plan Provisions

Mercer has used and relied on the plan documentation, supplied by the plan sponsor as summarized below. DPL Inc. is solely responsible for the validity, accuracy and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the results of any calculation may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and the results of estimates under each of the different interpretations could vary.

The following is a summary of what we understand to be the most relevant plan provisions for purposes of actuarial valuations. This summary should not be used for purposes of determining benefits under the plan.

Summary of Major Plan Provisions

Benefits	DPL Inc. provides a supplemental pension to select employees. All participants are in retiree status.

Plan Provision Changes Since Prior Valuation

- Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2013 to 2014.

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TALENT • HEALTH • RETIREMENT • INVESTMENTS

DATA, ASSUMPTIONS, METHODS AND PROVISIONS
DECEMBER 31, 2014 FUNDED STATUS AND 2015 FISCAL YEAR EXPENSE

DPL INC.

DPL INC. POSTRETIREMENT MEDICAL AND LIFE INSURANCE PLANS

FEBRUARY 2015

MARSH & McLENNAN COMPANIES

CONTENTS

1

Overview

This document details the participant data, assumptions, methods and provisions used in actuarial estimates and calculations for the DPL Inc. Postretirement Medical and Life Insurance Plans. This information is applicable to Mercer's actuarial valuation for the December 31, 2014 funded status and 2015 fiscal year expense and selected other Mercer deliverables. This document is an integral part of the reports that refer to it.

Mercer has prepared this report exclusively for DPL Inc.; subject to this limitation, DPL Inc. may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

This document contains:

1. A summary of the participant data provided by DPL Inc.; and

2. The actuarial basis for our calculations, including:

   A. Actuarial assumptions
   B. Actuarial and accounting methods
   C. A summary of plan provisions

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this document or any other part of an actuarial report, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

Section 3 references assumptions used for plan and employer accounting. These assumptions were selected by DPL Inc. and it is responsible for reviewing those assumptions as shown within and advising Mercer if any changes are required thereto.

DPL Inc. is responsible for selecting the plan's funding policy, actuarial valuation methods and asset valuation methods (if applicable). The policies and methods reflected in this document are those that have been so selected and are referenced or described in Section 4. DPL Inc. is responsible for reviewing and confirming that the policies and methods as referenced or described in Section 4 are accurate and is solely responsible for communicating to Mercer any changes required thereto.

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Participant Data

Mercer has used and relied on the following participant data as supplied by DPL Inc. DPL Inc. is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of January 1, 2014 and that the data is sufficiently comprehensive and accurate for its intended purpose. If the data supplied is not sufficiently comprehensive and accurate for its intended purpose, the results of our calculations may differ significantly from the results that would be obtained with such data. Although Mercer has reviewed the suitability of the data for its intended use in accordance with Actuarial Standard of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Participants or former participants are included or excluded from the valuation as described in Section 4 – Actuarial Methods.

Participant Statistics

	Census as of	
	January 1, 2014	**January 1, 2013[1]**
Participant data – Postretirement medical plans		
Active participants (non-grandfathered)		
• *Fully eligible*	384	390
• *Not fully eligible*	854	947
Total active participants	1,238	1,337
Grandfathered (pre-1987) retirees		
• *Retirees*	128	148
• *Spouses of retirees*	57	70
• *Surviving spouses*	164	168
Non-Grandfathered (post-1987) retirees		
• *Retirees*	31	35
• *Spouses of retirees*	19	18
Total inactive participants	399	439
Participant data – Postretirement life plan		
Active participants	1,238	1,337
Retirees	1,318	1,340
Total	2,556	2,677
Active Participant Statistics		
Average age	47.4	46.9
Average years of service	17.2	16.5

[1] As provided by Aon Hewitt.

	Census as of January 1, 2014	
Inactive Participant Statistics – Grandfathered medical plan	**Number**	**Average Age**
Retirees and Surviving Spouses under age 65	6	62.6
Retirees and Surviving Spouses age 65 and over	286	88.5
Spouses of retirees under age 65	2	61.4
Spouses of retirees age 65 and over	55	83.9
Total	349	87.2

Inactive Participant Statistics – Non-grandfathered medical plan	**Number**	**Average Age**
Retirees under age 65	31	62.8
Retirees age 65 and over	0	N/A
Spouses of retirees under age 65	19	59.6
Spouses of retirees age 65 and over	0	N/A
Total	50	61.9

Inactive Participant Statistics – Postretirement life plan	**Number**	**Average Age**
Retirees	1,318	74.9

Status Reconciliation

		Inactive participants		
	Active participants	Retirees and surviving spouses	Spouses of retirees	Total
As of January 1, 2013	1,337	1,528	85	2,950
Retirements	(34)	34	0	0
Disabilities	0	0	0	0
Deaths	(1)	(61)	(6)	(68)
Rehires	1	(1)	0	0
New Surviving Spouses	N/A	3	(1)	2
Terminations	(80)	0	(1)	(81)
Expiration of benefits	0	0	0	0
New entrants	35	N/A	N/A	35
Data corrections	(20)	(4)	(1)	(25)
Net change	(99)	(29)	(9)	(137)
As of January 1, 2014	1,238	1,499	76	2,813

Distribution of Active Participants as of January 1, 2014

	Years of service									
Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 25	2									2
20-24	21	1								22
25-29	54	47								101
30-34	47	72	16							135
35-39	21	60	20	8						109
40-44	46	56	14	5	26	2				149
45-49	30	50	15	4	33	16				148
50-54	29	33	19	4	19	11	21	14		150
55-59	19	24	8	2	17	2	41	98	5	216
60-64	8	5	3		8	2	24	62	33	145
65-69		2	1	1	2	1	1	10	27	45
70-74			1		1		1	2	8	13
>75									3	3
TOTAL	277	350	97	24	106	34	88	186	76	1,238

In each cell, the number is the count of active participants for each age/service combination.

Distribution of Inactive Participants

As of January 1, 2014

Age	Retirees	Surviving Spouses	Total
Under 50			
50-54			
55-59	25		25
60-64	127	2	129
65-69	277	2	279
70-74	279	2	281
75-79	262	8	270
80-84	203	28	231
85-89	109	66	175
90+	53	56	109
Total	1,335	164	1,499

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Actuarial Assumptions

To prepare an actuarial valuation, assumptions are used in a forward-looking financial and demographic model to present a single scenario from a wide range of possibilities. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because actuarial estimates can be very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on alternative assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if alternative assumptions are used for the actuarial estimates. At DPL Inc.'s request, Mercer is available to perform such a sensitivity analysis.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

Actuarial Assumptions for Employer Accounting ASC 715

Economic assumptions	
• Discount rate for ASC 715	For fiscal year ending December 31, 2014 funded status and fiscal year ending December 31, 2015 expense determination: • Grandfathered – 3.41% • Non-Grandfathered – 3.83% • Life – 4.19% For fiscal year ending December 31, 2013 funded status and fiscal year ending December 31, 2014 expense determination: • Grandfathered – 3.91% • Non-Grandfathered – 4.70% • Life – 5.07%

• Long-term rate of return on assets (Grandfathered medical plan only)	6.00% per year for fiscal year ending December 31, 2014 funded status 4.50% per year for fiscal year ending December 31, 2015 expense determination.
• Salary increases	Not applicable
Demographic assumptions	
• Mortality	Pre-retirement mortality: RP–2014 Mortality for healthy employees, adjusted to remove post-2007 projected mortality improvements that were embedded in the table ("MRP-2007"). This table is then projected with generational mortality improvements using the scale implied by the Social Security Administration's annual mortality rates ("MSS-2007"). Post-retirement mortality: RP–2014 Mortality for healthy annuitants, adjusted to remove post-2007 projected mortality improvements that were embedded in the table ("MRP-2007"). This table is then projected with generational mortality improvements using the scale implied by the Social Security Administration's annual mortality rates ("MSS-2007"). Post-disability mortality: Not applicable
• Withdrawal	*See table of sample rates*
• Disability incidence	Not applicable
• Retirement age – Management	

Attained age	Rate
55	15.00%
56	8.00%
57 – 59	12.00%
60	10.00%
61	20.00%
62	20.00%
63	25.00%
64	10.00%
65	20.00%
66	20.00%
67 and above	100.00%

- Retirement age – Union

Attained age	**Rate**
55 - 59	4.00%
60	8.00%
61	15.00%
62	15.00%
63	5.00%
64	10.00%
65	20.00%
66	15.00%
67	10.00%
68	10.00%
69	15.00%
70 and above	100.00%

• Spouse assumptions	**Male participants**	**Female participants**
– Percentage married	60%	60%
– *Spouse age difference*	*3 years younger*	*3 years older*
• Plan Participation	25% of future eligible retirees are assumed to elect medical coverage at retirement date.	

Healthcare assumptions

		Pre-65		Post-65
• Age 65 claims cost				
– **Pre-1987 retirees**	$	12,008	$	3,397
– **Post-1987 retirees**				
PPO $250	$	12,449	$	N/A
PPO $1,000	$	11,158	$	N/A
PPO $2,000	$	11,575	$	N/A
PPO $2,000 + 10%	$	10,913	$	N/A
PPO $5,000	$	9,105	$	N/A

• Health care cost trend rates	**Year**	**Rate**
	2014	7.05%
	2015	6.97%
	2016	6.90%
	2017	6.83%
	2018	6.76%
	2019	6.56%
	2020	6.37%
	2021	6.17%
	2022	5.97%
	2023	5.78%
	2024	5.58%
	2025	5.39%
	2026	5.19%
	2027	5.00%
	2028	4.80%
	2029+	4.50%

• Aging	**Age**	**Rate**
	<65	3.50%
	65-69	2.50%
	70-74	2.00%
	75-79	1.50%
	80-84	1.00%
	85-89	0.50%
	90+	0.00%

• Coverage election for future retirees		
	Post-1987 Retirees	**Percent**
	PPO $250	13
	PPO $1,000	0
	PPO $2,000	59
	PPO $2,000 + 10%	0
	PPO $5,000	28

Other assumptions	
• Administrative expenses	
– Medical	Included in claims costs
– Life	10% of claims
• Medicare Part D Subsidy	The estimated Medicare Part D subsidy is $447 per participant for 2014.

Table of Sample Rates

Management Withdrawal

	Years of Service					
Age	0	1	2	3	4	5+
15	19.25%	19.25%	19.25%	19.25%	19.25%	18.38%
20	19.25%	19.25%	19.25%	19.25%	19.25%	18.38%
25	15.73%	15.73%	15.73%	15.73%	15.73%	15.02%
30	13.97%	13.09%	12.10%	11.88%	11.88%	11.34%
35	13.97%	13.09%	12.10%	11.22%	10.45%	8.30%
40	13.97%	13.09%	12.10%	11.22%	10.45%	5.88%
45	13.97%	13.09%	12.10%	11.22%	10.45%	4.10%
50	13.97%	13.09%	12.10%	11.22%	10.45%	2.84%
55+	13.97%	13.09%	12.10%	11.22%	10.45%	2.31%

Union Withdrawal

	Years of Service					
Age	0	1	2	3	4	5+
15	10.08%	10.08%	10.08%	10.08%	10.08%	5.76%
20	10.08%	10.08%	10.08%	10.08%	10.08%	5.76%
25	7.98%	7.98%	7.98%	7.98%	7.98%	4.56%
30	6.09%	5.88%	5.88%	5.88%	5.88%	3.36%
35	6.09%	5.88%	5.46%	5.25%	5.04%	2.28%
40	6.09%	5.88%	5.46%	5.25%	5.04%	1.68%
45	6.09%	5.88%	5.46%	5.25%	5.04%	1.32%
50	6.09%	5.88%	5.46%	5.25%	5.04%	1.20%
55+	6.09%	5.88%	5.46%	5.25%	5.04%	1.20%

Actuarial Assumption Changes Since Prior Valuation

ASC 715

The following changes were made for the December 31, 2014 funded status measurement and the expense determination for the fiscal year ending December 31, 2015.

- The discount rates were updated for all three plans.
- The mortality table was updated for all three plans.
- The medical claims costs and Medicare subsidy were updated to better reflect the most recent plan experience.
- The RDS subsidy was decreased from $519 per member to $447.
- Aging and Trend tables were updated to better reflect plan experience.
- The expected return on assets decreased from 6.00% to 4.50% for the 2015 expense determination.

Rationale for Key Economic Assumptions

- **Discount rate:** The discount rate is derived as the single equivalent rate such that the present value of the plan's cash flows using the single rate equals the present value of those cash flows using the Mercer Above Mean Yield Curve.

- **Long-term rate of return on assets:** The expected rate of return on plan assets is selected by the plan sponsor based on their expectation for future asset return.

- **Trend assumptions:** The trend assumptions selected for this valuation comply with Mercer's guidelines on retiree medical trend assumptions (Actuarial and Finance Steering Committee Guideline Standard of Practice #2A) and recent market trends.
  The trend assumptions are comprised of three main elements: the initial trend rate, the ultimate trend rate, and the grade-down period. Trend rates exclude the expected impact of aging since this impact is explicitly reflected elsewhere in the valuation.

  The initial trend rate is the expected increase in health care costs into the second year of the valuation (i.e., the first assumed annual increase in starting per capita rates). Initial rates are established separately for pre-Medicare and Medicare-eligible claims, including medical and prescription drug claims, and administrative expenses. These expected trend rates are based on market assessments and surveys and take into account actual historical experience, expected unit cost information, changes in utilization, plan design leveraging, cost shifting, and new technology.

The assumed ultimate trend rate and grade-down period are based on macroeconomic principles. These assumptions reflect assumed long term general information, nominal gross domestic product growth rates, and the excess of national health expenditures over other goods and services, and an adjustment for an assumed impact of population growth.

- **Aging:** *Aging factors are applied which recognize that medical costs increase with age.* Some studies show a "flattening" of the age effect at the oldest ages (85+) but all studies reveal an increase each year in the critical span for retiree costs between age 50 and 80. In arrangements that are self-insured, the aging of each individual has a direct bearing on the costs of that individual and therefore the employer's liability. In fully insured arrangements, the aging of the entire group is generally what drives any age component of premium rate increase, and as such, individual aging factor tables may or may not be used, depending on the outlook for the group as a whole. Aging is a separate notion from medical trend, which captures price and utilization changes for populations spanning from one year to the next, but not necessarily from one age to the next.

4

Actuarial Methods

An actuarial valuation is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of estimates to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, would not in our judgment have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future cost levels to recognize the entire cost of the plan over time.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all participants as of the valuation date.
- **Participants excluded:** None.

Actuarial Methods for Employer Accounting Under US Financial Accounting Standards (ASC 715)

Attribution Method

Benefit obligations are estimated using the Projected Unit Credit method. The objective under this method is to expense each participant's benefits under the Plan in the year of service in which the benefits were earned or assumed to have been earned taking into consideration the Plan's benefit allocation formula. Thus, the estimated total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future service.

A description of the calculation follows:

An individual's estimated attributed benefit for valuation purposes is the projected benefit at full eligibility date, or current age if later, multiplied by the ratio of service at the valuation date over service at full eligibility date. Service for this purpose is measured from date of hire. Full eligibility date for this plan is described in the Plan Provisions section of this document.

The Plan's **service cost** is estimated by combining the individual service costs, and the Plan's **accumulated postretirement benefit obligation** (APBO) is estimated by combining the benefit obligations for all participants under the plan.

Asset Method

The asset valuation method for the Postretirement Grandfathered Medical Plan is the fair market value.

The *Postretirement Non-Grandfathered Medical and Postretirement Life insurance plans are* unfunded, so the market value of assets is $0.

Valuation Procedures

- **Financial data:** We used financial data submitted as of the measurement date by DPL Inc., without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.
- **Discount rate setting process:** A description of the discount rate setting process is provided in the Actuarial Assumptions section – Rationale for Key Economic Assumptions.
- **Projection of obligations from census date to year-end measurement date:** Benefit obligations have been rolled-forward from the census date to the year-end measurement date based on the assumption that there have been no experience gains or losses. Discount rate and other assumption changes are reflected in the year-end obligation amount.
- **Benefits not included (if applicable):** None.

Accounting Policies

Where an accounting method to be used is not prescribed by accounting standards, DPL Inc. is responsible for choosing the relevant accounting policies to apply. These policies are described below.

Measurement of unrecognized items on balance sheet: Unrecognized prior service costs and unrecognized gains & losses on the balance in the "blended" accounting results for DPL Inc. are provided by the plan sponsor. The plan sponsor determines this amount based on a blend of results with and without reflecting purchase accounting, weighted by regulatory and nonregulatory business units. These amounts are provided to Mercer by the plan sponsor and are not audited nor verified by Mercer. The "cumulative contributions in excess of net periodic benefit cost" for each plan is the sum of the plan's funded status and any unrecognized gains/losses or prior service costs. Amortization of unrecognized gains/losses and prior service costs are recognized in "blended" benefit expense using a weighting provided by the plan sponsor. Mercer uses the weightings provided without audit to determine these benefit expense components.

Measurement date: The measurement date is December 31, 2014.

- **Amortization methods and periods:** Unrecognized gains and losses in excess of a 10% corridor and unrecognized prior service cost bases are amortized over the average years of remaining future service to expected retirement age.
- **Potential curtailments:** None
- **Significant events:** None
- **Special termination benefits:** None
- **Medicare prescription drug subsidy:** Based on our discussions, we have assumed that DPL Inc. will apply for and receive the subsidy available under Medicare in 2014 for the *DPL Inc. Postretirement Medical Plan*. The subsidy is assumed to be received for the grandfathered plan only. The following assumptions were used with the Medicare prescription drug subsidy calculations:
  - DPL Inc. will determine actuarial equivalence by benefit option. Testing by benefit option, the *DPL Inc. Postretirement Medical Plan* is projected to meet the definition of actuarial equivalence indefinitely.
  - DPL Inc. will apply for and receive the subsidy under Medicare available indefinitely.
  - Retirees do not elect the Medicare Part D benefit.
  - The estimated subsidy was based on Mercer's understanding of the Medicare Reform legislation based on the final Center for Medicare Services (CMS) regulations issued in January 2005 and on the provided claims information from the medical plan administrator.
- **Changes since prior valuation:** None.

Funding Policy

The Postretirement Non-Grandfathered Medical and Postretirement Life insurance plan's benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide postretirement benefits.

The Postretirement Grandfathered Plan has assets in a trust established to fund postretirement benefits.

Claims Cost Development

- For the non-grandfathered group, claims costs were determined based on actual retiree claims experience during the period ending September 30, 2014. A claims cost per participant was calculated, adjusted to the valuation year using assumed trend factors and then adjusted to age 65 using assumed aging factors. Non-grandfathered has no post 65 (Medicare-eligible) benefits.

  The experience rate was blended with the prior year's claims cost trended forward one year using appropriate credibility factors. The experience was also adjusted to reflect plan design changes between the experience period and projection period as appropriate. A 5% credibility factor was applied to the experience rate.

- For the grandfathered group, claims costs were determined based on actual retiree claims experience during the periods ending September 30 of 2012, 2013 and 2014. A claims cost per participant was calculated, adjusted to the valuation year using assumed trend factors and then adjusted to age 65 using assumed aging factors Medicare was assumed to pay 75% of plan costs.

  The experience rate was blended with the prior year's claims cost trended forward one year using appropriate credibility factors. The experience was also adjusted to reflect plan design changes between the experience period and projection period as appropriate. A 25% credibility factor was applied to the experience rate.

Development of Health Care Cost Trend Rates

- The trend assumptions are comprised of three elements: the initial trend rate, the ultimate trend rate, and the grade-down period. Trend rates exclude the expected impact of aging since this impact is explicitly reflected elsewhere in the valuation.

- The initial trend rate is the expected increase in health care costs into the second year of the valuation (i.e., the first assumed annual increase in starting per capita rates). Initial rates are established separately for pre-Medicare medical claims, Medicare-eligible medical claims, prescription drug claims, and administrative expenses. These expected trend rates are based on market assessments and surveys and take into account historical experience, expected unit cost information, changes in utilization, plan design leveraging, cost shifting, and new technology. For valuation purposes, these trend rates are blended together based on a cost-weighted average basis.

- The assumed ultimate trend rate and grade-down period are based on a long term projection of Gross Domestic Product (GDP) per capita. The long-term GDP growth assumption is 4.5%. The model assumes that National Health Expenditures (NHE) will reach a level where it remains approximately constant as a percentage of GDP. This ultimate percentage is assumed to be 22%. There is a grade down period between the initial trend rate and the ultimate trend rate where it is assumed that the private payer segment continues to grow at a faster rate than overall NHE. An additional amount has been added to the long-term GDP/NHE growth rate during this period to reflect that assumption. These assumptions reflect assumed long term general information, nominal gross domestic product growth rates, and the excess of national health expenditures over other goods and services.

Impact of Health Care Reform

The following is a brief discussion of certain provisions in the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Act (collectively referred to as Health Care Reform) that may impact the accounting obligations associated with medical benefits included in the valuation. This reflects our understanding of Health Care Reform as of the issuance of this DAMP document. Health Care Reform is still relatively new, and DPL Inc. should continue to monitor legal and regulatory developments surrounding Health Care Reform and understand that certain developments could impact the results in this report.

- **Changes in Health Plan Standards:** The per capita claims costs for pre-Medicare medical benefits include the needed changes due to Health Care Reform, such as the removal of annual and lifetime maximums and extension of coverage for children to age 26.
- **Excise Tax on High Cost Coverage:** Significant uncertainties exist regarding the excise tax on high cost plans. Because of those uncertainties, calculation of a precise liability for this tax is not possible at this time. We discussed with DPL Inc. potential approaches to estimate the potential range of liabilities and they concluded that their best estimate of the effect of the tax is no change in liability.

Method Changes Since Prior Valuation

ASC 715

The methods used for the December 31, 2014 funded status measurement and expense determination for the fiscal year ending December 31, 2015 have not changed since the prior valuation.

5

Plan Provisions

Mercer has used and relied on the plan documentation, and interpretations of plan provisions, supplied by DPL Inc. as summarized below. DPL Inc. is solely responsible for the validity, accuracy and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the results of any calculation may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and the results of estimates under each of the different interpretations could vary.

The following is a summary of what we understand to be the most relevant plan provisions for purposes of actuarial valuations. This summary should not be used for purposes of determining plan benefits under the plan.

Summary of Major Plan Provisions
Pre-1987 "Grandfathered" Plan

Brief description of those covered by the plan	Participants who retired and elected medical benefits before 1987 and their beneficiaries.
Full eligibility age	Closed group
Description of surviving spouse continuation provisions	Coverage lasts the lifetime of the spouse/dependent
Medical benefits	100% coverage for: Office Visit Emergency Room Visit Preventative Care
Prescription Drugs	80% coinsurance after $50 deductible
Pre/Post Medicare	
• Deductible	$100 per person (Major Medical)
• Coinsurance percentage	100% (after deductible)
• Out-of-pocket maximum	N/A
• Lifetime maximum	Applies to Major Medical benefits
• Limits on mental/nervous, alcohol, drug addiction	N/A
• *Part B reimbursement*	N/A
Description of the required contributions	Not applicable

Summary of Major Plan Provisions
Post-1987 "Non-Grandfathered" – PPO $250

Brief description of those covered by the plan	Participants who retired and elected medical benefits after 1987 and their beneficiaries. Continued coverage until the retiree reaches age 65.
Full eligibility age	Age 55 with 10 years of service
Description of surviving spouse continuation provisions	Until the spouse reaches age 65
Medical benefits	Office Visit: $15 PCP or $30 specialist co-pay Emergency Room Visit: $100 co-pay Preventative Care: 100%
Prescription Drugs	Pharmacy: $10/$25/$50/25% $150 minimum and $500 maximum Mail Order (maintenance drugs only): $25/$62.50/$125
Pre Medicare	
• Retiree monthly contribution/premium	2015: $1,917; 2014: $1,928
• Deductible	$250/$750
• Coinsurance percentage	90% (after deductible)
• Out-of-pocket maximum	$2,250/$6,750
• Lifetime maximum	N/A
• Limits on mental/nervous, alcohol, drug addiction	N/A
• Part B reimbursement	N/A
Description of the required contributions	Employee contributions/premiums are paid monthly. 2014 and 2015 amounts are listed in Section 3.

Summary of Major Plan Provisions
Post-1987 "Non-Grandfathered" – PPO $1,000

Brief description of those covered by the plan	Participants who retired and elected medical benefits after 1987 and their beneficiaries. Continued coverage until the retiree reaches age 65.
Full eligibility age	Age 55 with 10 years of service
Description of surviving spouse continuation provisions	Until the spouse reaches age 65
Medical benefits	Office Visit: $25 PCP or $40 specialist co-pay Emergency Room Visit: $150 co-pay Preventative Care: 100%
Prescription Drugs	Pharmacy: $10/$25/$50/25% $150 minimum and $500 maximum Mail Order (maintenance drugs only): $25/$62.50/$125
Pre Medicare	
• Retiree monthly contribution/premium	2015: $1,632; 2014: $1,641
• Deductible	$1,000/$3,000
• Coinsurance percentage	80% (after deductible)
• Out-of-pocket maximum	$3,000/$9,000
• Lifetime maximum	N/A
• Limits on mental/nervous, alcohol, drug addiction	N/A
• Part B reimbursement	N/A
Description of the required contributions	Employee contributions/premiums are paid monthly. 2014 and 2015 amounts are listed in Section 3.

Summary of Major Plan Provisions
Post-1987 "Non-Grandfathered" – PPO $2,000

Brief description of those covered by the plan	*Participants who retired and elected medical benefits after* 1987 and their beneficiaries. Continued coverage until the retiree reaches age 65.
Full eligibility age	Age 55 with 10 years of service
Description of surviving spouse *continuation provisions*	Until the spouse reaches age 65
Medical benefits	*Office Visit: 100% after deductible* Emergency Room Visit: 100% after deductible Preventative Care: 100%
Prescription Drugs	100% after deductible
Pre Medicare	
• Retiree monthly contribution/premium	2015: $1,319; 2014: $1,326
• Deductible	$2,000/$4,000
• Coinsurance percentage	100% (after deductible)
• Out-of-pocket maximum	$2,000/$4,000
• Lifetime maximum	N/A
• Limits on mental/nervous, alcohol, drug addiction	N/A
• Part B reimbursement	N/A
Description of the required contributions	Employee contributions/premiums are paid monthly. 2014 and 2015 amounts are listed in Section 3.

Summary of Major Plan Provisions
Post-1987 "Non-Grandfathered" – PPO $2,000 + 10%

Brief description of those covered by the plan	Participants who retired and elected medical benefits after 1987 and their beneficiaries. Continued coverage until the retiree reaches age 65.
Full eligibility age	Age 55 with 10 years of service
Description of surviving spouse continuation provisions	Until the spouse reaches age 65
Medical benefits	Office Visit: 90% after deductible Emergency Room Visit: 90% after deductible Preventative Care: 100%
Prescription Drugs	90% after deductible
Pre Medicare	
• Retiree monthly contribution/premium	2015: $1,286; 2014: $1,234
• Deductible	$2,000/$4,000
• Coinsurance percentage	90% (after deductible)
• Out-of-pocket maximum	$3,000/$6,000
• Lifetime maximum	N/A
• Limits on mental/nervous, alcohol, drug addiction	N/A
• Part B reimbursement	N/A
Description of the required contributions	Employee contributions/premiums are paid monthly. 2014 and 2015 amounts are listed in Section 3.

Summary of Major Plan Provisions
Post-1987 "Non-Grandfathered" – PPO $5,000

Brief description of those covered by the plan	Participants who retired and elected medical benefits after 1987 and their beneficiaries. Continued coverage until the retiree reaches age 65.
Full eligibility age	Age 55 with 10 years of service
Description of surviving spouse continuation provisions	Until the spouse reaches age 65
Medical benefits	Office Visit: 100% after deductible Emergency Room Visit: 100% after deductible Preventative Care: 100%
Prescription Drugs	100% after deductible
Pre Medicare	
• Retiree monthly contribution/premium	2015: $993; 2014: $999
• Deductible	$5,000/$10,000
• Coinsurance percentage	100% (after deductible)
• Out-of-pocket maximum	$5,000/$10,000
• Lifetime maximum	N/A
• Limits on mental/nervous, alcohol, drug addiction	N/A
• Part B reimbursement	N/A
Description of the required contributions	Employee contributions/premiums are paid monthly. 2014 and 2015 amounts are listed in Section 3.

Summary of Major Plan Provisions – Postretirement Life Insurance Plan

Brief description of those covered by the plan	All active pension participants as of the valuation date and retirees who have elected life coverage.
Life benefits - Actives	Union/Management: $10,000
Life benefits – Retirees	Varying benefit amounts based on retirement date.
Description of the required contributions	*No contributions*

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MARSH & McLENNAN COMPANIES

The Dayton Power & Light Company
Effect of Eliminating Net Prepaid Pension Asset
For the Twelve Months Ended May 31, 2016

Line No.	Description	Jurisdictional	Source
(A)	(B)	(C)	(D)
1	Original Rate Base	$ 683,779,476	Schedule B-1
2	Less: Pension & OPEB Assets	$ (40,861,111)	Schedule B-6
3	Less: Pension & OPEB Deferred Taxes	$ 13,291,605	Workpaper B-6a
4	Adjusted Rate Base	$ 656,209,970	Sum Lines 1 thru 3
5			
6	Original Net Income	$ 11,305,453	Schedule C-1
7	Net Income Effect of Reduced Juris. Interest Expense	$ 697,062	- (Line 2 + Line 3) * Schedule D1a Weighted Cost of Long-Term Debt
8	Income Tax Effect of Reduced Juris. Interest Expense	$ 246,106	Line 7 * Effective Tax Rates
9	Adjusted Net Income	$ 11,059,347	Line 6 - Line 8
10			
11	Rate of Return	7.86%	Schedule C-1
12	Adjusted Net Income Allowed	$ 51,578,104	Line 4 * Line 11
13	Adjusted Increase in Net Income	$ 40,518,757	Line 12 - Line 9
14			
15	Gross Revenue Conversion Factor	1.54977	Schedule A-1
16	Adjusted Increase in Revenue	$ 62,794,835	Line 13 * Line 15
17			
18	Original Revenue Increase	$ 65,771,725	Schedule A-1
19			
20	Difference in Revenue Increase	$ (2,976,890)	Line 16 - Line 18

The Dayton Power and Light Company
PBGC Fee Savings due to Net Prepaid Pension Asset

	Retirement Income Plan Total Plan	Distribution %	Jurisdictional Distribution
Calculation of reduction based on Prepaid Pension Asset and rate (Per PBGC)			
(1) **Prepaid Pension Asset (Exhibit EJK-2, Page 4 of 4)**	$ 95,754,139	57.08%	$ 54,658,716
Variable rate premium as specified by the PBGC	2.40%		2.40%
Calculated reduction	**$ 2,298,099**		**$ 1,311,809**
(2) **There is a cap on the maximum PBGC Premium determined by:**			
# of eligible participants	3,649		
Rate per participant	$ 418.00		
Maximum PBGC Premium	**$ 1,525,282**	57.08%	**$ 870,667**
(3) **2015 PBGC variable rate premium**	**$ 612,600**	57.08%	**$ 349,686**
(4) **Estimated reducuction in PBGC contribution due to prepaid pension asset (4) = (2) - (3)**	**$ 912,682**		**$ 520,981**

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 15-1830-EL-AIR
CASE NO. 15-1831-EL-AAM
CASE NO. 15-1832-EL-ATA

DIRECT TESTIMONY
OF JEFFREY K. MACKAY

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ☐ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ■ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ☐ **OTHER**

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

DIRECT TESTIMONY OF

JEFFREY K. MACKAY

ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Jeffrey K. MacKay. My business address is One Monument Circle, Indianapolis, IN 46204.

Q. What is your position and professional relationship with The Dayton Power & Light Company?

A. I am the Treasurer of The Dayton Power & Light Company ("DP&L" or the "Company"), as well as the Treasurer of AES U.S. Services, LLC ("AES Services").

Q. How long have you been in your present position?

A. I have been the Treasurer of DP&L since August 2012. I have been the Treasurer of AES Services since December 2013.

Q. What are your responsibilities in your current position?

A. I have direct responsibility and oversight for all activities within the Treasury of DP&L and other AES United States affiliates, including but not limited to cash positioning, short-term cash forecasting, short-term investing, treasury payments, treasury operations (e.g. opening/closing bank accounts, releasing wires, releasing checks, managing petty cash, administering commercial cards, etc.), general cash management, financing activity, investor relations, management of communications with rating agencies, credit and debt compliance, and pension/retirement services. I report to the Chief Financial Officer of DP&L and AES Services.

Q. Will you describe briefly your educational and business background?

A. Yes. I received a Bachelor of Arts degree in Government from Dartmouth College in June 2000. I also received executive education certificates from the Darden School of Business in 2006 and INCAE Business School (Costa Rica) in 2012. From 2000-2003, I worked for Canaccord Genuity Inc. (formerly Adams Harkness & Hill Financial Group, Inc.) as an energy investment banking financial analyst. From 2003-2004, I was a senior consultant for Ernst & Young LLP in its Economics and Business Analytics practice supporting the utility industry. In 2004, I joined The AES Corporation as a Project Manager focusing primarily on business integration challenges, operational performance reporting, and process reengineering. In January 2007, I was transferred to AES Panama SA, a subsidiary of The AES Corporation where I led the financing of a 223 MW greenfield hydro project and from 2008-2012, I served as Director of Treasury for The AES Corporation's assets in Central America & the Caribbean. In August 2012, I moved to Dayton, Ohio and assumed the role of Treasurer of DP&L. From August 2012 to December 2013, I also acted as Vice President of Financial Planning & Analysis for DP&L). In December 2013, I began as Treasurer of AES Services.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of this testimony?

A. The purpose of this testimony and the accompanying schedules and workpapers is to present and support the Company's current and proposed capital structure and weighted average cost of capital ("WACC"), and to provide insight as to how credit ratings relate to both.

Q. What schedules and workpapers are you supporting?

A. I am sponsoring or co-sponsoring the following schedules:

- Schedules D-1, D-1a, and D-1.1
- Schedule D-2
- Schedules D-3 and D-3a
- Schedule D-4
- Schedule D-5, only the portions that apply to capital structure, WACC, and credit ratings. All historic financial data presented on Schedule D-5 that do not pertain to these topics, are supported by Company Witness Nyhuis.

In addition, I am supporting the following workpapers:

- Workpapers D-3.1 and D-3.1a
- Workpapers D-3.2 and D-3.2a
- Workpapers D-3.3 and D-3.3a
- Workpaper D-3.4a

III. CAPITAL STRUCTURE

Q. What is the Dayton Power & Light's capital structure as of the date certain of this filing?

A. Schedule D-1 includes DP&L's actual capitalization as of the September 30, 2015 date certain. The capital structure consists of 37.80% long term debt, 61.06% common equity and 1.15% preferred equity.

Q. Was any amount of DP&L long term debt excluded from the capital structure presented on Schedule D-1? If so, please explain why.

A. Yes. As shown on Schedule D-3, DP&L has a $18.1 million loan supporting its purchase of the Wright Patterson Air Force Base ("WPAFB") distribution equipment. As described by Company Witnesses Forestal and Rennix, this equipment is not included in DP&L's rate base for this proceeding because the use of the equipment is paid for by WPAFB separate from its rate for basic electric service. Accordingly, such equipment, the related revenues and the debt to purchase the equipment are treated as non-jurisdictional for the purpose of this proceeding. No other long term debt or equity items of DP&L were excluded for the purposes of calculating the actual capital structure on Schedule D-1.

Q. Is DP&L's existing capital structure reasonable for the purposes of setting rates?

A. No. First, and as explained in the direct testimony of Company Witness Morin, this capital structure is not consistent with capital structures (a) adopted by regulators of other electric utilities as evidenced in the April 2015 edition of SNL Energy's "*Regulatory Focus; Major Rate Case Decisions,*" or (b) of the comparable group of electric utilities outlined in Company Witness Morin's Exhibit RAM-8. Second, the relatively high equity component of this capital structure puts unreasonable upward pressure on DP&L's overall cost of capital and overall rates. Third, in Case No. 12-426-EL-SSO,[1] the Public Utilities Commission of Ohio ("PUCO" or the "Commission") issued an order requiring DP&L to transfer or sell its generation assets no later than January 1, 2017. This separation transaction will result in an immediate and significant change to DP&L's long term capital structure, the capital structure which is most relevant for setting rates.

[1] Case No.
12-426-EL-SSO; June 4, 2014. In the Matter of Application of The Dayton Power & Light Company to Establish a Standard Service Offer in the Form of an Electric Security Plan.

Finally, in Case No. 13-2420-EL-UNC,[2] the Commission ordered that DP&L should achieve a 50/50 capital structure by January 1, 2018.

Q. What adjustments are you proposing to the actual capital structure?

A. As shown in Schedule D-1a, we are proposing a capital structure that consists of 47.80% long-term debt, 50.00% common equity and 2.20% preferred equity.

Q. Why are you proposing to make such adjustments?

A. The proposed adjustment will normalize the capital structure to a level that is: (a) optimal for the Company, and its customers, creditors and other stakeholders, given that it appropriately balances low-cost debt capital, with higher-cost equity capital, (b) required by the Commission in accordance with Case No. 13-2420-EL-UNC and the DP&L Merger Case No. 11-3002-EL-MER,[3] (c) consistent with other regulated electric utilities (Exhibit RAM-8) and (d) consistent with the Company's near-term internal objectives and expectations related to its long-term capital structure. The proposed adjustment reduces the common equity component of the capital structure relative to the embedded or book level equity component; accordingly this reduces the overall cost of capital and the revenue requirement we are seeking. Later I will discuss why an adjustment is necessary to the cost of debt portion of the cost of capital, which will increase the cost of capital percentage. Both adjustments are necessary to achieve a cost of capital percentage appropriate for use in the revenue requirement in this case.

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[2] Case No. 13-2420- EL-UNC; September 17, 2014. In the Matter of Application of The Dayton Power & Light Company for Authority to Transfer or Sell its Generation Assets.

[3] Case No. 11-3002-EL-MER; November 22, 2011. In the Matter of the Application of The AES Corporation, Dolphin Sub, Inc., DPL Inc. and The Dayton Power and Light Company for Consent and Approval for a Change of Control of The Dayton Power and Light Company.

Q. How does this adjusted capital structure compare to the required capital structure established by the Commission in the generation separation order Case No. 13-2420-EL-UNC?

A. In accordance with the Commission Order in Case No. 13-2420-EL-UNC, the Commission found that, because (a) DP&L will have limited debt-carrying capacity immediately after generation separation, and (b) the divestiture of $1,576,440,886 of generation assets is "a significant change in circumstances for the Company," DP&L should be temporarily allowed to maintain total long-term debt of $750 million or total debt equal to 75 percent of rate base, whichever is greater, through January 1, 2018. However, in this same order, the Commission requires that the Company achieve a "balanced capital structure" defined as 50% debt to total capital by January 1, 2018. The proposed capital structure on Schedule D-1a is consistent with the capital structure required by the Commission in the generation separation order in Case No. 13-2420-EL-UNC.

Q. How does the Company expect to transition from its actual date certain capital structure, to this proposed capital structure?

A. [redacted]

[redacted]

Q. Is it appropriate to base the WACC calculation on a capital structure that will not be in place until after new rates are in effect?

A. Yes. As explained in Company Witness Morin's testimony, "...it is the expectations of future events that influence security values and ROE, including financial risks, i.e. capital structure." Therefore, as Company Witness Morin explains, it is appropriate that return on equity ("ROE") and cost of debt used for deriving a WACC should be matched with the capital structure that is expected to prevail in the future, or in the case of the Company, the adjusted capital structure described above (even if that capital structure will not be in place on the exact date new rates go into effect).

IV. COST OF CAPITAL

Q. What is DP&L's proposed cost of capital?

A. As shown in Schedule D-1a, DP&L's proposed WACC is 7.86%.

Q. What are the components of the DP&L's proposed cost of capital?

A. Schedule D-1a shows how this calculation is derived. This schedule computes the total cost of capital for DP&L, by utilizing as inputs (a) the Cost of Equity ("CoE"), (b) the Cost of Preferred Equity ("CoPE") and (c) Cost of Long Term Debt ("CoD"). DP&L's WACC is then calculated by taking the cost of each capital component multiplied by its proportional weight (as above III. CAPITAL STRUCTURE) and then summing those percentages. As explained in more detail below, each of the CoE, CoPE and CoD is defined separately.

Q. What is the basis for the return on equity rate of 10.5% as shown on Schedule D-1a?

A. Company Witness Morin is supporting and explains the derivation of the 10.5% cost of common equity in his direct testimony.

Q. What is the embedded (actual) cost of preferred equity of the Company as of the date certain?

A. As shown on Schedules D-1, D-1a and D-4, the cost of DP&L's preferred equity is 3.91%.

Q. What is the basis for the cost of preferred equity as shown on Schedules D-1, D-1a and D-4?

A. The cost of preferred equity is the actual embedded cost of the different series of preferred equity. As shown on Schedule D-4, this cost is derived by taking the product of amounts currently outstanding and the fixed rate of return associated with each of these series, all divided by the "Net Proceeds" - or the principal amount adjusted for gains or losses on reacquired stock.

Q. You mentioned gains or losses on reacquired stock; Schedule D-4 includes certain losses on reacquired stock that is no longer outstanding. Why is this appropriate?

A. Gains or losses on reacquired preferred stock were originally incurred when the Company redeemed units within a given series of preferred stock at a price that was below or above the face value of the preferred stock. These gains and/or losses are amortized over 30 years or 360 months. As indicated in Column G of Schedule D-4, as of the date certain, the Company continues to carry net unamortized balances associated with certain series of reacquired stock that have been redeemed in full.

Q. Are you proposing to adjust the cost of preferred equity?

A. No. As noted, the cost of preferred equity calculated in Schedule D-4, is used in Schedules D-1 and D-1a and represents the actual embedded CoPE. No adjustment is being proposed.

Q. What is the embedded (actual) cost of debt of the Company during the test year?

A. As shown on Schedule D-1 (and supported by Schedule D-3), DP&L's actual embedded CoD is 2.72%, which is calculated by taking (1) the Company's annual interest charges on each series of fixed or floating rate debt (adjusted for annual amortization of issue expenses, discounts and/or premiums and gains and losses on reacquired debt), divided by (2) the carrying value of the Company's debt (adjusted for unamortized discounts and/or premiums, debt/issue expenses and gains and/or losses on reacquired debt).

Q. Were there any amounts of DP&L long term debt that you excluded from the calculation of the embedded cost of debt presented on Schedule D-1 (and supported by Schedule D-3)? If so, please explain why.

A. Yes. As shown on Schedule D-3, DP&L has a $18.1 million loan supporting its purchase of the WPAFB distribution equipment. As described by Company Witness Forestal and Rennix, this equipment is not included in DP&L's rate base for this proceeding because the use of the equipment is paid for by WPAFB separate from its rate for basic electric service. Accordingly, such equipment, the related revenues and the debt to purchase the equipment are treated as non-jurisdictional for the purpose of this proceeding. No other long term debt of DP&L was excluded from Schedule D-1 (or Schedule D-3) for the purposes of calculating the embedded cost of debt.

Q. Is DP&L's existing CoD reasonable for the purposes of setting rates?

A. No. This CoD is distorted due to the de-regulation of the Ohio energy markets and specifically, the Commission's order for DP&L to transfer or sell its generation assets on or before to January 1, 2017. As a result of this Commission order and the pending restructuring of DP&L, in September 2013, the Company, among other things, had to refinance a 10-year, $470 million first mortgage bond, primarily using the net proceeds of a new 3-year $445M first mortgage bond that is set to mature on September 15, 2016. The Company was forced to assume refinancing risk and raise debt in the short-term bond market in order to maintain the flexibility that will be required to amend its First & Refunding Mortgage, release the lien on its generation assets and ultimately effectuate generation separation on or before January 1, 2017. This 3-year $445 million first mortgage bond (which priced at 99.830% and carries a coupon of 1.875%) has the effect of reducing DP&L's actual embedded cost of debt to the now current level of 2.72%. The market rate for a DP&L 30-year first mortgage bond on September 12, 2013 (the same date the $445 million refinancing was priced) would have been approximately

6.35%.[4] If DP&L had not been required to prepare for generation separation, we most likely would have sold long term bonds. Using long term debt as a source of permanent financing is consistent with common utility practice.

Q. What adjustments are you proposing to the embedded cost of debt for this rate proceeding?

A. As displayed in Schedule D-1a, I am proposing to adjust the embedded (actual) CoD to account for a known and measurable event (the refinancing of the 3-year $445 million First Mortgage Bonds that mature in September 2016) with a new and more conventional 30-year issue. On or before the September 15, 2016 maturity date of the currently outstanding $445 million of First Mortgage Bonds, DP&L will seek to release the first mortgage lien (the "Release") on the generation assets. To enable this Release, DP&L will amend the First Mortgage (the "Amendment"), and specifically the provisions in the First Mortgage which govern property releases. Once DP&L has obtained the requisite votes to effectuate this Amendment, DP&L will be permitted (at any time) to transfer its generation assets, leaving only the regulated transmission and distribution assets, or those assets that will remain a part of DP&L post-separation. With an amended mortgage and the resulting ability to the release the generation assets, DP&L will be positioned to, and will seek to, recapitalize its business with a traditional fixed-rate, long-term debt issuance. As discussed below, I believe the coupon associated with this issue will be approximately 6.60% and the total cost for this issue will be approximately 7.16%. This planned issuance will have the effect of normalizing DP&L's total CoD at approximately

[4] 30 year US Treasury yield on September 12, 2013 as shown by Bloomberg (3.85%) + 250 bps credit spread (quoted credit spread of DP&L by underwriters)

5.29%. This 5.29% is shown on Schedule D-3a with supporting data and the underlying calculation found on Workpaper D-3.4a.

Q. How did you project this adjusted CoD of 5.29%?

A. The adjusted CoD is derived by taking DP&L's total annual interest charges divided by DP&L's total carrying value of the debt. Where both the interest charges and carrying value are reflective of the actual, or embedded figures, as of the date certain with one adjustment; replacing the 3-year, 1.875% first mortgage bonds and relevant costs with a new 6.60% 30-year first mortgage bond and related costs, as described above.

Q. How did you project the 6.60% coupon and related costs of the new 30-year first mortgage bonds?

A. (1) The coupon of this new bond was estimated based upon the following assumptions:

- the refinancing date: the existing $445 million first mortgage bonds are refinanced with a new 30-year first mortgage bond on, or about, June 1, 2016;
- the implied 30-year US Treasury forward curve that corresponds to the refinancing date: as referenced in Table 2 of the direct testimony of Company Witness Morin, the average 30 year US treasury yield forecast for 2016 as measured by Global Insight and Value Line is 4.00%;
- the expected secured bond rating of DP&L: given the balanced long-term capital structure proposed herein, the assumption is that DP&L will maintain a secured bond rating of BBB/Baa2; and
- the corresponding credit spread for a similarly rated 30-year First Mortgage Bond: a regularly replenished population of public utility bonds as rated by

Moody's derives a 260 bps spread above the 30 year US Treasury for Baa public utility issuers as of September 30, 2015.

As mentioned above, these assumptions resulted in a projected coupon for the new 30 year first mortgage bond of 6.60%.

(2) The projected costs associated with the new issuance were based on the following assumptions:

- financing costs: Based upon our previous experience $6,062,906 of estimated underwriting, legal, audit and rating agency fees, and other miscellaneous expenses that are customary for this sort of transaction; and,
- redemption fees: $2,086,334 of contractually obligated fees associated with retiring the current first mortgage bonds on June 1 2016, or 106 days prior to their September 15, 2016 maturity date.

Q. After incorporating the projected coupon and these projected costs, what is the cost of debt associated with the new 30 year first mortgage bonds?

A. As outlined in Workpaper D-3.4a, after incorporating these adjustments, the projected annual interest charges and net carrying value of the new 2016 first mortgage bonds are $30,628,720 and $427,649,911, respectively. This results in a total cost of debt, for this issue, of 7.16%.

Q. What effect does this adjustment have on DP&L's embedded cost of long term debt?

A. As shown in Schedule D-1a, the effect of the known and measurable event, associated with refinancing the 3-year $445 million First Mortgage Bonds with a longer-term 30-

year issue, will result in an adjusted total CoD equal to 5.29 %, versus the current and embedded cost of 2.72%.

Q. Why would you replace low-cost short-term with higher-cost long-term debt?

A. It is appropriate to attempt to match as closely as possible the maturity of the long-term debt with the expected useful lives of the distribution and transmission property it is financing. This approach mitigates the interest rate risk and refinancing risk associated with short-term debt issuances. For these reasons, long-term financing is widely viewed as the common, and best, practice in public utility financing.

Q. After this adjustment, will all of DP&L's debt capital be long-term debt?

A. Yes. As of September 15, 2016 and immediately thereafter, in addition to the new 30-year first mortgage bond discussed above, DP&L will also maintain (a) a 4.80% secured $100 million pollution control bond maturing in 2036, and (b) Series A and Series B secured pollution control bonds that have floating interest rates in an aggregate principal amount of $200 million with maturity dates of 2040 and 2034, respectively. However, while these floating-rate bonds have long-dated maturities, they also include a mandatory put option for investors on the five year anniversary of their closing date, which means for all practical purposes, these $200 million bonds have a 5-year maturity.

Q. Why will DP&L maintain these $200M in bonds that do not have a maturity date that match the expected useful lives of the distribution and transmission property that they are financing?

A. First, due to the imminent generation separation and the related need to continue to recapitalize the business, it is imperative that DP&L maintains a portion of its debt capital in instruments/securities/facilities that can be redeemed and/or retired with a limited amount of penalty or premium. The $200 million of Series A and Series B secured pollution control bonds can be redeemed at 100% of their principal amount on any business day. In fact, it is DP&L's intent to redeem and retire these bonds (as cash becomes available) in order to achieve the targeted capital structure consisting of 50.00% common equity, 47.80% long term debt and 2.20% preferred equity. Second, until this debt is retired, it is in the best interests of DP&L, our customers and other stakeholders to maintain the debt in low-cost instruments/securities/facilities. In fact, this floating-rate debt had a rate of approximately 1.14% as of September 30, 2015, which reduces DP&L's overall cost of debt. Further, because this debt capital is expected to be retired, it comes without the long-term interest rate and refinancing risk that would otherwise be inherent with shorter-term debt.

Q. Does the Company plan to retire additional debt in the short term?

A. Yes. [redacted] However, for simplicity and to be conservative, I have not adjusted the CoD to account for the retirement of this low cost, floating rate debt.

Q. What effect will this retirement have on the Company's long-term cost of debt?

A. As the Company retires additional debt, it will do so by retiring the lower-cost floating-rate debt that can be redeemed and retired without penalty. As a result, the longer-term, higher-cost, fixed-rate debt will be the sole component of DP&L's debt capital structure, thus driving up the long term cost of debt.

V. CREDIT RATINGS

Q. What are credit ratings and what is an investment grade rating?

A. Credit ratings reflect a third party agency's independent judgement of a Company's credit worthiness and its ability to meet its financial obligations to its creditors. Credit committees at each agency determine the ratings of a company based on a set of defined qualitative and quantitative measures. These factors are designed to assess the financial and business risk of a company and/or specific debt instruments. Both Fitch and Standard & Poor's ("S&P") define investment grade as any rating equal to or greater than "BBB-," while Moody's Investor Services ("Moody's") defines investment grade as any rating equal to or greater than "Baa3." Anything below those ratings would fall into the non-investment grade category.

Q. Why are credit ratings important to DP&L and its ratepayers?

A. When DP&L issues debt, credit rating agencies rate it as to the safety of principal and interest based on the Company's ability to pay. Credit ratings are important to investors because the higher the rating, the safer the debt. Yet credit ratings are also important to issuers of debt because they may affect the cost of debt and their relative ability to access capital either to grow the business, or to refinance existing obligations. The higher the credit rating, the less interest a company typically has to pay on its debt capital because investors are willing to accept a lower interest rate in exchange for the increased safety. Also, the higher the credit rating, the more demand there is for a company's debt; and, the easier it is for a company to sell it. This point is especially important to DP&L during periods of high capital expenditures or refinancings. Utilities are generally capital-intensive businesses that consistently require access to capital to finance growth or to refinance existing obligations. The ability to issue debt at the lowest cost possible is advantageous not only to DP&L but to our ratepayers and other stakeholders.

Q. What are DP&L's current credit ratings?

A. The table below shows the ratings currently assigned to DP&L by the three major credit rating agencies:

	Moody's	S&P	Fitch
Issuer Default	Baa3	BB	BB+
Secured Debt Rating	Baa2	BBB-	BBB

Q. What is the difference between an Issuer Default Rating and a Secured Debt Rating?

A. An Issuer Default Rating is the rating agency's opinion on a company's relative vulnerability to default on financial obligations. An Issuer Default rating is typically unenhanced and reflects a company's corporate credit risk. A Secured Debt Rating takes a targeted view of a specific security's relative vulnerability to default, taking into account any credit enhancement that may be applicable, including "security." In the case of DP&L, all of its long-term debt is secured by the Company's First and Refunding Mortgage; as a result the Company's long-term debt is priced on its secured rating.

Q. What are your expectations regarding the long-term credit ratings of DP&L?

A. The Company's current ratings indicate the respective agencies' views of the credit risk of the Company both before and after generation separation. Pursuant to their view of the Commission's Order in Case No. 13-2420-EL-UNC and further supported by discussions with the Company's management and their confirmation of the Company's objectives, the agencies believe that DP&L will normalize its capital structure at approximately 50% debt/50% equity, making its current ratings appropriate. In other words, I believe the Company's plans and objectives are consistent with, and support, the current ratings.

Q. What would be the impact on DP&L's credit ratings, if the Commission does not approve the proposed capital structure?

A. If the Commission does not approve the proposed capital structure for ratemaking purposes, and this either (a) unfavorably impacts DP&L's revenue requirement or (b) indicates that the Commission is not expecting DP&L to achieve a 50/50 capital structure, than there is a risk that the agencies would downgrade the Company's secured bond ratings. Any downgrade could limit DP&L's access to the capital markets and it would raise the cost of debt associated with refinancings or any new financings.

VI. SCHEDULES AND WORKPAPERS

Q. Why are certain Schedule Ds and related workpapers denoted with an "a"?

A. I have provided all schedules and workpapers that are both customary and required for a proceeding of this nature; in addition, and as explained in the body of my testimony for the purposes of calculating the Company's WACC, I have made certain adjustments to the Company's (a) capital structure, and (b) embedded (actual) cost of debt, as of the date certain. The schedules and workpapers which reflect and support these adjustments, are denoted with an "a."

Q. Why have you not provided Schedules D-1.1a, D-2a, D-4a or D-5a?

A. I have provided adjusted schedules and adjusted workpapers only where needed to reflect and support, certain adjustments I have made to the Company's (a) capital structure and

(b) embedded (actual) cost of debt, as of the date certain and for the purposes of calculating the Company's WACC. I did not provide adjusted schedules or workpapers, if the content of such schedules or workpapers was not required to reflect or support these adjustments.

Q. Can you explain how you are utilizing Workpapers D-3.1a, D-3.2a and D- 3.3a?

A. (1) Workpaper D-3.1a, reflects the actual unamortized issuance expenses of DP&L's long term debt as of the date certain, adjusted only for the refinancing of the 3-year $445 million First Mortgage Bond that mature in September 2016. (2) Workpaper D-3.2a, reflects the actual unamortized gain or loss on reacquired debt as of the date certain, adjusted only for the refinancing of the 3-year $445 million First Mortgage Bond that matures in September 2016. (3) Workpaper D-3.3a, calculates an "Annual Interest Expense" as of the date certain, adjusted only for the refinancing of the 3-year $445 million First Mortgage Bond that mature in September 2016 and adds to that the annual amortization of issuance expenses (as shown on Workpaper D-3.1a) and the loss on reacquired debt (as shown in Workpaper D-3.2a) to derive a total "Annualized Interest Cost." This Annualized Interest Cost carries forward to Workpaper D-3.4a.

Q. Can you explain how you are utilizing Workpaper D-3.4a?

A. As described in "IV. COST OF CAPITAL", line 15 of Schedule D-3a refers to the Company's adjusted cost of debt, after taking into consideration the expected impacts of a known and measurable event (the refinancing of the 3-year $445 million First Mortgage Bonds that mature in September 2016). This, among other inputs, is subsequently used to calculate the Company proposed WACC as reflected in Schedule D-1a. Workpaper D-3.4a is used to show how the Company derived the adjusted cost of debt percentage, which is carried forward to line 15 of Schedule D-3a. The cost of debt (excluding the WPAFB loan) is derived by dividing the annual interest cost in column K by the carrying value of debt in column J.

Q. Why does the amount of debt shown in Workpaper D-3.4a, not align with the pro forma amount of debt shown in Schedules D-1a and D-3a?

A. (1) As described in "III. CAPITAL STRUCTURE", in order to attain a balanced capital structure the Company will transition from its current debt level, to an adjusted debt level by 2018. The amount of debt shown in Schedules D-1a and D-3a reflects what this adjusted debt level is expected to be. This debt level is then used in Schedule D-1a to calculate the Company's capital structure and the relative weights of the Company's cost of debt, cost of equity and preferred equity, for the purposes of calculating a single WACC. (2) The amount of debt shown in Workpaper D-3.4a is the current amount of debt as of date certain September 30, 2015. It is also the amount of debt that is being used for the purpose of deriving the cost of debt percentage that is used in the WACC calculation on Schedule D-1a. For simplicity, I have elected to limit the number of adjustments to this cost of debt calculation to include only the adjustment associated with a known and measurable event; the refinancing of the 3-year $445 million First Mortgage Bond that matures in September 2016. I have not adjusted the calculation of the cost of debt to account for the retirement of low cost floating rate debt that will be necessary to achieve the adjusted debt levels and the adjusted capital structure highlighted in Schedules D-1a. If I had elected to include the impacts of these retirements, the adjusted cost of debt would be higher than what is proposed.

Q. Why does the unamortized debt expense in Schedule D-3a not match the unamortized debt expense shown in Workpaper D-3.1a and 3.4a?

(1) As explained above Workpaper D-3.1a reflects the actual unamortized issuance expenses of DP&L's long term debt as of the date certain, adjusted only for expected changes to unamortized issuance expenses associated with the refinancing of the 3-year $445 million First Mortgage Bonds that mature in September 2016. This amount is used to derive the carrying value of the Company's debt (adjusted only for the refinancing of the $445 million First Mortgage bonds) and ultimately the adjusted cost of debt, both in Workpaper D-3.4a. (2) The carrying value of the debt used in Schedule D-3a, represents what the adjusted debt level is expected to be at a future date when the Company attains a balanced capital structure. As a result, the unamortized debt expenses used to calculate this carrying value are different than the actual unamortized debt expenses used to calculate the actual carrying value as of the date certain (adjusted only for the refinancing of the 3-year $445 million First Mortgage Bonds). Specifically, the unamortized debt expenses used in Schedule D-3a consider only the unamortized debt expenses associated with the anticipated debt used to refinance the $445 million First Mortgage Bonds that mature in September 2016 ($6,062,906 shown in Workpaper D-3.1a), and the unamortized debt expenses associated with the percentage of the Company's 2036 Pollution Control Bonds that are expected to be outstanding on the date that the company achieves a balanced capital structure ($1,252,749 as shown in Workpaper D-3.1a * 55.23% = $691,948). The sum of these amounts ($6,754,854) equals the unamortized debt expenses shown on Schedule D-3a.

VII. CONCLUSION

Q. Please summarize your testimony.

A. In summary, the appropriate capital structure for the purposes of setting rates is 50.00% common equity, 47.80% long term debt and 2.20% preferred equity. This capital structure is (a) optimal for the Company, customers, creditors and other stakeholders, given that it appropriately balances low-cost debt capital, with higher-cost equity capital, (b) consistent with the required capital structure set forth by the Commission in Case No. 13-2420-EL-UNC and the DP&L Merger Case (Case No. 11-3002-EL-MER), (c) consistent with other regulated electric utilities (Exhibit RAM-8) and (d) consistent with the Company's objectives and expectations related to its long-term capital structure. The resulting capitalization should lower the Company's overall weighted average cost of capital than would otherwise exist, if the Company were capitalized at its now-current levels (and assuming the cost of debt is adjusted as explained in Section IV COST OF CAPITAL). Given this capital structure, the cost of equity supported by Company Witness Morin, and other factors referred to above, the Commission should approve a weighted average cost of capital of 7.86%. This WACC includes the Company's embedded cost of debt, adjusted for the refinancing of $445 million of first mortgage bonds that are otherwise set to mature in September 2016 and that were issued at a low short term rate in 2013 in order to accommodate generation separation. This known and measurable refinancing event will serve to normalize the Company's cost of debt at 5.29%, prior to new rates going into effect, and as a result should be used in setting DP&L's base distribution rates.

Q. Does this conclude your direct testimony?

A. Yes, it does.