

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The	)	
Dayton Power and Light Company for	)	Case No. 16-2125-EL-AIS
Authority to Issue and Assume Liability	)	
on Short-Term Notes and Other Evidences	)	
of Indebtedness Pursuant to Section 4905.40	)	
and 4905.401 of the Ohio Revised Code	)	
	)	

APPLICATION

The applicant, The Dayton Power and Light Company ("DP&L"), respectfully represents that:

1. DP&L is a corporation duly organized and existing under the laws of the State of Ohio, with its office and principal place of business in the city of Dayton, Ohio. As a public utility, as defined by 4905.02 of the Revised Code of Ohio, DP&L is subject to the jurisdiction of the Public Utilities Commission of Ohio ("the Commission").

2. DP&L is respectfully requesting the Commission to authorize \$600 million of short term borrowing authority for calendar year 2017, the same amount as in each of the short term borrowing requests made by DP&L and approved by the Commission for the past six years (2011-2016).

3. By Finding and Order in Case No. 89-1374-EL-AIS, dated October 17, 1989, and subsequent Orders dated October 18, 1990, October 17, 1991, October 29, 1992 (Case No. 92-1760-EL-AIS), October 21, 1993 (Case No. 93-1588-EL-AIS), November 10, 1994 (Case No. 94-1555-EL-AIS), November 9, 1995 (Case No. 95-937-EL-AIS), November 7, 1996 (Case No. 96-1067-EL-AIS), November 13, 1997 (Case No. 97-1344-EL-AIS), November 5, 1998 (Case No. 98-1349-EL-AIS), November 4, 1999 (Case No. 99-1129-EL-AIS), November 9, 2000 (Case No. 00-1879-EL-AIS), November 29, 2001 (Case No. 01-2812-EL-AIS), December 5, 2002 (Case No. 02-2899-EL-AIS), November 6, 2003 (Case No. 03-1984-EL-AIS), December 4, 2004

(Case No. 04-1557-EL-AIS), and December 14, 2005 (Case No. 05-1412-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including Revolving Loan Agreement (“RLA”) Loans (as defined in the original application) in the aggregate principal amount of up to \$200 million for periods of less than 12 months. By Finding and order on November 28, 2006 (Case No. 06-1299-EL-AIS), December 19, 2007 (Case No. 07-1232-EL-AIS), and December 10, 2008 (Case No. 08-1183-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$300 million for periods of less than 12 months. By Finding and Order on December 9, 2009 (Case No. 09-1803-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$500 million for periods of less than 12 months. Then, by finding and Order on December 15, 2010 (Case No. 10-2629-EL-AIS), December 14, 2011 (Case No. 11-5567-EL-AIS), December 19, 2012 (Case No. 12-2950-EL-AIS), December 18, 2013 (Case No. 13-2370-EL-AIS), December 10, 2014 (Case No. 14-1807-EL-AIS), and December 16, 2015 (Case No. 15-1907-EL-AIS), the Commission authorized DP&L to issue, reissue and/or renew Notes, including RLA Loans (as defined in the original application) in the aggregate principal amount of up to \$600 million for periods of less than 12 months.

4. Paragraph 3 of DP&L’s original application, relating to Notes or RLA Loans having a maturity of up to twelve months, requested authorization for a 12 month period, and allowance for annual renewal on the date of Commission authorization.

5. The original application was approved by the Commission on October 17, 1989 and subsequent applications were approved on the dates noted in Paragraph 3, above.

6. DP&L’s current authority (Case No. 15-1907-EL-AIS) to issue Notes and other RLA Loans, not in excess of the aggregate amount of \$600 million, expires on December 31, 2016.

7. DP&L is now seeking to renew the authority as generally provided in the Commission's Orders noted in Paragraph 3 above, to issue Notes, RLA loans, as well as other evidences of indebtedness for terms of less than twelve (12) months in an aggregate amount not to exceed \$600 million, inclusive of any statutorily exempted amount of short term debt issuable by DP&L in accordance with Revised Code Section 4905.401(A), as shown in the calculation attached hereto as Exhibit A.

8. DP&L provides the Commission, as a part of this application, its income statement, cash flow statement and balance sheet as of June 30, 2016 as set forth on Exhibit B.

9. DP&L intends to use the proceeds from the Notes, RLA Loans or other evidences of indebtedness to repay long-term debt and for other general corporate purposes pursuant to Revised Code Section 4905.401.

Respectfully submitted,

/s/ Brian R. Hylander

Brian R. Hylander (#0077008)

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Attorney for The Dayton Power and Light Company  
(willing to accept service by e-mail)

IN WITNESS WHEREOF, The Dayton Power and Light Company, by its Vice President and Chief Financial Officer, has executed this application as of the 27 day of October, 2016.

The Dayton Power and Light Company

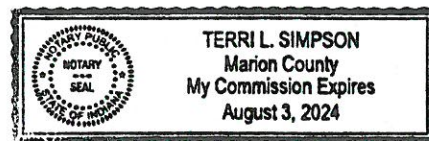
By Craig L. Jackson  
Craig L. Jackson  
Vice President and Chief Financial Officer

STATE of INDIANA,  
COUNTY of MARION, SS:

Before me, a Notary Public in and for the state and county aforesaid, personally came Craig L. Jackson to me personally known, who being first duly cautioned and sworn according to law, did depose and say that he is the Vice President and Chief Financial Officer of The Dayton Power and Light Company, an Ohio corporation, and that the facts set forth and allegations contained in the foregoing application are, as he believes, true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal this 27 day of October, 2016.

TERRI L. SIMPSON  
Notary Public



IN WITNESS WHEREOF, The Dayton Power and Light Company, by its Treasurer, has executed this application as of the 27 day of October, 2016.

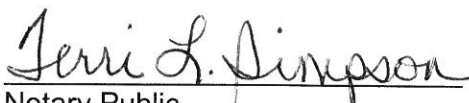
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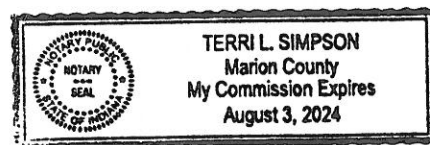
By   
Jeffrey K. MacKay  
Treasurer

STATE of INDIANA,  
COUNTY of MARION, SS:

Before me, a Notary Public in and for the state and county aforesaid, personally came Jeffrey K. MacKay to me personally known, who being first duly cautioned and sworn according to law, did depose and say that he is the Treasurer of The Dayton Power and Light Company, an Ohio corporation, and that the facts set forth and allegations contained in the foregoing application are, as he believes, true.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal this 27 day of October, 2016.

  
Notary Public



**Exhibit A**

**The Dayton Power and Light Company**  
**Statutory Exemption Calculation as of June 30, 2016**

Long-term Bonds and Notes	758,339,000
Preferred Stock	22,851,000
Common Stock at Par	<u>412,000</u>
Total Value	<u>\$ 781,602,000</u>
Five Percent	<u><u>\$ 39,080,000</u></u>

**FINANCIAL STATEMENTS**

**The Dayton Power and Light Company**

Exhibit B

THE DAYTON POWER AND LIGHT COMPANY  
CONDENSED STATEMENTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
\$ in millions	2016	2015	2016	2015
<b>Revenues</b>	<b>\$ 313.7</b>	<b>\$ 352.1</b>	<b>\$ 662.9</b>	<b>\$ 813.4</b>
<b>Cost of revenues:</b>				
Fuel	55.6	50.6	118.5	119.9
Purchased power	96.7	120.1	218.0	309.8
Total cost of revenues	152.3	170.7	336.5	429.7
<b>Gross margin</b>	<b>161.4</b>	<b>181.4</b>	<b>326.4</b>	<b>383.7</b>
<b>Operating expenses:</b>				
Operation and maintenance	76.4	83.7	162.5	168.1
Depreciation and amortization	36.8	34.2	71.1	68.9
General taxes	21.1	21.4	41.6	43.9
Gain on termination of contract	—	—	(27.7)	—
Fixed-asset impairment	857.1	—	857.1	—
Other	0.1	—	0.2	0.4
Total operating expenses	991.5	139.3	1,104.8	281.3
<b>Operating income / (loss)</b>	<b>(830.1)</b>	<b>42.1</b>	<b>(778.4)</b>	<b>102.4</b>
<b>Other income / (expense), net:</b>				
Investment income	0.3	0.3	0.2	0.2
Interest expense	(5.4)	(9.0)	(10.7)	(17.7)
Other expense	(0.1)	(0.1)	(0.3)	(0.3)
Total other expense, net	(5.2)	(8.8)	(10.8)	(17.8)
<b>Earnings / (loss) before income taxes</b>	<b>(835.3)</b>	<b>33.3</b>	<b>(789.2)</b>	<b>84.6</b>
Income tax expense / (benefit)	(303.7)	9.4	(291.3)	24.2
<b>Net income / (loss)</b>	<b>(531.6)</b>	<b>23.9</b>	<b>(497.9)</b>	<b>60.4</b>
Dividends on preferred stock	0.2	0.2	0.4	0.4
<b>Income / (loss) attributable to common stock</b>	<b>\$ (531.8)</b>	<b>\$ 23.7</b>	<b>\$ (498.3)</b>	<b>\$ 60.0</b>

See Notes to Condensed Financial Statements.  
These interim statements are unaudited.



**THE DAYTON POWER AND LIGHT COMPANY**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)**

\$ in millions	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Net income / (loss)</b>	<b>\$ (531.6)</b>	<b>\$ 23.9</b>	<b>\$ (497.9)</b>	<b>\$ 60.4</b>
<b>Available-for-sale securities activity:</b>				
Change in fair value of available-for-sale securities, net of income tax (expense) / benefit of \$0.0, \$0.2, \$(0.1) and \$0.0 for each respective period	(0.1)	(0.5)	0.1	—
Reclassification to earnings, net of income tax expense of \$0.0, \$(0.2), \$0.0 and \$0.0 for each respective period	0.1	0.4	—	—
Total change in fair value of available-for-sale securities	—	(0.1)	0.1	—
<b>Derivative activity:</b>				
Change in derivative fair value, net of income tax (expense) / benefit of \$4.7, \$(1.0), \$(7.0) and \$(1.0) for each respective period	(8.5)	1.7	13.0	1.8
Reclassification to earnings, net of income tax benefit of \$5.9, \$1.0, \$10.5 and \$0.7 for each respective period	(10.8)	(1.8)	(19.2)	(1.3)
Total change in fair value of derivatives	(19.3)	(0.1)	(6.2)	0.5
<b>Pension and postretirement activity:</b>				
Reclassification to earnings, net of income tax expense of \$(0.4), \$(0.5), \$(1.2) and \$(1.0) for each respective period	0.7	0.9	1.0	1.8
Total change in unfunded pension obligation	0.7	0.9	1.0	1.8
<b>Other comprehensive income / (loss)</b>	<b>(18.6)</b>	<b>0.7</b>	<b>(5.1)</b>	<b>2.3</b>
<b>Net comprehensive income / (loss)</b>	<b>\$ (550.2)</b>	<b>\$ 24.6</b>	<b>\$ (503.0)</b>	<b>\$ 62.7</b>

See Notes to Condensed Financial Statements.  
These interim statements are unaudited.

# Exhibit B

## THE DAYTON POWER AND LIGHT COMPANY CONDENSED BALANCE SHEETS

\$ in millions	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 45.4	\$ 5.4
Restricted cash	33.2	44.8
Accounts receivable, net (Note 2)	105.6	119.5
Inventories (Note 2)	86.4	108.0
Taxes applicable to subsequent years	38.5	79.2
Regulatory assets, current	0.3	14.4
Other prepayments and current assets	50.1	46.3
Total current assets	359.5	417.6
<b>Property, plant &amp; equipment:</b>		
Property, plant & equipment	3,051.5	5,244.7
Less: Accumulated depreciation and amortization	(1,262.6)	(2,584.0)
	1,788.9	2,660.7
Construction work in process	84.0	78.0
Total net property, plant & equipment	1,872.9	2,738.7
<b>Other non-current assets:</b>		
Regulatory assets, non-current	186.1	179.9
Intangible assets, net of amortization	0.9	5.0
Other deferred assets	22.6	18.4
Total other non-current assets	209.6	203.3
<b>Total assets</b>	<b>\$ 2,442.0</b>	<b>\$ 3,359.6</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt (Note 5)	\$ 444.6	\$ 443.1
Short-term debt (Note 10)	—	35.0
Accounts payable	75.7	94.1
Accrued taxes	85.5	86.2
Accrued interest	4.4	4.1
Security deposits	15.2	15.1
Regulatory liabilities, current	29.9	24.4
Other current liabilities	64.0	51.0
Advance on contract termination	—	27.7
Total current liabilities	719.3	780.7
<b>Non-current liabilities:</b>		
Long-term debt (Note 5)	313.8	313.6
Deferred taxes	318.4	631.2
Taxes payable	38.0	82.1
Regulatory liabilities, non-current	128.7	127.0
Pension, retiree and other benefits	79.9	87.1
Unamortized investment tax credit	18.8	20.0
Other deferred credits	85.4	82.3
Total non-current liabilities	983.0	1,343.3
<b>Redeemable preferred stock</b>	<b>22.9</b>	<b>22.9</b>
<b>Commitments and contingencies (Note 9)</b>		
<b>Common shareholder's equity:</b>		
Common stock, at par value of \$0.01 per share	0.4	0.4
Other paid-in capital	811.2	803.7
Accumulated other comprehensive loss	(33.8)	(28.7)
Retained earnings / (Accumulated deficit)	(61.0)	437.3
Total common shareholder's equity	716.8	1,212.7
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,442.0</b>	<b>\$ 3,359.6</b>

See Notes to Condensed Financial Statements. These interim statements are unaudited.

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/27/2016 3:44:40 PM**

**in**

**Case No(s). 16-2125-EL-AIS**

Summary: Application In the Matter of the Application of The Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness Pursuant to Section 4905.40 and 4905.401 of the Ohio Revised Code electronically filed by Mrs. Claire E Hale on behalf of The Dayton Power & Light Company