

FILE

Ohio

Public Utilities  
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August 5, 2016

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

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PUCO

RE: Case No. 16-0563-EL-AIS, *In the Matter of the Application of the Dayton Power and Light Company for Authority to Issue and Sell an Amount not to Exceed \$455 Million of First Mortgage Bonds, Debentures, Notes, or Other Evidences of Indebtedness or Unsecured Notes*

Dear Docketing Division:

Please note the following information from the Staff of the Public Utilities Commission of Ohio ("PUCO" or the "Commission") in the docket for case number 16-0563-EL-AIS.

By its Order on May 18, 2016, ("Current Order") the Commission authorized Dayton Power and Light Company, ("DP&L") through December 31, 2016, to issue and sell up to \$455 million principal amount of First Mortgage Bonds, debentures, notes, and other evidences of indebtedness in one or more series for a term not to exceed 30 years ("New Debt"), pursuant to R.C 4905.40 and 4905.41, and pursuant to the terms and conditions as described in its application and the Current Order.

On July 12, 2016, DP&L filed an amended application seeking authority to issue the New Debt for the same principal amount under certain new terms described in the amended application. DP&L's filing is based on the changed market conditions caused by the ruling of the Supreme Court of Ohio on June 20, 2016, in Case No. 2014-1505, involving the appeal of DP&L's current electric security plan approved by this Commission for the years 2014-2016 in PUCO Case No. 12-426-EL-SSO and the reactions of the rating agencies predicting material credit impacts on DP&L leading to a weaker financial risk profile, all as described in the amended application. As a result of the rating agencies' signals for its possible downgrade of credit rating, DP&L's cost of issuance of the New Debt is likely to rise.

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The Staff recommends the Commission to amend the Current Order to allow DP&L to issue the New Debt among other things with underwriting or placement discounts and commissions or agent's/agents' fees or arranger's/arrangers' fees (Fees) of up to 1.5% of the principal amount and on condition that the other terms of issuance of the New Debt should be within the parameters granted in the Current Order. The Staff recommends that the Commission Order states that its Order in no way relieves DP&L of its responsibility to negotiate and obtain the best terms available to issue the New Debt.



Doris McCarter  
Division Chief, Forecasting, Markets and Corporate Oversight  
Rates and Analysis Department  
Public Utilities Commission of Ohio

Cc: Parties of Record