BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power & Light Company for Approval of Its Electric Security Plan.	)))	Case No. 16-0395-EL-SSO
In the Matter of the Application of The Dayton Power & Light Company for Approval of Revised Tariffs.	)))	Case No. 16-0396-EL-ATA
In the Matter of the Application of The Dayton Power & Light Company for Approval of Certain Accounting Authority Pursuant to Ohio Rev. Code § 4905.13.	)))))	Case No. 16-0397-EL-AAM

DIRECT TESTIMONY OF MATTHEW WHITE
ON BEHALF OF
INTERSTATE GAS SUPPLY, INC.

****PUBLIC VERSION****

November 21, 2016

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I. INTRODUCTION AND BACKGROUND

Q. Please state your name and title.

A. My name is Matthew White. I am employed by Interstate Gas Supply, Inc. ("IGS" or "IGS Energy") as General Counsel, Legislative and Regulatory Affairs. My business address is 6100 Emerald Parkway, Dublin, Ohio 43016.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of IGS Energy.

Q. Please describe your educational background and work history.

A. I have a Juris Doctor (J.D.) and Masters in Business Administration (M.B.A.) from the College of William & Mary. I also have a Bachelor of Arts (B.A.) from Ohio University. I started my career in energy working at the law firm of Chester, Wilcox & Saxbe as an energy and utilities lawyer. At Chester Wilcox, I participated in numerous regulatory proceedings relating to utility matters, including natural gas and electric rate cases and electric power siting cases. I also have worked on power and gas sales transactions. At the beginning of 2011, I was hired into IGS Energy's rotation program where I spent the next 16 months working in various departments throughout the company, including the electric and gas supply and risk departments, learning IGS' entire business. In 2012, I began full-time as an attorney in IGS' regulatory affairs department. In 2014, I was promoted to Manager, Legal and Regulatory Affairs at IGS. In 2015, I was promoted to my current position, General Counsel, Regulatory and Legislative Affairs. In my current position I oversee the regulatory and legislative activities for IGS Energy throughout the country. My team is responsible for electric and natural gas litigation for IGS Energy, including electric and natural gas rate cases and other proceedings that relate to energy.

Q. Have you submitted testimony in regulatory proceedings before?

A. Yes. I have submitted written testimony in the following cases: Pennsylvania Public Utility Commission Docket Nos. R-2015-2469665' R-2015-2468056; P-2015-2511333, P-2015-2511351, P-2015-2511355, P-2016-2543140 and P-2015-2511356; Public Utilities Commission of Ohio Case Nos. 12-1685-GA-AIR, 13-2385-EL-SSO, 12-426-EL-SSO, 14-841-EL-SSO, 15-50-GA-RDR, 14-1051-EL-UNC, 14-1693-EL-RDR and 14-1693-EL-RDR and 14-1297-EL-SSO; Michigan Public Service Commission Case Nos. U-17131, U- 17332 and U-17882; Kentucky Public Service Commission Case No. 2013-00167; Illinois Commerce Commission Case No. 14-0312; and Maryland Public Service Commission Case No. 9221.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to make recommended modifications to the electric security plan **("**ESP") Application of The Dayton Power and Light Company ("DP&L") that are necessary to improve the landscape of the competitive retail electric service ("CRES") market in DP&L's service territory. Specifically I recommend that:

- DP&L be required to charge costs required to support standard service offer ("SSO") customers directly to the SSO price. As I explain in my testimony, currently DP&L recovers many of its default service support costs through distribution rates. For these reasons, I recommend that the Public Utilities Commission of Ohio ("PUCO" or "Commission") establish a bypassable default service support rider ("Rider DSS") designed to recover costs used to support default service. The Commission should then flow back all dollars recovered through Rider DSS to all distribution customers through a default service support credit ("DSS Credit"). The net impact of my proposal would result in **a**

credit of $0.0039 per kilowatt-hour ("kWh") to shopping customers and an additional charge of $0.0033 per kWh for SSO customers, leaving DP&L revenue neutral.[1]

- The Commission should require DP&L to begin taking steps necessary to implement supplier consolidated billing as prescribed in their current tariffs. The Commission should also affirm that CRES providers are able to use the bill-ready function to bill for a more diverse range of products as explained in my testimony.

- I also recommend that the Commission reject DP&L's application for its Distribution Modernization Rider ("DMR"). The DMR is designed to provide DP&L's parent -- DPL, Inc. -- with financial assistance, which it requests largely because AES Corporation ("AES") over leveraged its acquisition of DPL, Inc. However, DP&L owns competitive generation, and to the extent the use of funds to DMR would be unrestricted, DMR could potentially distort competitive generation markets in Ohio and harm competition.

II. ALLOCATION OF COSTS

Q. Do you recommend that the Commission take measures that would encourage customers to engage in Ohio's competitive retail electric markets?

A. Yes. I recommend that the Commission adopt measures for moving Ohio's competitive retail electric markets forward in a way that encourages customer engagement. In order for customers to be more willing to adopt value-added products and services that enable them to use and consume energy more efficiently, customers must be engaged in the competitive retail electric market. Unfortunately, the current SSO service discourages

[1] MW1.

customer engagement and encourages customers to view electric service as a commodity-only product over which they have no control. As such, I encourage the Commission to adopt proposals that encourage customers to affirmatively choose a retail electric product based on the preferences of the customer.

Q. Are there measured steps that the Commission could take to encourage residential customer engagement in DP&L's retail electric markets?

A. Yes. The easiest way to promote competition would be to structure DP&L's SSO product as a true provider of last resort service, where the SSO product is only a back-stop service available to customers when no other product in the market is available. Limiting default service in such a manner would eliminate inequities, avoid anti-competitive advantage, and provide the surest route to effective competition. However, recognizing that Ohio is transitioning to fully competitive retail electric markets for DP&L's next ESP, at a minimum, the Commission should ensure that the SSO product being offered by DP&L is an unbundled product comparable to other retail electric products in the market. Specifically, the Commission should unbundle the costs DP&L incurs in distribution rates that are required to support SSO service and reflect those costs in the SSO price. This would be an important step toward ensuring that the SSO product is comparable to other products in the market.

Q. What does it mean to unbundle costs?

A. Currently, DP&L's SSO price is essentially a pass-through of wholesale capacity and electric costs. However, DP&L incurs a number of other actual costs required to support SSO service, but those costs are not reflected in the SSO price; instead they are

recovered through DP&L's distribution rates. Ohio's regulatory structure requires that the SSO price be comparable and non-discriminatory to other products and services in the market. Further, Ohio's regulatory structure prohibits subsidies flowing from distribution rates to SSO service. Thus, DP&L's SSO price should reflect all of the costs required to support SSO service, and those costs should not be recovered through distribution rates.

Q. Is DP&L already proposing to allocate costs incurred to support default service to the SSO price?

A. Yes, but only a small portion of those costs. In this proceeding, DP&L is proposing to allocate to the SSO the costs paid to the outside consultant to conduct the SSO auction and a small amount of costs to account for cash and working capital.[2] While I certainly support this cost allocation, these are only a very small percentage of the costs DP&L incurs to support default service, and thus, as I explain further herein, significantly more costs should be allocated to the SSO rate.

Q. Can you please give examples of additional costs DP&L incurs to support SSO service but are recovered through distribution rates?

A. Yes. There are a number of costs DP&L incurs required to support SSO service. Those costs include:

(1) Call center infrastructure and employees to maintain appropriate customer service for SSO customers;

[2] Direct Testimony of Eric Brown at 11.

(2) Outside and inside legal, regulatory, and compliance personnel to comply with the regulatory rule requirements for the SSO;

(3) IT employees, infrastructure, and software;

(4) Office space for employees;

(5) Administrative and human resources staff to support the employees;

(6) Office supplies;

(7) Accounting and auditing services;

(8) Printing and postage to communicate with customers;

(9) Uncollectible expense; and

(10) The regulatory assessments for the PUCO and the Ohio Consumers' Counsel ("OCC") that are based on SSO generation revenue, but are recovered through distribution rates.

All of these costs are not reflected in the SSO price but rather recovered through distribution rates.

Q. Do CRES providers incur all of the costs above in order to offer a retail product in the market?

A. Yes. For instance, CRES providers incur legal and compliance expense to meet extensive regulatory requirements to offer a product in the market. CRES providers must pay the PUCO and OCC assessments based on their generation revenues. CRES providers incur uncollectible expense and collection costs. CRES providers must maintain a call center, and provide other account management services to customers. CRES providers have overhead expense including IT and office space. All of these expenses are required to make a retail product available in the market. CRES providers

must reflect these costs directly in the prices they charge customers. Conversely, SSO service incurs these costs, but the costs are recovered from all distribution customers, which CRES customers also pay. Thus, CRES customers are paying not only for their own generation product, but they are also paying to support SSO generation service through distribution rates.

Q. Does subsidizing SSO costs through distribution rates have anti-competitive effects?

A. Yes. The SSO price is a product that all products compete against. According to the PUCO shopping statistics, 56% of residential DP&L customers receive service on the utility SSO rate.[3] Thus, the SSO product has by far the largest market share for the residential customer class. Therefore, to the extent that the SSO is subsidized and artificially low, it harms all other products that must compete against the SSO. Ultimately, subsidizing the SSO leads to less competition in the DP&L service territory and fewer products being available to customers.

Q. If DP&L exited the default service role, would there be a need to unbundle costs from distribution rates?

A. No. If DP&L no longer provided default service, and default service was eliminated or transformed into truly just back-stop service provided by the competitive market, there would be no need to unbundle costs from distribution rates and charge those costs to the SSO, to the extent that DP&L continued to incur those costs. However, as long as

[3] http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/electric-switch-rates-by-customer/customers-2q2016/.

DP&L continues to maintain its current role as the default service provider wherein customers do not need to affirmatively choose a retail product in the market, *at a minimum*, default service should not be subsidized through distribution rates or any other customer charge that all customers are required to pay regardless of shopping status.

Q. How should the Commission treat the costs DP&L incurs for procuring SSO service for customers that are currently being recovered through distribution rates?

A. The Commission should start allocating these costs to the SSO price. The cost of providing retail electric service consists of more than just a pass-through of wholesale energy prices. As noted already, there are a number of non-electric costs that are incurred to offer SSO service to residential electric customers that are currently being recovered through distribution rates.

Q. Would unbundling result in higher prices paid for by customers?

A. No. Unbundling can be done in a revenue-neutral manner. Thus, under my proposal all costs recovered through SSO customers would be flowed back to all distribution customers resulting in net revenue neutrality to all customers.

Q. Have other states with competitive retail electric markets unbundled costs to support default service from electric utility distribution rates and charged those costs to default service?

A. Yes. Ohio is significantly behind when it comes to ensuring that the default service price reflects the full costs of providing retail electric service. In the states of Pennsylvania, Maryland, Texas, Illinois, and New York, a number of non-commodity costs required to

support the default service are actually charged to the default service. Those include the cost of IT, legal fees, infrastructure, customer service, cost of working capital, and employee time to name a few. Although as noted above, Ohio's regulatory structure requires that Ohio utilities also do this kind of unbundling, the utilities in Ohio have yet to begin this process. Ohio continues to treat default service price as just a pass-through price for wholesale electric costs and other costs required to support SSO service are not included in the default rate.

Q. Why is it important that the SSO price reflect all of the costs required to support the SSO?

A. First, Ohio's regulatory structure requires that the SSO price be an unbundled comparable price to a *retail* electric product in the market. Second, if the SSO price does not reflect the full costs required to support that service, it will discourage competition (particularly for the residential class) in Ohio's retail electric markets. By encouraging customers to remain on SSO service, the Commission is effectively adopting a policy that discourages engagement in the retail electric markets. In the long run, a disengaged market will miss out on the multitude of innovative products and technologies that will enhance Ohio's electric reliability and enable customers to use energy more efficiently.

Q. What do you recommend the Commission require DP&L to do with respect to unbundling of the costs required to support SSO service?

A. I recommend that the Commission require DP&L to start the process of unbundling costs required to support SSO service. Those costs should include, at a minimum, a portion of the following costs:

- DP&L employee costs;
- Uncollectible expense;
- IT and other infrastructure costs;
- Customer care costs;
- Legal costs; and
- Compliance costs

These costs that I have identified are incurred to support SSO service. Based on the above costs, the Commission should establish a by-passable Default Service Support rider ("Rider DSS") and begin collecting these costs directly from SSO customers. The Commission should then flow back all revenue collected through Rider DSS to all distribution customers through a default service support credit ("DSS Credit").

Q. Have you evaluated DP&L's distribution rates and identified costs that should be included in Rider DSS?

A. Yes. DP&L recently filed a proposed distribution rate case increase (Case Nos. 15-1830-EL-AIR et al.). In that filing, DP&L included requested increases in both operation and maintenance expense as well as in base distribution rates. The information supporting DP&L's proposed increase is contained in the B and C Schedules. By analyzing DP&L's B and C schedules and through a combination of discovery responses, I have been able to identify $28,333,028 million in costs that should be

allocated to SSO service.[4] Based upon current levels of shopping, Rider DSS should be established at a minimum of $0.0072 per kWh, which reflects the costs embedded in DP&L's proposed distribution rates that should be allocated to SSO customers.[5] Further, based on DP&L's current shopping levels a $0.0072 per kWh Rider DSS would amount to a $0.0039 kWh credit to all distribution customers, including shopping customers.

Q. Can you explain how you concluded that $0.0072 per kWh to the SSO rate?

A. There are four areas of DP&L's distribution expenses that I identified as areas that relate to SSO service: Customer Accounts Expense,[6] Customer Service and Information Expense,[7] Administrative & General ("A&G") Expense, and Taxes Other than Income Taxes.[8] These categories include costs, such as uncollectible expenses associated with default service customers, PUCO and OCC assessments, legal and regulatory expenses, payroll taxes, call center costs, and infrastructure costs, and several other categories of costs I have identified throughout my testimony. For example, DP&L proposes to include $1.82 million in A&G expense related to its PUCO and OCC Assessments.[9] Each of these expense line items includes costs needed to support both distribution and SSO service. After making the appropriate company adjustments, you

[4] MW1.

[5] *Id. See* also MW-9, Line 3 Column L (containing a forecast of SSO sales provided in ERB 2.1).

[6] (MW2) (DPL Schedule C-2 line 12); *see also* MW6.

[7] MW2 (DPL Schedule C-2 line 13); *see also* MW6.

[8] MW2 (DPL Schedule C-2 line 14); *see also* MW6.

[9] MW7 (containing DP&L Response to IGS INT 6-1). Based on the assessment amounts paid by DP&L in 2015, the appropriate amount to allocate to default service is $705,524. *See generally* MW3 Revenue Allocation Factor.

are left with $68,806,933 of eligible expenses that need to be allocated equitably between both distribution and default service customers.

Table 1

Schedule	Line	Description	Unadjusted Jurisdictional Revenue & Expenses	DP&L Adjustements	RESA/IGS Adjustments	Adjusted Jurisdictional Revenue & Expenses
C-2	12	Customer Accounts Expense	$ 45,587,070.00	$(30,173,863.00)	$ 3,643,913.00	$ 19,057,120.00
C-2	13	Customer Service and Information Expense	$ 23,593,776.00	$(23,523,402.00)	-	$ 70,374.00
C-2	14	Administrative & General Expense	$ 45,373,699.00	$ 1,705,725.00	-	$ 47,079,424.00
C-2	22	Taxes Other Than Income Taxes	$ 104,708,806.00	$ (47,899,726.00)	$ (54,209,065.00)	$ 2,600,015.00
				Total:		$ 68,806,933.00

Table Source: MW2 and MW6 (DP&L Schedule C-2 Case No. 15-1830-EL-AIR, et al.)

Q. Of the $68,806,933 identified above, how much should be allocated to the SSO?

A. Based on the expenses identified in Table 1, I have identified $26,613,010 in costs that should be collected from Rider DSS to cover infrastructure, operation, financial, and other expenses incurred in order to offer the SSO product to customers.[10]

Q. How did you arrive at $26,613,010 of allocated costs from the original $68,806,933?

A. The costs listed in each category support both distribution service and SSO service and therefore there is a need to allocate costs to both services, not just distribution services. In order to do this, I chose to allocate costs based on the amount of SSO revenue DP&L

[10] MW2.

receives from customers. I developed an allocation factor based upon the relationship of DP&L's SSO revenue to total DP&L revenue.[11] Specifically, I divided DP&L's SSO revenue by DP&L's total revenue collected from customers to get an allocation factor of 38.68%, which is the percentage of DP&L's total costs in the four categories that I identified that should be added to the SSO service.

Table 2

SSO Revenue (DP&L)	$280,458,250.31
Total Revenue (DP&L)	$725,114,198.15
Allocation Factor	38.68%

Table Source: See footnote 11

Q. Why did you choose SSO revenue as a means to calculate your allocation factor?

A. SSO revenue is a reasonable proxy to calculate the actual expense DP&L incurs in order to support default service. For instance, if 38.68% percent of DP&L's revenues comes from default service, it is reasonable to conclude that 38.68% of the costs in the four categories I identified should be allocated to default service as well.

Q. Are you allocating a portion of all of DP&L's expenses to default service?

A. No. I only am including a small number of DP&L distribution accounts (4 line items) in the costs. These accounts, which I have identified, contain costs that are being incurred to support to the SSO. For instance, Customer Account Expense contains customer

[11] MW3 (derived from DP&L-AIR 0009090); *see also* MW7 (DP&L Response to IGS INT-1-2 in Case No. 15-1830-EL-AIR).

care and account management costs DP&L incurs to support the SSO. DP&L also recovers items such as the PUCO and OCC assessment, legal and compliance and other costs required to support default service through the General and Administrative account. All of these are items directly support SSO customers and also are costs CRES providers incur that are directly reflected in CRES generation pricing. DP&L has several other distribution accounts which I have not included in my calculations. While there may be SSO-related costs in these other distribution accounts, I chose not to allocate any of these costs to the SSO in order to take a conservative approach in my cost allocation methodology.

Q. Did you make any adjustments to DP&L's total revenue amount which was used as an input to calculate the revenue allocation factor?

A. Yes. I eliminated the Service Stability Rider from DP&L's total revenue, which the Supreme Court of Ohio determined provided DP&L with unlawful generation-related transition revenue.[12] In addition to being unlawful, this revenue could not be properly characterized as default service-related or distribution-related, although one might argue that it was authorized to provide a revenue stream to generation assets that formerly provided default service. I also excluded rider revenues associated with Discount EER, Discount Eco Development Program, Offpeak Meter Charge, rate stabilization charge, Environmental Investment Rider, and Other Various Charges. I omitted these riders because they had a de minimis impact on the calculation. Had those items been included

[12] MW3.

in the calculation, the revenue allocation factor would have been higher, having the effect of allocating additional costs to default service.

Q. Did you also review DP&L's rate base investments that should be allocated to default service?

A. Yes, I have reviewed various categories of costs that DP&L included in its rate base and identified a subset of those costs that appear to have default service-related purposes. I then identified the portion of those costs that DP&L proposed to include in its base distribution rates and applied the allocation factor I derived to identify portions of DP&L's rate base (depreciation, return of debt interest, return on equity, and grossed up for income taxes) that should be allocated to default service customers to achieve a more equitable allocation of costs.[13] The total amount that I identified is $1,720,017.[14]

Q. What is the total amount you have identified that should be allocated to default service?

A. The total amount I have identified is $28,333,028.[15]

Q. How should the $28,333,028 be collected from the correct customer segment?

A. The money should be collected through a volumetric bypassable Rider DSS. The amount per kWh would be calculated through dividing the identified default service-related costs by the SSO throughput from the previous year. All of the revenue

[13] *See* MW8 (containing debt and equity rates utilized); *see* MW6, Schedule A-2 (containing gross revenue conversion factor); *see also* MW4.

[14] MW4; Confidential MW5.

[15] MW1; *See also* MW2 and MW4.

generated by the rider for each customer class, would then be distributed to all customers within the classes from which the revenue is collected (DSS Credit). The rider/credit structure provides a revenue-neutral mechanism for DP&L while also allocating costs more equitably.

Q. What would be the net impact of your proposal to SSO residential customers and to Choice residential customers?

A. Given the numbers outlined in my testimony, the Rider DSS amount for 2016 would be $0.0072 per kWh for residential customers.[16] DP&L reported 2015 SSO throughput at 3,928,593,462 kWh.[17] The rider amount was calculated by dividing the expenses of $28,333,028 by the SSO throughput.[18] I have also calculated the DSS Credit to be $0.0039 per kWh for a residential customer. **Thus, the net impact of my proposal would result in a credit of $0.0039 per kWh to shopping customers and a charge of $0.0033 per kWh to SSO customers ($0.0072 - $0.0039 = $0.0033).**[19]

Q. Would the DSS Credit need to be true-up periodically to prevent any over-or under-recovery of revenue by DP&L?

A. Yes. Under my proposal, the per-kWh Rider DSS would remain the same for the duration of the ESP period. However, because shopping levels will vary in the DP&L service territory, the DSS credit will need to be trued-up and reset periodically to account for

[16] MW1.

[17] MW9 (Direct Testimony of Eric R. Brown, Exhibit ERB 2.1 at 1.)

[18] MW1.

[19] *See* MW1.

over- or under-recovery by DP&L and changes in shopping. Therefore, I recommend that every 6 months DP&L re-calculate the DSS credit returned to all distribution customers to ensure it is not over- or under-recovering costs.

Q. Can you please summarize your recommendations with respect to unbundling costs?

A. Yes. I recommend that the Commission modify DP&L's ESP to:

- Establish a by-passable Rider DSS set at $0.0072 per kWh for the duration of the ESP Period;
- Establish a $0.0039 per kWh DSS Credit refunded to all distribution customers;
- Order that DP&L true-up and adjust the DSS Credit every 6 months to ensure that DP&L is not over- or under-recovering funds from Rider DSS.

III. SUPPLIER CONSOLIDATED BILLING

Q. Why is it important for CRES providers to have flexibility when billing for electric service?

A. More and more customers are demanding value added products and services with their electric commodity. Therefore, it is important to be able to bill for value added products and services in a way that is convenient for customers. For instance, if a customer enrolls in a product with a CRES that includes the electric commodity, a smart-thermostat, energy monitoring, energy efficiency and demand response, the customer does not want separate bills for each individual component of that product. Further, customers may not even want a separate price for each service, but rather may want a

bundled all-in price. Therefore, in order for CRES providers to offer value added products and services that customers prefer it is important to have billing flexibility for electric service.

Q. Do DP&L tariffs currently allow for supplier consolidated billing?

A. Yes. DP&L Tariff Sheet No. G8 of the Electric Generation Service Alternative Generation Supplier Coordination Tariff allows CRES providers to bill on behalf of DP&L and collect and remit receivables for DP&L; therefore currently supplier consolidated billing is authorized in the DP&L service territory.

Q. Functionally, does DP&L allow CRES suppliers to participate in its supplier consolidated billing tariff?

A. No. It is my understanding that DP&L has not developed the systems required for CRES providers to participate in the supplier consolidated billing program.

Q. How does supplier consolidated billing work?

A. Under the supplier consolidated billing model, the CRES providers purchases the receivables from the utility for the utility distribution charges upfront, making the utility whole for all electric distribution charges and other regulated charges the utility may be authorized to collect from customers. After the CRES purchases the receivables from the utility, the CRES is then responsible for collecting and billing all electric distribution and generation charges from the customer. Under the supplier consolidated billing model, the customer does not receive a bill from the utility.

Q. How does supplier consolidated billing differ from utility consolidated billing?

A. Supplier consolidated billing would enable CRESs to provide customers with a single bill for all the components of electric service, including the non-commodity components. Supplier consolidated billing is similar to utility consolidated billing in that the customer will receive only one bill for electric distribution and generation service. However, with supplier consolidated billing model, the CRES issues the bill to the customer instead of the utility.

Q. **Under supplier consolidated billing, would non-payment of non-commodity charges trigger disconnection protocols toward a customer?**

A. No. While CRES would be able to bill non-commodity charges on the customer's bills, with supplier consolidated billing, failure to pay non-commodity charges would not trigger disconnection for the customer. Disconnect would only be applicable to electric charges and be subject to the same laws and procedures as today. Further, it would still be the utility's responsibility to initiate the physical disconnect for the customer.

Q. Would CRESs still have to abide by the same billing rules and billing format as the EDUs if supplier consolidated billing is adopted?

A. Yes. Currently Ohio has rules that govern how utilities must bill customers and have specific requirements for each utility bill. Under supplier consolidated billing, CRESs would still be subject to the same billing requirements in the rules and statutes today.

Q. Are you recommending supplier consolidated billing as an alternative to requiring DP&L to allow CRES providers to use the bill-ready billing functionality to bill for non-commodity charges?

A. As I explain further below, I am recommending that the Commission allow CRESs to use the DP&L bill-ready function to bill for non-commodity charges for utility consolidated billing *and* that the Commission order DP&L to implement supplier consolidated billing. It will likely take more time for DP&L to build out its systems in a manner needed to implement supplier consolidated billing so in the meantime CRESs should be able to use the DP&L bill-ready option to bill for non-commodity charges.

Q. How do you recommend that the ESP Application be modified to allow for supplier consolidated billing?

A. I recommend that the Commission modify the ESP Application to require DP&L to expeditiously develop the systems necessary to effectuate the supplier consolidated billing option for CRES suppliers and order DP&L to make any IT updates and changes to its tariffs and billing manuals.

Q. Do you recommend DP&L receive cost recovery for the necessary system upgrades to implement supplier consolidated billing.

A. Yes. I recommend DP&L receive cost recovery authorization from the Commission to implement supplier consolidated billing.

IV. BILLING FOR NON-COMMODITY CHARGES

Q. Do you recommend DP&L allow CRES providers to bill for non-commodity charges on the utility consolidated bill while DP&L is rolling out the functionality for supplier consolidated billing?

A. Yes.

Q. Does DP&L allow CRESs to bill for non-commodity products and services on the EDU bill?

A. Not that I am aware of.

Q. Would DP&L have the functionality to allow CRESs to bill for non-commodity charges on the EDU bill?

A. Currently DP&L offers bill-ready billing to CRESs on the utility consolidated bill. Bill-ready billing provides CRESs a specific number of line items to put specific charges on the EDU bill. However, currently DP&L only allows CRESs to put commodity charges on the EDU bill. I am simply requesting that DP&L also allocate some of those line items to non-commodity charges.

Q. Do you recommend that CRES non-commodity charges should trigger customer disconnect?

A. No. Processes should be put in place to ensure that past due non-commodity charges do not trigger disconnect.

Q. Would CRESs be willing to pay for the cost to allow to bill for non-commodity products and services?

A. Yes. To the extent there are any additional costs required to allow CRESs to bill for non-commodity charges on the utility consolidated bill, CRES would be willing to pay reasonable fees to cover the costs. Those charges could come in the form of an upfront set-up fee or a per bill fee.

Q. Are you aware of other utilities that allow for non-commodity billing on the utility bill?

A. Yes. Vectren Energy Delivery of Ohio allows for competitive gas suppliers to bill for certain non-commodity charges. Further, Duke Ohio, First Energy Ohio and AEP Ohio allow for certain non-commodity charges to be billed on the utility bill for select third party companies. Therefore, the Commission can look at other utilities in Ohio to determine appropriate procedures and practices for non-commodity billing.

Q. What is your recommendation with respect to CRES billing for non-commodity charges?

A. I recommend that the Commission order that a working group be established to determine the rules and procedures required to allow CRESs to bill for non-commodity charges on the EDU bill. Within three months Staff should file in a separate docket those rules and procedures for interested party comment and Commission approval. CRESs should be allowed to bill for non-commodity charges on the EDU bill in no later than 9 months from approval of this ESP.

V. THE DISTRIBUTION MODERNIZATION RIDER ("DRM")

Q. What is the DMR?

A. DP&L has proposed the DMR as a $145 million per year ($1.015 billion over the ESP) financial integrity charge to support the operations of both DP&L and DPL Inc. As stated by Craig Jackson: "DP&L is requesting that the Commission approve a seven-year non-bypassable DMR that would recover $145 million per year with no true-up. The cash

flow from this rider would ensure: (a) that both DPL and DP&L could reach an appropriate capital structure and maintain their financial integrity, and (b) that DP&L would have access to equity and debt capital in order to finance transmission and distribution infrastructure modernization investments."[20]

Q. Do you support authorizing the DMR?

No. I do not support the DMR for several reasons. First, I do not support providing a revenue stream to DP&L that is unrelated to a service provided to its customers. Second, I do not support providing revenue through the DMR to allow AES to retire debt associated with its acquisition of DPL Inc. and DP&L. Third, the DMR allows DP&L to recover stranded cost long after the time frame for such recovery is allowed under Ohio's regulatory structure.

Q. Can you expand on why the DMR does not relate to distribution service?

A. Yes, although the DMR includes the word "distribution" in its title, it does not in fact relate to the provision of a service provided to distribution customers in Ohio. Instead, as DP&L admits, the DMR is designed to ensure that DP&L's parent company, DPL Inc., receives a targeted amount of cash flow to debt from DP&L upstream dividends. The DMR is designed to fill the gap in DP&L's projected total amount of earnings that would occur absent the DMR. DP&L does not provide a service to customers for the revenue that it will collect under the rider. In other words, it is not tied to utility investment or expenses incurred by DP&L. The DMR is effectively a subsidy—in the form of additional revenues in excess of normal operations—to prop up the earnings of an unregulated

[20] Direct Testimony of Jackson at 12.

entity, DPL Inc. The Commission should not authorize DP&L to collect revenue through the DMR rider without ensuring that customers receive something in return tied to DP&L's distribution costs. Likewise, allowing DP&L to use the DMR to increase its balance of equity does not relate to a service provided to customers—it just increases the capital at DP&L's disposal. Moreover, the utilization of the DMR to increase the equity in DP&L's capital structure is merely an attempt to replace equity that DP&L wrote off as a result of a recent generation-related impairment it recorded.[21] As discussed below, that would provide DP&L with the equivalent of transition revenue.

Q. Why is the DMR troubling for the competitive market?

A. Besides the moral hazard of propping up AES for a business decision to use a significant amount of debt to purchase DPL, Inc., the DMR has implications on the competitive generation markets. DP&L currently owns and operates competitive generation assets. To the extent that the revenue from the DMR is used to prop up those assets, the DMR has the potential to distort competitive generation pricing in a manner that is harmful to competition.

Q. Are there any other issues with authorizing the DMR to allow DPL Inc. to service and retire its debt?

A. Yes. The debt that currently resides at DPL Inc. is largely the result of AES' acquisition of DPL Inc. In order to finance AES' acquisition of DPL Inc., AES formulated a subsidiary, Dolphin Subsidiary II, Inc. ("Dolphin Sub."). According to DP&L's responses to discovery and AES documents filed with the Securities Exchange Commission,

[21] Direct Testimony of Craig Jackson, CLJ-4 Line 45.

Dolphin Sub borrowed $1.25 billion to finance the merger and pushed that debt onto DPL Inc. following the consummation of the merger:

> Please see IGS 2nd Set RPD-2-1 Attachment 26, DP&L-SSO 0007603 - DP&L-SSO 0007605 (AES 8-K filed 10-5-11), which states that "On October 3, 2011, Dolphin Subsidiary II, Inc. (the "Company"), a newly formed, wholly owned special purpose indirect subsidiary of The AES Corporation ("AES"), entered into an indenture (the "Indenture") with Wells Fargo Bank, N.A. (the "Trustee") as part of its issuance of $450 million aggregate principal amount of 6.50% senior notes due 2016 (the "2016 Notes") and $800 million aggregate principal amount of 7.25% senior notes due 2021 (the "2021 Notes" and together with the 2016 Notes, the "notes") to finance the pending AES acquisition (the "Acquisition") of DPL Inc. ("DPL") That same document also stated that "The proceeds from issuance of the notes were deposited into an escrow account pledged for the benefit of the Trustee pending the consummation of the Acquisition."
>
> *****
>
> "In connection with the closing of the Merger (see Note 2), DPL assumed $1.25 billion of debt that Dolphin Subsidiary II, Inc., a subsidiary of AES, issued on October 3, 2011 to finance a portion of the merger."
>
> *****
>
> "Effective on the Merger Date, DPL assumed all obligations with respect to the $450 million aggregate principal amount of 6.50% senior notes due 2016 (the "2016 Notes") and $800 million aggregate principal amount of 7.25% senior notes due 2021 (the "2021 Notes" and together with the 2016 Notes, the "Notes") previously issued by Dolphin Subsidiary II, Inc. ("Dolphin II"), a wholly-owned special purpose indirect subsidiary of AES. The Notes were issued in a private offering on October 3, 2011 and the proceeds from the offering were deposited into an escrow account pending the consummation of the Merger. In connection with the consummation of the Merger, the funds were released from the escrow account to fund the consummation, and Dolphin II was merged with and into DPL, with DPL continuing as the surviving company. As a result, DPL assumed all obligations under the Notes and the Notes are no longer subject to the special mandatory redemption provision relating to the consummation of the Merger contained in the indenture (the "Indenture") relating to the Notes."[22]

[22] MW10 (DP&L Response to IGS INT 4-1 (a)-(c)).

Q. Why do you take issue with using the DMR to pay off debt related to the acquisition of DPL Inc. and DP&L?

A. Initially, the Commission should not allow this to occur because in Case No. 11-3002-EL-MER, DP&L, DPL Inc., and AES all represented in the merger case that "Applicants agree that neither the costs incurred directly related to the negotiation, approval and closing of the merger nor any acquisition premium shall be eligible for inclusion in rates and charges applicable to retail electric service provided by DP&L."[23] But that is exactly what DP&L is trying to do in this case—make AES whole for the $1.25 billion it borrowed and pushed onto DPL Inc. during the merger. Moreover, it represents bad public policy to guarantee the earnings of a utility holding company—or a midstream entity as is the case here—that provides no service to customers. DPL Inc. owns DP&L and a soon-to-be created generation company. Like any other unregulated business, earnings should be limited to those produced by its operations and subsidiary dividends—without regulatory interference.

Q. What are stranded costs and how does the DMR provide that type of recovery?

A. Stranded cost recovery, or sometimes referred to as transition revenue, is the recovery of generation-related revenue and/or investment that a utility cannot recover in a competitive market. Utilities historically recovered the revenue associated with these costs through regulated rates from captive customers. But, after Ohio restructured its electric market, customers were given an option to choose a competitive supplier. As a

[23] *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,* Case No. 11-3002-EL-MER, Stipulation and Recommendation at 4 (Oct. 26, 2011) (hereinafter "*Merger Case*"). *See also*, *Merger Case*, Finding and Order at 9 (Nov. 22, 2011); *see also* MW11 (Containing DP&L's Merger Application and Reply Comments)

result of competition, utilities sold excess generation not utilized to serve retail customers under default service into the wholesale market. To the extent that the combined revenues associated with default service and the wholesale market did not provide utilities with a sufficient return on investment, the investment associated with the generation units is "stranded."

Q. Does the DMR provide DP&L with stranded cost recovery?

A. Yes, as indicated above, the proposed DMR was calculated based upon a projected amount of income that would result from all DP&L generation, distribution, and transmission operations to ensure that DPL Inc. receives a certain dividend (or cash flow to debt). It is clear that the DMR is designed to mitigate a shortage in generation revenue that DP&L will earn in the wholesale market.[24] Indeed, DP&L witness Jackson admits as much in his testimony, stating that the negative outlook necessitating the DMR is being caused by:

- Lower revenues resulting from reversal of DP&L's second ESP case—on the basis that DP&L was collecting unlawful generation-related transition revenues;
- Lower PJM Interconnection, LLC capacity prices; and
- "Natural gas has continued to trade around historically low prices, which has impacted power prices and ultimately, the $/MWh energy margins or 'dark spreads' realized by coal plants have decreased due to low power prices."[25]

[24] DP&L does not utilize its generation assets to serve standard service offer customers under legacy rate structures. Therefore, DP&L's generation assets earn revenue solely based upon their dispatch cost relative to wholesale market clearing prices.
[25] Direct Testimony of Jackson at 8.

According to witness Jackson, "[a]ll of the factors mentioned above have strained the financial performance of DPL and DP&L, reduced cash flow forecasts, and adversely impacted the financial outlook of both companies."[26] Therefore, it is clear that DP&L's projected revenue shortage is related to its underperforming generation assets. The DMR would allow DP&L to recover stranded cost long after the time frame for such recover is allowed under Ohio's regulatory structure.

Q. How would utilizing DMR revenue to increase DP&L's equity provide transition revenue?

A. DP&L recently reported a sizeable impairment of its generation assets. An impairment must be recorded when the projected future cash flows of a long-lived asset will not recover the carrying cost of the asset. The impairment is reflected on Exhibit CLJ-4 to DP&L witness Jackson's October 11, 2016 testimony as $584 million. The effect of an impairment is to reduce common equity, and therefore tilt the capital structure toward debt. DP&L alleges that one of the purposes of the DMR is to allow it to "reach an appropriate capital structure."[27] What DP&L is really indicating is that the DMR will allow it to replace the equity that it wrote down as a result of the impairment of its generating assets. It would be unjust and unreasonable to make DP&L whole for revenues that it otherwise could not collect in the competitive generation markets.

Q. Is the DMR related to a shortage in distribution or transmission revenue?

[26] *Id*.
[27] Direct Testimony of Jackson at 12.

A. No. As part of its projection, DP&L indicated that it has assumed that the Commission authorized its proposed rate increase in Case No. 15-1830-EL-AIR,[28] which means that DP&L has indicated that it assumed that its distribution rates are just and reasonable. Further, DP&L's transmission rates are cost-based and regulated by the Federal Energy Regulatory Commission. That can only leave a projected shortfall in generation-related revenue.

VI. RECONCILIATION RIDER

Q. Do you believe that the Commission should authorize the Reconciliation Rider ("RR")?

A. No, through the RR, DP&L seeks to recover "the difference between its OVEC [Ohio Valley Electric Corporation] expenses and the amounts that DP&L received from selling that generation into PJM's day-ahead markets, to the extent that those costs are not recovered through DP&L's Fuel Rider."[29] The RR would be charged to all distribution customers.[30] The Commission should reject this proposal because, similar to the DMR, it would allow DP&L to receive generation-related revenue that it cannot otherwise recover from competitive market. Indeed, it is structured specifically to ensure that the DP&L is able to collect the difference between the cost-based revenue

[28] Direct Testimony of Malinak at 5, fn. 4.

[29] Application at 5

[30] Direct Testimony of Nathan Parke at 7.

requirement that DP&L pays to OVEC and the revenues that DP&L's OVEC entitlement produces from the competitive market.

VII. CONCLUSION

Q. Does this conclude your testimony?

A. Yes it does. However, I reserve the right to further supplement my testimony.

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 21st day of November 2016.

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Default Service Support Rider MW1

Total SSO Allocated Costs:	$	28,333,028.03	
2015 SSO Sales (kWh)		3,928,593,462.00	Case 16-0395 Exhibit ERB 2.1 at 1.

Bypassable DSS Charge($/kWh):	$	0.007212
Bypassable DDS Charge (mils)	$	7.212003

Total SSO Residential Sales (kWh)	2,762,042,838
Case 160395 Exhibit ERB 2.1 at 1.	

Projected Residential Rider Collection:	$	19,919,861.37

Total Residentail System Distribution (kWh):	5,101,000,000
Test Year Scehdule C-11.3 Column H at 2	

Projected Residentail Credit:	$	0.003905

C-Schedule Allocation

MW2

Schedule	Line	Description	Unadjusted Jurisdictional Revenue & Expenses	DP&L Adjustements	RESA/IGS Adjustments	Adjusted Jurisdictional Revenue & Expenses
C-2	12	Customer Accounts Expense	$ 45,587,070.00	$ (30,173,863.00)	$ 3,643,913.00	$ 19,057,120.00
C-2	13	Customer Service and Information Expense	$ 23,593,776.00	$ (23,523,402.00)	-	$ 70,374.00
C-2	14	Administrative & General Expense	$ 45,373,699.00	$ 1,705,725.00	-	$ 47,079,424.00
C-2	22	Taxes Other Than Income Taxes	$ 104,708,806.00	$ (47,899,726.00)	$ (54,209,065.00)	$ 2,600,015.00
					Total:	$ 68,806,933.00
					Allocated Total:	$ 26,613,010.87

Revenue Allocation Factor

MW3

Line No.	Description		Total Revenue Dollars	Customer Charge	Base Distribution	Universal Service Rdr	Excise Tax Rdr	Storm Charge	Energy Efficiency	Econ Developme nt Rdr	Discount EER	Discount Eco Dev Program	Reconciliatio n Rdr	Offpeak Meter Charge	TCRR-B	TCRR-N	Rate Stabilizati on Charge	Env Investme nt Rider	Base Generation	Alt Energy Rdr-B	PJM RPM Rdr	Fuel Rdr	Other Charges	Competitive Bid Rate	Comp Bid True-up Rdr	Service Stability
1				D17-D25	D17-D25	D28	D33	D30	D38	D39	D38	D39	D29	D19-D20	T9	T8	G25	G24	G10-G18	G26	G27	G28	Various	G19	G30	G29
2	Residential Heating	CRES	$ 95,056,325	$ 8,005,611	$ 36,993,922	$ 3,723,684	$ 7,517,296	$ 5,168,972	$ 7,466,912	$1,133,790	$ -	$ -	$ 1,147,630	$ -	$ (81)	$ 8,127,054	$ (8)	$ -	$ (5,370)	$ (4)	$ (13)	$ (361)	$ (2,520)	$ (754)	$ (93)	$ 15,780,657
3	Residential Heating	SSO	$ 235,525,851	$ 9,581,855	$ 39,407,833	$ 3,963,697	$ 8,000,873	$ 6,184,764	$ 7,955,311	$1,198,113	$ -	$ -	$ 1,223,987	$ -	$2,680,585	$ 8,645,765	$ 1,196	$ 2,345	$ 36,119,715	$369,382	$1,121,150	$ 21,749,450	$ (7,748)	$ 67,174,517	$3,327,077	$ 16,825,985
4	Residential Non-Heating	CRES	$ 43,396,459	$ 2,369,770	$ 18,367,507	$ 1,864,611	$ 3,715,541	$ 1,515,049	$ 3,721,030	$ 741,421	$ -	$ -	$ 639,683	$ -	$ (12)	$ 4,058,269	$ 6	$ -	$ (2,617)	$ (1)	$ (7)	$ (87)	$ (407)	$ (250)	$ (13)	$ 6,406,964
5	Residential Non-Heating	SSO	$ 122,109,811	$ 3,398,764	$ 23,086,863	$ 2,348,348	$ 4,686,424	$ 2,173,614	$ 4,687,100	$ 926,269	$ -	$ -	$ 811,062	$ -	$1,175,606	$ 5,112,829	$ 5	$ 11	$ 16,108,066	$331,138	$ 810,482	$ 13,216,640	$ (256)	$ 33,809,270	$1,234,029	$ 8,193,547
6	Commercial	CRES	$ 111,003,309	$ 3,811,949	$ 31,483,200	$ 6,722,800	$ 11,647,176	$ 3,609,776	$ 10,495,879	$1,026,860	$ -	$ -	$ 2,243,875	$18,156	$ (13)	$ 15,509,666	$ (11)	$ -	$ (4,371)	$ (4)	$ (21)	$ (287)	$273,848	$ (820)	$ (19)	$ 24,165,670
7	Commercial	SSO	$ 78,499,181	$ 2,651,647	$ 8,493,781	$ 1,461,085	$ 2,636,995	$ 2,700,407	$ 2,315,465	$ 263,450	$ -	$ (102,595)	$ 467,771	$ 1,829	$ 954,661	$ 3,862,199	$ 54	$ 106	$ 12,540,017	$144,080	$ 546,418	$ 8,013,814	$ 16,119	$ 24,756,608	$1,132,408	$ 5,642,862
8	Industrial	CRES	$ 77,689,895	$ 445,479	$ 14,089,949	$ 4,873,141	$ 8,631,411	$ 162,607	$ 9,394,655	$ 448,970	$ (290,475)	$ -	$ 2,662,500	$ 3,860	$ (98)	$ 14,103,787	$ -	$ -	$ (2,432)	$ (56)	$ (129)	$ (1,932)	$ (82,692)	$ (335)	$ (30)	$ 23,251,714
9	Industrial	SSO	$ 8,337,788	$ 97,499	$ 810,939	$ 166,613	$ 300,925	$ 60,054	$ 253,512	$ 23,727	$ -	$ -	$ 53,839	$ 393	$ 109,724	$ 429,034	$ -	$ -	$ 1,378,324	$ 18,916	$ 62,710	$ 973,474	$ (20,113)	$ 2,878,161	$ 105,778	$ 634,277
10	State & Local Government	CRES	$ 26,886,299	$ 655,172	$ 7,631,009	$ 1,655,277	$ 2,809,972	$ 503,175	$ 2,535,724	$ 237,248	$ -	$ -	$ 574,746	$ 5,768	$ 0	$ 4,135,443	$ -	$ -	$ (5,996)	$ 0	$ -	$ 3	$ (2,044)	$ 6	$ 0	$ 6,150,796
11	State & Local Government	SSO	$ 3,276,040	$ 87,491	$ 299,246	$ 56,981	$ 89,935	$ 92,859	$ 97,025	$ 10,011	$ -	$ -	$ 24,264	$ 365	$ 36,102	$ 166,704	$ 18	$ 35	$ 528,732	$ 9,073	$ 22,892	$ 369,461	$ 296	$ 1,097,497	$ 44,545	$ 242,509
12	Federal Government	CRES	$ 1,050,024	$ 23,858	$ 167,621	$ 80,433	$ -	$ 16,543	$ 131,602	$ 5,099	$ -	$ -	$ 37,209	$ -	$ -	$ 230,037	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 357,623
13	Federal Government	SSO	$ 26,763,026	$ 13,216	$ 56,743	$ 266,452	$ -	$ 9,169	$ 928,970	$ 2,228	$ -	$ (4,062,689)	$ 304,377	$ -	$ 652,010	$ 1,629,856	$ -	$ -	$ 4,883,397	$ 90,137	$ 188,303	$ 5,105,609	$ -	$ 13,342,957	$ 720,683	$ 2,631,610
14	Public Street & Highway Lighting	CRES	$ 785,277	$ 144,541	$ 153,158	$ 29,610	$ 55,771	$ 175,534	$ 46,900	$ 5,363	$ -	$ -	$ 9,518	$ -	$ -	$ 65,561	$ 5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 99,315
15	Public Street & Highway Lighting	SSO	$ 488,915	$ 37,988	$ 71,532	$ 8,620	$ 16,696	$ 54,554	$ 16,583	$ 2,270	$ -	$ -	$ 2,839	$ -	$ 5,191	$ 14,329	$ 8	$ 15	$ 50,085	$ 944	$ 2,323	$ 47,417	$ (783)	$ 129,231	$ 5,547	$ 23,526
16	Street Railway	SSO	$ 441,030	$ 1,235	$ 29,422	$ 9,486	$ 14,225	$ 125	$ 9,872	$ 555	$ -	$ -	$ 2,811	$ -	$ 4,810	$ 27,307	$ -	$ -	$ 90,649	$ 1,202	$ 4,732	$ 52,693	$ -	$ 150,574	$ 5,451	$ 35,881
17	Total		$ 831,309,229	$ 31,326,075	$ 181,142,726	$ 27,230,838	$ 50,123,240	$ 22,427,202	$ 50,056,540	$6,025,375	$ (290,475)	$ (4,165,284)	$ 10,206,111	$30,370	$5,618,484	$ 66,117,840	$ 1,272	$ 2,512	$ 71,678,200	$964,808	$2,758,839	$ 49,525,894	$173,700	$ 143,336,662	$6,575,363	$ 110,442,935

Source: DP&L-AIR 0009090

IGS 1st Set INT-1 Attachment 1

SSO Related Revenue:	$ 280,458,250
Total Revenue:	$ 725,114,198
Revenue Allocation Factor:	38.68%

B-Schedule Allocation

MW4

Schedule B-2.1 at 6 lines 7-14			14.29%				
			Allocation Percen	Allocated Total	Yearly Depreciation	Total Depreciated	Total Remaining Value
7	SW08 Allocation	$ 1,367,024.40	56.60%	$ 773,735.81	$ 110,566.85	773,967.93	$ -
6	SW09 Allocation	$ 11,029,979.41	50.32%	$ 5,550,285.64	$ 793,135.82	4,758,814.91	$ 791,470.73
5	SW10 Allocation	$ 504,412.76	74.21%	$ 374,324.71	$ 53,491.00	267,455.00	$ 106,869.70
4	SW11 Allocation	$ 6,863,748.23	66.28%	$ 4,549,292.33	$ 650,093.87	2,600,375.49	$ 1,948,916.83
3	SW12 Allocation	$ 6,437,685.52	68.95%	$ 4,438,784.17	$ 634,302.26	1,902,906.77	$ 2,535,877.39
2	SW13 Allocationm	$ 4,690,023.92	47.22%	$ 2,214,629.30	$ 316,470.53	632,941.05	$ 1,581,688.24
1	SW14 Allocation	$ 26,917.94	65.25%	$ 17,563.96	$ 2,509.89	2,509.89	$ 15,054.07
0	SW15 Allocation	$ -	61.14%	$ -	$ -	-	

Sum of Annual Depreciа	$ 2,560,570.21
Allocated SSO Depreciat	$ 990,372.34
Net Plant in Service:	$ 6,979,876.97

			50/50 total	Return	Allocated Total	Grossed per GRCF
ROE	10.50%					
Effective Tax Rate	37.44%	Equity	$ 3,489,938.49	$ 366,443.54	$ 141,732.32	$ 219,543.36
Debt	50.00%	Debt	$ 3,489,938.49	$ 184,617.75	$ 71,406.09	
equity	50.00%					
Annual Depreciation	14.29%		Plant Amount:	$ 290,949.45		
Cost of long term debt	5.29%		Depreciation	$ 990,372.34		
WACC	7.86%					
Allocation %	38.68%		Total SW Plant Cha	$ 1,281,321.78		
GRCF (schedule A-2)	1.549					

Assumed 50/50 debt equity structure

Schedule B-3.2

Line	Acct. No.		Plant Investment	Reserve Balance	Total Equity	Annual Depreciation
2	3902	S&I Common Other	$ 17,301,900	$ 11,433,285	$ 5,868,615	$ 501,755

	50/50 total	Return	Allocated Total	Grossed per GRCF
Equity	$ 2,934,307.50	$ 308,102.29	$ 119,167.20	$ 184,589.99
Debt	$ 2,934,307.50	$ 155,224.87	$ 60,037.57	
S&I Total	$ 244,627.56			
Depreciation Allocation	$ 194,067.82			
		Total SW Plant Cha	$ 438,695.38	

Total Schedule B Allocation of SSO Costs:	$ 1,720,017.16

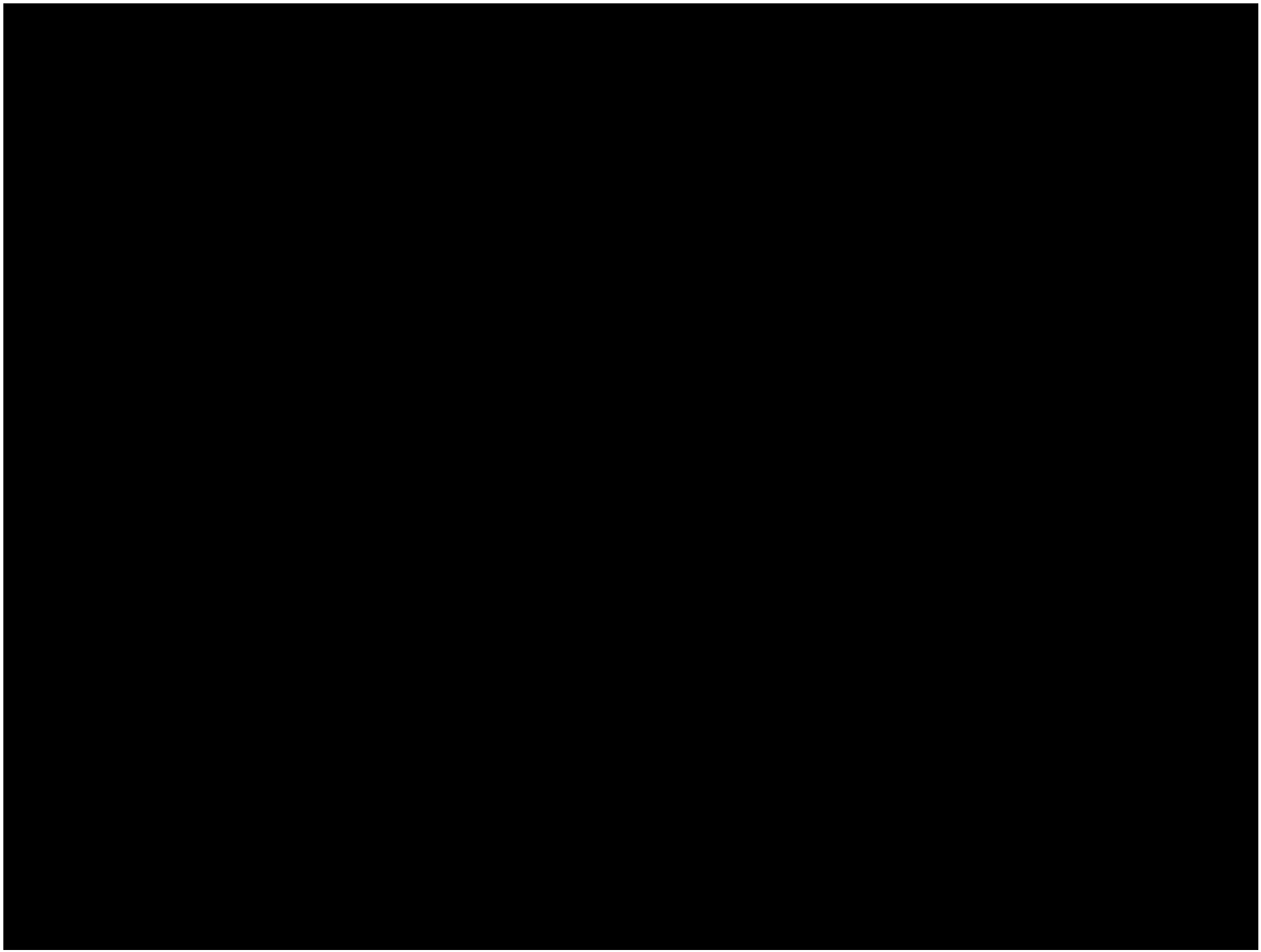
Assumed 50/50 debt equity structure

[redacted]

Detailed Intangible Plant - DP&L-AIR 0025019

MW5

[redacted]



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 II – SCHEDULES

VOLUME 1 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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		OAC 4901-7 Appendix A, Chapter II, (C) Supplemental Information Provided at Filing		
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1	14	Appendix A, Chapter II, (C)(10)	Supplemental	Written summary explaining the forecasting method used by the utility as related to test year data.
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Section A
Revenue Requirements

The Dayton Power & Light Company

Case No.: 15-1830-EL-AIR

Test Year: Twelve Months Ending May 31, 2016

Date Certain: September 30, 2015

A-1	Overall Financial Summary
A-2	Computation of Gross Revenue Conversion Factor
A-3	Calculation of Mirrored CWIP Revenue Sur-Credit Rider

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Overall Financial Summary
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule A-1
Page 1 of 1
Witness Responsible: Nathan C. Parke

Line No.	Description	Jurisdictional Proposed Test Year	Schedule Reference
(A)	(B)	(C)	(D)
1	Rate Base as of Date Certain	$ 683,779,476	B-1, Line 27
2			
3	Current Operating Income	$ 11,305,453	C-1, Column C, Line 17
4			
5	Earned Rate of Return	1.65%	Line 3 / Line 1
6			
7	Requested Rate of Return	7.86%	D-1a, Column I, Line 7
8			
9	Required Operating Income	$ 53,745,067	Line 1 * Line 7
10			
11	Operating Income Deficiency	$ 42,439,614	Line 9 - Line 3
12			
13	Gross Revenue Conversion Factor	1.54977	A-2, Line 29
14			
15	Revenue Deficiency	$ 65,771,725	Line 11 * Line 13
16			
17	Revenue Increase Requested (No Mirrored	$ 65,750,232	E-4, Pg 1, Line 54 - Pg 2, Line 62
18	CWIP Revenue Offset)		
19			
20	Adjusted Operating Revenues	$ 217,400,884	C-1, Line 1, Column C
21			
22	Revenue Requirements	$ 283,172,609	Line 15 + Line 20

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Computation of Gross Revenue Conversion Factor
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule A-2
Page 1 of 1
Witness Responsible: Stephen A. Allamanno

Line No.	Description	% of Incremental Gross Revenues	Schedule Reference
(A)	(B)	(C)	(D)
1	Operating Revenues	100.0000%	
2			
3	Less: Commercial Activities Tax (CAT)	0.2600%	Statutory Rate
4			
5	Percentage of Income After CAT	99.7400%	Line1 - Line 3
6			
7	Less: Kentucky Income Tax (KIT)		
8	KIT Apportionment Factor	0.0425%	Kentucky Corporate Income Tax Return-Form 720
9	KIT Marginal Tax Rate (KY Corp Income and License Tax)	6.0000%	Kentucky Corporate Income Tax Return-Form 720
10	Effective KIT Rate	0.0026%	Line 8 * Line 9
11	Effective KIT Rate	0.0026%	Line 5 * Line 10
12			
13	Percentage of Income After KIT	99.7374%	Line 5 - Line 11
14			
15	Less: Ohio Municipal Income Tax Return		
16	Municipal Income Tax Due	$390,875	Ohio Municipal Income Tax Return, Sch 4
17	Federal Taxable Income	$83,432,860	Ohio Municipal Income Tax Return, Sch 1
18	Effective Ohio Municipal Tax Rate	0.4685%	Line 16 / Line 17
19	Effective Ohio Municipal Tax Rate as a Percent of Line 15	0.4673%	Line 13 * Line 18
20			
21	Percentage of Income Before Federal Income Tax	99.2701%	Line 13 - Line 19
22			
23	Less: Federal Income Tax (FIT)		
24	FIT Marginal Rate	35.0000%	Federal Tax Return
25	Effective Marginal Rate	34.7445%	Line 21 * Line 24
26			
27	Net Operating Income Percentage	64.5256%	Line 21 - Line 25
28			
29	Gross Revenue Conversion Factor	1.54977	Line 1 / Line 27

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Calculation of Mirrored CWIP Revenue Sur-Credit Rider
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule A-3
Page 1 of 1
Witness Responsible: Nathan C. Parke

Line No.	Description	Jurisdictional Proposed Test Year	Schedule Reference
(A)	(B)	(C)	(D)

DP&L did not have CWIP in its Revenue Requirement in the prior (1991) rate case, therefore there is no mirrored CWIP adjustment.

Section B
Rate Base

The Dayton Power & Light Company

Case No.: 15-1830-EL-AIR

Test Year: Twelve Months Ending May 31, 2016

Date Certain: September 30, 2015

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B-9	Mirrored CWIP Allowances

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Jurisdictional Rate Base Summary
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-1
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Description		Proposed Amount	Schedule Reference
(A)	(B)		(C)	(D)
1	Plant in Service			
2	Production	$	-	B-2, Line 1, Col. H
3	Transmission	$	-	B-2, Line 3, Col. H
4	Distribution	$	1,541,351,600	B-2, Line 5, Col. H
5	General	$	33,554,075	B-2, Line 7, Col. H
6	Other: Intangible	$	37,730,493	B-2, Line 9, Col. H
7	Total Plant In Service	$	1,612,636,168	Sum Lines 2 thru 6
8				
9	Reserve for Accumulated Depreciation			
10	Production	$	-	B-3, pg 1, Line 9, Col. J
11	Transmission	$	-	B-3, pg 1, Line 15, Col. J
12	Distribution	$	733,158,899	B-3, pg 4, Line 27, Col. J
13	General	$	18,660,611	B-3, pg 5, Line 20, Col. J
14	Other: Intangible	$	24,060,116	B-3, pg 6, Line 18, Col. J
15	Total Reserve for Accumulated Depreciation	$	775,879,626	Sum Lines 10 thru 14
16				
17	Net Plant In Service	$	836,756,542	Line 7 less Line 15
18				
19	Construction Work In Progress 75% Complete	$	-	None Requested
20				
21	Working Capital Allowance	$	5,735,724	B-5, pg 2, Line 20, Col. H
22				
23	Customers' Advances for Construction	$	(466,036)	B-6, Line 1, Col. I
24				
25	Other Rate Base Items	$	(158,246,754)	B-6, Line 27, Col. I
26				
27	Jurisdictional Rate Base	$	683,779,476	Sum Lines 17 thru 25

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Plant In Service Summary by Major Property Groupings
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Major Property Groupings	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments	Adjusted Jurisdictional	Schedule Reference
(A)	(B)	(C)	(D)	(E)	(F) = (C) * (D)	(G)	(H) = (F) + (G)	(I)
1	Production	$ 3,077,844,190	0.00%	NONDIST	$ -	$ -	$ -	B-2.1, pg 1, Line 8
2								
3	Transmission	$ 440,133,607	0.00%	NONDIST	$ -	$ -	$ -	B-2.1, pg 1, Line 13
4								
5	Distribution	$ 1,642,323,883	93.85%	DIRECT	$ 1,541,351,600	$ -	$ 1,541,351,600	B-2.1, pg 4, Line 25
6								
7	General	$ 34,168,842	98.20%	DIRECT	$ 33,554,075	$ -	$ 33,554,075	B-2.1, pg 5, Line 18
8								
9	Intangible	$ 71,852,172	52.51%	DIRECT	$ 37,730,493	$ -	$ 37,730,493	B-2.1, pg 6, Line 18
10								
11	Total	$ 5,266,322,694			$ 1,612,636,168	$ -	$ 1,612,636,168	

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Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
Non-Jurisdictional Electric Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	Various	Production - Steam (Unitized)	$ 3,080,657,744	0.00%	NONDIST	$ -	$ -	$ -
2	Various	Production - Steam (Completed Construction)	$ 18,079,092	0.00%	NONDIST	$ -	$ -	$ -
3	Various	Production - Steam (Reconciling Adjustments)	$ 17,386	0.00%	NONDIST	$ -	$ -	$ -
4	Various	Production - Steam (Cost Modifications)	$ (119,830,136)	0.00%	NONDIST	$ -	$ -	$ -
5	Various	Production - Other (Unitized)	$ 97,638,430	0.00%	NONDIST	$ -	$ -	$ -
6	Various	Production - Other (Completed Construction)	$ 2,967,417	0.00%	NONDIST	$ -	$ -	$ -
7	Various	Production - Other (Cost Modifications)	$ (1,685,743)	0.00%	NONDIST	$ -	$ -	$ -
8		Total Production Plant	$ 3,077,844,190			$ -	$ -	$ -
9								
10	Various	Transmission (Unitized)	$ 430,635,514	0.00%	NONDIST	$ -	$ -	$ -
11	Various	Transmission (Completed Construction)	$ 8,333,069	0.00%	NONDIST	$ -	$ -	$ -
12	Various	Transmission (Reconciling Adjustments)	$ 1,165,024	0.00%	NONDIST	$ -	$ -	$ -
13		Total Transmission Plant	$ 440,133,607			$ -	$ -	$ -

[1] Col. (H) from Schedule B-2.2 Col. (G).

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Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	3601	Substation Land - NONE	$ 1,879,925	100.00%	ALLDIST	$ 1,879,925	$ -	$ 1,879,925
2	3602	Other Land - NONE	$ 2,382	100.00%	ALLDIST	$ 2,382	$ -	$ 2,382
3	3603	Land Rights - NONE	$ 23,493,716	100.00%	ALLDIST	$ 23,493,716	$ -	$ 23,493,716
4	3604	Distribution Land-OT - DSB	$ 117,769	100.00%	ALLDIST	$ 117,769	$ -	$ 117,769
5	3604	Distribution Land-OT - EATON	$ 18,635	100.00%	ALLDIST	$ 18,635	$ -	$ 18,635
6	3604	Distribution Land-OT - GREENVILLE	$ 349,912	100.00%	ALLDIST	$ 349,912	$ -	$ 349,912
7	3604	Distribution Land-OT - HUBER	$ -	100.00%	ALLDIST	$ -	$ -	$ -
8	3604	Distribution Land-OT - MARYSVILLE	$ 114,162	100.00%	ALLDIST	$ 114,162	$ -	$ 114,162
9	3604	Distribution Land-OT - MIAMISBURG	$ 286,563	100.00%	ALLDIST	$ 286,563	$ -	$ 286,563
10	3604	Distribution Land-OT - NORTH DAYTON	$ 339,580	100.00%	ALLDIST	$ 339,580	$ -	$ 339,580
11	3604	Distribution Land-OT - OTHER	$ 46,594	100.00%	ALLDIST	$ 46,594	$ -	$ 46,594
12	3604	Distribution Land-OT - SIDNEY	$ 4,005	100.00%	ALLDIST	$ 4,005	$ -	$ 4,005
13	3604	Distribution Land-OT - WASH CH	$ 93,971	100.00%	ALLDIST	$ 93,971	$ -	$ 93,971
14	3604	Distribution Land-OT - XENIA	$ 12,890	100.00%	ALLDIST	$ 12,890	$ -	$ 12,890
15	3610	S&I - NONE	$ 9,424,899	100.00%	ALLDIST	$ 9,424,899	$ -	$ 9,424,899
16	3610	S&I - WPAFB31	$ 108,613	0.00%	NONDIST	$ -	$ -	$ -
17	3614	S&I-OTHER - COLDWATER	$ 23,522	100.00%	ALLDIST	$ 23,522	$ -	$ 23,522
18	3614	S&I-OTHER - DSB	$ 23,249,580	100.00%	ALLDIST	$ 23,249,580	$ -	$ 23,249,580
19	3614	S&I-OTHER - EATON	$ 1,284,906	100.00%	ALLDIST	$ 1,284,906	$ -	$ 1,284,906
20	3614	S&I-OTHER - GREENVILLE	$ 1,713,466	100.00%	ALLDIST	$ 1,713,466	$ -	$ 1,713,466
21	3614	S&I-OTHER - HUBER	$ -	100.00%	ALLDIST	$ -	$ -	$ -
22	3614	S&I-OTHER - MARYSVILLE	$ 1,142,794	100.00%	ALLDIST	$ 1,142,794	$ -	$ 1,142,794
23	3614	S&I-OTHER - MIAMISBURG	$ 1,642,811	100.00%	ALLDIST	$ 1,642,811	$ -	$ 1,642,811
24	3614	S&I-OTHER - NONE	$ -	100.00%	ALLDIST	$ -	$ -	$ -

[1] Col. (H) from Schedule B-2.2 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	3614	S&I-OTHER - NORTH DAYTON	$ 4,364,877	100.00%	ALLDIST	$ 4,364,877	$ -	$ 4,364,877
2	3614	S&I-OTHER - OTHER	$ 112,577	100.00%	ALLDIST	$ 112,577	$ -	$ 112,577
3	3614	S&I-OTHER - SIDNEY	$ 2,110,285	100.00%	ALLDIST	$ 2,110,285	$ -	$ 2,110,285
4	3614	S&I-OTHER - TRANS	$ 804,846	96.39%	DMAINT	$ 775,791	$ -	$ 775,791
5	3614	S&I-OTHER - URBANA	$ -	100.00%	ALLDIST	$ -	$ -	$ -
6	3614	S&I-OTHER - WASH CH	$ 1,346,663	100.00%	ALLDIST	$ 1,346,663	$ -	$ 1,346,663
7	3614	S&I-OTHER - XENIA	$ 2,232,616	100.00%	ALLDIST	$ 2,232,616	$ -	$ 2,232,616
8	3620	Station Equip - NONE	$ 135,835,303	100.00%	ALLDIST	$ 135,835,303	$ -	$ 135,835,303
9	3620	Station Equip - WPAFB	$ 630,864	0.00%	NONDIST	$ -	$ -	$ -
10	3620	Station Equip - WPAFB31	$ 16,946,452	0.00%	NONDIST	$ -	$ -	$ -
11	3621	Station Equip-Genera - COMPUTERS	$ 29,545,325	43.70%	DLABOR	$ 12,911,307	$ -	$ 12,911,307
12	3621	Station Equip-Genera - COMPUTERS10	$ 4,221,346	43.70%	DLABOR	$ 1,844,728	$ -	$ 1,844,728
13	3621	Station Equip-Genera - COMPUTERS11	$ 3,957,088	43.70%	DLABOR	$ 1,729,247	$ -	$ 1,729,247
14	3621	Station Equip-Genera - COMPUTERS12	$ 2,925,057	43.70%	DLABOR	$ 1,278,250	$ -	$ 1,278,250
15	3621	Station Equip-Genera - COMPUTERS13	$ 4,801,463	43.70%	DLABOR	$ 2,098,239	$ -	$ 2,098,239
16	3621	Station Equip-Genera - COMPUTERS14	$ 2,024,329	43.70%	DLABOR	$ 884,632	$ -	$ 884,632
17	3621	Station Equip-Genera - COMPUTERS15	$ 363,856	43.70%	DLABOR	$ 159,005	$ -	$ 159,005
18	3621	Station Equip-Genera - OTHER	$ 17,897,647	100.00%	ALLDIST	$ 17,897,647	$ -	$ 17,897,647
19	3622	Station Equip-Genera - OTHER	$ 35,234,648	96.39%	DMAINT	$ 33,962,677	$ -	$ 33,962,677
20	3622	Station Equip-Genera - VEH15	$ 157,191	96.39%	DMAINT	$ 151,516	$ -	$ 151,516
21	3626	Station Equip - EDS - NONE	$ 625,742	43.70%	DLABOR	$ 273,449	$ -	$ 273,449
22	3627	Station Equip-Genera - FIBER CABLE	$ 541,432	43.70%	DLABOR	$ 236,606	$ -	$ 236,606
23	3627	Station Equip-Genera - MULTIPLEX	$ 1,750,695	43.70%	DLABOR	$ 765,054	$ -	$ 765,054
24	3627	Station Equip-Genera - OTHER	$ 42,701,605	43.70%	DLABOR	$ 18,660,601	$ -	$ 18,660,601

[1] Col. (H) from Schedule B-2.2 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	3640	Poles, Towers & Fixt - NONE	$ 260,613,653	100.00%	ALLDIST	$ 260,613,653	$ -	$ 260,613,653
2	3640	Poles, Towers & Fixt - WPAFB	$ 31,903	0.00%	NONDIST	$ -	$ -	$ -
3	3640	Poles, Towers & Fixt - WPAFB31	$ 569,365	0.00%	NONDIST	$ -	$ -	$ -
4	3650	Ovhd Conductor & Dev - NONE	$ 158,430,461	100.00%	ALLDIST	$ 158,430,461	$ -	$ 158,430,461
5	3650	Ovhd Conductor & Dev - WPAFB	$ 132,171	0.00%	NONDIST	$ -	$ -	$ -
6	3650	Ovhd Conductor & Dev - WPAFB31	$ 494,974	0.00%	NONDIST	$ -	$ -	$ -
7	3660	Underground Conduit - NONE	$ 10,652,766	100.00%	ALLDIST	$ 10,652,766	$ -	$ 10,652,766
8	3660	Underground Conduit - WPAFB	$ 87,103	0.00%	NONDIST	$ -	$ -	$ -
9	3660	Underground Conduit - WPAFB31	$ 5,536,919	0.00%	NONDIST	$ -	$ -	$ -
10	3670	Underground Conducto - NONE	$ 203,324,254	100.00%	ALLDIST	$ 203,324,254	$ -	$ 203,324,254
11	3670	Underground Conducto - WPAFB	$ 1,632,136	0.00%	NONDIST	$ -	$ -	$ -
12	3670	Underground Conducto - WPAFB31	$ 4,556,673	0.00%	NONDIST	$ -	$ -	$ -
13	3680	Line Transformers - NONE	$ 271,712,937	100.00%	ALLDIST	$ 271,712,937	$ -	$ 271,712,937
14	3680	Line Transformers - WPAFB	$ 687,950	0.00%	NONDIST	$ -	$ -	$ -
15	3680	Line Transformers - WPAFB31	$ 6,772,217	0.00%	NONDIST	$ -	$ -	$ -
16	3691	Ovhd Electric Servic - NONE	$ 48,245,168	100.00%	ALLDIST	$ 48,245,168	$ -	$ 48,245,168
17	3692	Underground Electric - NONE	$ 158,964,844	100.00%	ALLDIST	$ 158,964,844	$ -	$ 158,964,844
18	3700	Meters - NONE	$ 46,780,659	100.00%	ALLDIST	$ 46,780,659	$ -	$ 46,780,659
19	3711	Cust Install - Priv - NONE	$ 15,594,843	100.00%	ALLDIST	$ 15,594,843	$ -	$ 15,594,843
20	3712	Cust Install - Other - NONE	$ 227,694	100.00%	ALLDIST	$ 227,694	$ -	$ 227,694
21	3720	Leased Prop on Cust - NONE	$ 47,450	100.00%	ALLDIST	$ 47,450	$ -	$ 47,450
22	106	Completed Construction	$ 64,218,227	96.48%	DIRECT	$ 61,957,745	$ -	$ 61,957,745
23	106	Completed Construction - WPAFB	$ 6,600,940	0.00%	NONDIST	$ -	$ -	$ -
24	Various	Distribution (Reconciling Adjustments)	$ (74,026)	100.00%	ALLDIST	$ (74,026)	$ -	$ (74,026)
25		Total Distribution Plant	$ 1,642,323,883			$ 1,541,351,600	$ -	$ 1,541,351,600

[1] Col. (H) from Schedule B-2.2 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
General Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1
Page 5 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	3892	Land & Rights - Comm - OTHER	$ 1,608,881	100.00%	ALLDIST	$ 1,608,881	$ -	$ 1,608,881
2	3902	S&I - Common - OTHER	$ 17,301,900	100.00%	ALLDIST	$ 17,301,900	$ -	$ 17,301,900
3	3915	Office Furn & Equip - EAST BEND	$ -	0.00%	NONDIST	$ -	$ -	$ -
4	3915	Office Furn & Equip - MIAMI FORT	$ -	0.00%	NONDIST	$ -	$ -	$ -
5	3915	Office Furn & Equip - ZIMMER	$ -	0.00%	NONDIST	$ -	$ -	$ -
6	3925	Transportation Equip - ZIMMER	$ -	0.00%	NONDIST	$ -	$ -	$ -
7	3930	Stores Equip - Commo - OTHER	$ 357,953	96.39%	DMAINT	$ 345,031	$ -	$ 345,031
8	3935	Stores Equip - COF - EAST BEND	$ -	0.00%	NONDIST	$ -	$ -	$ -
9	3935	Stores Equip - COF - MIAMI FORT	$ 78,569	0.00%	NONDIST	$ -	$ -	$ -
10	3940	Tools, Shop & Garage - OTHER	$ 7,668,510	96.39%	DMAINT	$ 7,391,677	$ -	$ 7,391,677
11	3950	Lab Equip - Common - OTHER	$ 4,597,512	96.39%	DMAINT	$ 4,431,542	$ -	$ 4,431,542
12	3960	Power Operated Equip - OTHER	$ 2,229,175	96.39%	DMAINT	$ 2,148,702	$ -	$ 2,148,702
13	3960	Power Operated Equip - PWR OPER EQUIP	$ -	96.39%	DMAINT	$ -	$ -	$ -
14	3975	Communication Equip - EAST BEND	$ -	0.00%	NONDIST	$ -	$ -	$ -
15	3975	Communication Equip - ZIMMER	$ -	0.00%	NONDIST	$ -	$ -	$ -
16	3980	Misc Equipment - Com - OTHER	$ 326,342	100.00%	ALLDIST	$ 326,342	$ -	$ 326,342
17	106	Completed Construction	$ -	98.43%	DIRECT	$ -	$ -	$ -
18		Total General Plant	$ 34,168,842			$ 33,554,075	$ -	$ 33,554,075

[1] Col. (H) from Schedule B-2.2 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Plant In Service by Accounts and Subaccounts
As of September 30, 2015
Intangible Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e

Schedule B-2.1
Page 6 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	3030	Intangible Plant - BECKJORD	$ -	0.00%	NONDIST	$ -	$ -	$ -
2	3030	Intangible Plant - CONESVILLE	$ 855	0.00%	NONDIST	$ -	$ -	$ -
3	3030	Intangible Plant - EAST BEND	$ -	0.00%	NONDIST	$ -	$ -	$ -
4	3030	Intangible Plant - MIAMI FORT	$ 859,527	0.00%	NONDIST	$ -	$ -	$ -
5	3030	Intangible Plant - NONE - GEN	$ 5,103,045	0.00%	NONDIST	$ -	$ -	$ -
6	3030	Intangible Plant - NONE	$ 14,933,869	56.08%	DIRECT	$ 8,375,428	$ -	$ 8,375,428
7	3030	Intangible Plant - SW08	$ 1,569,694	56.60%	DIRECT	$ 888,403	$ -	$ 888,403
8	3030	Intangible Plant - SW09	$ 12,048,690	50.32%	DIRECT	$ 6,062,801	$ -	$ 6,062,801
9	3030	Intangible Plant - SW10	$ 1,096,346	74.21%	DIRECT	$ 813,551	$ -	$ 813,551
10	3030	Intangible Plant - SW11	$ 11,661,411	66.28%	DIRECT	$ 7,729,703	$ -	$ 7,729,703
11	3030	Intangible Plant - SW12	$ 11,464,771	68.95%	DIRECT	$ 7,905,487	$ -	$ 7,905,487
12	3030	Intangible Plant - SW13	$ 8,771,684	47.22%	DIRECT	$ 4,142,385	$ -	$ 4,142,385
13	3030	Intangible Plant - SW14	$ 1,002,618	65.25%	DIRECT	$ 654,182	$ -	$ 654,182
14	3030	Intangible Plant - SW15	$ 53,356	61.14%	DIRECT	$ 32,621	$ -	$ 32,621
15	3030	Intangible Plant - ZIMMER	$ 976,128	0.00%	NONDIST	$ -	$ -	$ -
16	106	Completed Construction	$ 1,925,657	58.47%	DIRECT	$ 1,125,932	$ -	$ 1,125,932
17	106	Completed Construction - Non Regulated	$ 384,521	0.00%	NONDIST	$ -	$ -	$ -
18		Total Intangible Plant	$ 71,852,172			$ 37,730,493	$ -	$ 37,730,493

[1] Col. (H) from Schedule B-2.2 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjustments to Plant In Service
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2.2
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Company Adjustment	Allocation %	Allocation Code	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)

No adjustments to be made.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Gross Additions, Retirements, and Transfers
From April 1, 1991 To September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Beginning Balance	Additions	Retirements	Transfer/Reclassifications Amount	Explanation of Transfers[1]	Other Accts. Involved	Ending Balance
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J) = (D) + (E) - (F) + (G)
1	360	Land and Land Rights	$ 9,723,000	$ 15,904,166	$ 750,243	$ 1,883,182			$ 26,760,105
2	361	Structures and Improvements	$ 6,809,000	$ 24,040,014	$ 12,605,464	$ 31,318,906			$ 49,562,456
3	362	Station Equipment	$ 67,982,000	$ 216,311,442	$ 49,118,398	$ 64,984,998			$ 300,160,042
4	363	Storage Battery Equipment	$ -	$ -	$ -	$ -			$ -
5	364	Poles, Towers and Fixtures	$ 81,982,000	$ 181,311,893	$ 4,226,707	$ 2,147,734			$ 261,214,920
6	365	Overhead Conductors and Devices	$ 47,658,000	$ 85,313,449	$ 12,694,337	$ 38,780,494			$ 159,057,606
7	366	Underground Conduit	$ 4,356,000	$ 16,410,985	$ 29,308	$ (4,460,889)			$ 16,276,788
8	367	Underground Conductors and Devices	$ 54,841,000	$ 163,673,332	$ 12,208,224	$ 3,206,955			$ 209,513,063
9	368	Line Transformers	$ 113,171,000	$ 230,145,622	$ 20,171,740	$ (43,971,778)			$ 279,173,104
10	369	Services	$ 46,617,000	$ 160,475,744	$ (399,386)	$ (282,116)			$ 207,210,014
11	370	Meters	$ 27,416,000	$ 43,438,175	$ 23,899,054	$ (174,461)			$ 46,780,660
12	371	Installations on Customers' Premises	$ 8,408,000	$ 9,057,754	$ 1,630,769	$ (12,448)			$ 15,822,537
13	372	Leased Property on Customers' Premises	$ 56,866	$ (1)	$ -	$ (9,415)			$ 47,450
14	373	Street Light and Signal Systems	$ -	$ -	$ -	$ -			$ -
15	374	Asset Retirement Costs for Distr Plant	$ -	$ -	$ -	$ -			$ -
16	106	Distribution Plant Not Classified	$ -	$ 70,819,167	$ -	$ -			$ 70,819,167
17		Total Distribution Plant	$ 469,019,866	$ 1,216,901,742	$ 136,934,858	$ 93,411,162			$ 1,642,397,912

[1] Transfers through 2014 are as reported within FERC Form 1; additional transfers occurring in 2015 are based on a review of the Company's property accounting records.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Gross Additions, Retirements, and Transfers
From April 1, 1991 To September 30, 2015
General Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2.3
Page 2 of 3
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Beginning Balance	Additions	Retirements	Transfer/Reclassifications Amount	Explanation of Transfers[1]	Other Accts. Involved	Ending Balance
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J) = (D) + (E) - (F) + (G)
1	389	Land and Land Rights	$ 4,840,000	$ 1,655,345	$ (2,189)	$ (4,888,653)			$ 1,608,881
2	390	Structures and Improvements	$ 54,368,000	$ 5,661,918	$ 16,191,218	$ (26,536,800)			$ 17,301,900
3	391	Office Furniture and Equipment	$ 13,383,000	$ 24,372,482	$ 3,369,790	$ (34,385,692)			$ -
4	392	Transportation Equipment	$ 4,166,000	$ 19,445,475	$ 5,888,497	$ (17,722,978)			$ -
5	393	Stores Equipment	$ 447,280	$ 757,551	$ 686,986	$ (81,323)			$ 436,522
6	394	Tools, Shop and Garage Equipment	$ 2,546,000	$ 6,492,257	$ 2,403,552	$ 1,033,805			$ 7,668,510
7	395	Laboratory Equipment	$ 1,158,295	$ 4,430,060	$ 1,544,736	$ 553,893			$ 4,597,512
8	396	Power Operated Equipment	$ 1,559,000	$ 1,624,928	$ 1,024,716	$ 69,963			$ 2,229,175
9	397	Communication Equipment	$ 9,525,000	$ 7,814,146	$ 2,145,306	$ (15,193,840)			$ -
10	398	Miscellaneous Equipment	$ 1,150,000	$ 1,943,716	$ 5,117,056	$ 2,349,682			$ 326,342
11	399	Other Tangible Property	$ -	$ -	$ -	$ -			$ -
12	399.1	Asset Retirement Costs for General Plant	$ -	$ -	$ -	$ -			$ -
13	106	General Plant Not Classified	$ -	$ -	$ -	$ -			$ -
14		Total General Plant	$ 93,142,575	$ 74,197,878	$ 38,369,668	$ (94,801,943)			$ 34,168,842

[1] Transfers through 2014 are as reported within FERC Form 1; additional transfers occurring in 2015 are based on a review of the Company's property accounting records.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Gross Additions, Retirements, and Transfers
From April 1, 1991 To September 30, 2015
Intangible Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2.3
Page 3 of 3
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Beginning Balance	Additions	Retirements	Transfer/Reclassifications Amount	Explanation of Transfers[1]	Other Accts. Involved	Ending Balance
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J) = (D) + (E) - (F) + (G)
1	301	Organization	$ -	$ -	$ -	$ -			$ -
2	302	Franchises and Consents	$ -	$ -	$ -	$ -			$ -
3	303	Miscellaneous Intangible Plant	$ -	$ 113,194,078	$ 24,051,911	$ (19,600,172)			$ 69,541,995
4	106	Intangible Plant Not Classified	$ -	$ 2,310,178	$ -	$ -			$ 2,310,178
5		Total Intangible Plant	$ -	$ 115,504,256	$ 24,051,911	$ (19,600,172)			$ 71,852,173

[1] Transfers through 2014 are as reported within FERC Form 1; additional transfers occurring in 2015 are based on a review of the Company's property accounting records.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Lease Property
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2.4
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Description of Type and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property Involved	Explain Method of Capitalization	Included In Rate Base (Yes/No)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)

The Company holds no property under capital lease.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Property Excluded from Rate Base - For Reasons Other than Rate Area Allocation
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-2.5
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	In Service Date	Original Cost	Accumulated Depreciation	Net Book Value Cost	Test Year Revenue & Expense[1] Amount	Acct. No.	Description	Reasons For Exclusion
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) - (F)	(H)	(I)	(J)	(K)
1	3610	S&I - WPAFB31	Various	$ 108,613	$ 108,613	$ -				Special Contract
2	3620	Station Equip - WPAFB	Various	$ 630,864	$ 67,660	$ 563,204				Special Contract
3	3620	Station Equip - WPAFB31	Various	$ 16,946,452	$ 7,242,647	$ 9,703,805				Special Contract
4	3640	Poles, Towers & Fixt - WPAFB	Various	$ 31,903	$ 3,150	$ 28,753				Special Contract
5	3640	Poles, Towers & Fixt - WPAFB31	Various	$ 569,365	$ 229,759	$ 339,606				Special Contract
6	3650	Ovhd Conductor & Dev - WPAFB	Various	$ 132,171	$ 12,058	$ 120,113				Special Contract
7	3650	Ovhd Conductor & Dev - WPAFB31	Various	$ 494,974	$ 331,288	$ 163,686				Special Contract
8	3660	Underground Conduit - WPAFB	Various	$ 87,103	$ 4,466	$ 82,637				Special Contract
9	3660	Underground Conduit - WPAFB31	Various	$ 5,536,919	$ 5,061,809	$ 475,110				Special Contract
10	3670	Underground Conducto - WPAFB	Various	$ 1,632,136	$ 163,942	$ 1,468,194				Special Contract
11	3670	Underground Conducto - WPAFB31	Various	$ 4,556,673	$ 4,383,156	$ 173,517				Special Contract
12	3680	Line Transformers - WPAFB	Various	$ 687,950	$ 62,335	$ 625,615				Special Contract
13	3680	Line Transformers - WPAFB31	Various	$ 6,772,217	$ 3,120,227	$ 3,651,990				Special Contract
14	106	Completed Construction - WPAFB	Various	$ 6,600,940	$ 356,712	$ 6,244,228				Special Contract
15		Total		$ 44,788,280	$ 21,147,822	$ 23,640,458				

[1] See Schedule C-3.18

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
Non-Jurisdictional Electric Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	Various	Production - Steam (Unitized)	$ 3,080,657,744	$ 1,676,966,062	0.00%	NONDIST	$ -	$ -	$ -
2	Various	Production - Steam (Completed Construction)	$ 18,079,092	$ 1,949,597	0.00%	NONDIST	$ -	$ -	$ -
3	Various	Production - Steam (Reconciling Adjustment)	$ 17,386	$ 191,520	0.00%	NONDIST	$ -	$ -	$ -
4	Various	Production - Steam (Cost Modifications)	$ (119,830,136)	$ (50,779,688)	0.00%	NONDIST	$ -	$ -	$ -
5	Various	Production - Other (Unitized)	$ 97,638,430	$ 74,118,554	0.00%	NONDIST	$ -	$ -	$ -
6	Various	Production - Other (Completed Construction)	$ 2,967,417	$ 40,273	0.00%	NONDIST	$ -	$ -	$ -
7	Various	Production - Other (Cost Modifications)	$ (1,685,743)	$ (414,395)	0.00%	NONDIST	$ -	$ -	$ -
8	108	Production - Retirement Work in Progress	$ -	$ (7,447,676)	0.00%	NONDIST	$ -	$ -	$ -
9		Total Production Plant	$ 3,077,844,190	$ 1,694,624,247			$ -	$ -	$ -
10									
11	Various	Transmission (Unitized)	$ 430,635,514	$ 235,545,905	0.00%	NONDIST	$ -	$ -	$ -
12	Various	Transmission (Completed Construction)	$ 8,333,069	$ 339,156	0.00%	NONDIST	$ -	$ -	$ -
13	Various	Transmission (Reconciling Adjustments)	$ 1,165,024	$ 1,967,263	0.00%	NONDIST	$ -	$ -	$ -
14	108	Transmission - Retirement Work in Progress	$ -	$ (2,637,911)	0.00%	NONDIST	$ -	$ -	$ -
15		Total Transmission Plant	$ 440,133,607	$ 235,214,413			$ -	$ -	$ -

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3
Page 2 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	3601	Substation Land - NONE	$ 1,879,925	$ -	100.00%	ALLDIST	$ -	$ -	$ -
2	3602	Other Land - NONE	$ 2,382	$ -	100.00%	ALLDIST	$ -	$ -	$ -
3	3603	Land Rights - NONE	$ 23,493,716	$ 70,315	100.00%	ALLDIST	$ 70,315	$ -	$ 70,315
4	3604	Distribution Land-OT - DSB	$ 117,769	$ -	100.00%	ALLDIST	$ -	$ -	$ -
5	3604	Distribution Land-OT - EATON	$ 18,635	$ -	100.00%	ALLDIST	$ -	$ -	$ -
6	3604	Distribution Land-OT - GREENVILLE	$ 349,912	$ -	100.00%	ALLDIST	$ -	$ -	$ -
7	3604	Distribution Land-OT - HUBER	$ -	$ -	100.00%	ALLDIST	$ -	$ -	$ -
8	3604	Distribution Land-OT - MARYSVILLE	$ 114,162	$ -	100.00%	ALLDIST	$ -	$ -	$ -
9	3604	Distribution Land-OT - MIAMISBURG	$ 286,563	$ -	100.00%	ALLDIST	$ -	$ -	$ -
10	3604	Distribution Land-OT - NORTH DAYTON	$ 339,580	$ -	100.00%	ALLDIST	$ -	$ -	$ -
11	3604	Distribution Land-OT - OTHER	$ 46,594	$ -	100.00%	ALLDIST	$ -	$ -	$ -
12	3604	Distribution Land-OT - SIDNEY	$ 4,005	$ -	100.00%	ALLDIST	$ -	$ -	$ -
13	3604	Distribution Land-OT - WASH CH	$ 93,971	$ -	100.00%	ALLDIST	$ -	$ -	$ -
14	3604	Distribution Land-OT - XENIA	$ 12,890	$ -	100.00%	ALLDIST	$ -	$ -	$ -
15	3610	S&I - NONE	$ 9,424,899	$ 4,871,850	100.00%	ALLDIST	$ 4,871,850	$ -	$ 4,871,850
16	3610	S&I - WPAFB31	$ 108,613	$ 108,613	0.00%	NONDIST	$ -	$ -	$ -
17	3614	S&I-OTHER - COLDWATER	$ 23,522	$ 107	100.00%	ALLDIST	$ 107	$ -	$ 107
18	3614	S&I-OTHER - DSB	$ 23,249,580	$ 11,341,461	100.00%	ALLDIST	$ 11,341,461	$ -	$ 11,341,461
19	3614	S&I-OTHER - EATON	$ 1,284,906	$ 653,135	100.00%	ALLDIST	$ 653,135	$ -	$ 653,135
20	3614	S&I-OTHER - GREENVILLE	$ 1,713,466	$ 589,583	100.00%	ALLDIST	$ 589,583	$ -	$ 589,583
21	3614	S&I-OTHER - HUBER	$ -	$ -	100.00%	ALLDIST	$ -	$ -	$ -
22	3614	S&I-OTHER - MARYSVILLE	$ 1,142,794	$ 484,266	100.00%	ALLDIST	$ 484,266	$ -	$ 484,266
23	3614	S&I-OTHER - MIAMISBURG	$ 1,642,811	$ 1,110,607	100.00%	ALLDIST	$ 1,110,607	$ -	$ 1,110,607
24	3614	S&I-OTHER - NONE	$ -	$ -	100.00%	ALLDIST	$ -	$ -	$ -

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3
Page 3 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	3614	S&I-OTHER - NORTH DAYTON	$ 4,364,877	$ (4,617)	100.00%	ALLDIST	$ (4,617)	$ -	$ (4,617)
2	3614	S&I-OTHER - OTHER	$ 112,577	$ 112,577	100.00%	ALLDIST	$ 112,577	$ -	$ 112,577
3	3614	S&I-OTHER - SIDNEY	$ 2,110,285	$ 832,987	100.00%	ALLDIST	$ 832,987	$ -	$ 832,987
4	3614	S&I-OTHER - TRANS	$ 804,846	$ 508,913	96.39%	DMAINT	$ 490,541	$ -	$ 490,541
5	3614	S&I-OTHER - URBANA	$ -	$ -	100.00%	ALLDIST	$ -	$ -	$ -
6	3614	S&I-OTHER - WASH CH	$ 1,346,663	$ 963,773	100.00%	ALLDIST	$ 963,773	$ -	$ 963,773
7	3614	S&I-OTHER - XENIA	$ 2,232,616	$ 1,086,767	100.00%	ALLDIST	$ 1,086,767	$ -	$ 1,086,767
8	3620	Station Equip - NONE	$ 135,835,303	$ 51,235,961	100.00%	ALLDIST	$ 51,235,961	$ -	$ 51,235,961
9	3620	Station Equip - WPAFB	$ 630,864	$ 67,660	0.00%	NONDIST	$ -	$ -	$ -
10	3620	Station Equip - WPAFB31	$ 16,946,452	$ 7,242,647	0.00%	NONDIST	$ -	$ -	$ -
11	3621	Station Equip-Genera - COMPUTERS	$ 29,545,325	$ 29,545,325	43.70%	DLABOR	$ 12,911,307	$ -	$ 12,911,307
12	3621	Station Equip-Genera - COMPUTERS10	$ 4,221,346	$ 3,084,319	43.70%	DLABOR	$ 1,347,847	$ -	$ 1,347,847
13	3621	Station Equip-Genera - COMPUTERS11	$ 3,957,088	$ 1,872,216	43.70%	DLABOR	$ 818,158	$ -	$ 818,158
14	3621	Station Equip-Genera - COMPUTERS12	$ 2,925,057	$ 1,183,758	43.70%	DLABOR	$ 517,302	$ -	$ 517,302
15	3621	Station Equip-Genera - COMPUTERS13	$ 4,801,463	$ 1,355,590	43.70%	DLABOR	$ 592,393	$ -	$ 592,393
16	3621	Station Equip-Genera - COMPUTERS14	$ 2,024,329	$ 195,803	43.70%	DLABOR	$ 85,566	$ -	$ 85,566
17	3621	Station Equip-Genera - COMPUTERS15	$ 363,856	$ 22,282	43.70%	DLABOR	$ 9,737	$ -	$ 9,737
18	3621	Station Equip-Genera - OTHER	$ 17,897,647	$ 14,476,225	100.00%	ALLDIST	$ 14,476,225	$ -	$ 14,476,225
19	3622	Station Equip-Genera - OTHER	$ 35,234,648	$ 35,264,648	96.39%	DMAINT	$ 33,991,594	$ -	$ 33,991,594
20	3622	Station Equip-Genera - VEH15	$ 157,191	$ 6,433	96.39%	DMAINT	$ 6,201	$ -	$ 6,201
21	3626	Station Equip - EDS - NONE	$ 625,742	$ 625,742	43.70%	DLABOR	$ 273,449	$ -	$ 273,449
22	3627	Station Equip-Genera - FIBER CABLE	$ 541,432	$ 389,127	43.70%	DLABOR	$ 170,048	$ -	$ 170,048
23	3627	Station Equip-Genera - MULTIPLEX	$ 1,750,695	$ 1,750,695	43.70%	DLABOR	$ 765,054	$ -	$ 765,054
24	3627	Station Equip-Genera - OTHER	$ 42,701,605	$ 12,054,939	43.70%	DLABOR	$ 5,268,008	$ -	$ 5,268,008

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3
Page 4 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	3640	Poles, Towers & Fixt - NONE	$ 260,613,653	$ 153,937,606	100.00%	ALLDIST	$ 153,937,606	$ -	$ 153,937,606
2	3640	Poles, Towers & Fixt - WPAFB	$ 31,903	$ 3,150	0.00%	NONDIST	$ -	$ -	$ -
3	3640	Poles, Towers & Fixt - WPAFB31	$ 569,365	$ 229,759	0.00%	NONDIST	$ -	$ -	$ -
4	3650	Ovhd Conductor & Dev - NONE	$ 158,430,461	$ 77,836,256	100.00%	ALLDIST	$ 77,836,256	$ -	$ 77,836,256
5	3650	Ovhd Conductor & Dev - WPAFB	$ 132,171	$ 12,058	0.00%	NONDIST	$ -	$ -	$ -
6	3650	Ovhd Conductor & Dev - WPAFB31	$ 494,974	$ 331,288	0.00%	NONDIST	$ -	$ -	$ -
7	3660	Underground Conduit - NONE	$ 10,652,766	$ 5,551,476	100.00%	ALLDIST	$ 5,551,476	$ -	$ 5,551,476
8	3660	Underground Conduit - WPAFB	$ 87,103	$ 4,466	0.00%	NONDIST	$ -	$ -	$ -
9	3660	Underground Conduit - WPAFB31	$ 5,536,919	$ 5,061,809	0.00%	NONDIST	$ -	$ -	$ -
10	3670	Underground Conducto - NONE	$ 203,324,254	$ 99,060,724	100.00%	ALLDIST	$ 99,060,724	$ -	$ 99,060,724
11	3670	Underground Conducto - WPAFB	$ 1,632,136	$ 163,942	0.00%	NONDIST	$ -	$ -	$ -
12	3670	Underground Conducto - WPAFB31	$ 4,556,673	$ 4,383,156	0.00%	NONDIST	$ -	$ -	$ -
13	3680	Line Transformers - NONE	$ 271,712,937	$ 96,911,140	100.00%	ALLDIST	$ 96,911,140	$ -	$ 96,911,140
14	3680	Line Transformers - WPAFB	$ 687,950	$ 62,335	0.00%	NONDIST	$ -	$ -	$ -
15	3680	Line Transformers - WPAFB31	$ 6,772,217	$ 3,120,227	0.00%	NONDIST	$ -	$ -	$ -
16	3691	Ovhd Electric Servic - NONE	$ 48,245,168	$ 38,002,061	100.00%	ALLDIST	$ 38,002,061	$ -	$ 38,002,061
17	3692	Underground Electric - NONE	$ 158,964,844	$ 85,593,622	100.00%	ALLDIST	$ 85,593,622	$ -	$ 85,593,622
18	3700	Meters - NONE	$ 46,780,659	$ 13,712,156	100.00%	ALLDIST	$ 13,712,156	$ -	$ 13,712,156
19	3711	Cust Install - Priv - NONE	$ 15,594,843	$ 15,245,663	100.00%	ALLDIST	$ 15,245,663	$ -	$ 15,245,663
20	3712	Cust Install - Other - NONE	$ 227,694	$ 160,968	100.00%	ALLDIST	$ 160,968	$ -	$ 160,968
21	3720	Leased Prop on Cust - NONE	$ 47,450	$ 47,450	100.00%	ALLDIST	$ 47,450	$ -	$ 47,450
22	106	Completed Construction	$ 64,218,227	$ 5,057,507	96.48%	DIRECT	$ 4,879,483	$ -	$ 4,879,483
23	106	Completed Construction - WPAFB	$ 6,600,940	$ 356,712	0.00%	NONDIST	$ -	$ -	$ -
24	Various	Distribution (Reconciling Adjustments)	$ (74,026)	$ 298,398	5.58%	DIRECT	$ 16,663	$ -	$ 16,663
25	108	RWIP - Cost of Removal	$ -	$ (7,379,189)	18.24%	DIRECT	$ (7,145,589)	$ -	$ (7,145,589)
26	108	RWIP - Salvage	$ -	$ 4,298,637	12.98%	DIRECT	$ 4,277,018	$ -	$ 4,277,018
27		Total Distribution Plant	$ 1,642,323,883	$ 785,167,084			$ 733,158,899	$ -	$ 733,158,899

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
General Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3
Page 5 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	3892	Land & Rights - Comm - OTHER	$ 1,608,881	$ -	100.00%	ALLDIST	$ -	$ -	$ -
2	3902	S&I - Common - OTHER	$ 17,301,900	$ 11,433,285	100.00%	ALLDIST	$ 11,433,285	$ -	$ 11,433,285
3	3915	Office Furn & Equip - EAST BEND	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
4	3915	Office Furn & Equip - MIAMI FORT	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
5	3915	Office Furn & Equip - ZIMMER	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
6	3925	Transportation Equip - ZIMMER	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
7	3930	Stores Equip - Commo - OTHER	$ 357,953	$ 285,056	96.39%	DMAINT	$ 274,765	$ -	$ 274,765
8	3935	Stores Equip - COF - EAST BEND	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
9	3935	Stores Equip - COF - MIAMI FORT	$ 78,569	$ 60,894	0.00%	NONDIST	$ -	$ -	$ -
10	3940	Tools, Shop & Garage - OTHER	$ 7,668,510	$ 4,380,832	96.39%	DMAINT	$ 4,222,684	$ -	$ 4,222,684
11	3950	Lab Equip - Common - OTHER	$ 4,597,512	$ 787,281	96.39%	DMAINT	$ 758,860	$ -	$ 758,860
12	3960	Power Operated Equip - OTHER	$ 2,229,175	$ 2,229,175	96.39%	DMAINT	$ 2,148,702	$ -	$ 2,148,702
13	3960	Power Operated Equip - PWR OPER EQUIP	$ -	$ -	96.39%	DMAINT	$ -	$ -	$ -
14	3975	Communication Equip - EAST BEND	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
15	3975	Communication Equip - ZIMMER	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
16	3980	Misc Equipment - Com - OTHER	$ 326,342	$ (60,394)	100.00%	ALLDIST	$ (60,394)	$ -	$ (60,394)
17	106	Completed Construction	$ -	$ -	98.43%	DIRECT	$ -	$ -	$ -
18	108	RWIP - Cost of Removal	$ -	$ (66,462)	96.39%	DMAINT	$ (64,063)	$ -	$ (64,063)
19	108	RWIP - Salvage	$ -	$ (55,222)	96.39%	DMAINT	$ (53,228)	$ -	$ (53,228)
20		Total General Plant	$ 34,168,842	$ 18,994,445			$ 18,660,611	$ -	$ 18,660,611

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Reserve for Accumulated Depreciation
As of September 30, 2015
Intangible Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a, WPB-2b, WPB-2c, WPB-2d, WPB-2e, WPB-3

Schedule B-3
Page 6 of 6
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Plant Investment	Reserve for Accumulated Depreciation at Date Certain: Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (E) * (F)	(I)	(J) = (H) + (I)
1	3030	Intangible Plant - BECKJORD	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
2	3030	Intangible Plant - CONESVILLE	$ 855	$ 753	0.00%	NONDIST	$ -	$ -	$ -
3	3030	Intangible Plant - EAST BEND	$ -	$ -	0.00%	NONDIST	$ -	$ -	$ -
4	3030	Intangible Plant - MIAMI FORT	$ 859,527	$ 738,090	0.00%	NONDIST	$ -	$ -	$ -
6	3030	Intangible Plant - NONE - GEN	$ 5,103,045	$ 4,050,225	0.00%	NONDIST	$ -	$ -	$ -
5	3030	Intangible Plant - NONE	$ 14,933,869	$ 14,933,869	56.08%	DIRECT	$ 8,375,428	$ -	$ 8,375,428
7	3030	Intangible Plant - SW08	$ 1,569,694	$ 1,555,692	56.60%	DIRECT	$ 880,478	$ -	$ 880,478
8	3030	Intangible Plant - SW09	$ 12,048,690	$ 10,462,680	50.32%	DIRECT	$ 5,264,734	$ -	$ 5,264,734
9	3030	Intangible Plant - SW10	$ 1,096,346	$ 659,769	74.21%	DIRECT	$ 489,586	$ -	$ 489,586
10	3030	Intangible Plant - SW11	$ 11,661,411	$ 6,512,525	66.28%	DIRECT	$ 4,316,792	$ -	$ 4,316,792
11	3030	Intangible Plant - SW12	$ 11,464,771	$ 4,934,304	68.95%	DIRECT	$ 3,402,430	$ -	$ 3,402,430
12	3030	Intangible Plant - SW13	$ 8,771,684	$ 2,468,442	47.22%	DIRECT	$ 1,165,710	$ -	$ 1,165,710
13	3030	Intangible Plant - SW14	$ 1,002,618	$ 138,699	65.25%	DIRECT	$ 90,497	$ -	$ 90,497
14	3030	Intangible Plant - SW15	$ 53,356	$ 4,342	61.14%	DIRECT	$ 2,655	$ -	$ 2,655
15	3030	Intangible Plant - ZIMMER	$ 976,128	$ 967,669	0.00%	NONDIST	$ -	$ -	$ -
16	106	Completed Construction	$ 1,925,657	$ 122,809	58.47%	DIRECT	$ 71,806	$ -	$ 71,806
17	106	Completed Construction - Non Regulated	$ 384,521	$ 54,879	0.00%	NONDIST	$ -	$ -	$ -
18		Total Intangible Plant	$ 71,852,172	$ 47,604,747			$ 24,060,116	$ -	$ 24,060,116

[1] Col. (I) from Schedule B-3.1 Col. (G).

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjustments to the Reserve for Accumulated Depreciation
For the Twelve Months Ended May 31, 2016

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-3.1
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Adjustment	Allocation %	Allocation Code	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)

No adjustments to be made.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Adjusted Jurisdictional Plant Investment	Adjusted Jurisdictional Reserve Balance	Current Depreciation Rates: Current Accrual Rate^	Current Depreciation Rates: Calculated Depreciation Expense	Current Depreciation Rates: % Net Salvage^	Current Depreciation Rates: Average Service Life^	Current Depreciation Rates: Curve Form^	Proposed Depreciation Rates: Proposed Accrual Rate	Proposed Depreciation Rates: Calculated Depreciation Expense	Proposed Depreciation Rates: % Net Salvage	Proposed Depreciation Rates: Average Service Life	Proposed Depreciation Rates: Curve Form
(A)	(B)	(C)	(D)	(E)	(F)	(G)= (D) * (F)	(H)	(I)	(J)	(K)	(L) = (D) * (K)	(M)	(N)	(O)
1	3601	Substation Land - NONE	$ 1,879,925	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
2	3602	Other Land - NONE	$ 2,382	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
3	3603	Land Rights - NONE	$ 23,493,716	$ 70,315	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
4	3604	Distribution Land-OT - DSB	$ 117,769	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
5	3604	Distribution Land-OT - EATON	$ 18,635	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
6	3604	Distribution Land-OT - GREENVILLE	$ 349,912	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
7	3604	Distribution Land-OT - HUBER	$ -	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
8	3604	Distribution Land-OT - MARYSVILLE	$ 114,162	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
9	3604	Distribution Land-OT - MIAMISBURG	$ 286,563	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
10	3604	Distribution Land-OT - NORTH DAYTON	$ 339,580	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
11	3604	Distribution Land-OT - OTHER	$ 46,594	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
12	3604	Distribution Land-OT - SIDNEY	$ 4,005	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
13	3604	Distribution Land-OT - WASH CH	$ 93,971	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
14	3604	Distribution Land-OT - XENIA	$ 12,890	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
15	3610	S&I - NONE	$ 9,424,899	$ 4,871,850	2.48%	$ 233,737	-10.00%	44.4	R3.0	2.85%	$ 268,610	-25.00%	43.9	L1.5
16	3610	S&I - WPAFB31	$ -	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
17	3614	S&I-OTHER - COLDWATER	$ 23,522	$ 107	2.90%	$ 682	0.00%	34.5	R2.5	4.41%	$ 1,037	-25.00%	28.3	L0.0
18	3614	S&I-OTHER - DSB	$ 23,249,580	$ 11,341,461	2.90%	$ 674,238	0.00%	34.5	R2.5	4.41%	$ 1,025,306	-25.00%	28.3	L0.0
19	3614	S&I-OTHER - EATON	$ 1,284,906	$ 653,135	2.90%	$ 37,262	0.00%	34.5	R2.5	4.41%	$ 56,664	-25.00%	28.3	L0.0
20	3614	S&I-OTHER - GREENVILLE	$ 1,713,466	$ 589,583	2.90%	$ 49,691	0.00%	34.5	R2.5	4.41%	$ 75,564	-25.00%	28.3	L0.0
21	3614	S&I-OTHER - HUBER	$ -	$ -	2.90%	$ -	0.00%	34.5	R2.5	4.41%	$ -	-25.00%	28.3	L0.0
22	3614	S&I-OTHER - MARYSVILLE	$ 1,142,794	$ 484,266	2.90%	$ 33,141	0.00%	34.5	R2.5	4.41%	$ 50,397	-25.00%	28.3	L0.0
23	3614	S&I-OTHER - MIAMISBURG	$ 1,642,811	$ 1,110,607	2.90%	$ 47,642	0.00%	34.5	R2.5	4.41%	$ 72,448	-25.00%	28.3	L0.0
24	3614	S&I-OTHER - NONE	$ -	$ -	2.90%	$ -	0.00%	34.5	R2.5	4.41%	$ -	-25.00%	28.3	L0.0

Note 1: Indicated Average Service Lives for all property on this page are on an ELG basis.
Note 2: Indicated Average Service Lives for Account 3614 are on a total account basis, not by individual location.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a

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Witness Responsible: Don Rennix

			Adjusted Jurisdictional		Current Depreciation Rates					Proposed Depreciation Rates				
Line No.	Acct. No.	Description	Plant Investment	Reserve Balance	Current Accrual Rate^	Calculated Depreciation Expense	% Net Salvage^	Average Service Life^	Curve Form^	Proposed Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
(A)	(B)	(C)	(D)	(E)	(F)	(G)= (D) * (F)	(H)	(I)	(J)	(K)	(L) = (D) * (K)	(M)	(N)	(O)
1	3614	S&I-OTHER - NORTH DAYTON	$ 4,364,877	$ (4,617)	2.90%	$ 126,581	0.00%	34.5	R2.5	4.41%	$ 192,491	-25.00%	28.3	L0.0
2	3614	S&I-OTHER - OTHER	$ 112,577	$ 112,577	2.90%	$ -	0.00%	34.5	R2.5	4.41%	$ -	-25.00%	28.3	L0.0
3	3614	S&I-OTHER - SIDNEY	$ 2,110,285	$ 832,987	2.90%	$ 61,198	0.00%	34.5	R2.5	4.41%	$ 93,064	-25.00%	28.3	L0.0
4	3614	S&I-OTHER - TRANS	$ 775,791	$ 490,541	2.90%	$ 22,498	0.00%	34.5	R2.5	4.41%	$ 34,212	-25.00%	28.3	L0.0
5	3614	S&I-OTHER - URBANA	$ -	$ -	2.90%	$ -	0.00%	34.5	R2.5	4.41%	$ -	-25.00%	28.3	L0.0
6	3614	S&I-OTHER - WASH CH	$ 1,346,663	$ 963,773	2.90%	$ 39,053	0.00%	34.5	R2.5	4.41%	$ 59,388	-25.00%	28.3	L0.0
7	3614	S&I-OTHER - XENIA	$ 2,232,616	$ 1,086,767	2.90%	$ 64,746	0.00%	34.5	R2.5	4.41%	$ 98,458	-25.00%	28.3	L0.0
8	3620	Station Equip - NONE	$ 135,835,303	$ 51,235,961	2.25%	$ 3,056,294	-5.00%	46.8	R2.0	2.23%	$ 3,029,127	10.00%	49.2	R1.5
9	3620	Station Equip - WPAFB	$ -	$ -	2.79%	$ -	-10.00%	55.0	R2.0	2.79%	$ -	-10.00%	55.0	R2.0
10	3620	Station Equip - WPAFB31	$ -	$ -	2.21%	$ -	-10.00%	55.0	R2.0	2.21%	$ -	-10.00%	55.0	R2.0
11	3621	Station Equip-Genera - COMPUTERS	$ 12,911,307	$ 12,911,307	11.90%	$ -	0.00%	8.4	N/A	11.90%	$ -	0.00%	N/A	L2.0
12	3621	Station Equip-Genera - COMPUTERS10	$ 1,844,728	$ 1,347,847	11.90%	$ 219,523	0.00%	8.4	N/A	12.82%	$ 236,494	0.00%	7.8	L2.0
13	3621	Station Equip-Genera - COMPUTERS11	$ 1,729,247	$ 818,158	11.90%	$ 205,780	0.00%	8.4	N/A	13.89%	$ 240,192	0.00%	7.2	L2.0
14	3621	Station Equip-Genera - COMPUTERS12	$ 1,278,250	$ 517,302	11.90%	$ 152,112	0.00%	8.4	N/A	14.29%	$ 182,662	0.00%	7.0	L2.0
15	3621	Station Equip-Genera - COMPUTERS13	$ 2,098,239	$ 592,393	11.90%	$ 249,690	0.00%	8.4	N/A	14.93%	$ 313,267	0.00%	6.7	L2.0
16	3621	Station Equip-Genera - COMPUTERS14	$ 884,632	$ 85,566	11.90%	$ 105,271	0.00%	8.4	N/A	15.63%	$ 138,268	0.00%	6.4	L2.0
17	3621	Station Equip-Genera - COMPUTERS15	$ 159,005	$ 9,737	11.90%	$ 18,922	N/A	N/A	N/A	15.63%	$ 24,852	N/A	N/A	N/A
18	3621	Station Equip-Genera - OTHER	$ 17,897,647	$ 14,476,225	5.31%	$ 950,365	5.00%	17.9	N/A	3.67%	$ 656,844	10.00%	24.5	R1.5
19	3622	Station Equip-Genera - OTHER	$ 33,962,677	$ 33,991,594	12.00%	$ -	N/A	N/A	N/A	12.00%	$ -	N/A	N/A	N/A
20	3622	Station Equip-Genera - VEH15	$ 151,516	$ 6,201	12.00%	$ 18,182	N/A	N/A	N/A	12.00%	$ 18,182	N/A	N/A	N/A
21	3626	Station Equip - EDS - NONE	$ 273,449	$ 273,449	8.93%	$ -	0.00%	11.2	R3.0	8.93%	$ -	0.00%	11.2	R3.0
22	3627	Station Equip-Genera - FIBER CABLE	$ 236,606	$ 170,048	12.50%	$ 29,576	N/A	N/A	N/A	3.85%	$ 9,109	N/A	26.0	N/A
23	3627	Station Equip-Genera - MULTIPLEX	$ 765,054	$ 765,054	4.68%	$ -	-2.00%	21.8	L1.5	5.52%	$ -	0.00%	N/A	S1.5
24	3627	Station Equip-Genera - OTHER	$ 18,660,601	$ 5,268,008	4.68%	$ 873,316	-2.00%	21.8	L1.5	5.52%	$ 1,030,065	0.00%	18.1	S1.5

Note 1: Indicated Average Service Lives for all property on this page are on an ELG basis except WPAFB assets and Account 3627, Station Equipment-Fiber Cable which appear on ALG basis.
Note 2: Indicated Average Service Lives for Account 3614 are on a total account basis, not by individual location.
Note 3: Depreciation of 2015 computer hardware additions (Line 17) based on rate for 2014 additions.
Note 4: Depreciation of company vehicles (Line 20) based on 100-month service life.
Note 5: Depreciation of fiber optic cable (Line 22) based on eight-year service life.
Note 6: Depreciation of all "WPAFB" assets are based on a depreciation study of 10-31-13.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
As of September 30, 2015
Distribution Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a

Schedule B-3.2
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Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Adjusted Jurisdictional Plant Investment	Adjusted Jurisdictional Reserve Balance	Current Depreciation Rates: Current Accrual Rate^	Current Depreciation Rates: Calculated Depreciation Expense	Current Depreciation Rates: % Net Salvage^	Current Depreciation Rates: Average Service Life^	Current Depreciation Rates: Curve Form^	Proposed Depreciation Rates: Proposed Accrual Rate	Proposed Depreciation Rates: Calculated Depreciation Expense	Proposed Depreciation Rates: % Net Salvage	Proposed Depreciation Rates: Average Service Life	Proposed Depreciation Rates: Curve Form
(A)	(B)	(C)	(D)	(E)	(F)	(G)= (D) * (F)	(H)	(I)	(J)	(K)	(L) = (D) * (K)	(M)	(N)	(O)
1	3640	Poles, Towers & Fixt - NONE	$ 260,613,653	$ 153,937,606	4.02%	$ 10,476,669	-40.00%	34.8	R1.0	3.54%	$ 9,225,723	-60.00%	45.3	R2.0
2	3640	Poles, Towers & Fixt - WPAFB	$ -	$ -	4.51%	$ -	-60.00%	50.0	R2.0	4.51%	$ -	-60.00%	50.0	R2.0
3	3640	Poles, Towers & Fixt - WPAFB31	$ -	$ -	3.76%	$ -	-60.00%	50.0	R2.0	3.76%	$ -	-60.00%	50.0	R2.0
4	3650	Ovhd Conductor & Dev - NONE	$ 158,430,461	$ 77,836,256	2.92%	$ 4,626,169	-15.00%	39.4	R1.0	2.76%	$ 4,372,681	-30.00%	47.2	R2.0
5	3650	Ovhd Conductor & Dev - WPAFB	$ -	$ -	3.65%	$ -	-30.00%	50.0	R2.0	3.65%	$ -	-30.00%	50.0	R2.0
6	3650	Ovhd Conductor & Dev - WPAFB31	$ -	$ -	2.65%	$ -	-30.00%	50.0	R2.0	2.65%	$ -	-30.00%	50.0	R2.0
7	3660	Underground Conduit - NONE	$ 10,652,766	$ 5,551,476	1.95%	$ 207,729	-5.00%	53.8	R3.0	1.51%	$ 160,857	-10.00%	72.9	R4.0
8	3660	Underground Conduit - WPAFB	$ -	$ -	1.60%	$ -	-5.00%	70.0	R4.0	1.60%	$ -	-5.00%	70.0	R4.0
9	3660	Underground Conduit - WPAFB31	$ -	$ -	1.49%	$ -	-5.00%	70.0	R4.0	1.49%	$ -	-5.00%	70.0	R4.0
10	3670	Underground Conducto - NONE	$ 203,324,254	$ 99,060,724	3.55%	$ 7,218,011	-15.00%	32.4	S0.0	2.55%	$ 5,184,768	-15.00%	45.1	S1.5
11	3670	Underground Conducto - WPAFB	$ -	$ -	2.71%	$ -	-15.00%	48.0	S2.0	2.71%	$ -	-15.00%	48.0	S2.0
12	3670	Underground Conducto - WPAFB31	$ -	$ -	2.40%	$ -	-15.00%	48.0	S2.0	2.40%	$ -	-15.00%	48.0	S2.0
13	3680	Line Transformers - NONE	$ 271,712,937	$ 96,911,140	2.51%	$ 6,819,995	0.00%	39.9	S1.0	3.22%	$ 8,749,157	-40.00%	43.4	S2.0
14	3680	Line Transformers - WPAFB	$ -	$ -	3.09%	$ -	-25.00%	46.0	S2.0	3.09%	$ -	-25.00%	46.0	S2.0
15	3680	Line Transformers - WPAFB31	$ -	$ -	2.85%	$ -	-25.00%	46.0	S2.0	2.85%	$ -	-25.00%	46.0	S2.0
16	3691	Ovhd Electric Servic - NONE	$ 48,245,168	$ 38,002,061	4.47%	$ 2,156,559	-50.00%	33.6	R3.0	4.08%	$ 1,968,403	-75.00%	43.0	R2.5
17	3692	Underground Electric - NONE	$ 158,964,844	$ 85,593,622	4.09%	$ 6,501,662	-25.00%	30.6	R2.0	3.42%	$ 5,436,598	-50.00%	43.9	S4.0
18	3700	Meters - NONE	$ 46,780,659	$ 13,712,156	3.26%	$ 1,525,049	0.00%	30.7	S1.0	3.50%	$ 1,637,323	0.00%	28.6	S1.0
19	3711	Cust Install - Priv - NONE	$ 15,594,843	$ 15,245,663	5.77%	$ 899,822	-20.00%	20.8	R0.5	3.61%	$ 562,974	-20.00%	33.2	R1.0
20	3712	Cust Install - Other - NONE	$ 227,694	$ 160,968	2.04%	$ 4,645	0.00%	49.1	R5.0	1.67%	$ 3,802	0.00%	59.8	L2.0
21	3720	Leased Prop on Cust - NONE	$ 47,450	$ 47,450	2.50%	$ -	0.00%	40.0	SQ	2.50%	$ -	0.00%	40.0	SQ
22		Total Distribution Plant	$ 1,479,467,881	$ 731,131,324		$ 47,705,810					$ 45,208,987			

Note 1: Indicated Average Service Lives for all property on this page are on an ELG basis except WPAFB assets and Account 3720, Leased Property on Customer Premises which appear on ALG basis.
Note 2: Depreciation of all "WPAFB" assets are based on a depreciation study of 10-31-13.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
As of September 30, 2015
General Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a

Schedule B-3.2
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Witness Responsible: Don Rennix

			Adjusted Jurisdictional		Current Depreciation Rates					Proposed Depreciation Rates				
Line No.	Acct. No.	Description	Plant Investment	Reserve Balance	Current Accrual Rate^	Calculated Depreciation Expense	% Net Salvage^	Average Service Life^	Curve Form^	Proposed Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
(A)	(B)	(C)	(D)	(E)	(F)	(G)= (D) * (F)	(H)	(I)	(J)	(K)	(L) = (D) * (K)	(M)	(N)	(O)
1	3892	Land & Rights - Comm - OTHER	$ 1,608,881	$ -	0.00%	$ -	0.00%	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
2	3902	S&I - Common - OTHER	$ 17,301,900	$ 11,433,285	2.90%	$ 501,755	0.00%	34.5	R2.5	2.87%	$ 496,565	0.00%	34.8	L1.5
3	3915	Office Furn & Equip - EAST BEND	$ -	$ -	0.00%	$ -	5.00%	22.4	N/A	0.00%	$ -	5.00%	22.4	N/A
4	3915	Office Furn & Equip - MIAMI FORT	$ -	$ -	4.38%	$ -	5.00%	21.7	N/A	4.38%	$ -	5.00%	21.7	N/A
5	3915	Office Furn & Equip - ZIMMER	$ -	$ -	7.20%	$ -	N/A	N/A	N/A	7.20%	$ -	N/A	N/A	N/A
6	3925	Transportation Equip - ZIMMER	$ -	$ -	8.70%	$ -	N/A	N/A	N/A	8.70%	$ -	N/A	N/A	N/A
7	3930	Stores Equip - Commo - OTHER	$ 345,031	$ 274,765	3.79%	$ 13,077	0.00%	26.4	L2.0	3.85%	$ 13,284	0.00%	26.0	SQ
8	3935	Stores Equip - COF - EAST BEND	$ -	$ -	0.00%	$ -	0.00%	52.6	FCST	0.00%	$ -	0.00%	52.6	FCST
9	3935	Stores Equip - COF - MIAMI FORT	$ -	$ -	1.21%	$ -	0.00%	49.3	FCST	1.21%	$ -	0.00%	49.3	FCST
10	3940	Tools, Shop & Garage - OTHER	$ 7,391,677	$ 4,222,684	3.53%	$ 260,926	5.00%	26.9	S2.0	3.66%	$ 270,535	5.00%	26.0	SQ
11	3950	Lab Equip - Common - OTHER	$ 4,431,542	$ 758,860	3.70%	$ 163,967	0.00%	27.0	L0.0	4.00%	$ 177,262	0.00%	25.0	SQ
12	3960	Power Operated Equip - OTHER	$ 2,148,702	$ 2,148,702	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
13	3960	Power Operated Equip - PWR OPER EQUIP	$ -	$ -	6.33%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
14	3975	Communication Equip - EAST BEND	$ -	$ -	0.00%	$ -	N/A	N/A	N/A	0.00%	$ -	N/A	N/A	N/A
15	3975	Communication Equip - ZIMMER	$ -	$ -	5.65%	$ -	N/A	N/A	N/A	5.65%	$ -	N/A	N/A	N/A
16	*3980*	*Misc Equipment - Com - OTHER*	*$ 326,342*	*$ (60,394)*	*4.95%*	*$ 16,154*	*5.00%*	*19.2*	*L0.0*	*6.25%*	*$ 20,396*	*5.00%*	*16.0*	*SQ*
17		Total General Plant	$ 33,554,075	$ 18,777,902		$ 955,879					$ 978,042			

Note 1: Indicated Average Service Lives for all property on this page are on an ELG basis.
Note 2: Depreciation of assets dedicated to generation activities (Lines 3, 4, 5, 6, 8, 9, 14, and 15) based on depreciation study of 2010.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
As of September 30, 2015
Intangible Plant

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-2a

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Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Adjusted Jurisdictional Plant Investment	Adjusted Jurisdictional Reserve Balance	Current Depreciation Rates: Current Accrual Rate^	Current Depreciation Rates: Calculated Depreciation Expense	Current Depreciation Rates: % Net Salvage[1]	Current Depreciation Rates: Average Service Life^	Current Depreciation Rates: Curve Form^	Proposed Depreciation Rates: Proposed Accrual Rate	Proposed Depreciation Rates: Calculated Depreciation Expense	Proposed Depreciation Rates: % Net Salvage	Proposed Depreciation Rates: Average Service Life	Proposed Depreciation Rates: Curve Form
(A)	(B)	(C)	(D)	(E)	(F)	(G)= (D) * (F)	(H)	(I)	(J)	(K)	(L) = (D) * (K)	(M)	(N)	(O)
1	3030	Intangible Plant - BECKJORD	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
2	3030	Intangible Plant - CONESVILLE	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
3	3030	Intangible Plant - EAST BEND	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
4	3030	Intangible Plant - MIAMI FORT	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
5	3030	Intangible Plant - NONE - GEN	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
6	3030	Intangible Plant - NONE	$ 8,375,428	$ 8,375,428	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
7	3030	Intangible Plant - SW08	$ 888,403	$ 880,478	14.29%	$ 126,953	N/A	N/A	N/A	14.29%	$ 126,953	N/A	N/A	N/A
8	3030	Intangible Plant - SW09	$ 6,062,801	$ 5,264,734	14.29%	$ 866,374	N/A	N/A	N/A	14.29%	$ 866,374	N/A	N/A	N/A
9	3030	Intangible Plant - SW10	$ 813,551	$ 489,586	14.29%	$ 116,256	N/A	N/A	N/A	14.29%	$ 116,256	N/A	N/A	N/A
10	3030	Intangible Plant - SW11	$ 7,729,703	$ 4,316,792	14.29%	$ 1,104,575	N/A	N/A	N/A	14.29%	$ 1,104,575	N/A	N/A	N/A
11	3030	Intangible Plant - SW12	$ 7,905,487	$ 3,402,430	14.29%	$ 1,129,694	N/A	N/A	N/A	14.29%	$ 1,129,694	N/A	N/A	N/A
12	3030	Intangible Plant - SW13	$ 4,142,385	$ 1,165,710	14.29%	$ 591,947	N/A	N/A	N/A	14.29%	$ 591,947	N/A	N/A	N/A
13	3030	Intangible Plant - SW14	$ 654,182	$ 90,497	14.29%	$ 93,483	N/A	N/A	N/A	14.29%	$ 93,483	N/A	N/A	N/A
14	3030	Intangible Plant - SW15	$ 32,621	$ 2,655	14.29%	$ 4,662	N/A	N/A	N/A	14.29%	$ 4,662	N/A	N/A	N/A
15	3030	Intangible Plant - ZIMMER	$ -	$ -	14.29%	$ -	N/A	N/A	N/A	14.29%	$ -	N/A	N/A	N/A
16		Total Intangible Plant	$ 36,604,561	$ 23,988,310		$ 4,033,944					$ 4,033,944			

Note 1: Amortization of computer software is based on a seven-year useful life.

[1]Columns (F), and (H) through (J) represent depreciation values as prescribed by the PUCO for booking purposes.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Reserve Accruals, Retirements, and Transfers
From April 1, 1991 Through September 30, 2015
Total by Function

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-3.3
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Account Numbers	Description	Beginning Balance	Accruals	Retirements	Salvage, Removal, Transfers & Reclassifications	Ending Balance
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = (D) + (E) - (F) + (G)
1	301-303	Intangible Plant	$ -	$ 72,164,492	$ 24,051,911	$ (507,832)	$ 47,604,749
2	360-373	Distribution Plant	$ 126,197,000	$ 800,641,100	$ 136,934,858	$ (4,736,157)	$ 785,167,085
3	389-399	General Plant	$ 18,308,000	$ 58,803,672	$ 38,369,668	$ (19,747,558)	$ 18,994,446
4		Total In-Service Property	$ 144,505,000	$ 931,609,264	$ 199,356,437	$ (24,991,547)	$ 851,766,280

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Depreciation Reserve and Expense for Lease Property
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-3.4
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Dollar^ Value of Plant Investment	Accumulated Depreciation/ Amortization Reserve	Accrual Rate/ Amortization Period	Depreciation Expense/ Amortization Expense/	Explain Method of Depreciation/ Amortization	Included in Rate Base (Yes/No)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)

The Company holds no property under capital lease.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Construction Work in Progress
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-4
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Project No.	Description	Accumulated Costs: Construction Dollars	Accumulated Costs: AFDC Capitalized	Accumulated Costs: Total Cost	Allocation %	Total Jurisdictional Cost at Date Certain	Estimated Physical Percent Completion
(A)	(B)	(C)	(D)	(E)	(F) = (D) +(E)	(G)	(H) = (F) * (G)	(I)

The Company is not requesting the inclusion of CWIP in Rate Base.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Construction Work in Progress - Percent Complete (Time)
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-4.1
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Project No.	Date Construction Work Began	Estimated Project Completion Dollars	Elapsed Days: Beginning to Date Certain	Elapsed Days: Beginning to Estimated Completion	Date Certain %
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) / (F)

The Company is not requesting the inclusion of CWIP in Rate Base.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Construction Work in Progress - Percent Complete (Dollars)
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-4.2
Page 1 of 1
Witness Responsible: Don Rennix

		Most Recent Budget Estimate				Project Expenditures As of Date Certain		Date Certain % Completion	
Line No.	Project No.	Construction Dollars	AFUDC	Total	Construction Dollars Trended	Construction Dollars	Construction Dollars Trended	Construction Dollars	Construction Dollars Trended
(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)	(G)	(H)	(I) = (G) / (C)	(J) = (H) / (F)

The Company is not requesting the inclusion of CWIP in Rate Base.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Allowance for Working Capital
As of September 30, 2015

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Witness Responsible: Alan D. Felsenthal

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Schedule Reference	Jurisdictional
(A)	(B)	(C)	(D)	(E)
1	Working Capital - Cash:			
2				
3	Cash Working Capital	Lead-Lag Study	B-5.1, pg 1	$ (1,827,487)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Allowance for Working Capital
For the Thirteen Months Ended May 31, 2016

Data: 5 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-5
Page 2 of 2
Witness Responsible: Kurt A. Tornquist, Emily W. Rabb

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Schedule Reference		T&D	Allocation %	Allocation Code		Jurisdictional
(A)	(B)	(C)	(D)		(E)	(F)	(G)		(H) = (E) * (F)
1	Working Capital - Non Cash:								
2									
3	Fuel Stock	13 month average balance	B-5.1, pg 2, Line 3, Column F	$	-	0.00%	NONDIST	$	-
4									
5	Allowance Inventory	13 month average balance	B-5.1, pg 2, Line 5, Column F	$	-	0.00%	NONDIST	$	-
6									
7	M&S Held for Normal Operations	13 month average balance	B-5.1, pg 2, Line 7, Column F	$	11,360,951				
8	Less: Allowance for new construction		B-5.1, pg 2, Line 8, Column F	$	2,447,642				
9	M&S Held for Normal Operations less allowance for new construction			$	8,913,309	96.39%	(a)	$	8,591,365
10									
11	Other (Specify and List)								
12	Prepayments	13 month average balance	B-5.1, pg 2, Line 12, Column F	$	5,259,507	88.21%	DIRECT	$	4,639,244
13									
14	Accruals	13 month average balance	B-5.1, pg 2, Line 14, Column F	$	(6,217,489)	91.00%	DIRECT	$	(5,657,673)
15									
16	WPAFB	13 month average balance	B-5.1, pg 2, Line 16, Column F	$	(9,725)	100.00%	DIRECT	$	(9,725)
17									
18	Total Non-cash Working Capital			$	7,945,602			$	7,563,211
19									
20	Working Capital Allowance							$	5,735,724

Sources:
(a) Supplemental (C)(11)(c)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Miscellaneous Working Capital Items
As of September 30, 2015

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPB-5.1a

Schedule B-5.1
Page 1 of 3
Witness Responsible: Alan D. Felsenthal

Line No.	Description		Jurisdictional
(A)	(B)		(C)
	Cash Working Capital		
1	Revenue Lag	$	36,608,278
2			
3	Expense Lead	$	38,435,765
4			
5	Net Cash Working Capital Requirement	$	(1,827,487)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Miscellaneous Working Capital Items
For the Thirteen Months Ended May 31, 2016

Data: 5 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPB-5.1b, WPB-5.1d, WPB-5.1e, WPB-5.1f

Witness Responsible: Kurt Tornquist, Emily Rabb

Line No.	Description	Reference	Thirteen Month Average Balance Total Company	Generation / Other Entities	T&D	Allocation %	Allocation Code	Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F) = (D) - (E)	(G)	(H)	(I) = (F) * (G)
1	Working Capital - Non Cash							
2								
3	Fuel Stock	Oracle General Ledger and Forecast	$ 60,036,318	$ 60,036,318	$ -	0.00%	NONDIST	$ -
4								
5	Allowance Inventory	Oracle General Ledger and Forecast	$ 3,161	$ 3,161	$ -	0.00%	NONDIST	$ -
6								
7	Materials & Supplies	WPB-5.1b, pg 1, Line 19, Column E & F	$ 39,506,588	$ 28,145,637	$ 11,360,951			
8	Less: Amount Allocated to New Construction	WPB-5.1b, pg 1, Line 19, Column I			$ 2,447,642			
9	Total M&S Other than New Construction		$ 39,506,588	28,145,637	$ 8,913,309	96.39%	(a)	$ 8,591,365
10								
11	Other (Specify & List)							
12	Prepayments	WPB-5.1d, Line 16, Column C & D	$ 16,082,672	$ 10,823,165	$ 5,259,507	88.21%	DIRECT	$ 4,639,244
13								
14	Accruals	WPB-5.1e, Line 16, Column C & D	$ (12,099,887)	$ (5,882,398)	$ (6,217,489)	91.00%	DIRECT	$ (5,657,673)
15								
16	WPAFB	WPB-5.1f, Line 16, Column C & D	$ (9,725)	$ -	$ (9,725)	100.00%	DIRECT	$ (9,725)
17								
18	Total Non-Cash Working Capital		$ 103,519,127	$ 93,125,883	$ 7,945,602			$ 7,563,211

Sources:
(a) Supplemental (C)(11)(c)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Miscellaneous Working Capital Items
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-5.1b, WPB-5.1d, WPB-5.1e, WPB-5.1f

Schedule B-5.1
Page 3 of 3
Witness Responsible: Kurt A. Tornquist, Emily W. Rabb

Line No.	Description	Reference	Date Certain Balance Total Company	Generation / Other Other Entities	T&D	Allocation %	Allocation Code	Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F) = (D) - (E)	(G)	(H)	(I) = (F) * (G)
1	Working Capital - Non Cash							
2								
3	Fuel Stock	Oracle General Ledger	$ 58,364,357	$ 58,364,357	$ -	0.00%	NONDIST	$ -
4								
5	Allowance Inventory	Oracle General Ledger	$ 2,565	$ 2,565	$ -	0.00%	NONDIST	$ -
6								
7	Materials & Supplies	WPB-5.1b, pg 2, Line 19, Column E & F	$ 40,553,114	$ 29,276,510	$ 11,276,604			
8	Less: Amount Allocated to New Construction	WPB-5.1b, pg 2, Line 19, Column I			$ 2,429,470			
9	Total M&S Other than New Construction		$ 40,553,114	29,276,510	$ 8,847,134	96.39%	(a)	$ 8,527,581
10								
11	Other (Specify & List)							
12	Prepayments	WPB-5.1d, Line 5, Column C & D	$ 11,801,654	$ 8,410,338	$ 3,391,316	90.00%	DIRECT	$ 3,052,283
13								
14	Accruals	WPB-5.1e, Line 5, Column C & D	$ (12,508,014)	$ (6,122,848)	$ (6,385,166)	90.95%	DIRECT	$ (5,807,547)
15								
16	WPAFB	WPB-5.1f, Line 5, Column C & D	$ (9,749)	$ -	$ (9,749)	100.00%	DIRECT	$ (9,749)
17								
18	Total Non-Cash Working Capital		$ 98,203,927	$ 89,930,922	$ 5,843,535			$ 5,762,568

Sources:
(a) Supplemental (C)(11)(c)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Other Rate Base Items Summary
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: WPB-6a, WPB-6b

Schedule B-6
Page 1 of 1
Witness Responsible: Stephen A. Allamanno, Don Rennix, Edward J. Kunz

Line No.	Account No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments[1]	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	252	Customers' Advances for Construction	$ (466,036)	100.00%	ALLDIST	$ (466,036)	$ -	$ (466,036)
2								
3		Other Rate Base Items						
4	235	Customers' Deposits	$ (36,200,945)	10.34%	DIRECT	$ (3,743,178)	$ -	$ (3,743,178)
5								
6	255	Investment Tax Credits:						
7		Pre-1971 3% Credit	$ -			$ -	$ -	$ -
8		1971 4% Credit	$ -			$ -	$ -	$ -
9		1975 6% Credit	$ -			$ -	$ -	$ -
10		1981 10% Credit on Recovery of Property	$ -			$ -	$ -	$ -
11		ITC Tax Benefits Sold	$ -			$ -	$ -	$ -
12		Other (Specify and List Separately)	$ -			$ -	$ -	$ -
13		Total Investment tax Credits	$ (20,578,112)	3.14%	DIRECT	$ (646,120)	$ -	$ (646,120)
14								
15								
16		Deferred Income Taxes:						
17	190	Debits	$ 19,736,594	41.59%	DIRECT	$ 8,207,918	$ -	$ 8,207,918
18	281	Accelerated Amortization Property	$ -	0.00%	NONDIST	$ -	$ -	$ -
19	282	Utility Property	$ (615,410,717)	29.79%	DIRECT	$ (183,301,658)	$ -	$ (183,301,658)
20	283	Credits	$ (32,496,796)	60.39%	DIRECT	$ (19,624,827)	$ -	$ (19,624,827)
21		Other (Specify and List Separately)	$ -	0.00%	DIRECT	$ -	$ -	$ -
22		Total Deferred Income Taxes	$ (628,170,919)			$ (194,718,567)	$ -	$ (194,718,567)
23								
24		Other (Specify and List Separately):						
25		Net Prepaid Pension Asset	$ 74,046,462	55.18%	DIRECT	$ 40,861,111	$ -	$ 40,861,111
26								
27		Total Other Rate Base Items	$ (610,903,514)			$ (158,246,754)	$ -	$ (158,246,754)

[1] Col. (H) adjustments must be shown on Schedule B-6.1

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjustments to Other Rate Base Items
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-6.1
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company Adjustments	Allocation %	Allocation Code	Jurisdictional Adjustments
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)

No adjustments to be made.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Contributions in Aid of Construction by Accounts and Subaccounts
As of September 30, 2015

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-6.2

Witness Responsible: Don Rennix

Line No.	Acct. No.	Description	Total Company	Allocation %	Allocation Code	Allocated Total	Adjustments	Adjusted Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)	(I) = (G) + (H)
1	252	Electric Line Extensions	$ (466,036)	100.00%	ALLDIST	$ (466,036)	$ -	$ (466,036)
2								
3		Total	$ (466,036)			$ (466,036)	$ -	$ (466,036)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Jurisdictional Allocation Factors
Rate Base and Operating Income

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-7
Page 1 of 1
Witness Responsible: Kurt A. Tornquist, Don Rennix

Line No.	Acct. No.	Description	Allocation Code/	Allocation %	Schedule Reference
(A)	(B)	(C)	(D)	(E)	(F)
	Rate Base				
1	Various	100% Jurisdictional Items	ALLDIST	100.00%	B-7.1
2	Various	Non-Jurisdictional Items	NONDIST	0.00%	B-7.1
3	Various	Regulated Maintenance	DMAINT	96.39%	B-7.1
4	Various	Distribution Gross Plant	DGRSPLNT	30.62%	B-7.1
5	Various	Distribution Net Plant	DNTPLNT	33.68%	B-7.1
6	235	Customer Deposits	CUSTDPST	10.34%	B-7.1
	Operating Income				
7	Various	100% Jurisdictional Items	ALLDIST	100.00%	B-7.1
8	Various	Non-Jurisdictional Items	NONDIST	0.00%	B-7.1
9	450	Forfeited Discounts	OTHREV1	27.92%	B-7.1
10	451	Misc. Service Revenues	OTHREV2	100.00%	B-7.1
11	454	Rent	OTHREV3	55.95%	B-7.1
12	456	Other Electric Revenue	OTHREV4	84.66%	B-7.1
13	456.1	Revenues from Transmission of Electricity of Others	OTHREV5	1.19%	B-7.1
14	920	Administrative and General Salaries	A&G1	34.23%	B-7.1
15	921	Office Supplies and Expenses	A&G2	48.54%	B-7.1
16	922	Administrative Expenses Transferred - Cr.	A&G3	42.81%	B-7.1
17	923	Outside Services	A&G4	45.51%	B-7.1
18	924	Property Insurance	A&G5	24.54%	B-7.1
19	925	Injuries and Damages	A&G6	23.05%	B-7.1
20	926	Employee Pensions and Benefits	A&G7	57.91%	B-7.1
21	929	Company Use	A&G9	40.65%	B-7.1
22	930.1	General Advertising Expenses	A&G10	50.57%	B-7.1
23	930.2	Miscellaneous General Expenses	A&G11	39.64%	B-7.1
24	931	Rents	A&G12	75.71%	B-7.1
25	935	Maintenance of General Plant	GPMAINT	74.08%	B-7.1
26	408	Property Taxes	OTHTAX1	68.00%	B-7.1
27	408	Commercial Activities Tax	OTHTAX2	19.44%	B-7.1
28	408	Payroll Tax	OTHTAX3	45.04%	B-7.1
29	Various	Distribution Salaries & Wages	DLABOR	43.70%	B-7.1

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Jurisdictional Allocation Statistics

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-7.1
Page 1 of 1
Witness Responsible: Kurt A. Tornquist, Don Rennix

Line No.	Acct. No.	Allocation Code	Description	Statistic Total Company	Adjustment to Total Company Statistic	Adjusted Statistic for Total Company	Statistic for Rate Area	Allocation %
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I) = (H) / (G)
1	Various	ALLDIST	100% Jurisdictional Items					100.00%
2	Various	NONDIST	Non-Jurisdictional Items					0.00%
3	Various	DIRECT	Based upon the relationship reflected in the Functional books and records					
4	Various	DMAINT	Regulated Maintenance	$ 9,834,203	$ -	$ 9,834,203	$ 9,479,133	96.39%
5	Various	DGRSPLNT	Distribution Gross Plant	$ 5,266,322,694	$ -	$ 5,266,322,694	$ 1,612,636,168	30.62%
6	Various	DNTPLNT	Distribution Net Plant	$ 2,484,717,758	$ -	$ 2,484,717,758	$ 836,756,542	33.68%
7	235	CUSTDPST	Customer Deposits	$ 36,200,945	$ -	$ 36,200,945	$ 3,744,388	10.34%
8	450	OTHREV1	Forfeited Discounts	$ 3,031,752	$ -	$ 3,031,752	$ 846,540	27.92%
9	451	OTHREV2	Misc. Service Revenues	$ (809,784)	$ -	$ (809,784)	$ (809,784)	100.00%
10	454	OTHREV3	Rent	$ (554,471)	$ -	$ (554,471)	$ (310,211)	55.95%
11	456	OTHREV4	Other Electric Revenue	$ (8,343,932)	$ -	$ (8,343,932)	$ (7,064,318)	84.66%
12	456.1	OTHREV5	Revenues from Transmission of Electricity of Others	$ (55,957,493)	$ -	$ (55,957,493)	$ (666,849)	1.19%
13	920	A&G1	Administrative and General Salaries	$ 4,298,947	$ -	$ 4,298,947	$ 1,471,717	34.23%
14	921	A&G2	Office Supplies and Expenses	$ 24,657,952	$ -	$ 24,657,952	$ 11,969,393	48.54%
15	922	A&G3	Administrative Expenses Transferred - Cr.	$ (2,162,537)	$ -	$ (2,162,537)	$ (925,864)	42.81%
16	923	A&G4	Outside Services	$ 10,167,341	$ -	$ 10,167,341	$ 4,627,362	45.51%
17	924	A&G5	Property Insurance	$ 4,070,693	$ -	$ 4,070,693	$ 998,929	24.54%
18	925	A&G6	Injuries and Damages	$ 2,875,145	$ -	$ 2,875,145	$ 662,729	23.05%
19	926	A&G7	Employee Pensions and Benefits	$ 29,713,758	$ -	$ 29,713,758	$ 17,208,017	57.91%
20	929	A&G9	Company Use	$ (1,315,605)	$ -	$ (1,315,605)	$ (534,778)	40.65%
21	930.1	A&G10	General Advertising Expenses	$ 944,352	$ -	$ 944,352	$ 477,576	50.57%
22	930.2	A&G11	Miscellaneous General Expenses	$ 4,634,964	$ -	$ 4,634,964	$ 1,837,474	39.64%
23	931	A&G12	Rents	$ 31,710	$ -	$ 31,710	$ 24,009	75.71%
24	935	GPMAINT	Maintenance of General Plant	$ 1,837,835	$ -	$ 1,837,835	$ 1,361,388	74.08%
25	408	OTHTAX1	Property Taxes	$ 57,780,732	$ -	$ 57,780,732	$ 39,293,030	68.00%
26	408	OTHTAX2	Commercial Activities Tax	$ 2,907,068	$ -	$ 2,907,068	$ 565,242	19.44%
27	408	OTHTAX3	Payroll Tax	$ 5,773,253	$ -	$ 5,773,253	$ 2,600,012	45.04%
28	Various	DLABOR	Distribution Salaries & Wages	$ 101,156,632	$ -	$ 101,156,632	$ 44,209,139	43.70%

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Explanation of Changes in Allocation Procedures

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-7.2
Page 1 of 1
Witness Responsible: Kurt A. Tornquist

Line No.	Account No.	Description	Procedures Approved in Prior Case	Rationale for Change
(A)	(B)	(C)	(D)	(E)

DP&L's last Rate Case was settled by Blackbox Settlement therefore allocation factors were not specifically agreed to nor approved.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Mirrored CWIP Allowances

Data: Actual
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule B-9
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Project No.	Description	Prior Case Reference(s)	Effective Date of Rates Including CWIP	In Service Date of Project	Allowance Included in Rates
(A)	(B)	(C)	(D)	(E)	(F)	(G)

DP&L did not recover CWIP in the 1991 rate case, therefore there are no Mirrored CWIP Allowances.

Section C
Operating Income

The Dayton Power & Light Company

Case No.: 15-1830-EL-AIR

Test Year: Twelve Months Ending May 31, 2016

Date Certain: September 30, 2015

C-1	Jurisdictional Proforma Net Operating Income Statement
C-2	Adjusted Test Year Jurisdictional Operating Income
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The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Jurisdictional Proforma Net Operating Income Statement
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-1
Page 1 of 1
Witness Responsible: Nathan C. Parke

Line No.	Description	Adjusted Jurisdictional Revenue & Expenses	Proposed Increase	Proforma Jurisdictional Revenue & Expenses	Schedule Reference
(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)
1	Operating Revenues	$ 217,400,884	$ 65,771,725	$ 283,172,609	Schedule C-2, Pg. 1, Column E, Line 5
2					
3	Operating Expenses				
4	Operation & Maintenance	$ 102,121,540	$ -	$ 102,121,540	Schedule C-2, Pg. 1, Column E, Line 15
5	Depreciation and Amortization Expenses	$ 52,277,776	$ -	$ 52,277,776	Schedule C-2, Pg. 1, Column E, Line 21
6	Taxes - Other Than Income Taxes	$ 56,809,080	$ 171,006	$ 56,980,086	Schedule C-2, Pg. 1, Column E, Line 22
7	Operating Expenses Before Income Taxes	$ 211,208,396	$ 171,006	$ 211,379,402	Sum Lines 4 thru 6
8					
9	NOI before Income Taxes	$ 6,192,488	$ 65,600,719	$ 71,793,207	Line 1 - Line 7
10					
11	State Income Taxes	$ (58,474)	$ 309,045	$ 250,571	Schedule C-2, Pg. 2, Column E, Line 6
12	Federal Income Taxes	$ (5,054,491)	$ 22,852,086	$ 17,797,595	Schedule C-2, Pg. 2, Column E, Line 11
13	Total Income Taxes	$ (5,112,965)	$ 23,161,131	$ 18,048,166	
14					
15	Total Operating Expenses	$ 206,095,431	$ 23,332,137	$ 229,427,568	Line 7 + Line 13
16					
17	Net Operating Income	$ 11,305,453	$ 42,439,588	$ 53,745,041	Line 1 - Line 15
18					
19	Rate Base	$ 683,779,476		$ 683,779,476	Schedule B-1, Column C, Line 27
20					
21	Rate of Return	1.65%		7.86%	Line 17 / Line 19

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjusted Test Year Jurisdictional Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-2

Witness Responsible: Craig A. Forestal

Line No.	Description	Unadjusted Jurisdictional Revenue & Expenses (Sch C-2.1)	Adjustments (Sch C-3)	Adjusted Jurisdictional Revenue & Expenses
(A)	(B)	(C)	(D)	(E) = (C) + (D)
1	OPERATING REVENUES			
2	Distribution Revenues	$ 347,286,520	$ (134,999,320)	$ 212,287,200
3	Other Retail Revenues	$ -	$ -	$ -
4	Other Operating Revenues	$ 11,460,710	$ (6,347,026)	$ 5,113,684
5	Total Operating Revenues	$ 358,747,230	$ (141,346,346)	$ 217,400,884
6				
7	OPERATING EXPENSES			
8	Operation and Maintenance Expenses			
9	Production Expense	$ -	$ -	$ -
10	Transmission Expense	$ -	$ -	$ -
11	Distribution Expense	$ 50,224,905	$ (10,666,369)	$ 39,558,536
12	Customer Accounts Expense	$ 45,587,070	$ (30,173,863)	$ 15,413,207
13	Customer Service & Information Expense	$ 23,593,776	$ (23,523,402)	$ 70,374
14	Administrative & General Expense	$ 45,373,699	$ 1,705,725	$ 47,079,424
15	Total Operating and Maintenance Expense	$ 164,779,450	$ (62,657,910)	$ 102,121,540
16	Depreciation and Amortization Expenses			
17	Depreciation	$ 51,320,150	$ (3,237,214)	$ 48,082,936
18	Amortization. & Depletion Of Utility Plant	$ 4,287,557	$ (92,717)	$ 4,194,840
19	Net Amortization of Regulatory Credits/Debits	$ -	$ -	$ -
20	Accretion Expense	$ -	$ -	$ -
21	Total Depreciation and Amortization Expenses	$ 55,607,707	$ (3,329,931)	$ 52,277,776
22	Taxes Other Than Income Taxes	$ 104,708,806	$ (47,899,726)	$ 56,809,080
23	TOTAL OPERATING EXPENSE BEFORE INCOME TAXES	$ 325,095,963	$ (113,887,567)	$ 211,208,396

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjusted Test Year Jurisdictional Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-2
Page 2 of 2
Witness Responsible: Craig A. Forestal

Line No.	Description	Unadjusted Jurisdictional Revenue & Expenses (Sch C-2.1)	Adjustments (Sch C-3)	Adjusted Jurisdictional Revenue & Expenses
(A)	(B)	(C)	(D)	(E) = (C) + (D)
1	NOI BEFORE INCOME TAXES	$ 33,651,267	$ (27,458,779)	$ 6,192,488
2				
3	Income Taxes-State and Local			
4	Current	$ 144,630	$ (216,165)	$ (71,535)
5	Provision for Deferred Income Taxes	$ (11,925)	$ 24,986	$ 13,061
6	Total State & Local Income Taxes	$ 132,705	$ (191,179)	$ (58,474)
7	Income Taxes-Federal			
8	Current	$ 10,694,521	$ (15,984,158)	$ (5,289,637)
9	Provision for Deferred Income Taxes	$ (2,451,500)	$ 2,855,924	$ 404,424
10	Deferred Investment Tax Credit	$ (169,278)	$ -	$ (169,278)
11	Total Federal Income Taxes	$ 8,073,743	$ (13,128,234)	$ (5,054,491)
12	Total Income Taxes	$ 8,206,448	$ (13,319,413)	$ (5,112,965)
13				
14	**Total Operating Expenses**	$ 333,302,411	$ (127,206,980)	$ 206,095,431
15				
16	**Net Operating Income**	$ 25,444,819	$ (14,139,366)	$ 11,305,453

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operating Revenue and Expenses by Accounts - Jurisdictional Allocation
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1

Witness Responsible: Craig A. Forestal, Emily W. Rabb

Line No.	Acct. No.	Description	Unadjusted Total Utility	Allocation %	Unadjusted Jurisdictional	Allocation Code/ Description
(A)	(B)	(C)	(D)	(E)	(F) = (D) * (E)	(G)
1		OPERATING REVENUES				
2	440-446	Distribution Revenues	$ 347,286,520	100.00%	$ 347,286,520	ALLDIST
3	440-446	Other Retail Revenues	$ 410,444,426	0.00%	$ -	NONDIST
4		TOTAL Sales to Ultimate Customers	$ 757,730,946		$ 347,286,520	
5						
6	447	Sales for Resale	$ 704,008,678	0.00%	$ -	NONDIST
7		TOTAL Sales of Electricity	$ 1,461,739,625		$ 347,286,520	
8						
9	450	Forfeited Discounts	$ 3,106,958	27.92%	$ 867,463	OTHREV1
10	451	Misc. Service Revenues	$ 944,084	100.00%	$ 944,084	OTHREV2
11	454	Rental Income	$ 704,656	55.95%	$ 394,255	OTHREV3
12	456	Other Electric Revenues	$ 10,252,195	84.66%	$ 8,679,508	OTHREV4
13	456.1	Revenues from Transmission of Electricity of Others	$ 48,352,957	1.19%	$ 575,400	OTHREV5
14		TOTAL Other Operating Revenues	$ 63,360,850		$ 11,460,710	
15						
16		TOTAL Electric Operating Revenues	$ 1,525,100,475		$ 358,747,230	
17						
18		OPERATING EXPENSES				
19		PRODUCTION EXPENSES				
20	501-509, 548-549, 555-557	Production Operation Expenses	$ 752,800,470	0.00%	$ -	NONDIST
21	510-514, 553	Production Maintenance Expenses	$ 66,444,092	0.00%	$ -	NONDIST
22		TOTAL Power Production Expenses	$ 819,244,563		$ -	

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operating Revenue and Expenses by Accounts - Jurisdictional Allocation
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1

Witness Responsible: Craig A. Forestal, Emily W. Rabb

Line No.	Acct. No.	Description	Unadjusted Total Utility	Allocation %	Unadjusted Jurisdictional	Allocation Code/ Description
(A)	(B)	(C)	(D)	(E)	(F) = (D) * (E)	(G)
1		OPERATING EXPENSES				
2		TRANSMISSION EXPENSES				
3	560-567	Transmission Operation Expenses	$ 78,424,538	0.00%	$ -	NONDIST
4	568-571, 554	Transmission Maintenance Expenses	$ 3,160,545	0.00%	$ -	NONDIST
5		TOTAL Transmission Expenses	$ 81,585,083		$ -	
6						
7		DISTRIBUTION EXPENSES				
8		Operation				
9	580	Operation Supervision and Engineering	$ 2,697,287	100.00%	$ 2,697,287	ALLDIST
10	581	Local Dispatching	$ -	100.00%	$ -	ALLDIST
11	582	Station Expenses	$ 374,773	100.00%	$ 374,773	ALLDIST
12	583	Overhead Line Expenses	$ 494,877	100.00%	$ 494,877	ALLDIST
13	584	Underground Line Expenses	$ 834,906	100.00%	$ 834,906	ALLDIST
14	585	Street Lighting and Signal System Expenses	$ -	100.00%	$ -	ALLDIST
15	586	Meter Expenses	$ 32,475	100.00%	$ 32,475	ALLDIST
16	587	Customer Installations Expenses	$ 604,224	100.00%	$ 604,224	ALLDIST
17	588	Miscellaneous Expenses	$ 95,402	100.00%	$ 95,402	ALLDIST
18	589	Rents	$ 7,132	100.00%	$ 7,132	ALLDIST
19		TOTAL Operation	$ 5,141,076		$ 5,141,076	
20		Maintenance				
21	590	Maintenance Supervision and Engineering	$ 2,463,241	100.00%	$ 2,463,241	ALLDIST
22	591	Maintenance of Structures	$ -	100.00%	$ -	ALLDIST
23	592	Maintenance of Station Equipment	$ 4,074,468	100.00%	$ 4,074,468	ALLDIST
24	593	Maintenance of Overhead Lines	$ 37,940,098	100.00%	$ 37,940,098	ALLDIST
25	594	Maintenance of Underground Lines	$ 75,068	100.00%	$ 75,068	ALLDIST
26	595	Maintenance of Line Transformers	$ 233,149	100.00%	$ 233,149	ALLDIST
27	596	Maintenance of Street Lighting and Signal Systems	$ -	100.00%	$ -	ALLDIST
28	597	Maintenance of Meters	$ 149,115	100.00%	$ 149,115	ALLDIST
29	598	Maintenance of Miscellaneous Distribution Plant	$ 148,690	100.00%	$ 148,690	ALLDIST
30		TOTAL Maintenance	$ 45,083,829		$ 45,083,829	
31		TOTAL Distribution Expenses	$ 50,224,905		$ 50,224,905	

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operating Revenue and Expenses by Accounts - Jurisdictional Allocation
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1

Schedule C-2.1
Page 3 of 5
Witness Responsible: Craig A. Forestal, Emily W. Rabb

Line No.	Acct. No.	Description	Unadjusted Total Utility	Allocation %	Unadjusted Jurisdictional	Allocation Code/ Description
(A)	(B)	(C)	(D)	(E)	(F) = (D) * (E)	(G)
1		OPERATING EXPENSES				
2						
3		CUSTOMER ACCOUNTS EXPENSES				
4		Operation				
5	901	Supervision	$ -	100.00%	$ -	ALLDIST
6	902	Meter Reading Expenses	$ 3,653,751	100.00%	$ 3,653,751	ALLDIST
7	903	Customer Records and Collection Expenses	$ 10,957,095	100.00%	$ 10,957,095	ALLDIST
8	904	Uncollectible Accounts	$ 30,976,224	100.00%	$ 30,976,224	ALLDIST
9	905	Miscellaneous Customer Accounts Expenses	$ -	100.00%	$ -	ALLDIST
10		TOTAL Customer Accounts Expenses	$ 45,587,070		$ 45,587,070	
11						
12		CUSTOMER SERVICE AND INFORMATIONAL EXPENSES				
13		Operation				
14	907	Supervision	$ 2,465,547	100.00%	$ 2,465,547	ALLDIST
15	908	Customer Assistance Expenses	$ 6,202,665	100.00%	$ 6,202,665	ALLDIST
16	909	Informational and Instructional Expenses	$ 2,270,531	100.00%	$ 2,270,531	ALLDIST
17	910	Misc. Customer Service and Informational Expenses	$ 12,655,033	100.00%	$ 12,655,033	ALLDIST
18		TOTAL Customer Service and Informational Expenses	$ 23,593,777	100.00%	$ 23,593,776	ALLDIST
19						
20	911-916	SALES EXPENSES	$ -	0.00%	$ -	NONDIST
21						
22		ADMINISTRATIVE AND GENERAL EXPENSES				
23		Operation				
24	920	Administrative and General Salaries	$ 13,148,734	34.23%	$ 4,500,812	A&G1
25	921	Office Supplies and Expenses	$ 19,416,429	48.54%	$ 9,424,735	A&G2
26	922	Administrative Expenses Transferred - Cr.	$ (2,435,257)	42.81%	$ (1,042,533)	A&G3
27	923	Outside Services Employed	$ 11,266,155	45.51%	$ 5,127,227	A&G4
28	924	Property Insurance	$ 5,184,311	24.54%	$ 1,272,230	A&G5
29	925	Injuries and Damages	$ 3,479,445	23.05%	$ 802,012	A&G6

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operating Revenue and Expenses by Accounts - Jurisdictional Allocation
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1

Witness Responsible: Craig A. Forestal, Emily W. Rabb

Line No.	Acct. No.	Description	Unadjusted Total Utility	Allocation %	Unadjusted Jurisdictional	Allocation Code/ Description
(A)	(B)	(C)	(D)	(E)	(F) = (D) * (E)	(G)
1	926	Employee Pensions and Benefits	$ 30,836,438	57.91%	$ 17,857,381	A&G7
2	927	Franchise Requirements	$ -	0.00%	$ -	NONDIST
3	928	Regulatory Commission Expenses	$ 4,016,665	100.00%	$ 4,016,665	ALLDIST
4	929	Duplicate Charges-Cr.	$ (1,524,173)	40.65%	$ (619,576)	A&G9
5	930.1	General Advertising Expenses	$ 1,504,355	50.57%	$ 760,752	A&G10
6	930.2	Miscellaneous General Expenses	$ 4,800,601	39.64%	$ 1,902,958	A&G11
7	931	Rents	$ 24,793	75.71%	$ 18,771	A&G12
8		TOTAL Operation	$ 89,718,497		$ 44,021,434	
9		Maintenance				
10	935	Maintenance of General Plant	$ 1,825,412	74.08%	$ 1,352,265	GPMAINT
11		TOTAL Administrative and General Expenses	$ 91,543,909		$ 45,373,699	
12						
13		TOTAL Operating Expenses	$ 1,111,779,306		$ 164,779,450	
14						
15		DEPRECIATION AND AMORTIZATION EXPENSES				
16						
17		DEPRECIATION EXPENSE				
18	403	Production	$ 65,112,168	0.00%	$ -	NONDIST
19	403	Transmission	$ 9,722,803	0.00%	$ -	NONDIST
20	403	Distribution	$ 53,926,497	93.29%	$ 50,308,318	DIRECT
21	403	General	$ 1,030,201	98.22%	$ 1,011,832	DIRECT
22		TOTAL Depreciation Expense	$ 129,791,669		$ 51,320,150	
23						
24		AMORTIZATION OF UTILITY PLANT				
25	403	Intangible Plant	$ 8,313,401	51.57%	$ 4,287,557	DIRECT
26						
27	411	Accretion Expense	$ 2,735,932	0.00%	$ -	NONDIST
28						
29		TOTAL Depreciation and Amortization Expenses	$ 140,841,002		$ 55,607,707	

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operating Revenue and Expenses by Accounts - Jurisdictional Allocation
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1

Schedule C-2.1
Page 5 of 5
Witness Responsible: Craig A. Forestal, Emily W. Rabb

Line No.	Acct. No.	Description	Unadjusted Total Utility	Allocation %	Unadjusted Jurisdictional	Allocation Code/ Description
(A)	(B)	(C)	(D)	(E)	(F) = (D) * (E)	(G)
1		TAXES OTHER THAN INCOME TAXES				
2	408	Commercial Activity Taxes	$ 2,907,068	19.44%	$ 565,242	OTHTAX2
3	408	State Excise Taxes	$ 49,707,317	100.00%	$ 49,707,317	ALLDIST
4	408	Payroll Taxes	$ 5,773,260	45.04%	$ 2,600,015	OTHTAX3
5	408	Property Taxes	$ 76,216,753	68.00%	$ 51,827,392	OTHTAX1
6	408	Federal Use Tax	$ 3,390	96.39%	$ 3,268	DMAINT
7	408	Insurance Premium Taxes	$ 18,199	30.62%	$ 5,572	DGRSPLNT
8	408	Ohio User Fees	$ 1,500	0.00%	$ -	NONDIST
9		TOTAL Taxes Other Than Income Taxes	$ 134,627,487		$ 104,708,806	
10						
11		INCOME TAXES				
12		Income Taxes-State and Local				
13	409	Current	$ 670,591	21.57%	$ 144,630	DIRECT
14	410-411	Provision for Deferred Income Taxes	$ (106,663)	11.18%	$ (11,925)	DIRECT
15		Total State and Local Income Taxes	$ 563,928		$ 132,705	
16		Income Taxes-Federal				
17	409	Current	$ 46,176,800	23.16%	$ 10,694,521	DIRECT
18	410-411	Provision for Deferred Income Taxes	$ (19,168,846)	12.79%	$ (2,451,500)	DIRECT
19	411	Deferred Investment Tax Credit	$ (2,392,824)	7.07%	$ (169,278)	DIRECT
20		Total Federal Income Taxes	$ 24,615,130		$ 8,073,743	
21		TOTAL Income Taxes	$ 25,179,058		$ 8,206,448	
22						
23		TOTAL Operating Expense	$ 1,412,426,853		$ 333,302,411	
24						
25		Net Operating Income	$ 112,673,622		$ 25,444,819	

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3

Witness Responsible: Craig A. Forestal

Line No.	Element of Operating Income	Description					
		Total Schedule C-3	Federal and State Income Taxes	Universal Service Fund Rider	Reconciliation Rider Nonbypassable	Storm Cost Recovery Rider	Energy Efficiency Rider
	Schedule Reference		C-3.1	C-3.2	C-3.3	C-3.4	C-3.5
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OPERATING REVENUES						
2	Distribution Revenues	$ (134,999,320)	$ -	$ (27,309,700)	$ (1,888,969)	$ (13,182,617)	$ (49,321,796)
3	Other Retail Revenues	$ -					
4	Other Operating Revenues	$ (6,347,026)					
5	Total Operating Revenues	$ (141,346,346)	$ -	$ (27,309,700)	$ (1,888,969)	$ (13,182,617)	$ (49,321,796)
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expense	$ -					
10	Transmission Expense	$ -					
11	Distribution Expense	$ (10,666,369)				$ (10,365,747)	$ (145,562)
12	Customer Accounts Expenses	$ (30,173,863)		$ (27,309,700)			
13	Customer Service and Information Expense	$ (23,523,402)					$ (23,658,530)
14	Administrative and General Expense	$ 1,705,725					$ (95,190)
15	Total Operating and Maintenance Expense	$ (62,657,910)	$ -	$ (27,309,700)	$ -	$ (10,365,747)	$ (23,899,282)
16	Depreciation and Amortization Expenses						
17	Depreciation	$ (3,237,214)					
18	Amortization and Depletion Of Utility Plant	$ (92,717)					
19	Net Amortization of Regulatory Credits/Debits	$ -					
20	Accretion Expense	$ -					
21	Total Depreciation and Amortization Expenses	$ (3,329,931)	$ -	$ -	$ -	$ -	$ -
22	Taxes Other Than Income Taxes	$ (47,899,726)					$ (84,507)
23	Income Taxes-State and Local						
24	Current	$ (216,165)	$ (216,165)				
25	Provision for Deferred Income Taxes	$ 24,986	$ 24,986				
26	Total State and Local Income Taxes	$ (191,179)	$ (191,179)	$ -	$ -	$ -	$ -
27	Income Taxes-Federal						
28	Current	$ (15,984,158)	$ (15,984,158)				
29	Provision for Deferred Income Taxes	$ 2,855,924	$ 2,855,924				
30	Deferred Investment Tax Credit	$ -	$ -				
31	Total Federal Income Taxes	$ (13,128,234)	$ (13,128,234)	$ -	$ -	$ -	$ -
32							
33	Total Operating Expenses	$ (127,206,980)	$ (13,319,413)	$ (27,309,700)	$ -	$ (10,365,747)	$ (23,983,789)
34							
35	**Net Operating Income**	$ (14,139,366)	$ 13,319,413	$ -	$ (1,888,969)	$ (2,816,870)	$ (25,338,007)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Witness Responsible: Craig A. Forestal

Line No.	Element of Operating Income	Description: Economic Development Discounts & Rider	Alternative Energy Rider	State Excise Tax Rider	Property Taxes	Commercial Activity Tax	Annualized AES Services Labor
	Schedule Reference	C-3.6	C-3.7	C-3.8	C-3.9	C-3.10	C-3.11
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OPERATING REVENUES						
2	Distribution Revenues	$ 1,171,196	$ -	$ (49,775,497)	$ -	$ -	$ -
3	Other Retail Revenues						
4	Other Operating Revenues	$ (952,573)					
5	Total Operating Revenues	$ 218,623	$ -	$ (49,775,497)	$ -	$ -	$ -
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expense						
10	Transmission Expense						
11	Distribution Expense						$ 45,032
12	Customer Accounts Expenses						$ 9,064
13	Customer Service and Information Expense						$ -
14	Administrative and General Expense		$ (785,426)				$ 439,410
15	Total Operating and Maintenance Expense	$ -	$ (785,426)	$ -	$ -	$ -	$ 493,506
16	Depreciation and Amortization Expenses						
17	Depreciation						
18	Amortization and Depletion Of Utility Plant						
19	Net Amortization of Regulatory Credits/Debits						
20	Accretion Expense						
21	Total Depreciation and Amortization Expenses	$ -	$ -	$ -	$ -	$ -	$ -
22	Taxes Other Than Income Taxes			$ (49,785,674)	$ 1,469,816	$ 200,422	$ 50,815
23	Income Taxes-State and Local						
24	Current						
25	Provision for Deferred Income Taxes						
26	Total State and Local Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
27	Income Taxes-Federal						
28	Current						
29	Provision for Deferred Income Taxes						
30	Deferred Investment Tax Credit						
31	Total Federal Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
32							
33	Total Operating Expenses	$ -	$ (785,426)	$ (49,785,674)	$ 1,469,816	$ 200,422	$ 544,321
34							
35	**Net Operating Income**	$ 218,623	$ 785,426	$ 10,177	$ (1,469,816)	$ (200,422)	$ (544,321)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3

Witness Responsible: Craig A. Forestal

Line No.	Element of Operating Income	Description: Annualized DP&L Labor and Payroll Tax	Annualized Employee Benefits	Annualized Depreciation Expense	Interest on Customer Deposits	Rate Case Expense	Uncollectible Expense
	Schedule Reference	C-3.12	C-3.13	C-3.14	C-3.15	C-3.16	C-3.17
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OPERATING REVENUES						
2	Distribution Revenues	$ -	$ -	$ -	$ -	$ -	$ -
3	Other Retail Revenues						
4	Other Operating Revenues						
5	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expense						
10	Transmission Expense						
11	Distribution Expense	$ 1,185,924					
12	Customer Accounts Expenses	$ 658,391			$ 112,295		$ (3,643,913)
13	Customer Service and Information Expense	$ 64,551					
14	Administrative and General Expense	$ 177,232	$ 87,753			$ 4,917,606	
15	Total Operating and Maintenance Expense	$ 2,086,098	$ 87,753	$ -	$ 112,295	$ 4,917,606	$ (3,643,913)
16	Depreciation and Amortization Expenses						
17	Depreciation			$ (3,237,214)			
18	Amortization and Depletion Of Utility Plant			$ (92,717)			
19	Net Amortization of Regulatory Credits/Debits						
20	Accretion Expense						
21	Total Depreciation and Amortization Expenses	$ -	$ -	$ (3,329,931)	$ -	$ -	$ -
22	Taxes Other Than Income Taxes	$ 152,944					
23	Income Taxes-State and Local						
24	Current						
25	Provision for Deferred Income Taxes						
26	Total State and Local Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
27	Income Taxes-Federal						
28	Current						
29	Provision for Deferred Income Taxes						
30	Deferred Investment Tax Credit						
31	Total Federal Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
32							
33	Total Operating Expenses	$ 2,239,042	$ 87,753	$ (3,329,931)	$ 112,295	$ 4,917,606	$ (3,643,913)
34							
35	**Net Operating Income**	$ (2,239,042)	$ (87,753)	$ 3,329,931	$ (112,295)	$ (4,917,606)	$ 3,643,913

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3

Witness Responsible: Craig A. Forestal

Line No.	Element of Operating Income	Description					
		Non-Jurisdictional Revenue and Expense	General Advertising	PUCO Approved Payments by Shareholders	Miscellaneous Expense Adjustments	Major Storm Expense	Unbilled Revenue and Expense
	Schedule Reference	C-3.18	C-3.19	C-3.20	C-3.21	C-3.22	C-3.23
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OPERATING REVENUES						
2	Distribution Revenues	$ -	$ -	$ -	$ -	$ -	$ 2,672,207
3	Other Retail Revenues						
4	Other Operating Revenues	$ (5,394,453)					
5	Total Operating Revenues	$ (5,394,453)	$ -	$ -	$ -	$ -	$ 2,672,207
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expense						
10	Transmission Expense						
11	Distribution Expense	$ (963,522)			$ (5,820)	$ (429,973)	$ 13,299
12	Customer Accounts Expenses						
13	Customer Service and Information Expense						$ 70,577
14	Administrative and General Expense	$ (62,718)	$ (760,752)	$ (2,030,000)	$ (649,910)		$ (6,890)
15	Total Operating and Maintenance Expense	$ (1,026,240)	$ (760,752)	$ (2,030,000)	$ (655,731)	$ (429,973)	$ 76,986
16	Depreciation and Amortization Expenses						
17	Depreciation						
18	Amortization and Depletion Of Utility Plant						
19	Net Amortization of Regulatory Credits/Debits						
20	Accretion Expense						
21	Total Depreciation and Amortization Expenses	$ -	$ -	$ -	$ -	$ -	$ -
22	Taxes Other Than Income Taxes						$ 96,458
23	Income Taxes-State and Local						
24	Current						
25	Provision for Deferred Income Taxes						
26	Total State and Local Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
27	Income Taxes-Federal						
28	Current						
29	Provision for Deferred Income Taxes						
30	Deferred Investment Tax Credit						
31	Total Federal Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
32							
33	Total Operating Expenses	$ (1,026,240)	$ (760,752)	$ (2,030,000)	$ (655,731)	$ (429,973)	$ 173,444
34							
35	**Net Operating Income**	$ (4,368,213)	$ 760,752	$ 2,030,000	$ 655,731	$ 429,973	$ 2,498,763

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3
Page 5 of 5
Witness Responsible: Craig A. Forestal

Line No.	Element of Operating Income	Description: Company Use Credit	Description: Test Year Revenue				
	Schedule Reference	C-3.24	C-3.25				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OPERATING REVENUES						
2	Distribution Revenues	$ -	$ 2,635,856				
3	Other Retail Revenues						
4	Other Operating Revenues						
5	Total Operating Revenues	$ -	$ 2,635,856				
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expense						
10	Transmission Expense						
11	Distribution Expense						
12	Customer Accounts Expenses						
13	Customer Service and Information Expense						
14	Administrative and General Expense	$ 474,610					
15	Total Operating and Maintenance Expense	$ 474,610	$ -				
16	Depreciation and Amortization Expenses						
17	Depreciation						
18	Amortization and Depletion Of Utility Plant						
19	Net Amortization of Regulatory Credits/Debits						
20	Accretion Expense						
21	Total Depreciation and Amortization Expenses	$ -	$ -				
22	Taxes Other Than Income Taxes						
23	Income Taxes-State and Local						
24	Current						
25	Provision for Deferred Income Taxes						
26	Total State and Local Income Taxes	$ -	$ -				
27	Income Taxes-Federal						
28	Current						
29	Provision for Deferred Income Taxes						
30	Deferred Investment Tax Credit						
31	Total Federal Income Taxes	$ -	$ -				
32							
33	Total Operating Expenses	$ 474,610	$ -				
34							
35	**Net Operating Income**	$ (474,610)	$ 2,635,856				

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjust Federal and State Income Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.1

Schedule C-3.1
Page 1 of 1
Witness Responsible: Stephen A. Allamanno

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Calculate the income tax effect of various C-3 adjustments				
3						
4		Income Taxes				
5	409	Current State and Local Income Tax Expense	$ (216,165)	100.00%	DIRECT	$ (216,165)
6	410-411	Deferred State and Local Income Tax Expense	$ 24,986	100.00%	DIRECT	$ 24,986
7		Total State and Local Income Taxes	$ (191,179)			$ (191,179)
8						
9	409	Current Federal Income Tax Expense	$ (15,984,158)	100.00%	DIRECT	$ (15,984,158)
10	410-411	Deferred Federal Income Tax Expense	$ 2,855,924	100.00%	DIRECT	$ 2,855,924
11	411	Deferred Investment Tax Credit Expense	$ -	100.00%	DIRECT	$ -
12		Total Federal Income Taxes	$ (13,128,234)			$ (13,128,234)
13						
14		Total Income Tax Expense	$ (13,319,413)			$ (13,319,413)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Universal Service Fund Rider Revenue and Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.2

Schedule C-3.2
Page 1 of 1
Witness Responsible: Lauren R. Whitehead

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate Universal Service Fund Rider revenue and expense from the test year						
3								
4		Revenue						
5	440-446	Sales to Ultimate Customers	$	(27,309,700)	100.00%	ALLDIST	$	(27,309,700)
6								
7		Expense						
8	904	Uncollectible Accounts	$	(27,309,700)	100.00%	ALLDIST	$	(27,309,700)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Reconciliation Rider Nonbypassable Revenue
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.3

Schedule C-3.3
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate Reconciliation Rider Nonbypassable revenue from the test year				
3						
4		Revenue				
5	440-446	Sales to Ultimate Customers	$ (1,888,969)	100.00%	ALLDIST	$ (1,888,969)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Storm Cost Recovery Rider Revenue and Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.4

Schedule C-3.4
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate Storm Rider revenue and expense from the test year						
3								
4		Revenue						
5	440-446	Sales to Ultimate Customers	$	(13,182,617)	100.00%	ALLDIST	$	(13,182,617)
6								
7		Expense						
8	593	Maintenance of Overhead Lines	$	(10,365,747)	100.00%	ALLDIST	$	(10,365,747)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Energy Efficiency Rider Revenue and Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.5

Schedule C-3.5
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate Energy Efficiency Rider revenue and expense from the test year						
3								
4		Revenue						
5	440-446	Sales to Ultimate Customers	$	(49,321,796)	100.00%	ALLDIST	$	(49,321,796)
6								
7		Expense						
8	580	Operation Supervision and Engineering	$	(145,562)	100.00%	ALLDIST	$	(145,562)
9	907	Supervision	$	(2,699,261)	100.00%	ALLDIST	$	(2,699,261)
10	908	Customer Assistance Expenses	$	(6,119,880)	100.00%	ALLDIST	$	(6,119,880)
11	909	Informational and Instructional Expenses	$	(2,157,593)	100.00%	ALLDIST	$	(2,157,593)
12	910	Misc. Customer Service and Informational Expenses	$	(12,681,796)	100.00%	ALLDIST	$	(12,681,796)
13	920	Administrative and General Salaries	$	(4,273)	100.00%	ALLDIST	$	(4,273)
14	962	Employee Pensions and Benefits	$	(90,917)	100.00%	ALLDIST	$	(90,917)
15	408	Taxes Other Than Income Taxes	$	(84,507)	100.00%	ALLDIST	$	(84,507)
16		Total Expense	$	(23,983,790)			$	(23,983,789)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Economic Development Discounts and Rider Revenue
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.6

Schedule C-3.6
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate Economic Development Rider revenue				
3						
4		Revenue				
5	440-446	Sales to Ultimate Customers	$ 1,171,196	100.00%	ALLDIST	$ 1,171,196
6	456	Other Electric Revenues	$ (1,125,175)	84.66%	OTHREV4	$ (952,573)
		Total Revenue	$ 46,021			$ 218,623

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Alternative Energy Rider Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.7

Schedule C-3.7
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate Alternative Energy Rider expense from the test year				
3						
4		Expense				
5	920	Administrative and General Salaries	$ 481,244	100.00%	ALLDIST	$ 481,244
6	930.2	Miscellaneous General Expenses	$ (1,266,670)	100.00%	ALLDIST	$ (1,266,670)
7		Total Expense	$ (785,426)			$ (785,426)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate State Excise Tax Rider Revenue and Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.8

Schedule C-3.8
Page 1 of 1
Witness Responsible: Stephen A. Allamanno, Lauren R. Whitehead

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate State Excise Tax Rider revenue and expense from the test year						
3								
4		Revenue						
5	440-446	Sales to Ultimate Customers	$	(49,775,497)	100.00%	ALLDIST	$	(49,775,497)
6								
7		Expense						
8	408	Taxes Other Than Income Taxes	$	(49,785,674)	100.00%	ALLDIST	$	(49,785,674)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize Property Tax to Reflect Plant In Service on Date Certain
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.9a

Schedule C-3.9
Page 1 of 1
Witness Responsible: Stephen A. Allamanno

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Adjust property taxes to be calculated based on jurisdictional plant-in-service as of September 30, 2015				
3						
4		Expense				
5	408	Taxes Other Than Income Taxes	$ 1,469,816	100.00%	ALLDIST	$ 1,469,816

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize Commercial Activity Tax
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3.10
Page 1 of 1
Witness Responsible: Stephen A. Allamanno

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount	Schedule Reference
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)	(H)
1		Purpose and Description:					
2		Adjust Commercial Activity Tax (CAT) to its jurisdictional portion					
3							
4		Expense					
5	408	Taxes Other Than Income Taxes	$ 200,422	100.00%	ALLDIST	$ 200,422	
6							
7		Supporting Calculations					
8							
9	Adjust revenues to include riders that were eliminated from the test year but are subject to CAT that is not recovered through those riders						
10							
11		Total Adjusted Jurisdictional Operating Revenues	$ 217,400,884	100.00%	ALLDIST	$ 217,400,884	Schedule C-2
12		State Excise Tax Rider	$ 49,775,497	100.00%	ALLDIST	$ 49,775,497	Schedule C-3.8
13		Universal Service Fund Rider	$ 27,309,700	100.00%	ALLDIST	$ 27,309,700	Schedule C-3.2
14		Total Jurisdictional Revenues	$ 294,486,081	100.00%	ALLDIST	$ 294,486,081	
15							
16		Commercial Activity Tax Rate	0.2600%			0.2600%	Schedule A-2
17							
18		Annualized Commercial Activity Tax	$ 765,664	100.00%	ALLDIST	$ 765,664	
19							
20		Test Year Commercial Activity Tax	$ 565,242	100.00%	ALLDIST	$ 565,242	Schedule C-2.1
21							
22		Net Adjustment				$ 200,422	

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize AES Services Labor, Benefits, and Payroll Tax
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s): WPC-3.11

Schedule C-3.11
Page 1 of 1
Witness Responsible: Yvonna K. Steadman

Line No.	Acct No.	Description	Total Amount	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Annualize AES Services labor, benefits, and payroll tax				
3						
4		Expense				
5	580	Operation Supervision and Engineering	$ 26,400	100.28%	DIRECT	$ 26,474
6	581	Local Dispatching	$ -	0.00%	DIRECT	$ -
7	582	Station Expenses	$ -	0.00%	DIRECT	$ -
8	583	Overhead Line Expenses	$ -	0.00%	DIRECT	$ -
9	584	Underground Line Expenses	$ -	0.00%	DIRECT	$ -
10	585	Street Lighting and Signal Expenses	$ -	0.00%	DIRECT	$ -
11	586	Meter Expenses	$ -	0.00%	DIRECT	$ -
12	587	Customer Installations Expenses	$ -	0.00%	DIRECT	$ -
13	588	Miscellaneous Distribution Expenses	$ -	0.00%	DIRECT	$ -
14	589	Rents	$ -	0.00%	DIRECT	$ -
15	590	Maintenance Supervision and Engineering	$ 18,978	100.00%	DIRECT	$ 18,978
16	591	Maintenance of Structures	$ -	0.00%	DIRECT	$ -
17	592	Maintenance of Station Equipment	$ -	0.00%	DIRECT	$ -
18	593	Maintenance of Overhead Lines	$ (420)	100.00%	DIRECT	$ (420)
19	594	Maintenance of Underground Lines	$ -	0.00%	DIRECT	$ -
20	595	Maintenance of Line Transformers	$ -	0.00%	DIRECT	$ -
21	596	Maintenance of Street Lighting and Signal Systems	$ -	0.00%	DIRECT	$ -
22	597	Maintenance of Meters	$ -	0.00%	DIRECT	$ -
23	598	Maintenance of Miscellaneous Distribution Plant	$ -	0.00%	DIRECT	$ -
24	901	Supervision	$ -	0.00%	DIRECT	$ -
25	902	Meter Reading Expenses	$ 2,174	100.00%	DIRECT	$ 2,174
26	903	Customer Records and Collection Expenses	$ 6,890	100.00%	DIRECT	$ 6,890
27	905	Miscellaneous Customer Accounts Expenses	$ -	0.00%	DIRECT	$ -
28	907	Supervision	$ -	0.00%	DIRECT	$ -
29	908	Customer Assistance Expenses	$ -	0.00%	DIRECT	$ -
30	909	Informational and Instructional Expenses	$ -	0.00%	DIRECT	$ -
31	910	Misc. Customer Service and Informational Expenses	$ -	0.00%	DIRECT	$ -
32	920	Administrative and General Salaries	$ 1,159,768	46.21%	DIRECT	$ 535,908
33	923	Outside Services Employed	$ (2,137)	58.35%	DIRECT	$ (1,247)
34	935	Maintenance of General Plant	$ -	0.00%	DIRECT	$ -
35		Total O&M Expense	$ 1,211,653			$ 588,757
36						
37	408.1	Taxes other than income taxes (FICA)	$ 123,675	42.86%	DIRECT	$ 53,006
38	408.1	Taxes other than income taxes (FUTA)	$ (1,425)	45.61%	DIRECT	$ (650)
39	408.1	Taxes other than income taxes (SUTA)	$ (4,150)	37.13%	DIRECT	$ (1,541)
40		Total Tax Expense	$ 118,100			$ 50,815
41						
42	926	Employee Pension and Benefits (Pension)	$ 2,070	-14.49%	DIRECT	$ (300)
43	926	Employee Pension and Benefits (401k)	$ (406,598)	35.45%	DIRECT	$ (144,139)
44	926	Employee Pension and Benefits (Health Benefits)	$ 72,546	42.21%	DIRECT	$ 30,621
45	920	Administrative and General Salaries (LTC Expense)	$ 46,108	40.27%	DIRECT	$ 18,567
46		Total Benefit Expense	$ (285,874)			$ (95,251)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize Test Year Labor and Payroll Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.12

Schedule C-3.12
Page 1 of 1
Witness Responsible: Yvonna K. Steadman

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Annualize labor and payroll taxes				
3						
4		Expense				
5	580	Operation Supervision and Engineering	$ 49,850	100.00%	DIRECT	$ 49,850
6	582	Station Expenses	$ 17,171	100.00%	DIRECT	$ 17,171
7	583	Overhead Line Expenses	$ 19,398	100.00%	DIRECT	$ 19,398
8	584	Underground Line Expenses	$ 7,966	100.00%	DIRECT	$ 7,966
9	586	Meter Expenses	$ 460	100.00%	DIRECT	$ 460
10	587	Customer Installations Expenses	$ 18,678	100.00%	DIRECT	$ 18,678
11	588	Miscellaneous Distribution Expenses	$ 3,908	100.00%	DIRECT	$ 3,908
12	590	Maintenance Supervision and Engineering	$ 153,180	100.00%	DIRECT	$ 153,180
13	592	Maintenance of Station Equipment	$ 211,862	100.00%	DIRECT	$ 211,862
14	593	Maintenance of Overhead Lines	$ 686,116	100.00%	DIRECT	$ 686,116
15	594	Maintenance of Underground Lines	$ 3,399	100.00%	DIRECT	$ 3,399
16	595	Maintenance of Line Transformers	$ (701)	100.00%	DIRECT	$ (701)
17	596	Maintenance of Street Lighting and Signal Systems	$ -	0.00%	DIRECT	$ -
18	597	Maintenance of Meters	$ 12,857	100.00%	DIRECT	$ 12,857
19	598	Maintenance of Miscellaneous Distribution Plant	$ 1,780	100.00%	DIRECT	$ 1,780
20	902	Meter Reading Expenses	$ 234,179	100.00%	DIRECT	$ 234,179
21	903	Customer Records and Collection Expenses	$ 424,220	100.00%	DIRECT	$ 424,212
22	907	Supervision	$ 58,610	100.00%	DIRECT	$ 58,611
23	908	Customer Assistance Expenses	$ 544	48.71%	DIRECT	$ 265
24	910	Misc. Customer Service and Informational Expenses	$ 6,354	89.31%	DIRECT	$ 5,675
25	920	Administrative and General Salaries	$ 260,980	49.24%	DIRECT	$ 128,519
26	925	Injuries and Damages	$ 26,310	100.00%	DIRECT	$ 26,309
27	926	Employee Pensions and Benefits	$ 1,151	100.00%	DIRECT	$ 1,151
28	935	Maintenance of General Plant	$ 21,270	99.92%	DIRECT	$ 21,253
29		Total O&M Expense	$ 2,219,542			$ 2,086,098
30						
31	408.1	Taxes other than income taxes (FICA)	$ 355,730	43.23%	DIRECT	$ 153,773
32	408.1	Taxes other than income taxes (FUTA)	$ (6,611)	9.62%	DIRECT	$ (636)
33	408.1	Taxes other than income taxes (SUTA)	$ (1,427)	13.52%	DIRECT	$ (193)
34		Total Payroll Taxes	$ 347,692			$ 152,944

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize Employee Benefits Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s): WPC-3.13

Schedule C-3.13
Page 1 of 1
Witness Responsible: Yvonna K. Steadman, Edward J. Kunz

Line No.	Acct No.	Description	Total Amount	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (F)
1		Purpose and Description:				
2		Annualize employee benefits expense				
3						
4		Expense				
5	926	Employee Pensions and Benefits (Pension)	$ -	0.00%	DIRECT	$ -
6	926	Employee Pensions and Benefits (OPEB)	$ -	0.00%	DIRECT	$ -
7	926	Employee Pensions and Benefits (401k)	$ 101,107	44.10%	DIRECT	$ 44,590
8	926	Employee Pensions and Benefits (Health Benefits)	$ 778,353	4.64%	DIRECT	$ 36,077
9	920	Administrative and General Salaries (LTC)	$ 20,710	34.22%	DIRECT	$ 7,086
10		Total Expense	$ 900,170			$ 87,753

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Annualize Depreciation Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-2.1 and WPC-3.14

Schedule C-3.14
Page 1 of 1
Witness Responsible: Don Rennix

Line No.	Acct. No.	Description		Total Amount	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Annualize depreciation expense with proposed depreciation rates						
3								
4		Expense						
5	403	Distribution Plant Depreciation	$	(2,826,409)	113.34%	DIRECT	$	(3,203,424)
6	403	General Plant Depreciation	$	(33,941)	99.56%	DIRECT	$	(33,790)
7	403	Intangible Plant Amortization	$	(179,775)	51.57%	DIRECT	$	(92,717)
8		Total Expense	$	(3,040,125)			$	(3,329,931)
9								
10		Supporting Calculations						
11								
12		Adjust test year depreciation expense to current annual expense by applying current depreciation rates to date certain balance						
13								
14		Test Year Depreciation of Distribution Plant						
15		Current Annual Expense per WPC-3.14	$	53,275,339	93.29%	DIRECT	$	49,700,849
16		Test Year Depreciation Expense per WPC-2.1	$	53,926,497	93.29%	DIRECT	$	50,308,318
17		Increase / (Decrease) in Test Year Depreciation Expense	$	(651,158)			$	(607,469)
18								
19		Test Year Depreciation of General Plant						
20		Current Annual Expense per WPC-3.14	$	973,232	98.22%	DIRECT	$	955,879
21		Test Year Depreciation Expense per WPC-2.1	$	1,030,201	98.22%	DIRECT	$	1,011,832
22		Increase / (Decrease) in Test Year Depreciation Expense	$	(56,969)			$	(55,953)
23								
24		Test Year Amortization of Intangible Plant						
25		Current Annual Expense per WPC-3.14	$	8,133,626	51.57%	DIRECT	$	4,194,840
26		Test Year Amortization Expense per WPC-2.1	$	8,313,401	51.57%	DIRECT	$	4,287,557
27		Increase / (Decrease) in Test Year Amortization Expense	$	(179,775)			$	(92,717)
28								
29		Adjust current annual depreciation expense to proposed annual expense by applying proposed depreciation rates to date certain balance						
30								
31		Annual Depreciation of Distribution Plant per Work paper C-3.14						
32		Annual Expense with Proposed New Rates	$	51,100,088	92.18%	DIRECT	$	47,104,894
33		Current Annual Expense	$	53,275,339	93.29%	DIRECT	$	49,700,849
34		Increase / (Decrease) in Annual Depreciation Expense	$	(2,175,251)			$	(2,595,955)
35								
36		Annual Depreciation of General Plant per Work paper C-3.14						
37		Annual Expense with Proposed New Rates	$	996,260	98.17%	DIRECT	$	978,042
38		Current Annual Expense	$	973,232	98.22%	DIRECT	$	955,879
39		Increase / (Decrease) in Annual Depreciation Expense	$	23,028			$	22,163
40								
41		Annual Amortization of Intangible Plant per Work paper C-3.14						
42		Annual Expense with Proposed New Rates	$	8,133,626	51.57%	DIRECT	$	4,194,840
43		Current Annual Expense	$	8,133,626	51.57%	DIRECT	$	4,194,840
44		Increase / (Decrease) in Annual Amortization Expense	$	-			$	-

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Include Interest on Customer Service Deposits
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s): None

Schedule C-3.15
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Include customer deposit interest expense as the statutory rate applied to the date certain balance of customer deposits				
3						
4		Expense				
5	431	Interest On Customer Service Deposits	$ 112,295	100.00%	ALLDIST	$ 112,295
6						
7		Supporting Calculations				
8						
9		Date Certain Deposits	$ 36,200,945	10.34%	CUSTDPST	$ 3,743,178
10		Statutory Interest Rate				3%
11		Interest on Customer Deposits				$ 112,295

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Include Rate Case Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3.16
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description		Total Amount	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Include the estimated cost of presenting utility cases as reflected on Schedule C-8, amortized over a two-year period						
3								
4		Expense						
5	928	Regulatory Commission Expenses	$	4,917,606	100.00%	ALLDIST	$	4,917,606

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Uncollectible Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.17

Schedule C-3.17
Page 1 of 1
Witness Responsible: Tyler A. Teuscher

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate uncollectible expense from the test year				
3						
4		Expense				
5	904	Uncollectible Accounts Expense	$ (3,643,913)	100.00%	ALLDIST	$ (3,643,913)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Wright Patterson Non-Jurisdictional Revenues and Expenses
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.18

Schedule C-3.18
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate Wright Patterson non-jurisdictional revenues and expenses				
3						
4		Revenue				
5	456	Other Electric Revenues	$ (5,394,453)	100.00%	ALLDIST	$ (5,394,453)
6						
7		Expense				
8	580	Supervisory - Elect. Dist.	$ (348,904)	100.00%	ALLDIST	$ (348,904)
9	582	Station Expenses	$ (225,155)	100.00%	ALLDIST	$ (225,155)
10	583	Overhead Lines Expense	$ (224)	100.00%	ALLDIST	$ (224)
11	584	Underground Lines	$ (89,419)	100.00%	ALLDIST	$ (89,419)
12	592	Misc. Station Equipment	$ (85,192)	100.00%	ALLDIST	$ (85,192)
13	593	Maintenance of Overhead Lines	$ (214,628)	100.00%	ALLDIST	$ (214,628)
14	920	Administrative and General Salaries	$ (18,730)	34.23%	A&G1	$ (6,411)
15	921	Office Supplies and Expenses	$ (27,658)	48.54%	A&G2	$ (13,425)
16	922	Administrative Expenses Transferred - Cr.	$ 3,469	42.81%	A&G3	$ 1,485
17	923	Outside Services Employed	$ (16,048)	45.51%	A&G4	$ (7,304)
18	924	Property Insurance	$ (396)	24.54%	A&G5	$ (97)
19	925	Injuries and Damages	$ (4,956)	23.05%	A&G6	$ (1,142)
20	926	Employee Pensions & Benefits	$ (43,926)	57.91%	A&G7	$ (25,438)
21	928	Regulatory Commission Expenses	$ (5,722)	100.00%	ALLDIST	$ (5,722)
22	930.2	Miscellaneous General Expenses	$ (6,838)	39.64%	A&G11	$ (2,711)
23	931	Rents	$ (35)	75.71%	A&G12	$ (27)
24	935	Maintenance of General Plant	$ (2,600)	74.08%	GPMAINT	$ (1,926)
25		Total Expense [1]	$ (1,086,965)			$ (1,026,240)

[1] Depreciation has been removed on Schedule C-3.14

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate General Advertising Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3.19
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate general advertising expense from the test year						
3								
4		Expense						
5	930.1	General Advertising Expenses	$	(1,504,355)	50.57%	A&G10	$	(760,752)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate PUCO Approved Payments Funded by Shareholders
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.20

Schedule C-3.20
Page 1 of 1
Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Remove amortization of payments funded by shareholders from the test year				
3						
4		Expense				
5	928	Regulatory Commission Expenses	$ (2,030,000)	100.00%	ALLDIST	$ (2,030,000)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Miscellaneous Expense Adjustments
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3.21

Witness Responsible: Craig A. Forestal

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Adjust for miscellaneous run-rate and out-of-period items and eliminate certain non-jurisdictional expenses from the test year				
3						
4		Expense				
5	580	Operation Supervision and Engineering	$ 200	100.00%	DIRECT	$ 200
6	590	Maintenance Supervision and Engineering	$ (5,591)	100.00%	DIRECT	$ (5,591)
7	593	Maintenance of Overhead Lines	$ (429)	100.00%	DIRECT	$ (429)
8	921	Office Supplies and Expenses	$ (84,252)	37.82%	DIRECT	$ (31,867)
9	923	Outside Services Employed	$ (187,016)	41.25%	DIRECT	$ (77,139)
10	924	Property Insurance	$ (759,955)	95.97%	DIRECT	$ (729,329)
11	930.2	Miscellaneous General Expenses	$ (14,379)	39.63%	DIRECT	$ (5,698)
12	935	Maintenance of General Plant	$ 194,122	100.00%	DIRECT	$ 194,122
13		Total Expense	$ (857,301)			$ (655,731)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Major Storm Expenses
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.22

Schedule C-3.22
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate major storm expenses from the test year				
3						
4		Expense				
5	593	Maintenance of Overhead Lines	$ (429,973)	100.00%	ALLDIST	$ (429,973)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Unbilled Revenue and Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.2

Schedule C-3.23
Page 1 of 1
Witness Responsible: Lauren R. Whitehead, Craig A. Forestal

Line No.	Acct. No.	Description		Total Adjustment	Allocation %	Allocation Code		Jurisdictional Amount
(A)	(B)	(C)		(D)	(E)	(F)		(G) = (D) * (E)
1		Purpose and Description:						
2		Eliminate unbilled revenue and expense from the test year						
3								
4		Revenue						
5	440-446	Sales to Ultimate Customers	$	4,592,525	58.19%	DIRECT	$	2,672,207
6								
7		Expense						
8	580	Operation Supervision and Engineering	$	13,299	100.00%	ALLDIST	$	13,299
9	907	Supervision	$	175,103	100.00%	ALLDIST	$	175,103
10	908	Customer Assistance Expenses	$	(78,033)	100.00%	ALLDIST	$	(78,033)
11	909	Informational and Instructional Expenses	$	(61,710)	100.00%	ALLDIST	$	(61,710)
12	910	Misc. Customer Service and Informational Expenses	$	35,217	100.00%	ALLDIST	$	35,217
13	920	Administrative and General Salaries	$	(15,704)	100.00%	ALLDIST	$	(15,704)
14	926	Employee Pensions and Benefits	$	8,347	100.00%	ALLDIST	$	8,347
15	930.2	Miscellaneous General Expenses	$	467	100.00%	ALLDIST	$	467
16	408	Payroll Taxes	$	2,525	100.00%	ALLDIST	$	2,525
17	408	State Excise Taxes	$	93,933	100.00%	ALLDIST	$	93,933
		Total Expense	$	173,444			$	173,444

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Eliminate Company Use Credit
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.24

Schedule C-3.24
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Eliminate company use credit from test year				
3						
4		Revenue				
5	929	Duplicate Charges	$ 1,167,552	40.65%	A&G9	$ 474,610

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjust Test Year Revenues
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-3.25
Page 1 of 1
Witness Responsible: Robert J. Adams

Line No.	Acct. No.	Description	Total Adjustment	Allocation %	Allocation Code	Jurisdictional Amount
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)
1		Purpose and Description:				
2		Adjust test year jurisdictional revenues to equal calculated amount on Sch. E-4				
3						
4		Revenue				
5	440-446	Sales to Ultimate Customers	$ 2,635,856	100.00%	ALLDIST	$ 2,635,856
6						
7		Supporting Calculations				
8						
9		Projected & Actual Revenues in Test Year				$ 209,651,344
10		Calculated Revenues for Test Year				$ 212,287,200
11		Adjustment to Test Year Revenue				$ 2,635,856

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.1, WPC-4

Schedule C-4
Page 1 of 2
Witness Responsible: Stephen A. Allamanno

Line No.	Description	At Current Rates: Unadjusted Jurisdictional	At Current Rates: Schedule C-3 Adjustments	At Current Rates: Adjusted	At Proposed Rates: Adjustments	At Proposed Rates: Proforma
(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)	(G) = (E) + (F)
1	Operating Income Before State & Local Income Taxes	$ 33,651,267	$ (27,458,779)	$ 6,192,488	$ 65,600,719	$ 71,793,207
2						
3	Current State & Local Income Tax Expense	$ 144,630	$ (216,165)	$ (71,535)	$ 309,045	$ 237,510
4						
5	Operating Income Before Federal Income Taxes	$ 33,506,637	$ (27,242,614)	$ 6,264,023	$ 65,291,674	$ 71,555,697
6						
7	Reconciling Items:					
8	Interest Charges	$ (7,021,928)	$ (10,266,625)	$ (17,288,553)	$ -	$ (17,288,553)
9						
10	Schedule M Reconciling Items:					
11	Tax Accelerated Depreciation	$ 31,066,838	$ -	$ 31,066,838	$ -	$ 31,066,838
12	Book Depreciation	$ 55,607,708	$ (3,329,931)	$ 52,277,777	$ -	$ 52,277,777
13	*Excess of Book Over Tax Depreciation*	$ 24,540,870	$ (3,329,931)	$ 21,210,939	$ -	$ 21,210,939
14						
15	Other Reconciling Items	$ (20,469,804)	$ (4,829,852)	$ (25,299,657)	$ -	$ (25,299,657)
16						
17	Total Schedule M Reconciling Items	$ 4,071,065	$ (8,159,783)	$ (4,088,718)	$ -	$ (4,088,718)
18						
19	Federal Taxable Income	$ 30,555,774	$ (45,669,023)	$ (15,113,249)	$ 65,291,674	$ 50,178,425
20						
21	Federal, State, Local Income Taxes					
22	Federal @ 35% Statutory Rate					
23	State & Local @ Various Effective Tax Rates					

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-3.1, WPC-4

Schedule C-4
Page 2 of 2
Witness Responsible: Stephen A. Allamanno

Line No.	Description	At Current Rates: Unadjusted Jurisdictional	At Current Rates: Schedule C-3 Adjustments	At Current Rates: Adjusted	At Proposed Rates: Proforma Adjustments	At Proposed Rates: Proforma
(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)	(G) = (E) + (F)
1	Current Federal Income Tax @ Statutory Rates	$ 10,694,521	$ (15,984,158)	$ (5,289,637)	$ 22,852,086	$ 17,562,449
2	Adjustments	$ -	$ -	$ -	$ -	$ -
3						
4	Current Federal Income Tax Expense	$ 10,694,521	$ (15,984,158)	$ (5,289,637)	$ 22,852,086	$ 17,562,449
5						
6	Deferred Income Tax Expense (Net):					
7	Depreciation Related	$ (8,589,304)	$ 1,165,476	$ (7,423,828)	$ -	$ (7,423,828)
8	Excess DFIT Reversal - Depreciation	$ (1,089,030)	$ -	$ (1,089,030)	$ -	$ (1,089,030)
9	Other Temporary Differences	$ 7,226,834	$ 1,690,448	$ 8,917,282	$ -	$ 8,917,282
10						
11	Total Deferred Federal Income Taxes (Net)	$ (2,451,500)	$ 2,855,924	$ 404,424	$ -	$ 404,424
12						
13	Amortization of Deferred Investment Tax Credits	$ (169,278)	$ -	$ (169,278)	$ -	$ (169,278)
14						
15	Total Federal Income Tax Expense	$ 8,073,743	$ (13,128,234)	$ (5,054,491)	$ 22,852,086	$ 17,797,595
16						
17	Current State & Local Income Tax Expense	$ 144,630	$ (216,165)	$ (71,535)	$ 309,045	$ 237,510
18	Deferred State & Local Income Tax Expense	$ (11,925)	$ 24,986	$ 13,061	$ -	$ 13,061
19						
20	Total State & Local Income Tax Expense	$ 132,705	$ (191,179)	$ (58,474)	$ 309,045	$ 250,571
21						
22	Total Income Tax Expense	$ 8,206,448	$ (13,319,413)	$ (5,112,965)	$ 23,161,131	$ 18,048,166

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Development of Jurisdictional Income Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-4.1

Schedule C-4.1
Page 1 of 2
Witness Responsible: Stephen A. Allamanno

Line No.	Description	Total Test Year	Allocation %	Unadjusted Jurisdictional
(A)	(B)	(C)	(D)	(E) = (C) * (D)
1	Operating Income Before State & Local Taxes	$ 137,852,680	Various	$ 33,651,267
2				
3	Current State & Local Income Tax Expense	$ 670,591	Various	$ 144,630
4				
5	Operating Income Before Federal Income Taxes	$ 137,182,089		$ 33,506,637
6				
7	Reconciling Items:			
8	Interest Charges	$ (27,829,379)	DIRECT	$ (7,021,928)
9				
10	Schedule M Reconciling Items:			
11	Tax Accelerated Depreciation	$ 87,122,993	DIRECT	$ 31,066,838
12	Book Depreciation	$ 134,966,186	DIRECT	$ 55,607,708
13	*Excess of Book Over Tax Depreciation*	$ 47,843,193		$ 24,540,870
14				
15	Other Reconciling Items	$ (15,521,022)	Various	$ (20,469,804)
16				
17	Total Schedule M Reconciling Items	$ 32,322,170		$ 4,071,065
18				
19	Federal Taxable Income	$ 141,674,880		$ 30,555,774

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Development of Jurisdictional Income Taxes
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-4.1

Schedule C-4.1
Page 2 of 2
Witness Responsible: Stephen A. Allamanno

Line No.	Description	Total Utility	Allocation %	Unadjusted Jurisdictional
(A)	(B)	(C)	(D)	(E) = (C) * (D)
1	Federal, State, Local Income Taxes:			
2	Federal @ 35% Statutory Rate			
3	State & Local @ Various Effective Tax Rates			
4				
5	Current Federal Income Tax @ Statutory Rate	$ 49,586,208		$ 10,694,521
6	True-up and Prior Period Adjustments	$ (3,409,407)	NONDIST	$ -
7				
8	Current Federal Income Tax Expense	$ 46,176,801		$ 10,694,521
9				
10	Deferred Income Tax Expense (Net):			
11	Depreciation Related	$ (16,745,118)	DIRECT	$ (8,589,304)
12	Excess DFIT Reversal - Depreciation	$ (2,316,105)	DIRECT	$ (1,089,030)
13	Other Temporary Differences	$ (107,623)	Various	$ 7,226,834
14				
15	Total Deferred Federal Income Taxes (Net)	$ (19,168,846)		$ (2,451,500)
16				
17	Amortization of Deferred Investment Tax Credits	$ (2,392,824)	DIRECT	$ (169,278)
18				
19	Total Federal Income Tax Expense	$ 24,615,131		$ 8,073,743
20				
21	Current State & Local Income Tax Expense	$ 670,590	Various	$ 144,630
22	Deferred State & Local Income Tax Expense	$ (106,663)	Various	$ (11,925)
23				
24	Total State & Local Income Tax Expense	$ 563,927		$ 132,705
25				
26	Total Income Tax Expense	$ 25,179,058		$ 8,206,448

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Social and Service Club Dues
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-5
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description	Total Utility	Allocation %	Allocation Code	Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)

No social or service club dues are included in the test year operating expenses.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Charitable Contributions
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-6
Page 1 of 1
Witness Responsible: Claire E. Hale

Line No.	Acct. No.	Description	Total Utility	Allocation %	Allocation Code	Jurisdictional
(A)	(B)	(C)	(D)	(E)	(F)	(G) = (D) * (E)

No Charitable contributions are included in the test year operating expenses.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Customer Service and Informational, Sales, and General Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-7

Schedule C-7
Page 1 of 1
Witness Responsible: Kurt A. Tornquist, Emily W. Rabb

Line No.	Acct. No.	Description	Labor	Non-Labor	Total Unadjusted
(A)	(B)	(C)	(D)	(E)	(F) = (D) + (E)
1		CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
2					
3	907	Supervision	$ 631,034	$ 1,834,513	$ 2,465,547
4					
5	908	Customer Assistance	$ 5,824	$ 6,196,839	$ 6,202,663
6					
7	909	Informational and Instructional Expenses	$ -	$ 2,270,531	$ 2,270,531
8					
9	910	Miscellaneous Customer Service and Informational Exp.	$ 81,534	$ 12,573,498	$ 12,655,032
10					
11		Total Customer Service and Informational Expenses	$ 718,392	$ 22,875,381	$ 23,593,774
12					
13		SALES EXPENSES			
14					
15	911	Supervision	$ -	$ -	$ -
16					
17	912	Demonstrating and Selling Expenses	$ -	$ -	$ -
18					
19	913	Advertising Expenses	$ -	$ -	$ -
20					
21	916	Miscellaneous Selling Expenses	$ -	$ -	$ -
22					
23		Total Sales Expenses	$ -	$ -	$ -
24					
25		GENERAL EXPENSES			
26					
27	930.1	General Advertising Expenses	$ -	$ -	$ -
28					
29	930.2	General Miscellaneous Expenses	$ -	$ 4,800,603	$ 4,800,603
30					
31		Total General Expenses	$ -	$ 4,800,603	$ 4,800,603

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Rate Case Expense
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-8
Page 1 of 1
Witness Responsible: Claire E. Hale

Comparison of Projected Expenses Associated with the Current Case to Prior Rate Cases

Line No.	Description	Current Case Estimate	91-414-EL-AIR Actual[1]	91-414-EL-AIR Estimate	82-517-EL-AIR Actual	82-517-EL-AIR Estimate	Justification of Significant Change
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Distribution Rate Case						
1	Legal	$ 4,016,202		$ 967,125	$ 605,944	$ 435,000	
2	Accounting	$ 833,094					
3	Rate of Return Studies	$ 71,000		$ 25,000	$ 35,000	$ 40,000	
4	Cost of Service Studies	$ 125,000				$ 20,000	
5	Other Major Rate Case Expenses						
6	CWIP	$ -			$ 34,174		
7	Loss Study	$ 39,816					
8	Lead/Lag Study	$ 241,000		$ 6,750			
9	Load Research	$ 130,009					
10	Depreciation Study	$ 86,855		$ 3,640	$ -	$ -	
11	Postage & Printing	$ 13,065		$ 30,000	$ 5,889	$ 5,000	
12	Zimmer Testimony			$ 140,000			
13	Mediation			$ 49,070			
14	Computer Time				$ 5,903	$ 15,000	
15	Hearing Costs			$ 44,625	$ 7,299	$ 14,000	
16	Miscellaneous			$ 2,250	$ 2,260	$ 2,000	
17	Total	$ 5,556,040	-	$ 1,268,460	$ 696,469	$ 531,000	
18							
19	**Electric Security Plan**		12-426-EL-SSO				
20	Legal	$ 1,979,280	$ 2,460,080				
21	Consultants	$ 2,296,273	$ 1,537,117				
22	Printing	$ 3,619	$ 8,463				
23	Total	$ 4,279,171	$ 4,005,660				

Schedule of Rate Case Expense Amortization

Line No.	Description	Total Expense to be Amortized	Opinion/Order Date	Authorized Amortization Period[1]	Amount Amortized/ Expensed to Date[1]	Expenses Included In Unadjusted Test Year Expense
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Current (Estimated)	$ 5,556,040				$ -
2						
3	Most Recent[1]	$ -	22-Jan-92			-
4						
5	Next Most Recent	$ 696,469	27-Apr-83			-
						$ -

[1]DP&L does not have the Information available
Note: See Schedule C-3.16 for adjustment related to rate case expense

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Operation & Maintenance Payroll Costs of DP&L Employees
For the Twelve Months Ended May 31, 2016

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-9, WPC-9.1, WPC-9.1a, WPC-9.1b, WPC-3.12, WPC-3.13

Schedule C-9
Page 1 of 1
Witness Responsible: Yvonna K. Steadman, Edward J. Kunz

		Operation and Maintenance Expense					
Line No.	Description	Total Company Unadjusted	Allocation %	Allocation Code	Jurisdictional Unadjusted	Adjustments	Jurisdictional Adjusted
(A)	(B)	(C)	(D)	(E)	(F) = (C) * (D)	(G)	(H) = (F) + (G)
1	Payroll Costs:						
2	Labor	$ 82,332,829	32.00%	DIRECT	$ 26,349,229	$ 2,086,098	$ 28,435,327
3							
4	Employee Benefits						
5	Pension	$ 7,948,499	47.20%	DIRECT	$ 3,752,064	$ -	$ 3,752,064
6	OPEB	$ 100,104	-21.83%	DIRECT	$ (21,852)	$ -	$ (21,852)
7	Savings Plan Contribution	$ 1,916,600	32.18%	DIRECT	$ 616,826	$ 44,590	$ 661,416
8	Health Benefits	$ 12,346,659	34.55%	DIRECT	$ 4,266,378	$ 36,077	$ 4,302,455
9	Long-Term Compensation	$ 419,441	34.24%	DIRECT	$ 143,605	$ 7,086	$ 150,691
10	Total Benefits	$ 22,731,303			$ 8,757,021	$ 87,753	$ 8,844,774
11							
12							
13	Payroll Taxes:						
14	FICA	$ 5,863,843	26.33%	DIRECT	$ 1,543,760	$ 153,773	$ 1,697,533
15	Federal Unemployment	$ 171,173	24.08%	DIRECT	$ 41,212	$ (636)	$ 40,576
16	State Unemployment	$ 27,799	24.08%	DIRECT	$ 6,695	$ (193)	$ 6,502
17	Total Payroll Taxes	$ 6,062,815			$ 1,591,667	$ 152,944	$ 1,744,611
18							
19	Total Payroll Costs	$ 111,126,947			$ 36,697,917	$ 2,326,795	$ 39,024,712

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Total Company Payroll Analysis
By Employee Classifications / Payroll Distribution
For the Twelve Months Ending May 31, 2016 and Calendar Years 2010 through 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-9.1, WPC-9.1a, WPC-9.1b, WPC-9.1c

Witness Responsible: Yvonna K. Steadman, Edward J. Kunz

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Year
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Manhours						
2	Straight - Time Hours	3,095,089	2,970,020	2,898,880	2,802,587	2,304,913	2,557,703
3	Overtime Hours	439,059	497,215	427,668	401,399	393,896	459,950
4	Total Manhours	3,534,148	3,467,235	3,326,548	3,203,986	2,698,809	3,017,654
5	Ratio of Overtime Hours to Straight - Time Hours	14.19%	16.74%	14.75%	14.32%	17.09%	17.98%
6							
7	Labor Dollars						
8	Straight - Time Dollars	$ 90,398,737	$ 94,982,747	$ 95,129,684	$ 93,112,724	$ 68,835,649	$ 76,960,248
9	Overtime Dollars	$ 18,515,682	$ 22,282,026	$ 20,495,704	$ 19,653,170	$ 20,215,708	$ 22,865,394
10	Employee Incentive Costs	$ 12,693,435	$ 9,287,185	$ 9,369,518	$ 13,923,996	$ 5,052,300	$ 7,539,896
11	Total Labor Dollars	$ 121,607,854	$ 126,551,958	$ 124,994,906	$ 126,689,889	$ 94,103,658	$ 107,365,538
12	Ratio of Overtime Dollars to Straight - Time Dollars	20.48%	23.46%	21.55%	21.11%	29.37%	29.71%
13							
14	O&M Labor Dollars	$ 100,157,238	$ 102,840,694	$ 102,270,049	$ 105,641,252	$ 73,713,018	$ 82,332,829
15	Ratio of O&M Labor Dollars to Total Labor Dollars	82.36%	81.26%	81.82%	83.39%	78.33%	76.68%
16							
17	Employee Benefits:						
18	Pension	$ 7,924,658	$ 7,116,470	$ 11,546,519	$ 8,482,209	$ 6,246,974	$ 10,516,019
19	OPEB	$ (74,878)	$ (160,333)	$ (118,514)	$ 185,993	$ 90,125	$ 125,856
20	Savings Plan Contribution	$ 79,278	$ 81,883	$ 2,982,824	$ 2,814,170	$ 1,956,737	$ 2,409,529
21	Health Benefits	$ 29,627,639	$ 18,941,006	$ 17,930,765	$ 20,920,074	$ 12,343,842	$ 15,925,743
22	Long-Term Compensation	$ 3,624,661	$ 7,740,360	$ 194,523	$ 860,560	$ 913,913	$ 527,322
23	Total Employee Benefits	$ 41,181,358	$ 33,719,386	$ 32,536,117	$ 33,263,006	$ 21,551,590	$ 29,504,469
24	Employee Benefits Expensed	$ 34,511,220	$ 25,954,808	$ 28,017,631	$ 28,542,273	$ 15,591,294	$ 22,731,303
25	Ratio of Employee Benefits Expensed to Total Benefits	83.80%	76.97%	86.11%	85.81%	72.34%	77.04%
26							
27	Total FICA Taxes	$ 8,712,773	$ 9,251,409	$ 8,627,364	$ 8,722,380	$ 7,122,525	$ 7,320,498
28	FICA Taxes Expensed	$ 7,308,792	$ 7,620,777	$ 7,036,612	$ 7,097,951	$ 5,723,287	$ 5,863,843
29	Ratio of FICA Taxes Expensed to Total FICA	83.89%	82.37%	81.56%	81.38%	80.35%	80.10%
30							
31	Total Federal Unemployment Taxes	$ 92,909	$ 89,881	$ 99,137	$ 127,546	$ 146,880	$ 215,651
32	Federal Unemployment Taxes Expensed	$ 77,407	$ 73,679	$ 81,516	$ 104,432	$ 122,740	$ 171,173
33	Ratio of FUT Expensed to Total FUT	83.31%	81.97%	82.23%	81.88%	83.56%	79.38%
34							
35	Total State Unemployment Taxes	$ 73,954	$ 101,842	$ 96,451	$ 39,933	$ 33,322	$ 35,930
36	State Unemployment Taxes Expensed	$ 61,206	$ 84,159	$ 79,067	$ 31,336	$ 15,160	$ 27,799
37	Ratio of SUT Expensed to Total SUT	82.76%	82.64%	81.98%	78.47%	45.50%	77.37%
38							
39	Average Employee Levels	1,548	1,520	1,499	1,454	1,210	1,223
40	Year End Employee Levels	1,503	1,526	1,486	1,427	1,182	1,237

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Dayton Power & Light - Union
By Employee Classifications / Payroll Distribution
For the Twelve Months Ending May 31, 2016 and Calendar Years 2010 through 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-9.1, WPC-9.1a, WPC-9.1b, WPC-9.1c

Schedule C-9.1
Page 2 of 3
Witness Responsible: Yvonna K. Steadman, Edward J. Kunz

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Year
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Manhours						
2	Straight - Time Hours	1,753,807	1,677,881	1,654,910	1,626,188	1,553,434	1,621,912
3	Overtime Hours	430,834	488,886	422,335	396,943	391,956	459,934
4	Total Manhours	2,184,641	2,166,767	2,077,245	2,023,131	1,945,390	2,081,847
5	Ratio of Overtime Hours to Straight - Time Hours	24.57%	29.14%	25.52%	24.41%	25.23%	28.36%
6							
7	Labor Dollars						
8	Straight - Time Dollars	$ 45,692,924	$ 44,896,009	$ 46,837,483	$ 47,321,007	$ 43,796,716	$ 46,675,361
9	Overtime Dollars	$ 18,223,488	$ 21,986,964	$ 20,314,496	$ 19,488,665	$ 20,135,146	$ 22,865,059
10	Employee Incentive Costs	$ 2,714,690	$ 4,354,690	$ 2,793,427	$ 2,699,717	$ 4,234,901	$ 3,333,517
11	Total Labor Dollars	$ 66,631,102	$ 71,237,663	$ 69,945,406	$ 69,509,389	$ 68,166,763	$ 72,873,937
12	Ratio of Overtime Dollars to Straight - Time Dollars	39.88%	48.97%	43.37%	41.18%	45.97%	48.99%
13							
14	O&M Labor Dollars	$ 53,081,048	$ 52,989,247	$ 54,821,102	$ 56,190,970	$ 52,006,473	$ 54,262,958
15	Ratio of O&M Labor Dollars to Total Labor Dollars	79.66%	74.38%	78.38%	80.84%	76.29%	74.46%
16							
17	Total Employee Benefits	N/A	N/A	N/A	N/A	N/A	N/A
18	Employee Benefits Expensed	N/A	N/A	N/A	N/A	N/A	N/A
19	Ratio of Employee Benefits Expensed to Total Benefits	N/A	N/A	N/A	N/A	N/A	N/A
20							
21	Total Payroll Taxes	N/A	N/A	N/A	N/A	N/A	N/A
22	Payroll Taxes Expensed	N/A	N/A	N/A	N/A	N/A	N/A
23	Ratio of Payroll Taxes Expensed to Total Payroll Taxes	N/A	N/A	N/A	N/A	N/A	N/A
24							
25	Average Employee Levels	837	806	787	767	734	741
26	Year End Employee Levels	798	808	778	758	719	745

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Dayton Power & Light - Non-Union
By Employee Classifications / Payroll Distribution
For the Twelve Months Ending May 31, 2016 and Calendar Years 2010 through 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-9.1, WPC-9.1a, WPC-9.1b, WPC-9.1c

Schedule C-9.1
Page 3 of 3
Witness Responsible: Yvonna K. Steadman, Edward J. Kunz

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Year
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Manhours						
2	Straight - Time Hours	1,341,282	1,292,139	1,243,970	1,176,399	751,479	935,791
3	Overtime Hours	8,225	8,329	5,333	4,456	1,940	16
4	Total Manhours	1,349,507	1,300,468	1,249,303	1,180,855	753,419	935,807
5	Ratio of Overtime Hours to Straight - Time Hours	0.61%	0.64%	0.43%	0.38%	0.26%	0.00%
6							
7	Labor Dollars						
8	Straight - Time Dollars	$ 44,705,813	$ 50,086,738	$ 48,292,201	$ 45,791,717	$ 25,038,933	$ 30,284,887
9	Overtime Dollars	$ 292,194	$ 295,062	$ 181,208	$ 164,505	$ 80,562	$ 335
10	Employee Incentive Costs	$ 9,978,745	$ 4,932,495	$ 6,576,091	$ 11,224,279	$ 817,399	$ 4,206,379
11	Total Labor Dollars	$ 54,976,752	$ 55,314,295	$ 55,049,500	$ 57,180,500	$ 25,936,895	$ 34,491,601
12	Ratio of Overtime Dollars to Straight - Time Dollars	0.65%	0.59%	0.38%	0.36%	0.32%	0.00%
13							
14	O&M Labor Dollars	$ 47,076,191	$ 49,851,447	$ 47,448,947	$ 49,450,281	$ 21,706,546	$ 28,069,871
15	Ratio of O&M Labor Dollars to Total Labor Dollars	85.63%	90.12%	86.19%	86.48%	83.69%	81.38%
16							
17	Total Employee Benefits	N/A	N/A	N/A	N/A	N/A	N/A
18	Employee Benefits Expensed	N/A	N/A	N/A	N/A	N/A	N/A
19	Ratio of Employee Benefits Expensed to Total Benefits	N/A	N/A	N/A	N/A	N/A	N/A
20							
21	Total Payroll Taxes	N/A	N/A	N/A	N/A	N/A	N/A
22	Payroll Taxes Expensed	N/A	N/A	N/A	N/A	N/A	N/A
23	Ratio of Payroll Taxes Expensed to Total Payroll Taxes	N/A	N/A	N/A	N/A	N/A	N/A
24							
25	Average Employee Levels	711	714	712	687	476	482
26	Year End Employee Levels	705	718	708	669	463	492

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Balance Sheets for the Most Recent Five Calendar Years
As of September 30, 2015 and December 31, 2010 through December 31, 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-10.1
Page 1 of 4
Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Date Certain Sept. 30, 2015
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Balance Sheet						
1	UTILITY PLANT						
2	Utility Plant (101-106.114) [incl. EPIS leased & assoc. reserve]	$ 5,087,523,593	$ 5,271,768,021	$ 5,243,173,518	$ 5,099,597,164	$ 5,115,429,018	$ 5,318,896,102
3	Construction Work in Progress (107)	$ 119,573,612	$ 150,703,437	$ 87,829,512	$ 60,863,925	$ 75,370,136	$ 69,813,430
4	Total Utility Plant	$ 5,207,097,205	$ 5,422,471,458	$ 5,331,003,030	$ 5,160,461,089	$ 5,190,799,154	$ 5,388,709,532
5	(Less) Accum. Prov. For Depr., Amort., and Depl. (108, 110, 111, 115)	$ 2,559,972,667	$ 2,680,278,087	$ 2,627,331,036	$ 2,562,006,062	$ 2,614,971,863	$ 2,788,767,149
6	Net Utility Plant, Before Nuclear Fuel	$ 2,647,124,538	$ 2,742,193,371	$ 2,703,671,994	$ 2,598,455,027	$ 2,575,827,291	$ 2,599,942,383
7	Nuclear Fuel (120.1-120.4, 120.6)	$ -	$ -	$ -	$ -	$ -	$ -
8	(Less) Accum. Prov. For Amort. Of Nuclear Fuel Assem. (120.5)	$ -	$ -	$ -	$ -	$ -	$ -
9	Net Nuclear Fuel	$ -	$ -	$ -	$ -	$ -	$ -
10	Net Utility Plant	$ 2,647,124,538	$ 2,742,193,371	$ 2,703,671,994	$ 2,598,455,027	$ 2,575,827,291	$ 2,599,942,383
11							
12	OTHER PROPERTY AND INVESTMENTS						
13	Nonutility Property (121)	$ 5,094,644	$ 5,072,058	$ 4,716,992	$ 4,638,907	$ 5,324,162	$ 5,310,819
14	(Less) Accum. Prov. For Depr. & Amort. (122)	$ -	$ -	$ -	$ -	$ -	$ -
15	Investments in Associated Companies (123)	$ -	$ -	$ -	$ -	$ -	$ -
16	Investments in Subsidiary Companies (123.1)	$ -	$ -	$ -	$ -	$ -	$ -
17	Noncurrent Portion of Allowances	$ -	$ -	$ -	$ -	$ -	$ -
18	Other Investments (124)	$ 490,000	$ 490,000	$ 490,000	$ 490,000	$ 490,000	$ 490,000
19	Special Funds (125-129)	$ 15,604,363	$ 11,317,139	$ 100,272	$ 100,272	$ 100,272	$ 100,272
20	Long-Term Portion of Derivative Assets (175)	$ 9,011,287	$ 1,495,919	$ 3,615,103	$ 5,023,475	$ 3,583,006	$ 5,788,266
21	Long-Term Portion of Derivative Assets - Hedges (176)	$ -	$ -	$ 479,472	$ 3,010,139	$ 343,305	$ 8,244,963
22	Total Other Property and Investments	$ 30,200,294	$ 18,375,116	$ 9,401,839	$ 13,262,793	$ 9,840,745	$ 19,934,320
23							
24	CURRENT AND ACCRUED ASSETS						
25	Cash (131) & Working Funds (135) & TCI (136)	$ 54,019,565	$ 32,246,686	$ 28,560,847	$ 22,946,049	$ 5,392,957	$ 11,719,158
26	Special Deposits (132-134)	$ 10,546,190	$ 4,607,691	$ 20,692,299	$ 23,182,088	$ 26,947,693	$ 17,114,304
27	Notes Receivable (141)	$ -	$ -	$ -	$ -	$ -	$ -
28	Customer Accounts Receivable (142)	$ 99,695,985	$ 88,401,550	$ 72,640,336	$ 65,569,688	$ 71,668,561	$ 64,628,441
29	Other Accounts Receivable (143)	$ 12,829,301	$ 31,679,045	$ 22,194,261	$ 17,124,560	$ 15,867,321	$ 16,440,201
30	(Less) Accum. Prov. For Uncollectible Acct. - Credit (144)	$ 831,998	$ 941,172	$ 922,714	$ 908,700	$ 897,384	$ 896,811
31	Notes Receivable from Associated Companies (145)	$ -	$ -	$ -	$ -	$ -	$ -
32	Accounts Receivable from Associated Companies (146)	$ 2,016,732	$ 9,833,606	$ 18,674,599	$ 19,178,172	$ 17,734,169	$ 1,803,945
33	Fuel Stock (151)	$ 72,059,118	$ 80,947,408	$ 65,585,127	$ 41,089,561	$ 63,612,344	$ 58,364,357
34	Fuel Stock Expense Undistributed (152)	$ -	$ -	$ -	$ -	$ -	$ -
35	Residuals (Elec.) and Extracted Products (153)	$ -	$ -	$ -	$ -	$ -	$ -

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Balance Sheets for the Most Recent Five Calendar Years
As of September 30, 2015 and December 31, 2010 through December 31, 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-10.1
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Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Date Certain Sept. 30, 2015
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	CURRENT AND ACCRUED ASSETS, continued						
2	Plant Material and Operating Supplies (154)	$ 41,507,330	$ 46,937,102	$ 50,353,809	$ 47,030,186	$ 41,670,542	$ 40,425,250
3	Merchandise (155)	$ -	$ -	$ -	$ -	$ -	$ -
4	Other Materials and Supplies (156)	$ -	$ -	$ -	$ -	$ -	$ -
5	Nuclear Materials Held for Sale (157)	$ -	$ -	$ -	$ -	$ -	$ -
6	Allowances (158.1 and 158.2)	$ 2,202	$ -	$ 53,069	$ (7,205)	$ 5,556	$ 2,565
7	(Less) Noncurrent Portion of Allowances	$ -	$ -	$ -	$ -	$ -	$ -
8	Stores Expense Undistributed (163)	$ 581,077	$ 1,740,663	$ 1,881,095	$ 1,839,790	$ 1,431,448	$ 1,967,361
9	Prepayments (165)	$ 20,789,263	$ 13,015,264	$ 10,863,203	$ 17,165,152	$ 15,464,282	$ 11,801,654
10	Interest and Dividends Receivable (171)	$ -	$ -	$ -	$ -	$ -	$ -
11	Rents Receivable (172)	$ -	$ -	$ -	$ -	$ -	$ -
12	Accrued Utility Revenues (173)	$ 64,329,145	$ 49,521,137	$ 48,090,174	$ 47,187,884	$ 49,036,741	$ 34,779,618
13	Miscellaneous Current and Accrued Assets (174)	$ -	$ -	$ -	$ -	$ -	$ -
14	Derivative Instrument Assets (175)	$ 15,896,488	$ 2,547,930	$ 6,912,325	$ 10,385,806	$ 9,172,997	$ 11,517,231
15	(Less) Long-Term Portion of Derivative Instrument Assets (175)	$ 9,011,287	$ 1,495,919	$ 3,615,103	$ 5,023,475	$ 3,583,006	$ 5,788,266
16	Derivative Instrument Assets - Hedges (176)	$ -	$ 605,680	$ 959,144	$ 3,465,525	$ 5,929,073	$ 19,068,987
17	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)	$ -	$ -	$ 479,472	$ 3,010,139	$ 343,305	$ 8,244,963
18	Total Current and Accrued Assets	$ 384,429,111	$ 359,646,671	$ 342,442,999	$ 307,214,942	$ 319,109,989	$ 274,703,032
19							
20	DEFERRED DEBITS						
21	Unamortized Debt Expenses (181)	$ 7,313,472	$ 6,814,635	$ 6,473,631	$ 15,199,223	$ 11,836,770	$ 7,076,094
22	Extraordinary Property Losses (182.1)	$ -	$ -	$ -	$ -	$ -	$ -
23	Unrecovered Plant and Regulatory Study Costs (182.2)	$ -	$ -	$ -	$ -	$ -	$ -
24	Other Regulatory Assets (182.3)	$ 177,003,981	$ 184,790,407	$ 193,279,588	$ 169,508,220	$ 201,756,764	$ 172,568,287
25	Prelim. Survey and Investigation Charges (183)	$ -	$ -	$ -	$ -	$ -	$ -
26	Prelim. Sur. & Invest. Charges (Gas) (183.1, 183.2)	$ -	$ -	$ -	$ -	$ -	$ -
27	Clearing Accounts/Temp Facilities (184, 185)	$ 909,025	$ 1,772,010	$ 1,101,317	$ 1,463,819	$ 1,825,562	$ 2,298,579
28	Miscellaneous Deferred Debits (186)	$ 107,250,516	$ 88,578,044	$ 83,139,057	$ 82,058,132	$ 87,716,728	$ 31,248,458
29	Def. Losses from Disposition of Utility Plant (187)	$ -	$ -	$ -	$ -	$ -	$ -
30	Research, Devel. And Demonstration Expend. (188)	$ 645	$ -	$ -	$ -	$ -	$ -
31	Unamortized Loss on Reacquired Debt (189)	$ 14,309,514	$ 12,975,654	$ 11,916,329	$ 10,929,250	$ 9,941,158	$ 9,200,849
32	Accumulated Deferred Income Taxes (190)	$ 81,704,339	$ 64,136,124	$ 50,311,926	$ 21,423,072	$ 13,058,972	$ 19,066,558
33	Total Deferred Debits	$ 388,491,492	$ 359,066,874	$ 346,221,848	$ 300,581,716	$ 326,135,954	$ 241,458,825
34							
35	Total Assets and Other Debits	$ 3,450,245,435	$ 3,479,282,032	$ 3,401,738,680	$ 3,219,514,478	$ 3,230,913,979	$ 3,136,038,560

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Balance Sheets for the Most Recent Five Calendar Years
As of September 30, 2015 and December 31, 2010 through December 31, 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-10.1
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Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Date Certain Sept. 30, 2015
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	PROPRIETARY CAPITAL						
2	Common Stock Issued (201)	$ 411,722	$ 411,722	$ 411,722	$ 411,722	$ 411,722	$ 411,722
3	Preferred Stock Issued (204) includes amount due within one year	$ 22,850,800	$ 22,850,800	$ 22,850,800	$ 22,850,800	$ 22,850,800	$ 22,850,800
4	Premium on Capital Stock (207)	$ 309,401,929	$ 303,991,820	$ 303,991,819	$ 303,991,819	$ 303,991,819	$ 303,991,819
5	Other Paid-In-Capital (208-211)	$ 489,709,163	$ 515,794,822	$ 515,956,712	$ 516,084,406	$ 516,229,697	$ 516,351,603
6	Installments Received on Capital Stock (212)	$ -	$ -	$ -	$ -	$ -	$ -
7	(Less) Discount on Capital Stock (213)	$ -	$ -	$ -	$ -	$ -	$ -
8	(Less) Capital Stock Expense (214)	$ 16,716,891	$ 16,716,891	$ 16,716,891	$ 16,716,891	$ 16,716,891	$ 16,716,891
9	Retained Earnings (215, 215.1, 216)	$ 616,934,934	$ 589,121,233	$ 534,216,614	$ 426,802,298	$ 381,795,167	$ 406,855,053
10	Unappropriated Undistr. Subsidiary Earnings (216.1)	$ -	$ -	$ -	$ -	$ -	$ -
11	(Less) Reacquired Capital Stock (217)	$ -	$ -	$ -	$ -	$ -	$ -
12	Accumulated Other Comprehensive Income (219)	$ (20,257,785)	$ (34,718,529)	$ (38,698,929)	$ (26,721,895)	$ (42,337,856)	$ (33,662,192)
13	Total Proprietary Capital	$ 1,402,333,872	$ 1,380,734,977	$ 1,322,011,847	$ 1,226,702,259	$ 1,166,224,458	$ 1,200,081,914
14							
15	LONG-TERM DEBT						
16	Bonds (221) includes amount due within one year	$ 884,375,000	$ 884,375,000	$ 884,375,000	$ 859,375,000	$ 859,375,000	$ 745,000,000
17	(Less) Reacquired Bonds	$ -	$ -	$ -	$ -	$ -	$ -
18	Advances from Associated Companies (223)	$ -	$ -	$ -	$ -	$ -	$ -
19	Other Long-Term Debt (224)	$ -	$ 18,597,872	$ 18,481,738	$ 18,360,667	$ 18,234,374	$ 18,136,118
20	Unamortized Premium on Long Term Debt (225)	$ -	$ -	$ -	$ -	$ -	$ -
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	$ 500,198	$ 318,308	$ 136,417	$ 687,181	$ 437,548	$ 247,256
22	Total Long-Term Debt	$ 883,874,802	$ 902,654,564	$ 902,720,321	$ 877,048,486	$ 877,171,826	$ 762,888,862
23							
24	OTHER NONCURRENT LIABILITIES						
25	Obligations Under Capital Leases - Noncurrent (227)	$ 117,033	$ 377,766	$ 117,602	$ -	$ -	$ -
26	Accumulated Provision for Property Insurance (228.1)	$ -	$ -	$ -	$ -	$ -	$ -
27	Accumulated Provision for Injuries and Damages (228.2)	$ 5,293,850	$ 4,721,600	$ 3,821,600	$ 3,501,600	$ 3,232,400	$ 3,128,400
28	Accumulated Provision for Pensions and Benefits (228.3)	$ 75,113,335	$ 58,525,739	$ 72,412,739	$ 63,234,599	$ 105,115,172	$ 100,447,313
29	Accumulated Miscellaneous Operating Provisions (228.4)	$ 965,334	$ -	$ -	$ 4,000,000	$ -	$ -
30	Accumulated Provision for Rate Refunds (229)	$ -	$ -	$ -	$ -	$ -	$ -
31	Long-Term Portion of Derivative Instrument Liabilities	$ -	$ 1,364,416	$ 733,875	$ 1,304,079	$ 1,014,645	$ 6,518,089
32	Long-Term Portion of Derivative Instrument Liabilities - Hedges	$ 89,991	$ 2,518,054	$ 1,500,438	$ -	$ 552,896	$ 2,982,768
33	Asset Retirement Obligations (230)	$ 17,468,329	$ 18,824,765	$ 19,210,204	$ 19,924,786	$ 22,881,806	$ 62,428,524
34	Total Other Non-Current Liabilities	$ 99,047,872	$ 86,332,340	$ 97,796,458	$ 91,965,064	$ 132,796,919	$ 175,505,094

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Balance Sheets for the Most Recent Five Calendar Years
As of September 30, 2015 and December 31, 2010 through December 31, 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-10.1
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Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Date Certain Sept. 30, 2015
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	CURRENT AND ACCRUED LIABILITES						
2	Notes Payable (231)	$ -	$ -	$ -	$ -	$ -	$ 10,000,000
3	Accounts Payable (232)	$ 95,665,736	$ 106,045,481	$ 79,063,177	$ 73,891,754	$ 100,116,445	$ 76,673,324
4	Notes Payable to Associated Companies (233)	$ -	$ -	$ -	$ -	$ -	$ -
5	Accounts Payable to Associated Companies (234)	$ 2,730	$ -	$ -	$ -	$ 4,712,161	$ -
6	Customer Deposits (235)	$ 18,670,344	$ 15,804,632	$ 35,193,550	$ 33,080,176	$ 34,470,392	$ 36,200,945
7	Taxes Accrued (236)	$ 149,381,256	$ 166,690,073	$ 158,157,727	$ 157,566,236	$ 161,009,477	$ 131,865,077
8	Interest Accrued (237)	$ 7,713,933	$ 7,874,423	$ 13,054,750	$ 9,635,517	$ 9,792,967	$ 1,160,370
9	Dividends Declared (238)	$ 72,232	$ 72,232	$ 72,232	$ 72,232	$ 72,232	$ 72,232
10	Matured Long-Term Debt (239)	$ -	$ -	$ -	$ -	$ -	$ -
11	Matured Interest (240)	$ -	$ -	$ -	$ -	$ -	$ -
12	Tax Collections Payable (241)	$ 2,238	$ -	$ -	$ 289,850	$ -	$ -
13	Miscellaneous Current and Accrued Liabilities (242)	$ 43,790,575	$ 50,615,120	$ 48,318,439	$ 48,973,517	$ 36,452,155	$ 30,573,378
14	Obligations Under Capital Leases - Current (243)	$ 68,463	$ 297,841	$ 285,091	$ 117,603	$ -	$ -
15	Derivative Instrument Liabilities (244)	$ 77,803	$ 5,859,965	$ 3,520,022	$ 7,896,112	$ 9,675,372	$ 16,191,784
16	(Less) Long-Term Portion of Derivative Instrument Liabilities	$ -	$ 1,364,416	$ 733,875	$ 1,304,079	$ 1,014,645	$ 6,518,089
17	Derivative Instrument Liabilities - Hedges (245)	$ 1,934,964	$ 1,121,035	$ 8,171,594	$ 2,664,210	$ 2,625,961	$ 8,986,358
18	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges	$ 89,991	$ 2,518,054	$ 1,500,438	$ -	$ 552,896	$ 2,982,768
19	Total Current and Accrued Liabilities	$ 317,290,283	$ 350,498,332	$ 343,602,269	$ 332,883,128	$ 357,359,621	$ 302,222,611
20							
21	DEFERRED CREDITS						
22	Customer Advances for Construction (252)	$ 2,788,757	$ 2,523,161	$ 1,114,277	$ 931,243	$ 1,246,317	$ 466,036
23	Other Regulatory Liabilities (254)	$ 33,769,417	$ 8,386,600	$ 6,665,801	$ 6,209,101	$ 9,230,384	$ 24,938,230
24	Accumulated DITC (255)	$ 32,396,615	$ 29,890,167	$ 27,384,675	$ 24,878,700	$ 22,372,729	$ 20,578,109
25	Deferred Gains from Disposition of Utility Plant (256)	$ -	$ -	$ -	$ -	$ -	$ -
26	Other Deferred Credits (253)	$ 187,657	$ 17,910,571	$ 136,789	$ 113,508	$ 1,866,490	$ 2,120,227
27	Unamortized Gain on Reacquired Debt (257)	$ -	$ -	$ -	$ -	$ -	$ -
28	Accumulated DFIT (281-283)	$ 678,556,160	$ 700,351,320	$ 700,306,243	$ 658,782,989	$ 662,645,235	$ 647,237,477
29	Total Deferred Credits	$ 747,698,606	$ 759,061,819	$ 735,607,785	$ 690,915,541	$ 697,361,155	$ 695,340,079
30							
31	Total Liabilities and Other Credits	$ 3,450,245,435	$ 3,479,282,032	$ 3,401,738,680	$ 3,219,514,478	$ 3,230,913,979	$ 3,136,038,560

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Income Statements for the Most Recent Five Years
For the Twelve Months Ending May 31, 2016 and Calendar Years 2010 through 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-10.2

Schedule C-10.2

Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Year
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	UTILITY OPERATING INCOME						
2	Operating Revenues (400)	$ 1,790,968,423	$ 1,741,894,070	$ 1,566,393,484	$ 1,576,389,369	$ 1,786,398,879	$ 1,525,100,475
3	Operating Expenses:						
4	Operation Expenses (401)	$ 998,313,709	$ 1,024,193,337	$ 927,343,008	$ 1,000,505,843	$ 1,164,124,878	$ 995,265,427
5	Maintenance Expenses (402)	$ 101,692,987	$ 116,953,378	$ 107,494,081	$ 96,299,848	$ 109,497,372	$ 116,513,879
6	Depreciation Expense (403.0+403.1002)	$ 128,409,549	$ 131,344,156	$ 215,090,595	$ 218,267,923	$ 135,793,604	$ 129,791,669
7	Amort. & Depl. Of Utility Plant (404-405)	$ 2,133,032	$ 2,705,250	$ 6,043,016	$ 6,969,760	$ 7,973,101	$ 8,313,401
8	Amort. Of Utility Plant Acq. Adj. (406)	$ -	$ -	$ -	$ -	$ -	$ -
9	Amort. Of Property Losses (407)	$ -	$ -	$ -	$ -	$ -	$ -
10	Amort. Of Conversion Expenses (407)	$ -	$ -	$ -	$ -	$ -	$ -
11	Regulatory Debits (407.3)	$ -	$ -	$ -	$ -	$ -	$ -
12	(Less) Regulatory Credits (407.4)	$ -	$ -	$ -	$ -	$ -	$ -
13	Taxes Other Than Incomes Taxes (408.1)	$ 124,081,845	$ 129,645,792	$ 124,947,187	$ 126,798,391	$ 138,481,501	$ 134,627,487
14	Income Taxes - Federal (409.1)	$ 76,966,199	$ 54,898,613	$ 52,251,743	$ 39,116,702	$ 34,510,301	$ 46,176,800
15	- Other (409.1)	$ 1,160,767	$ 927,257	$ 1,008,725	$ (50,627)	$ 504,500	$ 670,591
16	Provision of Deferred Inc. Taxes (410.1)	$ 54,194,145	$ 50,852,514	$ 4,455,621	$ (17,393,289)	$ 7,544,953	$ (19,275,509)
17	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	$ -	$ -	$ -	$ -	$ -	$ -
18	Investment Tax Credit Adj. - Net (411.4)	$ (2,784,420)	$ (2,506,448)	$ (2,505,492)	$ (2,505,975)	$ (2,505,971)	$ (2,392,824)
19	(Less) Gains from Disp. Of Utility Plant (411.6)	$ -	$ -	$ -	$ -	$ -	$ -
20	Losses from Disp. Of Utility Plant (411.7)	$ -	$ -	$ -	$ -	$ -	$ -
21	(Less) Gains from Disposition of Allowances (411.8)	$ 808,827	$ 869	$ (510)	$ (20)	$ 4	$ (67)
22	Losses from Disposition of Allowances (411.9)	$ 36,836	$ 53,585	$ (1,038)	$ (351)	$ (454)	$ -
23	Accretion Expense (411.10)	$ 173,510	$ 848,021	$ 916,254	$ 973,321	$ 1,081,101	$ 2,735,865
24	Total Utility Operating Expenses	$ 1,483,569,332	$ 1,509,914,586	$ 1,437,044,210	$ 1,468,981,566	$ 1,597,004,882	$ 1,412,426,853
25	Net Utility Operating Income	$ 307,399,091	$ 231,979,484	$ 129,349,274	$ 107,407,803	$ 189,393,997	$ 112,673,622

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Comparative Income Statements for the Most Recent Five Years
For the Twelve Months Ending May 31, 2016 and Calendar Years 2010 through 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-10.2

Schedule C-10.2
Page 2 of 2
Witness Responsible: Karin M. Nyhuis

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Year
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	OTHER INCOME and DEDUCTIONS						
2							
3	Net Derivative gain/loss	$ (13,269,276)	$ 19,288,130	$ (3,430,613)	$ (15,839,957)	$ 44,184,736	$ 5,285,131
4							
5	Net Interest Expense	$ 37,205,801	$ 38,836,082	$ 38,984,266	$ 36,684,001	$ 33,556,389	$ 27,829,379
6							
7	Net Other income/deductions	$ 5,788,444	$ (19,359,695)	$ 2,673,389	$ 2,949,404	$ (3,368,669)	$ (2,332,423)
8							
9	Net Income	$ 277,674,122	$ 193,214,967	$ 91,122,232	$ 83,614,355	$ 115,021,541	$ 81,891,535
10							
11	(LESS) PREFERRED DIVIDENDS	$ 866,781	$ 866,781	$ 864,958	$ 866,780	$ 866,780	$ 865,171
12							
13	Available to Common	$ 276,807,341	$ 192,348,186	$ 90,257,274	$ 82,747,575	$ 114,154,761	$ 81,026,364

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Revenue Statistics - Total
The Twelve Months Ending May 31, 2016 and Calendar Years 2010 thru 2019

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-11.1

Schedule C-11.1
Page 1 of 1
Witness Responsible: Lauren R. Whitehead, Emily W. Rabb

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Yr. 12 Mo. Ending May 31, 2016	Five Projected Calendar Years 2016	2017	2018	2019	2020
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
1	Revenue By Customer Class ($000)											
2	Residential	$ 681,334	$ 699,330	$ 615,793	$ 531,544	$ 526,041	$ 447,727	$ 365,783	$ 343,890	$ 339,516	$ 336,590	$ 333,589
3	Commercial	$ 310,031	$ 223,262	$ 187,767	$ 162,078	$ 194,298	$ 164,155	$ 140,095	$ 117,221	$ 118,049	$ 120,181	$ 122,583
4	Industrial	$ 124,150	$ 76,654	$ 71,457	$ 61,778	$ 88,740	$ 84,800	$ 85,580	$ 65,442	$ 67,500	$ 70,156	$ 72,549
5	Other	$ 65,917	$ 58,873	$ 60,385	$ 53,633	$ 57,241	$ 65,642	$ 64,970	$ 59,604	$ 60,439	$ 66,481	$ 67,858
6	Total Retail	$ 1,181,431	$ 1,058,120	$ 935,401	$ 809,033	$ 866,319	$ 762,323	$ 656,428	$ 586,156	$ 585,504	$ 593,407	$ 596,579
7												
8	YEAR END Number of Customers By Class:											
9	Residential	455,572	454,697	454,605	456,095	456,522	456,282	456,282	456,282	456,282	456,282	456,282
10	Commercial	50,155	50,123	50,111	50,438	50,688	50,668	50,668	50,668	50,668	50,668	50,668
11	Industrial	1,769	1,757	1,736	1,728	1,720	1,718	1,718	1,718	1,718	1,718	1,718
12	Other	6,725	6,804	6,814	6,665	6,692	6,704	6,704	6,704	6,704	6,704	6,704
13	Total Retail	514,221	513,381	513,266	514,926	515,622	515,372	515,372	515,372	515,372	515,372	515,372
14												
15	AVERAGE Number of Customers By Class:											
16	Residential	455,684	454,912	454,377	455,008	455,987	456,282	456,282	456,282	456,282	456,282	456,282
17	Commercial	50,154	50,096	50,149	50,333	50,565	50,668	50,668	50,668	50,668	50,668	50,668
18	Industrial	1,770	1,760	1,745	1,737	1,729	1,718	1,718	1,718	1,718	1,718	1,718
19	Other	6,639	6,760	6,804	6,690	6,671	6,704	6,704	6,704	6,704	6,704	6,704
20	Total Retail	514,247	513,527	513,074	513,769	514,953	515,372	515,372	515,372	515,372	515,372	515,372
21												
22	AVERAGE Revenue per Customer:											
23	Residential	$ 1,495	$ 1,537	$ 1,355	$ 1,168	$ 1,154	$ 981	$ 802	$ 754	$ 744	$ 738	$ 731
24	Commercial	$ 6,182	$ 4,457	$ 3,744	$ 3,220	$ 3,843	$ 3,240	$ 2,765	$ 2,314	$ 2,330	$ 2,372	$ 2,419
25	Industrial	$ 70,131	$ 43,566	$ 40,944	$ 35,566	$ 51,319	$ 49,360	$ 49,814	$ 38,092	$ 39,290	$ 40,836	$ 42,229

Notes:
Data contained in Schedules C-11.1 through C-11.2 contain billed data only.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Revenue Statistics - Jurisdictional
The Twelve Months Ending May 31, 2016 and Calendar Years 2010 thru 2020

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-11.2

Schedule C-11.2
Page 1 of 1
Witness Responsible: Lauren R. Whitehead, Emily W. Rabb

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Yr. 12 Mo. Ending May 31, 2016	Five Projected Calendar Years 2016	2017	2018	2019	2020
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
1	Revenue By Customer Class ($000)											
2	Residential	$ 201,488	$ 204,151	$ 219,628	$ 220,673	$ 224,632	$ 206,378	$ 191,910	$ 226,415	$ 225,190	$ 223,386	$ 221,413
3	Commercial	$ 71,088	$ 74,606	$ 82,236	$ 81,297	$ 90,513	$ 86,276	$ 79,047	$ 90,586	$ 91,077	$ 91,213	$ 91,538
4	Industrial	$ 30,846	$ 33,109	$ 38,225	$ 36,709	$ 44,774	$ 39,815	$ 38,023	$ 40,641	$ 40,869	$ 41,485	$ 41,753
5	Other	$ 16,891	$ 16,065	$ 16,635	$ 14,728	$ 12,783	$ 17,490	$ 17,721	$ 19,773	$ 19,902	$ 24,560	$ 24,693
6	Total Retail	$ 320,314	$ 327,931	$ 356,724	$ 353,408	$ 372,702	$ 349,959	$ 326,702	$ 377,415	$ 377,038	$ 380,643	$ 379,397
7												
8	YEAR END Number of Customers By Class:											
9	Residential	455,572	454,697	454,605	456,095	456,522	456,282	456,282	456,282	456,282	456,282	456,282
10	Commercial	50,155	50,123	50,111	50,438	50,688	50,668	50,668	50,668	50,668	50,668	50,668
11	Industrial	1,769	1,757	1,736	1,728	1,720	1,718	1,718	1,718	1,718	1,718	1,718
12	Other	6,725	6,804	6,814	6,665	6,692	6,704	6,704	6,704	6,704	6,704	6,704
13	Total Retail	514,221	513,381	513,266	514,926	515,622	515,372	515,372	515,372	515,372	515,372	515,372
14												
15	AVERAGE Number of Customers By Class:											
16	Residential	455,684	454,912	454,377	455,008	455,987	456,282	456,282	456,282	456,282	456,282	456,282
17	Commercial	50,154	50,096	50,149	50,333	50,565	50,668	50,668	50,668	50,668	50,668	50,668
18	Industrial	1,770	1,760	1,745	1,737	1,729	1,718	1,718	1,718	1,718	1,718	1,718
19	Other	6,639	6,760	6,804	6,690	6,671	6,704	6,704	6,704	6,704	6,704	6,704
20	Total Retail	514,247	513,527	513,074	513,769	514,953	515,372	515,372	515,372	515,372	515,372	515,372
21												
22	AVERAGE Revenue per MWh											
23	Residential	$ 442	$ 449	$ 483	$ 485	$ 493	$ 452	$ 421	$ 496	$ 494	$ 490	$ 485
24	Commercial	$ 1,417	$ 1,489	$ 1,640	$ 1,615	$ 1,790	$ 1,703	$ 1,560	$ 1,788	$ 1,798	$ 1,800	$ 1,807
25	Industrial	$ 17,425	$ 18,817	$ 21,902	$ 21,134	$ 25,893	$ 23,175	$ 22,132	$ 23,656	$ 23,789	$ 24,147	$ 24,303

Notes:
Data contained in Schedules C-11.1 through C-11.2 contain billed data only.

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Sales Statistics - Total
The Twelve Months Ending May 31, 2016 and Calendar Years 2010 thru 2019

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-11.3

Schedule C-11.3
Page 1 of 1
Witness Responsible: Lauren R. Whitehead, Emily W. Rabb

Line No.	Description	Most Recent Five Calendar Years					Test Yr. 12 Mo. Ending	Five Projected Calendar Years				
		2010	2011	2012	2013	2014	May 31, 2016	2016	2017	2018	2019	2020
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
1	GWH Sales By Customer Class:											
2	Residential	5,516	5,425	5,181	5,226	5,344	5,101	5,135	5,118	5,087	5,035	4,972
3	Commercial	3,767	3,714	3,699	3,698	3,715	3,732	3,768	3,798	3,817	3,820	3,814
4	Industrial	3,573	3,560	3,651	3,552	3,652	3,688	3,740	3,771	3,790	3,844	3,839
5	Other	1,428	1,429	1,406	1,354	1,314	1,322	1,333	1,344	1,352	1,554	1,553
6	Total Retail	14,283	14,128	13,937	13,830	14,024	13,844	13,976	14,032	14,046	14,254	14,177
7												
8	YEAR END Number of Customers By Class:											
9	Residential	455,572	454,697	454,605	456,095	456,522	456,282	456,282	456,282	456,282	456,282	456,282
10	Commercial	50,155	50,123	50,111	50,438	50,688	50,668	50,668	50,668	50,668	50,668	50,668
11	Industrial	1,769	1,757	1,736	1,728	1,720	1,718	1,718	1,718	1,718	1,718	1,718
12	Other	6,725	6,804	6,814	6,665	6,692	6,704	6,704	6,704	6,704	6,704	6,704
13	Total Retail	514,221	513,381	513,266	514,926	515,622	515,372	515,372	515,372	515,372	515,372	515,372
14												
15	AVERAGE Number of Customers By Class:											
16	Residential	455,684	454,912	454,377	455,008	455,987	456,282	456,282	456,282	456,282	456,282	456,282
17	Commercial	50,154	50,096	50,149	50,333	50,565	50,668	50,668	50,668	50,668	50,668	50,668
18	Industrial	1,770	1,760	1,745	1,737	1,729	1,718	1,718	1,718	1,718	1,718	1,718
19	Other	6,639	6,760	6,804	6,690	6,671	6,704	6,704	6,704	6,704	6,704	6,704
20	Total Retail	514,247	513,527	513,074	513,769	514,953	515,372	515,372	515,372	515,372	515,372	515,372
21												
22	AVERAGE kWh Sales per Customer:											
23	Residential	12,105	11,924	11,403	11,486	11,720	11,179	11,254	11,217	11,150	11,036	10,897
24	Commercial	75,113	74,136	73,752	73,461	73,468	73,662	74,376	74,960	75,327	75,385	75,267
25	Industrial	2,018,119	2,023,535	2,091,757	2,045,151	2,111,838	2,146,949	2,177,034	2,194,869	2,206,251	2,237,655	2,234,639

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Sales Statistics - Jurisdictional
The Twelve Months Ending May 31, 2016 and Calendar Years 2010 thru 2020

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: WPC-11.4

Schedule C-11.4
Page 1 of 1
Witness Responsible: Lauren R. Whitehead, Emily W. Rabb

Line No.	Description	Most Recent Five Calendar Years 2010	2011	2012	2013	2014	Test Yr. 12 Mo. Ending May 31, 2016	Five Projected Calendar Years 2016	2017	2018	2019	2020
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
1	GWH Sales By Customer Class:											
2	Residential											
3	Commercial											
4	Industrial											
5	Other											
6	Total Retail											
7												
8	YEAR END Number of Customers By Class:											
9	Residential											
10	Commercial											
11	Industrial											
12	Other											
13	Total Retail											
14												
15	AVERAGE Number of Customers By Class:											
16	Residential											
17	Commercial											
18	Industrial											
19	Other											
20	Total Retail											
21												
22	AVERAGE kWh Sales per Customer:											
23	Residential											
24	Commercial											
25	Industrial											

Jurisdictional sales are the same as total sales (see Schedule C-11.3)

The Dayton Power and Light Company
Case No. 15-1830-EL-AIR

Analysis of Reserve for Uncollectible Accounts
For the Twelve Months Ended May 31, 2016 and Calendar Years 2012 thru 2014

Data: 4 Months Actual & 8 Months Estimated
Type of Filing: Original
Work Paper Reference No(s).: None

Schedule C-12
Page 1 of 1
Witness Responsible: Tyler A. Teuscher

Line No.	Description	Most Recent Three Calendar Years 2012	2013	2014	Test Yr. 12 Mo. Ending Date
(A)	(B)	(C)	(D)	(E)	(F)
1	Reserve at Beginning of Year	$ 941,172	$ 922,716	$ 908,702	$ 897,387
2					
3	Add: Current Year's Provision[1]	$ -	$ -	$ -	$ -
4					
5	Add: Amount Charged Against Reserve	$ 5,392,915	$ 4,923,558	$ 4,011,359	$ 3,643,913
6					
7	Deduct: Recoveries	$ 5,411,371	$ 4,937,572	$ 4,022,674	$ 3,654,953
8					
9	Reserve at End of Year	$ 922,716	$ 908,702	$ 897,387	$ 886,347
10					
11	Net Write Off Ratio (Line 7 - Line 5) / (Line 9)	2.00%	1.54%	1.26%	1.25%
12					
13	Uncollectible Expense / Provision Ratio (Line 3 / Line 9)	0.00%	0.00%	0.00%	0.00%

[1] DP&L's calculation of its Reserve for Uncollectible Accounts does not include a provision.

INTERROGATORIES

INT-1.1. Identify the total amount of revenue DP&L collected from customers during 2015, including all distribution revenue and generation revenue.

RESPONSE: General Objections Nos. 1 (relevance), 5 (inspection of business records).

Subject to all general objections, DP&L states that total billed revenue for 2015 was $831,309,229.14.

Witness Responsible: Lauren Whitehead

INT-1.2. Identify the amount of revenue DP&L collected in 2015 for the following:

a. Distribution revenue from all customers, including customers taking Standard Service Offer ("SSO") service and CRES service;

b. Distribution revenue associated with customers taking SSO service;

c. Distribution revenue associated with customers taking service from a competitive retail electric service ("CRES") provider;

d. Generation revenue from all customers, including customers taking SSO service and CRES provider service;

e. Generation revenue associated with customers taking SSO service;

f. Generation revenue associated with customers taking service from a CRES provider.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records). Subject to all general objections, DP&L states that the billed revenue breakout is shown in IGS 1st Set INT-1 Attachment 1, DP&L-AIR 0009090.

Witness Responsible: Lauren Whitehead

INT-1.11 Identify all outside and internal professional and legal expenses/cost that DP&L is requesting authority to recover through its distribution rates or riders.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records), 7 (not in DP&L's possession). DP&L further objects because the phrase "outside and internal professional and legal expenses/cost" is vague and overbroad. Without further clarification, DP&L cannot respond to this unduly burdensome request. Subject to all general objections, DP&L states that for an identification of case expense that DP&L is requesting in base distribution rates, please see Schedule C-8 and the Company's response to PUCO DR 12, DP&L-AIR 0000035 through DP&L-AIR 0000145 and DP&L-AIR 00008070 through DP&L-AIR 0008326.

Witness Responsible: Claire Hale

INT-1.12 Provide an itemized break down, quantification, and explanation of each expense/cost identified in response to 1.11, including the federal, state, or administrative case number to which each expense/cost relates.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records), 6 (calls for narrative answer), 7 (not in DP&L's possession or available on PUCO website), 9 (vague or undefined). Subject to all general objections, DP&L states that please see the Company's response to INT-1.11.

Witness Responsible: Claire Hale

INT-1.13. Identify the FERC account(s) in which DP&L is tracking the outside and internal professional and legal expenses/costs that DP&L incurs as a result of participating in this proceeding and all Standard Service Offer proceedings.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records), 7 (not in DP&L's possession), 9 (vague or undefined). DP&L further objects because the phrase "outside and internal professional and legal expenses/costs" is vague and overbroad. Without further clarification, DP&L cannot respond to this unduly burdensome request. Subject to all general objections, DP&L states that DP&L is tracking its case expense in FERC account 182.

Witness Responsible: Claire Hale

INT-1.18. Identify all internal and outside professional and legal personnel that DP&L is utilizing to participate in Case No. 16-395-EL-SSO, et al.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 3 (privileged and work product), 4 (proprietary), 9 (vague and undefined). DP&L objects because the phrase "outside and internal professional and legal expenses/costs" is vague and overbroad. DP&L further objects to the request because it seeks identification of non-testifying experts, as their work is protected by the work-product doctrine. Subject to all general objections, DP&L states that it is using the law firm Faruki Ireland & Cox P.L.L., and the following outside testifying witnesses: Carlos Grande-Moran, David Harrison, Robert J. Lee, R. Jeffrey Malinak, Eugene T. Meehan, Roger A. Morin, and Paul M. Normand.

Witness Responsible: Claire Hale

INT-1.19. Is DP&L proposing to recover the expense/costs of internal and outside professional and legal personnel required to participate in Case No. 16-395-EL-SSO, et al., through distribution rates? If so, identify the amount that DP&L proposes to recover through distribution rates.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records), 7 (not in DP&L's possession or available on PUCO website), 9 (vague and undefined). DP&L further objects because the phrase "outside and internal professional and legal expenses/costs" is vague and overbroad. Subject to all general objections, DP&L states please see Schedule C-8.

Witness Responsible: Claire Hale

INT-1.20. Has DP&L proposed to recover any expenses/costs identified in 1.19 through bypassable SSO rates or riders?

RESPONSE: General Objections Nos. 1 (relevance), 5 (inspection of business records), 7 (not in DP&L's possession or available on PUCO website), 9 (vague and undefined). Subject to all general objections, DP&L states that DP&L does not propose to recover its ESP case expense through bypassable rates or riders.

Witness Responsible: Claire Hale

INT-1.21. Does DP&L utilize any IT resources to support SSO service?

RESPONSE: General Objections Nos. 1 (relevance), 9 (vague or undefined). DP&L further objects to INT-1.21 because the phrase "to support SSO service" is vague and undefined. Subject to all general objections, DP&L states that DP&L utilizes IT resources to support all distribution customers regardless of whether the customer takes SSO service or CRES service. Therefore, DP&L does not separately identify IT resource costs based upon whether the distribution customer receives SSO service or CRES service.

Witness Responsible: Claire Hale

INT-1.22. If the answer to question 1.21 is yes, identify all IT resources DP&L utilizes to support SSO service and identify the cost of such resources.

RESPONSE: General Objections Nos. 1 (relevance), 9 (vague or undefined). Subject to all general objections, DP&L states please see the Company's response to INT-1.21.

Witness Responsible: None

INT-1.23. For each costs/expense identified in response to 1.22, identify whether DP&L proposes to recover the cost/expense through distribution rates or bypassable SSO rates and riders.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 9 (vague or undefined). Subject to all general objections, please see the Company's response to INT 1-21 and INT-1.22. DP&L further states that DP&L's IT costs are proposed for recovery through the Company's base distribution rates.

Witness Responsible: Nathan Parke

INT-1.24. Identify all DP&L office space costs/expense that it recovers through distribution rates.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records). Subject to all general objections, DP&L states that DP&L's current base distribution rates were settled via a black box settlement; therefore, the amount of office space costs/expenses recovered through current base distribution rates is unknown.

Witness Responsible: Nathan Parke

INT-1.25. Are any DP&L office space costs/expenses identified in response to 1.24 recovered through the SSO rate? If so, identify the amount.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 5 (inspection of business records). Subject to all general objections, DP&L states please see the response to INT-1.24.

Witness Responsible: Nathan Parke

Respectfully submitted,

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Attorneys for The Dayton Power
and Light Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing The Dayton Power and Light Company's Objections and Responses to The Interstate Gas Supply, Inc.'s First Set of Interrogatories, Requests for Production of Documents, and Requests for Admission, has been served via electronic mail upon the following counsel of record, this 11th day of April, 2016:

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Dayton Power and Light Company for an Increase in Electric Distribution Rates.	:	Case No. 15-1830-EL-AIR
In the Matter of the Application of The Dayton Power and Light Company for Approval to Change Accounting Methods.	:	Case No. 15-1831-EL-AAM
In the Matter of the Application of The Dayton Power and Light Company for Tariff Approval.	:	Case No. 15-1832-EL-ATA

THE DAYTON POWER AND LIGHT COMPANY'S OBJECTIONS AND RESPONSES TO THE INTERSTATE GAS SUPPLY, INC.'S SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

The Dayton Power and Light Company ("DP&L") objects and responds to The Interstate Gas Supply, Inc.'s Second Set of Interrogatories and Requests for Production of Documents, as follows.

GENERAL OBJECTIONS

1. DP&L objects to and declines to respond to each and every discovery request to the extent that it seeks information that is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence. Ohio Admin. Code § 4901-1-16(B).

2. DP&L objects to and declines to respond to each and every discovery request to the extent that it is harassing, unduly burdensome, oppressive or overbroad. Ohio Admin. Code §§ 4901-1-16(B) and 4901-1-24(A).

3. DP&L objects to each and every discovery request to the extent that it seeks information that is privileged by statute or common law, including privileged communications between attorney and client or attorney work product. Ohio Admin. Code § 4901-1-16(B). Such material or information shall not be provided, and any inadvertent disclosure of material or information protected by the attorney-client privilege, the attorney work product doctrine or any other privilege or protection from discovery is not intended and should not be construed to constitute a waiver, either generally or specifically, with respect to such information or material or the subject matter thereof.

4. DP&L objects to each and every discovery request to the extent that it seeks information that is proprietary, competitively sensitive or valuable, or constitutes trade secrets. Ohio Admin. Code § 4901-1-24(A).

5. To the extent that interrogatories seek relevant information that may be derived from the business records of DP&L or from an examination or inspection of such records and the burden of deriving the answer is the same for the party requesting the information as it is for DP&L, DP&L may specify the records from which the answer may be derived or ascertained and afford the party requesting the information the opportunity to examine or inspect such records. Ohio Admin. Code § 4901-1-19(D).

6. DP&L objects to each and every interrogatory that can be answered more efficiently by the production of documents or by the taking of depositions. Under the comparable Ohio Civil Rules, "[a]n interrogatory seeks an admission or it seeks information of major significance in the trial or in the preparation for trial. It does not contemplate an array of details or outlines of evidence, a function reserved by rules for depositions." Penn Cent. Transp.

Co. v. Armco Steel Corp., 27 Ohio Misc. 76, 77, 272 N.E.2d 877, 878 (Montgomery Cty. 1971). As Penn further noted, interrogatories that ask one to "describe in detail," "state in detail," or "describe in particulars" are "open end invitation[s] without limit on its comprehensive nature with no guide for the court to determine if the voluminous response is what the party sought in the first place." Id., 272 N.E.2d at 878.

7. DP&L objects to each and every discovery request to the extent that it calls for information that is not in DP&L's current possession, custody, or control or could be more easily obtained through third parties or other sources. Ohio Admin. Code § 4901-1-19(C) and 4901-1-20(D). DP&L also objects to each and every discovery request that seeks information that is already on file with the Public Utilities Commission of Ohio or the Federal Energy Regulatory Commission. To the extent that each and every discovery request seeks information available in pre-filed testimony, pre-hearing data submissions and other documents that DP&L has filed with the Commission in the pending or previous proceedings, DP&L objects to it. Ohio Admin. Code § 4901-1-16(G).

8. DP&L reserves its right to redact confidential or irrelevant information from documents produced in discovery. All documents that have been redacted will be stamped as such.

9. DP&L objects to each and every discovery request to the extent that it is vague or ambiguous or contains terms or phrases that are undefined and subject to varying interpretation or meaning, and may, therefore, make responses misleading or incorrect.

10. DP&L objects to any discovery request to the extent that it calls for information not in its possession, but in the possession of DP&L's unregulated affiliates.

11. DP&L objects to each and every discovery request to the extent that it calls for a legal conclusion, and thus seeks information that cannot be sponsored by a witness.

12. DP&L objects because these discovery requests seek information that DP&L does not know at this time.

13. DP&L objects to the request to the extent that it mischaracterizes previous statements or information or is an incomplete recitation of past statements or information or takes those statements or information outside of the context in which they were made.

INTERROGATORIES

INT-2.1. Schedule B-1 indicates that DP&L is proposing to collect $5,735,724 as a Working Capital Allowance.

a. Identify all categories of costs that support DP&L's request to collecting this amount in working capital;

b. For each category of cost identified in (a), provide an itemized breakout (including the cost of each category).

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined). DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states that:

a. Please see Schedule B-5 for the working capital categories.

b. Please see Schedule B-5 for an itemized breakout by category. Please also see Schedule B-5.1 and Workpapers B-5.1a-f, which support Schedule B-5.

Witness Responsible: Kurt Tornquist

INT-2.2. On Schedule B-2.1, page 2, Line No. 15, DP&L indicated that it has $9,424,899 (remaining book value of $4,553,049) in general plant related to S&I-None, which is recorded in Account No. 3610.

a. DP&L seeks to earn a rate of return on this investment, as well as the investment itself through depreciation, correct?

b. Identify the meaning of the abbreviation S&I-None.

c. Identify all categories of plant/investment included in Account No. 3610.

d. For each category of investment/plant identified in (c), provide an itemized breakout (including the total cost of each category of investment/plant).

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague and undefined), 13 (mischaracterization). Subject to all general objections, DP&L states that, Line No. 15, on page 2 of Schedule B-2.1 indicates $9,424,899 in distribution plant, not general plant. DP&L further states:

a. Yes, the net book value of the $9,424,899 in assets classified to Property Account 3610, S&I-None, is included in the company's jurisdictional rate base with the associated depreciation expense included in the jurisdictional cost of service.

b. FERC Electric Plant Account 361, Structures and Improvements, is abbreviated as "S&I" within the company's fixed asset records. Assets recorded in Property Account 3610 pertaining to specific service buildings are grouped under specific service building depreciation drivers. Assets recorded in Property Account 3610 pertaining to distribution substations are recorded under the depreciation driver of "None".

c. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (d) of this interrogatory.

d. A list of the assets which comprise Account 3610, S&I-None, at September 30, 2015, is provided in IGS 2nd Set INT-2.2 – Attachment 1, DP&L-AIR 00025017.

Witness Responsible: Don Rennix

INT-2.3. On Schedule B-2.1, page 5, Line No. 2, DP&L indicated that it has $17,301,900 (remaining net book value of $5,868,615) in general plant related to S&I-Common-OTHER, which is recorded in Account No. 3902.

a. DP&L seeks to earn a rate of return on this investment, as well as a return of the investment itself through depreciation, correct?
b. Identify the meaning of the abbreviation S&I-Common-OTHER.
c. Identify all categories of plant/investment included in Account No. 3902.
d. For each category of investment/plant identified in (c), provide an itemized breakout (including the total cost of each category of investment/plant).

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague and undefined). Subject to all general objections, DP&L states that:

a. Yes, the net book value of the $17,301,900 in assets classified to Property Account 3902, S&I-Common-Other, is included in the company's jurisdictional rate base with the associated depreciation expense included in the jurisdictional cost of service.

b. FERC Electric Plant Account 390, Structures and Improvements, is abbreviated as "S&I" within the company's fixed asset records. All assets recorded in Property Account 3902 relate to the company's MacGregor Park Office.

c. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (d) of this interrogatory.

d. A list of the assets which comprise Account 3902, S&I-Common-Other, at September 30, 2015, is provided in IGS 2nd Set INT-2.3 – Attachment 1, DP&L-AIR 0000025018.

Witness Responsible: Don Rennix

INT-2.4. On Schedule B-2.1, page 6, Line Nos. 7-14, DP&L identified t8 categories of Intangible Plant (SW08, SW09, SW10, SW11, SW12, SW13, SW14, and SW15), all of which are recorded in Account No. 3030.

a. DP&L seeks to earn a rate of return on these investments, as well as the return of these investments themselves through depreciation, correct?

b. Identify the meaning of these abbreviations (SW08 through SW15).

c. Identify all categories of plant included on lines 7 through 14. In other words, identify all categories of plant included in SW08, SW09, SW10, SW11, SW12, SW13, SW14, and SW15.

d. For each category of investment/plant identified in (c), provide an itemized breakout (including the total cost each category of investment/plant).

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague and undefined). Subject to all general objections, DP&L states that:

a. Yes, the jurisdictional percentage of the associated depreciation expense of each depreciation driver is included in the jurisdictional cost of service.

b. Assets classified to FERC Electric Plant Account 303, Miscellaneous Intangible Plant, are grouped into various depreciation drivers within the company's fixed asset records. Depreciation drivers SW08 through SW15 pertain to capitalized computer software assets with vintage years of 2008 through 2015. A portion of the net book value of each computer software depreciation driver is included in the company's jurisdictions rate base based upon the use of the assets assigned to each depreciation driver.

c. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (d) of this interrogatory.

d. A list of the assets at September 30, 2015, which comprise Account 3030, Intangible Plant-SW08, through Account 3030, Intangible Plant-SW15, is provided in IGS 2nd Set INT-2.4 – Attachment 1 - CONFIDENTIAL, DP&L-AIR 0025019.

Witness Responsible: Don Rennix

INT-2.5. On Schedule B-2.3, page 1, Line No. 10 indicates that DP&L included $207,210,014 of Services in Distribution Plant, which is recorded in Account No. 369.

a. DP&L seeks to earn a rate of return on this investment, as well as the return of the investment itself through depreciation, correct?
b. Identify all categories of plant/investment included in Account No. 369.
c. For each category of investment/plant identified in (c), provide an itemized breakout (including the total cost each category of investment/plant).
d. Schedule B-2.3 indicates that there is no work paper reference to support this schedule. Identify all documents relied upon to support the data contained on Schedule B-2.3, and, specifically, Line 10 related to Services.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined). Subject to all general objections, DP&L states that:

a. Yes, the net book value of Property Accounts 3691 and 3692 are included in the company's jurisdictional rate base with the associated depreciation expense included in the jurisdictional cost of service.

b. DP&L objects because the term "category" is vague and undefined. The balance in FERC Electric Plant Account 369, Services, at September 30, 2015, is a combination of $48,245,168 in Property Account 3691, Overhead Electric Service, and $158,964,844 in Property Account 3692, Underground Electric Service, which appear in Lines 16 and 17 of page 4 of Schedule B-2.1.

c. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (b) of this interrogatory.

d. The information on this schedule came from the FERC Form 1 (April 1991-December 2014) and Company records (January 2015-September 2015). A list of the assets which comprise Accounts 3691 and 3692 at September 30, 2015, is provided in IGS 2nd Set INT-2.5 – Attachment 1, DP&L-AIR 00025020.

Witness Responsible: Don Rennix

INT-2.6. On Schedule B-2.3, page 1, Line No. 16, DP&L included $70,819,167 of Distribution Plant Not Classified in Distribution Plant, which is recorded in Account No. 106.

a. DP&L seeks to earn a rate of return on this investment, as well as the return of the investment itself through depreciation, correct?

b. Identify all categories of plant/investment included in Account No. 106.

c. For each category of investment/plant identified in (c), provide an itemized breakout (including the total cost each category of investment/plant).

d. Schedule B-2.3 indicates that there is no work paper reference to support this schedule. Identify all documents relied upon to support the data contained on Schedule B-2.3, and, specifically, Line 16 related to Distribution Plant Not Classified.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 7 (not in DP&L's possession or publicly available), 9 (vague and undefined). Subject to all general objections, DP&L states that:

a. A portion of the net book value of the completed construction projects classified to Account 106 is included in the company's jurisdictional rate base with the associated depreciation expense included in the jurisdictional cost of service.

b. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (c) of this interrogatory.

c. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states the balance in FERC Account 106 Completed Construction Not Classified, which was assigned to the distribution function at September 30, 2015, is a combination of the amounts appearing in Lines 22 and 23 of page 4 of Schedule B-2.1.

d. The information on this schedule came from the FERC Form 1 (April 1991-December 2014) and Company records (January 2015-September 2015). A list of the completed construction projects included lines 22 and 23 of page 4 of Schedule B-2.1 was included in PUCO DR 91-01 Attachment 4, DP&L-AIR 0003235. Subsequent to filing it was determined that the cost of completed construction projects with a cost of $42,946 had been recorded twice in Account 106 as provided in PUCO DR 91-01 Attachment 7 - CONFIDENTIAL, DP&L-AIR 0003815.

Witness Responsible: Don Rennix

INT-2.7. On Schedule B-2.3, page 3, Line No. 3 indicates that DP&L included $69,541,995 in Miscellaneous Intangible Plant, which is recorded in Account No. 303.

a. Is DP&L seeking to recover any portion of this amount through distribution rates? If so, identify the amount.
b. Identify all categories of plant/investment included in Account No. 303.
c. For each category of investment/plant identified in (b), provide an itemized breakout (including the total cost each category of investment/plant).
d. Schedule B-2.3 indicates that there is no work paper reference to support this schedule. Identify all documents relied upon to support the data contained on Schedule B-2.3, and, specifically, Line No. 3 related to Miscellaneous Intangible Plant.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 7 (not in DP&L's possession or publicly available), 9 (vague and undefined). Subject to all general objections, DP&L states that:

a. Yes, a portion of the net book value of the balances in depreciation drivers SW08 through SW15 are included in the company's jurisdictional rate base as discussed in response to INT-2.4.

b. DP&L objects because the term "category" is vague, undefined, and subject to varying interpretations. Subject to all general objections, DP&L states see its response to sub-part (c) of this interrogatory.

c. DP&L objects because the term "category" is vague and undefined. Subject to all general objections, DP&L states that the balance in FERC Electric Plant Account 303, Miscellaneous Intangible Plant, at September 30, 2015, is a combination of the amounts appearing in Lines 1 through 15 of page 6 of Schedule B-2.1. The $14,933,869 associated

with depreciation driver "None" is fully amortized. None of the balances associated with the generation plant depreciation drivers are included in the jurisdictional rate base.

d. The information on this schedule came from the FERC Form 1 (April 1991-December 2014) and Company records (January 2015-September 2015). A list of the assets at September 30, 2015, which comprise Account 3030, is provided in IGS 2nd Set INT-2.7 – Attachment 1 - CONFIDENTIAL, DP&L-AIR 0025021.

Witness Responsible: Don Rennix

INT-2.8. On Schedule C-2.1, Page 5, Line 3 DP&L indicated that it proposes to recover $49,707,317 in State Excise Taxes.

a. Identify all plant, property, services, etc. that are the source of the Excise Taxes.

b. Provide an itemized breakout of items that are the source of this tax.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states that it is not proposing to recover $49,707,317 in State Excise Taxes through the distribution rates. Instead it is proposing to recover $15,576 in State Excise Taxes. The $49,707,317 amount from Schedule C-2.1, Page 5, Line 3 is included in the $104,708,806 "Taxes Other Than Income Taxes" amount reflected in the Unadjusted Jurisdictional Total on Schedule C-2, Page 1, Line 22. The ($47,899,726) reduction to this total indicated in the "Adjustments" column on Schedule C-2, Page 1, Line 22 includes an adjustment of ($49,691,741) related to State Excise Tax. This adjustment removes the State Excise Tax expense amount recovered through the State Excise Tax Rider from the "Adjusted Jurisdictional" total for "Taxes Other Than Income Taxes" of $56,809,080 that flows to the Jurisdictional Proforma Net Operating Income Statement provided as Schedule C-1. The small remaining amount of State Excise Tax expense, $15,576, that is included in the "Taxes Other Than Income Taxes" amount indicated on Schedule C-1, Page 1, Line 6, Column (C) is related to Company Use and is not recovered elsewhere. The source of all State Excise Taxes is user consumption – the amount is determined by state-set rates applied to blocked kWh. Further detail for the ($49,691,741) State Excise Tax adjustment amount can be found on Schedules C-3.8 and C-3.23, and their supporting workpapers.

Witness Responsible: Stephen A. Allamanno

INT-2.9. On Schedule C-2.1, Page 5, Line 4 DP&L indicated that it proposes to recover $2,600,015 in Payroll Taxes.

a. Identify all plant, property, services, etc. that are the source of the Payroll Taxes.

b. Provide an itemized breakout of this tax.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states that the payroll taxes are the federal and state mandated Social Security and Unemployment taxes which are payable on the wages of DP&L employees and AES Services employees (when they perform work on behalf of DP&L). DP&L states that it is not proposing to recover $2,600,015 in payroll taxes as a component of this distribution rate case. This amount, found on Schedule C-2.1, Page 5, Column F, Line 4, is the amount of Unadjusted Jurisdictional expense for the twelve months ended May 31, 2016. Instead, DP&L is proposing to recover $2,721,792 in payroll taxes, which is included in the Adjusted Jurisdictional amount of $56,809,080 Taxes Other Than Income Taxes on Schedule C-2, Page 1, Column E, Line 22. Certain adjustments to the payroll tax expense can be found on Schedule C-3.11, Column G, Line 40 ($50,815) and on Schedule C-3.12, Column G, Line 34 ($152,944). These adjustments correlate to the wage adjustments also presented on these Schedules. Additional adjustments to payroll tax expense can be found on Schedule C-3.5, Column G, Line 15 (-$84,507) and on Schedule C-3.23, Column G, Line 16 ($2,525). These adjustments related to the expenses incurred and recovered through the Energy Efficiency Rider. More detailed information is provided in the filed workpapers supporting these Schedules. Supporting information for Schedules C-3.11 and C-3.12 has also been provided in the confidential responses to PUCO DR 57-02 (Attachments 2 and 3, DP&L-AIR 0002911 and

DP&L-AIR 0002912) and PUCO DR 64-01 (Attachment 2, DP&L-AIR 0003060). Source documentation for Schedule C-3.5 has been provided in PUCO DR 48-01 Attachment 1, DP&L-AIR 0002460 – DP&L-AIR 0002488.

Witness Responsible: Yvonna K Steadman / Craig Forestal

INT-2.10. On Schedule C-2.1, Page 5, Line 5 DP&L indicated that it proposes to recover $51,827,392 in Property Taxes.

a. Identify all plant, property, services, etc. that are the source of the Excise Taxes.

b. Provide an itemized breakout of items that are the source of this tax.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states that it is not proposing to recover $51,827,392 in property taxes. Instead it is proposing to recover $53,297,208 in property taxes. The $53,297,208 in property taxes is calculated on WPC-3.9a, WPC-3.9b and WPC-3.9c. The $51,827,392 amount indicated on Schedule C-2.1, Page 5, Line 5 is adjusted by $1,469,816—see Schedule C-3, Page 2, Line 22, Column (F), as well as Schedule C-3.9—to arrive at the recoverable amount of $53,297,208. This recoverable property tax amount is included in the "Taxes Other Than Income Taxes" amount indicated on Schedule C-1, Page 1, Line 6, Column (C) of $56,809,080. Additional support is available in Supplemental Document (C)(8) and in the response to PUCO DR 52, DP&L-AIR 0002680 to DP&L-AIR 0002864 and DP&L-AIR 0005789 to DP&L-AIR 0005795. Schedule B-2.1 identifies the jurisdictional plant and property that is ultimately included in the calculation of total jurisdictional property taxes.

Witness Responsible: Stephen A. Allamanno

INT-2.11. Schedule C-3.7 indicates that DP&L is seeking to eliminate certain Alternative Energy Rider Expenses ($1,266,670 recorded in Account 930.2) from the test year. The total proposed reduction on Schedule 3.7 is offset by $481,244 related to Administrative and General Salaries recorded in Account 920.

a. Identify how the $481,244 relates to DP&L's Alternative Energy Rider expenses.
b. Is the $481,244 related to salaries of employees that procure alternative energy credits or alternative energy to serve the default service requirements?
c. Provided an itemized breakout of the $481,244 expenses contained on Schedule C 3.7.
d. Provide an itemized breakout of all expenses and costs recorded in Account 920.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for a narrative response), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states that:

a. Of the $481,244 shown on Schedule 3.7, $486,302 relates to deferral amounts recorded to account 920 in the actual months of June through September 2015 that must be eliminated to remove the impact of the Alternative Energy Rider from the test year. DP&L records the recoverable expenses related to the Alternative Energy Rider directly to a regulatory asset (as a debit), rather than recording them first to an expense and then deferring to a regulatory asset. DP&L later records the net revenues (customer billings less bad debt and commercial activity tax provisions) as a credit (when the rider rate is positive) to the regulatory asset and a debit to accounts 930.2, 920 and 421. All of the $486,302 is from net revenues deferred to account 930.2 from June through September. This

amount is offset by $2,301 of forecasted labor for October 2015 through May 2016 and $2,757 of forecasted external expenses related to registering DP&L's renewable energy certificates in the Generation Attribute Tracking System ("GATS"). Please see PUCO DR 49-01 Attachments 1 and 2, DP&L-AIR 0002523 and DP&L-AIR 0002554 for monthly details.

b. The $2,301 that relates to forecasted labor, as discussed above, is an allocation of the salaries of employees that procure alternative energy credits. Again, the portion of such salaries in the actual months of the test year were recorded directly to the regulatory asset, which is why no reduction was necessary on Schedule C-3.7 for these amounts in June through September.

c. Please see the response to sub-part (a) above.

d. Please see the response to sub-part (a) above and OCC 10th Set INT-533 Attachment 1, DP&L-AIR 0009218, for Unadjusted Total Utility amounts by subaccount for the actual months of the test year.

Witness Responsible: Craig Forestal

INT-2.12. Identify all uncollectible expenses included in the test year that are not related to Universal Service Fund customers, including the account(s) in which the expenses are recorded.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague and undefined), 12 (seeks information that DP&L does not know at this time). Subject to all general objections, DP&L states that all customers pay the Universal Service Fund (USF) Rider. The uncollectible expenses included in the test year for all customers are included on page 2, line 1 of Exhibit TAT-1, and are recorded in FERC account 904.

Witness Responsible: Tyler A. Teuscher

INT-2.13. Schedule C-2, Page 1, Line 12 indicates that DP&L has adjusted Customer Accounts Expense of $15,413,207.

a. Provide an itemized breakout of these expenses, including the account(s) in which they are recorded.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for a narrative response), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states: please see column D, lines 6-10 of Page 3 of Schedule C-2.1 for the Unadjusted Total Utility amounts by FERC account included in Customer Accounts Expense. Please see OCC 10th Set INT-533 Attachment 1, DP&L-AIR 0009218, for Unadjusted Total Utility amounts by subaccount for the actual months of the test year. Total utility amounts are multiplied by the appropriate allocation factors in column E to arrive at the Unadjusted Jurisdictional amounts in column F of Schedule C-2.1. This amount is carried forward onto column C, line 12 of Schedule C-2 and then adjusted by the Pro Forma adjustments listed on line 12 of Schedule C-3 to arrive at the $15,413,207 balance. For FERC account level detail of each pro forma adjustment, please see the specific schedules referenced in the column headings on Schedule C-3.

Witness Responsible: Craig Forestal

INT-2.14. Schedule C-2, Page 1, Line 14 indicates that DP&L has adjusted Administrative & General Expense of $47,079,424.

a. Provide an itemized breakout of these expenses, including the account(s) in which they are recorded.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for a narrative response), 9 (vague and undefined), 13 (mischaracterization). DP&L objects because the term "itemized" is vague and undefined and would be unduly burdensome to provide without further clarification. Subject to all general objections, DP&L states: please see column D, lines 24-29 of Page 3 of Schedule C-2.1 and lines 1-11 of Page 4 of Schedule C-2.1 for the Unadjusted Total Utility amounts by FERC account included in Administrative & General Expense. Please see OCC 10th Set INT-533 Attachment 1, DP&L-AIR 0009218, for Unadjusted Total Utility amounts by subaccount for the actual months of the test year. Total utility amounts are multiplied by the appropriate allocation factors in column E of Schedule C-2.1 to arrive at the Unadjusted Jurisdictional amounts in column F of Schedule C-2.1. This amount is carried forward onto column C, line 14 of Schedule C-2 and then adjusted by the Pro Forma adjustments listed on line 14 of Schedule C-3 to arrive at the $47,079,424 balance. For FERC account level detail of each pro forma adjustment, please see the specific schedules referenced in the column headings on Schedule C-3. Using this data, one can arrive at the Adjusted Jurisdictional Administrative & General Expense by FERC account.

Witness Responsible: Craig Forestal

REQUESTS FOR PRODUCTION OF DOCUMENTS

RPD-2.1. Provide a copy of all documents relied upon to answer INT 2-1 through INT-2-14.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary).

Subject to all general objections, DP&L states that it will produce responsive unprivileged documents.

RPD-2.2. Provide a copy of all documents to support the information contained in the account numbers referenced or identified in INT 2-1 Through 2-14 or DP&L's responses to these interrogatories.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary).

DP&L further objects because this request is overly broad and unduly burdensome.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing The Dayton Power and Light Company's Objections and Responses to The Interstate Gas Supply, Inc.'s Second Set of Interrogatories and Requests for Production of Documents, has been served via electronic mail upon the following counsel of record, this 2nd day of August, 2016:

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1066720.1

OBJECTIONS AND RESPONSES TO INTERROGATORIES

INT-6-1. Pursuant to R.C. 4905.10, each year DP&L pays an assessment for the maintenance of the Public Utilities Commission of Ohio ("Commission"). Separately identify the amount that DP&L paid in 2013, 2014, and 2015.

RESPONSE: General Objections Nos. 1 (relevance), 4 (proprietary), 5 (inspection of business records). Subject to all general objections, DP&L states that the figures are publicly available in DP&L's FERC Form 1, page 350 and summarized below:

	2013	2014	2015
PUCO	$1,792,794	$1,703,272	$1,654,509
OCC	$314,201	$283,395	$169,598
Total	**$2,106,995**	**$1,986,667**	**$1,824,107**

Witness Responsible: Nathan C. Parke

MW8

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

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

MW9

The Dayton Power and Light Company
Case No. 16-0395-EL-SSO
Standard Offer Rate
Calculation of the Standard Offer Rate
Period 1 (June 2017 - May 2018)

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Line	Description	Residential	Residential Heat (Summer)	Residential Heat (Winter)	Secondary	Primary	Primary Substation	High Voltage	Private Outdoor Lighting	Street Lighting	Total	Source
1	Distribution Loss Factor - Energy	1.04461	1.04461	1.04461	1.04461	1.01701	1.00613	1.00613	1.04461	1.04461		DP&L's 2015 Loss Study
2												
3	Forecasted SSO Billing Determinants (kWh)	1,746,525,226	295,103,722	720,413,890	658,346,741	54,024,707	10,488,754	427,266,960	15,109,952	1,313,510	3,928,593,462	2015 SSO sales
4												
5	Auction Price	$52.17										Exhibit ERB-1, Page 2, Line 1
6	Reconciliation Component *	$0.00										Exhibit ERB-2.12, Line 30 * 1,000
7	Cash Working Capital Component	$0.11										Exhibit ERB-2.11, Line 18 * 1,000
8	Standard Offer Rate per MWh	$52.28										Line 5 + Line 6 + Line 7
9												
10	Adjustment for Commercial Activity Tax (CAT)	1.0026										
11	Standard Offer Rate per MWh, by tariff class	$54.76	$54.76	$54.76	$54.76	$53.31	$52.74	$52.74	$54.76	$54.76		Line 1 * Line 8 * Line 10
12												
13	Standard Offer Rate	$0.0547558	$0.0547558	$0.0547558	$0.0547558	$0.0533091	$0.0527388	$0.0527388	$0.0547558	$0.0547558		Line 11 / 1000
14												
15	Standard Offer Rate Revenue	$95,632,386	$16,158,640	$39,446,839	$36,048,302	$2,880,009	$553,164	$22,533,547	$827,358	$71,922	$214,152,167	Line 3 * Line 13
16												
17												
18	Standard Offer Rate - Residential Heat (Winter)	$0.0547558										Column (E), Line 13
19	Winter Discount Factor	12.83%										
20	Discount kWh	$0.0070										Line 18 * Line 19
21	Standard Offer Rate - Residential Heat (Winter) - after discount	$0.0477306										Line 18 - Line 20
22												
23	Residential Heat (Winter) Standard Offer Rate Revenue - after discount	$34,385,787										(Column (E), Line 3) * Line 21
24												
25	Residential Heating Discount Amount	$5,061,052										(Column (E), Line 15) - Line 23
26												
27	Total SSO kWh less Residential Heat (Winter) kWh	3,208,179,572										Line 5, Column (L) - Column ('E)
28												
29	% of Total SSO kWh	54.440%	9.198%		20.521%	1.684%	0.327%	13.318%	0.471%	0.041%		Line 3 / Line 27
30												
31	Heating Discount Adder	$2,755,224	$465,540		$1,038,572	$85,226	$16,546	$674,033	$23,837	$2,072		Line 25 * Line 29
32												
33	Standard Offer Rate with Heating Discount	$0.0563333	$0.0563333	$0.0477306	$0.0563333	$0.0548866	$0.0543163	$0.0543163	$0.0563333	$0.0563333		Line 35 / Line 3
34												
35	Standard Offer Rate Revenue with Heating Discoun	$98,387,610	$16,624,180	$34,385,787	$37,086,875	$2,965,235	$569,711	$23,207,580	$851,194	$73,994	$214,152,167	Line 15 + Line 31
36	Residential Heat (Summer) Rate	$0.0563333										Column (D), Line 33
37	Residential Heat (Winter) Rate	$0.0477306										Column (E), Line 33
38	Winter Discount Percentage	15.27%										(Line 36 - Line 37) / Line 36

* DP&L is not forecasting any over/under recovery under Reconciliation Component; illustration of component placement only

OBJECTIONS AND RESPONSES TO INTERROGATORIES

INT-4-1. In response to IGS INT-2-1 (which requested an identification of all debt obligations entered into by DPL Inc. as a consequence of the acquisition of DPL Inc. by AES Corp. ("AES")), "DP&L states that the $1.25 billion of DPL Inc. debt at the end of 2015 was initially incurred between 2000-2011 to finance capital expenditures and a portion is related to AES' acquisition of the Company ($1.25 billion was assumed in 2011, of which —$520 million has been since repaid)." Regarding this response:

a. Identify whether AES entered into a debt obligation in the amount of $1.25 billion (through its subsidiary Dolphin Subsidiary II, Inc. ("Dolphin Sub.")) to finance the acquisition of DPL Inc.

b. Identify whether DPL Inc. assumed the obligation to repay the $1.25 billion debt obligation entered into by Dolphin Sub. following AES' acquisition of DPL Inc.

c. All else being equal, is it true that the AES acquisition of DPL Inc. increased the debt obligation of DPL Inc. by $1.25 billion. If this is not true, explain your answer.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague or undefined), 10 (possession of DP&L's unregulated affiliate), 11 (calls for a legal conclusion), 13 (mischaracterization). Subject to all general objections, DP&L states:

a. Please see IGS 2nd Set RPD-2-1 Attachment 26, DP&L-SSO 0007603 - DP&L-SSO 0007605 (AES 8-K filed 10-5-11), which states that "On October 3, 2011, Dolphin Subsidiary II, Inc. (the "Company"), a newly formed, wholly owned special purpose indirect subsidiary of The AES Corporation ("AES"), entered into an indenture (the "Indenture") with Wells Fargo Bank, N.A. (the "Trustee") as part of its issuance of $450 million aggregate principal amount of 6.50% senior notes due 2016 (the "2016 Notes")

and $800 million aggregate principal amount of 7.25% senior notes due 2021 (the "2021 Notes" and together with the 2016 Notes, the "notes") to finance the pending AES acquisition (the "Acquisition") of DPL Inc. ("DPL")." That same document also stated that "The proceeds from issuance of the notes were deposited into an escrow account pledged for the benefit of the Trustee pending the consummation of the Acquisition."

b. Please see IGS 2nd Set RPD-2-1 Attachment 24, DP&L-SSO 0007289 - DP&L-SSO 0007509 (DPL 10-K YE 2011) Debt footnote #7 pg. 100, which states that "In connection with the closing of the Merger (see Note 2), DPL assumed $1.25 billion of debt that Dolphin Subsidiary II, Inc., a subsidiary of AES, issued on October 3, 2011 to finance a portion of the merger." Footnote #2 from the same document states, "On November 28, 2011, AES completed its acquisition of DPL. AES paid cash consideration of approximately $3,483.6 million. The allocation of the purchase price was based on the estimated fair value of assets acquired and liabilities assumed. In addition, Dolphin Subsidiary II, Inc. (a wholly-owned subsidiary of AES) issued $1,250.0 million of debt, which, as a result of the merger of DPL and Dolphin Subsidiary II, Inc. was assumed by DPL."

c. Please see IGS 4th Set INT-4-1 Attachment 1, DP&L-SSO 0007720 - DP&L-SSO 0007725 (DPL 8-K filed 11-28-11)) which states: "On November 28, 2011 (the "Merger Date"), DPL Inc. ("DPL") completed its merger (the "Merger") with Dolphin Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of The AES Corporation ("AES"), pursuant to that certain Agreement and Plan of Merger, dated as of April 19, 2011, by and among AES, Merger Sub and DPL (the "Merger Agreement"). As a result, each issued and outstanding share of the common stock, par value $.01 per share, of DPL (the "DPL

Common Stock") (other than shares owned directly or indirectly by AES or Merger Sub or held by DPL or its subsidiaries, which were cancelled as a result of the Merger), including grants of restricted common stock, was automatically cancelled and, other than shares of DPL Common Stock held by shareholders who have validly exercised their appraisal rights under Ohio law, converted into the right to receive $30 in cash (the "Per Share Merger Consideration"), without interest. DPL is the surviving corporation in the Merger and, as a result of the Merger, is a wholly owned subsidiary of AES." That same document also states "Effective on the Merger Date, DPL assumed all obligations with respect to the $450 million aggregate principal amount of 6.50% senior notes due 2016 (the "2016 Notes") and $800 million aggregate principal amount of 7.25% senior notes due 2021 (the "2021 Notes" and together with the 2016 Notes, the "Notes") previously issued by Dolphin Subsidiary II, Inc. ("Dolphin II"), a wholly-owned special purpose indirect subsidiary of AES. The Notes were issued in a private offering on October 3, 2011 and the proceeds from the offering were deposited into an escrow account pending the consummation of the Merger. In connection with the consummation of the Merger, the funds were released from the escrow account to fund the consummation, and Dolphin II was merged with and into DPL, with DPL continuing as the surviving company. As a result, DPL assumed all obligations under the Notes and the Notes are no longer subject to the special mandatory redemption provision relating to the consummation of the Merger contained in the indenture (the "Indenture") relating to the Notes."

Witness Responsible: Craig L. Jackson

INT-4-2. Regarding current levels of customer shopping in the DP&L service territory, identify the following for each customer class (residential, commercial, industrial):

a. The percentage of customers (by both customer count and kilowatt hour volume) taking service from a competitive retail electric service provider.
b. The percentage of customers (by customer count and kilowatt hour volume) taking service from a competitive retail electric service provider outside of a governmental aggregation.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 4 (proprietary), 5 (inspection of business records), 9 (vague or undefined), 13 (mischaracterization). DP&L further objects that the information request is not relevant to the subject matter of this case and is not kept in the ordinary course of business. Subject to all general objections, DP&L states please see:

(1) http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/#sthash.uXAr9ngT.dpbs;

(2) http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/electric-switch-rates-by-customer/customers-2q2016/;

(3) http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/aggregation-activity/aggregation-2q2016/; and

(4) http://www.puco.ohio.gov/puco/index.cfm/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/electric-switch-rates-by-sales/sales-2q2016/.

Witness Responsible: Nathan C. Parke

INT-4-3. Identify all efforts that DP&L has undertaken to transfer its interest in the Ohio Valley Electric Corporation ("OVEC") to either an unaffiliated third party and/or an affiliate. In your response, identity all communications and/or documents sent or exchanged between DP&L and any sponsoring company (as that term is used in the Amended and Restated Inter-Company Power Agreement) that relate to DP&L's efforts to transfer its interest in OVEC.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 3 (privileged and work product), 4 (proprietary), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague and undefined), 10 (not in DP&L's possession), 12 (seeks information that DP&L does not know at this time). Subject to all general objections, DP&L states that please see the Company's responses to IEU 1st Set INTs 1-28 to 1-33. DP&L further states that since Mark Miller assumed his present position in November 2014, please see IGS 4th Set INT-4-3 Attachment 1 through 7, DP&L-SSO 0007693 - DP&L-SSO 0007714.

Witness Responsible: Mark Miller

REQUEST FOR PRODUCTION OF DOCUMENTS

RPD-4-1. Provide copies of all documents identified or referenced in your response to any of the foregoing interrogatories.

RESPONSE: General Objections Nos. 1 (relevance), 2 (unduly burdensome), 3 (privileged and work product), 4 (proprietary), 7 (publicly available), 10 (possession of DP&L's unregulated affiliate). Subject to all general objections, DP&L states see DP&L-SSO 0007693 - DP&L-SSO 0007725.

Respectfully submitted,

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Attorneys for The Dayton Power
and Light Company

RESPONSES TO REQUESTS FOR ADMISSION

RFA-2-1. Admit that Attachment 1 is a true and accurate copy of the Application of the AES Corporation, Dolphin Sub, Inc., DPL Inc., and the Dayton Power and Light Company in PUCO Case No. 11-3002-EL-MER.

RESPONSE: General Objections Nos. 1 (relevance), 5 (inspection of business records).

Subject to all general objections, DP&L states admitted.

RFA-2-2. Admit that AES Corporation, Dolphin Sub, Inc., DPL Inc., and the Dayton Power and Light Company filed an application for consent and approval for a change in control of DP&L in PUCO Case No. 11-3002-EL-MER on May 18, 2011.

RESPONSE: General Objections Nos. 1 (relevance), 5 (inspection of business records).

Subject to all general objections, DP&L admits that on May 18, 2011, AES Corporation, Dolphin Sub, Inc., DPL Inc., and The Dayton Power and Light Company filed an Application in PUCO Case No. 11-302-EL-MER captioned "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." To the extent a further response is required, RFA-2-2 is denied.

RFA-2-3. Admit that Attachment 2 is a true and accurate copy of the Reply Comments submitted by the AES Corporation, Dolphin Sub, Inc., DPL Inc., and the Dayton Power and Light Company in PUCO Case No. 11-3002-EL-MER on August 18, 2011.

RESPONSE: General Objections Nos. 1 (relevance), 5 (inspection of business records).

Subject to all general objections, DP&L states admitted.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing The Dayton Power and Light Company's Objections and Responses to the Requests for Admission in Interstate Gas Supply, Inc.'s Second Set of Interrogatories, Requests for Production of Documents, and Requests for Admission to The Dayton Power and Light Company, has been served via electronic mail upon the following counsel of record, this 8th day of September, 2016:

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In The Matter of 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	:	Case No. 11-3002-EL-MER

APPLICATION OF THE AES CORPORATION, DOLPHIN SUB, INC., DPL INC. AND THE DAYTON POWER AND LIGHT COMPANY

I. INTRODUCTION

Pursuant to Ohio Rev. Code § 4905.402, The AES Corporation, a Delaware corporation ("AES"), Dolphin Sub, Inc., an Ohio corporation and newly-formed wholly-owned subsidiary of AES ("Merger Sub"), DPL Inc., an Ohio corporation ("DPL Inc."), and The Dayton Power and Light Company, an Ohio corporation and wholly-owned subsidiary of DPL Inc. ("DP&L"), request the Commission's approval of a merger of Merger Sub with and into DPL Inc., with DPL Inc. surviving as a wholly-owned subsidiary of AES. AES (NYSE: AES) is a global power company headquartered in Arlington, Virginia, that, through its subsidiaries and affiliates, owns a portfolio of generation and distribution businesses throughout the world. Merger Sub is a newly-formed, wholly-owned subsidiary of AES formed for the purpose of effecting the merger. As a result of the proposed merger, Merger Sub would merge with and into DPL Inc., Merger Sub would cease to exist and DPL Inc. would survive as a wholly-owned subsidiary of AES.

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Upon consummation of the proposed merger, AES would own all of DPL Inc.'s outstanding shares of common stock. As consideration for the proposed merger, DPL Inc.'s current shareholders would receive $30 cash in exchange for each DPL Inc. share and DPL Inc.'s shares would no longer be publicly traded.

In today's electricity marketplace, utilities require scale and a broad set of skills in all types of generation and energy delivery to operate in a manner that benefits customers. To meet the challenges of the changing dynamics of the energy industry and of the economy, a scale larger than that of DP&L is required, as evidenced by recent transactions such as FirstEnergy/Allegheny Energy, Duke/Cinergy, Duke/Progress Energy, PPL/LG&E and Kentucky Utilities, and Exelon/Constellation. Being a part of the AES group will make available to DP&L and its customers an extensive global network of technical expertise and resources, which will enhance DP&L's ability to compete with the substantially larger Ohio utilities. For example, globally AES operates 14 utilities distributing power to approximately 11.5 million customers, and it employs 29,000 people. AES also has extensive expertise in the development and operation of renewable energy resources.

The Agreement and Plan of Merger ("Agreement") addresses issues of workforce, headquarters location, and local decision-making authority. Specifically, it provides that following the merger through December 31, 2013, AES shall not cause DPL Inc. and DP&L to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger. In addition, the Agreement provides that, for a period of at least two years following the merger, DPL Inc. and DP&L will

maintain their operating headquarters in Dayton, Ohio and DP&L will maintain the DP&L name. AES will also cause DP&L to maintain local decision-making authority for at least two years following the merger. After the merger, DP&L will continue to exist as an Ohio electric utility, and it will continue to provide reliable service at reasonable rates to its customers.

Key elements and benefits of the merger include:

1. AES is committed to preserving DP&L's local decision making authority, including its commitment to maintain DP&L's operating headquarters in Dayton, Ohio and DP&L's name, for at least two years following the merger.

2. Customers will continue to receive the same high-quality service at reasonable rates that they received before the merger. DP&L's rates are currently fixed through 2012 and were approved by the Commission. Post 2012 rates will also be subject to approval by the Commission.

3. AES is committed to meeting customers' energy demands, and it contributes to communities' capability to grow by providing reliable and responsible electric power. Customers will benefit from the extensive technical expertise and resources of the AES group. The merger will allow DP&L to build on what has made it a reliable, efficient utility while receiving the benefits of being a part of a larger global company. AES owns Indianapolis Power & Light Company ("IPL"), and IPL's close proximity to DP&L will allow each company to provide better emergency response services.

4. The merger will not result in further consolidation among Ohio utilities.

5. Following the merger through December 31, 2013, AES has committed to cause DPL Inc. and DP&L not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger.

6. For at least two years following the merger, DP&L will continue to provide corporate contributions and community support in the

Dayton, Ohio area at levels substantially consistent with its current levels of charitable contributions and community support. In addition, because The DP&L Foundation is an independent entity, it will not be affected by the merger. It will continue its community focus, as it has for over 25 years.

7. Upon consummation of the merger, DP&L's credit rating will remain investment grade.

The merger thus provides significant benefits to DP&L's customers and its other stakeholders, while ensuring that those customers continue to receive reliable service at reasonable rates. The Commission should conclude that the merger promotes the public convenience, and it should approve the merger.

II. PROPOSED SCHEDULE

To assist in expediting this proceeding, Applicants suggest that the Commission institute the following schedule:

1.	Initial comments of Staff and interested persons	30 days from filing of this Application
2.	Reply comments	3 weeks after initial comments
3.	PUCO decision	Within six months after filing of Application

Of course, in order to accommodate this schedule, Applicants would not object to a Commission order suspending automatic approval of the Application by operation of Ohio Rev. Code § 4905.402(B).

III. DESCRIPTION OF THE APPLICANTS

A. AES

AES is a corporation duly organized and existing under the laws of the State of Delaware. It is a Fortune 200 global energy company. AES operates 14 utilities worldwide, with approximately 11.5 million customers served. In 2010 AES's revenue from utility operations was $9.1 billion, and its total revenue was $16.6 billion. Nearby IPL provides retail electric service to approximately 470,000 residential, commercial, and industrial customers in Indianapolis and other central Indiana communities. AES has owned IPL for over a decade, and during that time IPL has achieved significant improvements in operational performance, reliability, customer satisfaction and environmental performance. With respect to generation, AES has a twenty-five year history of managing fossil fuel assets, similar to the DPL facilities, with over 30.5 GW of fossil fuel and 8.0 GW of hydro generation owned worldwide. The AES renewables business includes approximately 1.8 GW of wind generation and AES Solar, a joint venture between AES and Riverstone Holdings, LLC, has over 100 MW of solar photovoltaic generation in operation or under construction.

B. DPL INC. AND DP&L

DPL Inc. is an Ohio holding company, and its principal subsidiary is DP&L. DP&L provides electric service to approximately 500,000 retail customers in West Central Ohio. DPL Inc. owns, through its subsidiaries, approximately 3,800 megawatts of generation capacity, and employs approximately 1,500 people. In addition to DP&L, the utility, DPL Inc. has two other major subsidiaries — DPL Energy LLC, an owner and operator of 556 MW of generation, and DPL Energy Resources, Inc., a

PUCO-certified Competitive Retail Electric Service Provider operating in Ohio. In August 2010, DPL Inc. was named one of Forbes Magazine's "100 Most Trusted Companies" for the second consecutive year.

IV. DESCRIPTION OF THE PROPOSED MERGER

On April 19, 2011, AES and Merger Sub entered into the Agreement with DPL Inc., pursuant to which, subject to the satisfaction or waiver of certain conditions, Merger Sub will merge with and into DPL Inc., with DPL Inc. surviving. As a result of the merger, Merger Sub will cease to exist, and DPL will survive as a wholly-owned subsidiary of AES. The merger is subject to satisfaction or waiver of customary closing conditions, including DPL shareholder approval and the receipt of required regulatory approvals. For a complete description of the terms of the proposed merger, please refer to the Agreement, a copy of which is attached as Exhibit 1.

The merger will create an organization with significantly greater scale and scope than is the case for DPL Inc./DP&L prior to the merger. The merger would result in DPL Inc. becoming part of an organization with more than a tenfold increase in aggregate retail customers, megawatts in operation and employees. That greater scale and scope will improve DPL Inc.'s ability to continue investing in DP&L's plant, equipment and other assets, all of which will be beneficial to DPL Inc. and DP&L's customers and employees, and it will also improve DP&L's ability to purchase equipment and commodities on favorable terms.

V. THE MERGER WILL PROMOTE THE PUBLIC CONVENIENCE

In evaluating whether to approve the proposed merger, the Commission should consider whether the merger "will promote the public convenience and result in the provision of adequate service for a reasonable rate." Ohio Rev. Code § 4905.402(B).

A. THE MERGER WILL BENEFIT CUSTOMERS

1. Service

After the merger, DP&L will continue to exist as an Ohio electric utility, and it will continue to provide reliable service at reasonable rates to its customers. Following the merger through December 31, 2013, AES has committed to cause DPL Inc. and DP&L not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger. Agreement, §§ 5.5. In addition, AES has committed to cause DPL Inc. and DP&L to maintain their operating headquarters in Dayton, Ohio and to cause DP&L to maintain its name and local decision making authority, in each case for at least two years following the merger. Agreement, §§ 5.15 & 5.16. DP&L's customers will not experience any decline in DP&L's reliable service after the merger.

In addition, AES, with $40.5 billion of assets on its balance sheet, is a much larger corporation than is DPL Inc. As an AES subsidiary, DP&L will benefit from AES's access to capital markets and its broad experience and strong relationships with the financial community. For example, AES raised approximately $1.6 billion in new equity in 2010. Under AES ownership, IPL has made substantial investments in plant in

service, including over $500 million in environmental investments in its coal-fired generation units.

The merger will also result in DP&L having access to AES's significant managerial, operational and technical expertise. Access to those resources will assist the operation of DP&L's business, including with regard to economical purchases of fuel and other commodities, enhanced management of the risks of environmental compliance, and utilization of emerging technology.

Renewables and Energy Storage

AES has extensive experience developing and operating renewable energy projects, with over 1.8 GW of wind and AES Solar has over 100MWs of solar photovoltaic projects under construction or in operation. AES and AES Solar also have a significant pipeline of wind and solar projects, respectively, under development in the U.S. AES's 100MW Armenia Mountain wind project, located in Pennsylvania, began operations in 2009. AES is currently constructing the 98MW Laurel Mountain wind farm in Pennsylvania, which includes 32MW of energy storage. A third wind project being developed by AES, New Creek, located in West Virginia, is presently in advanced development and is set to have a capability of 127MW.

In addition to renewable energy, AES is also a market leader in the development, installation and operation of grid-scale energy storage projects. These systems combine advanced batteries, digital power controls, and patented control software. These projects improve the reliability of the power grid by providing nearly instantaneous power for operating reserves such as frequency regulation or spinning

reserves. Fast response capabilities enable a more resilient power system and support the continuing deployment of renewable generation. AES has operated advanced storage projects connected to the grid in PJM, NYISO, MISO, ERCOT, CAISO, and abroad with more than 80MW of advanced storage projects in operation or under construction.

Demand Side Management and Energy Efficiency

AES also has demand side management and smart grid experience. IPL, for example, currently has extensive demand side management offerings for all residential customers and the vast majority of commercial and industrial customers. In terms of smart grid experience, IPL was awarded a $20 million Smart Grid Investment Grant with the US Department of Energy toward an almost $50 million investment in Advanced Metering Infrastructure ("AMI") deployment, distribution automation and demand side management offerings including an electric vehicle program. IPL's well-planned incremental approach to phase in AMI, further automate 95% of its distribution feeders, and proactively engage in electric vehicle technology implementation minimizes costs while adding customer value over a 3 year period of 2010 to 2013. With approximately 40% of the project complete, IPL will begin reporting impact benefits through the DOE, which it will share with AES affiliates in Q4 2011 and continue doing so through 2015.

Customer Service

Further, because DP&L and IPL are relatively close in proximity to each other, it will be possible for DP&L and IPL to provide better emergency response services and share best practices. IPL's customer service call center has been recognized

as being in the top 10% of all call centers by BenchmarkPortal, and IPL has ranked in the top quartile for overall customer satisfaction, as rated by J.D. Power and Associates. IPL has also had the best customer reliability among investor-owned utilities in Indiana over the past nine years. IPL's residential rates are the lowest among the twenty largest cities served by investor-owned electric utilities. Accordingly, there may be additional opportunities for DP&L and IPL to share best practices with respect to call centers, reliability, operations, and storm restoration.

The AES corporate strategy is to focus on growth opportunities in key markets, including generation and utility investments in the Midwest and U.S. generally. Today, AES owns five generation facilities totaling approximately 1.9 GW in the PJM market, including a 100 MW wind facility. Working together with the Commission and other stakeholders to develop appropriate cost recovery mechanisms, AES believes its investment in DPL Inc. could serve as a platform for future utility and generation investments in Ohio.

2. Rates

The merger will not affect DP&L's rates. DP&L's current generation standard service offer rates will be governed by its existing electric security plan (ESP), which the Commission approved in Case No. 08-1094-EL-SSO (2008 ESP), the term for which extends through December 31, 2012. As stipulated in its 2008 ESP, DP&L's distribution service rates are frozen at current levels through December 31, 2012. Accordingly, because DP&L's rates are currently just and reasonable and the merger will not have an impact on them, the acquisition of control of DPL Inc. (and thus of DP&L) by AES will result in the continuing provision of adequate service at reasonable rates.

B. THE MERGER WILL BENEFIT THE COMMUNITIES IN DP&L'S SERVICE TERRITORY

Pursuant to the Agreement, following the merger through December 31, 2013, AES agreed to cause DPL Inc. and DP&L not to implement any involuntary work force reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger. Agreement, § 5.5. In addition, AES has committed to cause DPL Inc. and DP&L to maintain their operating headquarters in Dayton, Ohio for at least two years following the merger. Agreement, § 5.15. The merger will thus protect the economy of the Dayton area and will not negatively impact State employment levels.

Further, both DPL Inc. and AES have strong commitments to their communities. For at least two years following the merger, DP&L will continue to provide corporate contributions and community support in the Dayton, Ohio area at levels substantially consistent with its current levels of charitable contributions and community support. Agreement, § 5.17. In addition, because The DP&L Foundation is an independent entity, it will not be affected by the merger and will continue its community focus, as it has for over 25 years. The DP&L Foundation has already been fully funded by DP&L's shareholders, and has been using proceeds earned by that fund to donate more than $1 million annually to civic, cultural and youth organizations. The Foundation is a charitable organization that is independent of DPL Inc. and DP&L, and it has an independent board of trustees. The Foundation will remain independent of DP&L, DPL Inc., and AES after the merger. The Foundation will, thus, continue to be able to make substantial contributions to the community for many years to come.

C. THE MERGER WILL BENEFIT UTILITY DIVERSITY IN OHIO

AES's access to global financial markets and its managerial and technical expertise will enhance DP&L's ability to maintain its competitive position relative to its peers, and address the significant challenges facing the electric utility industry. The Commission should thus conclude that the merger will promote diversity of utility viewpoints and enhance competitive markets in Ohio.

VI. CORPORATE SEPARATION WILL BE MAINTAINED

After the merger, DP&L will continue to operate as an Ohio public utility and will comply with the Commission's Corporate Separation Rules, its Corporate Separation Plan, and the FERC Standards of Conduct. DP&L will continue to maintain its own books and records, and it will ensure that any transactions between DP&L and any of its affiliates are made in compliance with the Commission's Corporate Separation Rules.

VII. THE MERGER WILL HAVE NO EFFECT ON COMMISSION JURISDICTION

Following the merger, this Commission will retain the same regulatory authority over DP&L, the public utility authorized to supply regulated electric services within Ohio. Upon completion of the merger, DP&L will continue to be wholly-owned by DPL Inc., and only the ultimate corporate holding company of DP&L will change. As a result, the Commission's authority over DP&L will be unaffected.

VIII. RELATED GOVERNMENT FILINGS

In addition to the filings with this Commission, the Joint Applicants are taking steps to satisfy the requirements of other governmental entities with respect to the merger. The Joint Applicants, either jointly or individually, have made or will make filings with the following governmental entities: the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Federal Communications Commission, the Federal Trade Commission, the United States Department of Justice, and the Vermont Department of Insurance.

IX. ATTACHMENTS

Attached to this Application are:

Exhibit 1 -- Agreement and Plan of Merger

Exhibit 2 -- The most recent Annual Report of The AES Corporation

Exhibit 3 -- The most recent Annual Report of DPL Inc.

X. CONCLUSION

AES is committed to preserving the independent operation of DP&L, including maintaining DPL Inc.'s and DP&L's operating headquarters in Dayton, Ohio and maintaining DP&L's local decision making authority for at least two years following the merger. After the merger, DP&L's customers will continue to receive quality service at reasonable rates. DP&L's customers will benefit from the merger because of AES's size and managerial and technical expertise. The Dayton area will benefit from the merger because through December 31, 2013, AES has agreed to cause DPL Inc. and DP&L not to implement any involuntary work force reductions that would result in DPL

Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger. Given the foregoing, the Commission should conclude that the merger promotes the public convenience and will result in the provision of adequate service at reasonable rates. Ohio Rev. Code § 4905.402(B). The Commission should therefore approve the merger.

Respectfully submitted,

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EXHIBIT 1

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

DPL INC.,

THE AES CORPORATION

and

DOLPHIN SUB, INC.

Dated as of April 19, 2011

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AGREEMENT AND PLAN OF MERGER, dated as of April 19, 2011 (the "Agreement"), by and among DPL Inc., an Ohio corporation (the "Company"), The AES Corporation, a Delaware corporation ("Parent"), and Dolphin Sub, Inc., an Ohio corporation and a wholly-owned direct or indirect subsidiary of the Parent ("Merger Sub").

W I T N E S S E T H:

WHEREAS, the parties intend that Merger Sub be merged with and into the Company, with the Company surviving the Merger as a direct or indirect wholly-owned subsidiary of Parent (the "Merger");

WHEREAS, the Board of Directors of the Company has (i) determined that it is advisable and in the best interests of the Company and its shareholders, and declared it advisable to enter into this Agreement and to consummate the transactions contemplated hereby, including the Merger (the "Transactions"), (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Transactions and (iii) resolved to recommend adoption of this Agreement and approval of the Transactions, including the Merger by the shareholders of the Company;

WHEREAS, the Board of Directors of Parent has (i) determined that it is in the best interests of Parent and its shareholders, and declared it advisable, to enter into this Agreement and consummate the Transactions and (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Transactions;

WHEREAS, Parent or its relevant Subsidiary, as the sole shareholder of Merger Sub, has approved this Agreement and the Transactions, including the Merger; and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with the Transactions, including the Merger, and also to prescribe certain conditions to the Transactions, including the Merger.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Merger Sub and the Company agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. At the Effective Time, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub shall be merged with and into the Company, whereupon the separate corporate existence of Merger Sub shall cease, and the Company shall continue its corporate existence under the OGCL as the surviving corporation in

the Merger (the "Surviving Corporation") and a direct or indirect wholly-owned subsidiary of Parent.

Section 1.2 Closing. The closing of the Merger (the "Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Washington, D.C., at 10:00 a.m. local time, on the third (3rd) business day immediately following the date on which the last of the conditions set forth in Article VI hereof is satisfied or waived (other than those conditions that by their nature are to be satisfied by action taken at the Closing, but subject to the satisfaction or waiver (to the extent permitted by applicable Law) of such conditions) (such third business day immediately following the date on which the last of the conditions set forth in Article VI hereof is satisfied or waived, the "Initial Date"). At the election of Parent, the "Closing Date" may be at any time during the period beginning on the Initial Date through the date which is seventeen (17) business days after the Initial Date, or such other place, date and time as the Company and Parent may agree in writing.

Section 1.3 Effective Time. Subject to the provisions of this Agreement, on the Closing Date, the parties shall file a certificate of merger or other appropriate document providing for the Merger (the "Certificate of Merger") in a form mutually agreed upon by Parent and the Company (acting reasonably), executed in accordance with, and containing such information as is required by, the relevant provisions of the OGCL, with the Secretary of State of the State of Ohio and shall make all other filings or recordings required under the OGCL. The Merger shall become effective upon the filing of the Certificate of Merger in accordance with the OGCL, or at such later time as is agreed by the parties hereto and specified in the Certificate of Merger in accordance with the relevant provisions of the OGCL (such date and time is hereinafter referred to as the "Effective Time").

Section 1.4 Effects of the Merger. The effects of the Merger shall be as provided in this Agreement and in the applicable provisions of the OGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all of the property, rights, privileges, powers, immunities and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, duties and obligations of the Company and Merger Sub shall become the debts, liabilities, duties and obligations of the Surviving Corporation, all as provided under the OGCL and the other applicable Laws.

Section 1.5 Articles and Regulations of the Surviving Corporation. At the Effective Time, the articles of incorporation and code of regulations of the Company, as in effect immediately prior to the Effective Time, shall be amended and restated as of the Effective Time to be in the form of (except with respect to the name of the Company) the articles of incorporation and code of regulations of Merger Sub, and as so amended shall be the articles of incorporation and code of regulations of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and hereof and applicable Law, in each case consistent with the obligations set forth in Section 5.9. For the avoidance of doubt, the name of the Surviving Corporation shall be the name of the Company.

Section 1.6 Directors. Subject to applicable Law, the directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation and shall hold office until their respective successors are duly elected or appointed and qualified or

their earlier death, resignation or removal in accordance with the articles of incorporation and code of regulations of the Surviving Corporation.

Section 1.7 Officers. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation and shall hold office until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal in accordance with the articles of incorporation and code of regulations of the Surviving Corporation.

Section 1.8 Subsequent Actions. If at any time after the Effective Time the Surviving Corporation shall determine that any actions are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of the Company or Merger Sub acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, then the officers and directors of the Surviving Corporation shall be authorized to take all such actions as may be necessary or desirable to vest all right, title or interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

ARTICLE II

TREATMENT OF SHARES

Section 2.1 Effect on Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Merger Sub or the holders of any securities of the Company or Merger Sub:

(a) Conversion of Company Common Stock. Subject to Sections 2.1(b), Section 2.3 and Section 2.4, each issued and outstanding share of common stock, par value $.01 per share, of the Company outstanding immediately prior to the Effective Time (such shares, collectively, "Company Common Stock," and each, a "Share"), together with the associated preferred share purchase rights (the "Rights") under the Shareholders Rights Plan shall thereupon be canceled and, subject to the provisions of Section 2.1(b), shall be converted automatically into and shall thereafter represent the right to receive cash in the amount of thirty dollars ($30.00) per share (the "Merger Consideration"), payable without interest, to the holder of such share of Company Common Stock. As of the Effective Time, all such shares of Company Common Stock and Rights shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each holder of a certificate, which immediately prior to the Effective Time represented any such shares of Company Common Stock, shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration, without interest, to be paid in consideration therefor upon surrender, in accordance with Section 2.2(b), of the certificate formerly evidencing such share. Throughout this Agreement, the term "Shares" refers to the Shares together with the associated Rights.

(b) Cancellation of Shares. Each Share that is owned, directly or indirectly, by Parent or Merger Sub immediately prior to the Effective Time or held by the Company or any

Subsidiary of the Company immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange for such cancellation and retirement.

(c) Conversion of Merger Sub Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation and shall constitute the only outstanding shares of stock of the Surviving Corporation. No capital stock of the Merger Sub will be issued or used in the Merger.

Section 2.2 Exchange of Shares.

(a) Paying Agent. Prior to the Effective Time, Parent shall designate a bank or trust company reasonably acceptable to the Company to act as agent (the "Paying Agent") for the holders of shares of Company Common Stock, the Restricted Shares and Company RSUs, for the payment of the Merger Consideration in each case in accordance with this Article II. At or prior to the Effective Time, Parent shall deposit or cause to be deposited with the Paying Agent for the benefit of the holders of all of the foregoing shares an amount in cash sufficient to pay the aggregate amount of Merger Consideration deliverable pursuant to Section 2.1(a) and Section 2.4, other than in respect of Dissenting Shares or shares canceled pursuant to Section 2.1(b) (such cash amount being hereinafter referred to as the "Exchange Fund"). Notwithstanding anything to the contrary contained hereto, the Paying Agent shall not disburse any part of the Exchange Fund prior to the Dissenters Determination Date. Pending its disbursement in satisfaction of such obligations, the Exchange Fund shall be invested by the Paying Agent as directed by Parent in (i) short-term direct obligations of the United States of America, (ii) short-term obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, (iii) short-term commercial paper rated the highest quality by either Moody's Investors Service, Inc. or Standard and Poor's Ratings Services or (iv) certificates of deposit, bank repurchase agreements or banker's acceptances of commercial banks with capital exceeding $1.0 billion. Upon the date that is one (1) business day after the Dissenters Determination Date, the Paying Agent shall disburse to Parent that portion of the Exchange Fund (if any) attributable to Dissenting Shares. If a Dissenting Shareholder effectively withdraws its demand for, or loses its rights to, payment of fair cash value pursuant to Section 1701.85 of the OGCL with respect to any Dissenting Shares, (i) such Company Common Stock shall cease to be Dissenting Shares and (ii) Parent shall make available or cause to be made available to the Paying Agent additional funds in an amount equal to the product of (x) the number of Dissenting Shares for which the Dissenting Shareholder has withdrawn its demand for, or lost its rights to, payment of fair cash value pursuant to Section 1701.85 of the OGCL and (y) the Merger Consideration. Parent shall or shall cause the Surviving Corporation to, promptly replace or restore the cash in the Exchange Fund so as to ensure that the Exchange Fund is at all times maintained at a level sufficient for the Paying Agent to make such payments under Section 2.1(a) and Section 2.4. Nothing contained in this Section 2.2(a) and no investment losses resulting from investment of the funds deposited with the Paying Agent shall diminish the rights

of any holder of Company Common Stock, the Restricted Shares and Company RSUs, to receive the Merger Consideration.

(b) Payment Procedures. As soon as practicable after the Effective Time, the Surviving Corporation shall cause the Paying Agent to mail to each holder of record of Company Common Stock, (i) a certificate or certificates (each, a "Certificate"), which as of the Effective Time represented outstanding shares of Company Common Stock, the Restricted Shares or the Company RSUs, that were canceled or converted and became instead the right to receive the Merger Consideration pursuant to Section 2.1(a) or Section 2.4, (ii) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates (or affidavits of loss in lieu thereof) to the Paying Agent, and which shall be in such form and shall have such other customary provisions as Parent and the Company may reasonably agree prior to the Closing Date) and (iii) instructions for use in effecting the surrender of the Certificates (or affidavits of loss in lieu thereof) in exchange for payment of the Merger Consideration. Upon surrender of a Certificate (or affidavits of loss in lieu thereof) for cancellation to the Paying Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions (and such other customary documents as may reasonably be required by the Paying Agent), the holder of such Certificate shall, subject to Section 2.3, be entitled to receive in exchange therefor the Merger Consideration, without interest, for each share of Company Common Stock formerly represented by such Certificate, and the Certificate so surrendered shall forthwith be canceled. If payment of the Merger Consideration is to be made to a person other than the person in whose name the surrendered Certificate is registered, it shall be a condition of payment that (x) the Certificate so surrendered shall be properly endorsed or shall otherwise be in proper form for transfer and (y) the person requesting such payment shall have paid all transfer and other Taxes required by reason of the payment of the Merger Consideration to a person other than the registered holder of such Certificate surrendered and shall have established to the reasonable satisfaction of the Surviving Corporation that such Tax either has been paid or is not applicable. Until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration as contemplated by this Article II, without interest.

(c) Withholdings. Each of Parent, Merger Sub, the Company, the Surviving Corporation and the Paying Agent shall be entitled to deduct and withhold, from any consideration payable or otherwise deliverable under this Agreement, such amounts as are required to be withheld or deducted under the Internal Revenue Code of 1986, as amended (the "Code") or any provision of state, local or foreign Law with respect to the making of such payment. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been paid to the person(s) to whom such amounts would otherwise have been paid.

(d) No Further Ownership Rights in Company Common Stock; Closing of Transfer Books. Subject to Section 2.3, from and after the Effective Time, the holders of shares of Company Common Stock, the Company Stock Options, the Restricted Shares and Company RSUs outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares, Company Stock Options, Restricted Shares or Company RSUs, except as otherwise provided herein and by applicable Law. The Merger Consideration paid in respect of

shares of Company Common Stock, the Company Stock Options, the Restricted Shares and Company RSUs upon the surrender for exchange of Certificates in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock, the Company Stock Options, the Restricted Shares and Company RSUs previously represented by such Certificates. From and after the Effective Time, the stock transfer books of the Company shall be closed with respect to the Shares, the Company Stock Options, the Restricted Shares and Company RSUs that were outstanding immediately prior to the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the Shares that were outstanding immediately prior to the Effective Time. Subject to the penultimate sentence of Section 2.2(d), if, after the Effective Time, Shares, Company Stock Options, Restricted Shares or Company RSUs are presented to the Surviving Corporation or the Paying Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(e) Termination of Exchange Fund. At any time commencing nine (9) months after the Effective Time, Parent shall be entitled to require the Paying Agent to deliver to it any funds (including, without limitation, all interest and other income received by the Paying Agent in respect of all funds made available to it) that had been made available to the Paying Agent and which have not been disbursed to holders of Certificates, and thereafter such holders shall be entitled to look only to Parent and the Surviving Corporation (subject to abandoned property, escheat or other similar Laws) as general creditors thereof with respect to the payment of any Merger Consideration that may be payable upon surrender of any Certificates held by such holders, as determined pursuant to this Agreement, without any interest thereon. Any amounts remaining unclaimed by such holders at such time at which such amounts would otherwise escheat to or become property of any Governmental Entity shall become, to the extent permitted by applicable Law, the property of Parent or its designee, free and clear of all claims or interest of any person previously entitled thereto.

(f) No Liability. Notwithstanding anything in this Agreement to the contrary, none of the Company, Parent, Merger Sub, the Surviving Corporation, the Paying Agent or any other person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Lost, Stolen or Destroyed Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Surviving Corporation, the posting by such person of a bond in such reasonable amount as Parent or the Surviving Corporation may require as indemnity against any claim that may be made against it with respect to such certificate, the Paying Agent will deliver in exchange for such lost, stolen or destroyed Certificate the applicable Merger Consideration with respect to the Shares formerly represented thereby, deliverable in respect thereof pursuant to this Agreement.

(h) Uncertificated Shares. In the case of outstanding Shares that are not represented by Certificates, the parties shall make such adjustments to this Section 2.2 as are necessary or appropriate to implement the same purpose and effect that this Section 2.2 has with respect to Shares that are represented by Certificates.

Section 2.3 Dissenters Rights. Notwithstanding anything in this Agreement to the contrary, to the extent required by the OGCL, shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time and which are held by any shareholder who was a record holder of Company Common Stock as to which such shareholder seeks relief as of the date fixed for determination of shareholders entitled to notice of the Company Shareholders' Meeting, and who files with the Company within ten (10) days after such vote at the Company Shareholders' Meeting (the "Dissenters Determination Date") a written demand to be paid the fair cash value for such shares of Company Common Stock that have not been voted in favor of the proposal to adopt this Agreement at the Company Shareholders' Meeting in accordance with Sections 1701.84 and 1701.85 of the OGCL (the "Dissenting Shares"), shall not be converted into the right to receive the Merger Consideration as provided in Section 2.1(a), unless and until such shareholder fails to perfect or otherwise waives, withdraws or loses such shareholder's rights as a dissenting shareholder, if any, under the OGCL. If any such shareholder (a "Dissenting Shareholder") fails to perfect or otherwise waives, withdraws or loses any such rights as a Dissenting Shareholder, that shareholder's Company Common Stock shall thereupon be deemed to have been converted as of the Effective Time into only the right to receive at the Effective Time the Merger Consideration, without interest. Subject to the preceding sentence, from and after the Effective Time, each shareholder who has asserted rights as a Dissenting Shareholder as provided in Sections 1701.84 and 1701.85 of the OGCL shall be entitled only to such rights as are granted under those Sections of the OGCL. The Company shall promptly notify Parent of each shareholder who asserts rights as a Dissenting Shareholder following receipt of such shareholder's written demand delivered as provided in Section 1701.85(A)(2) of the OGCL. Prior to the Effective Time, the Company shall not, except with the prior written consent of Parent, voluntarily make any payment or commit or agree to make any payment, or settle or commit or offer to settle, any rights of a Dissenting Shareholder asserted under Section 1701.85 of the OGCL.

Section 2.4 Stock Options and Other Stock-Based Awards.

(a) Each option to purchase shares of Company Common Stock (each, a "Company Stock Option") granted under the employee and director stock plans of the Company (the "Company Stock Plans"), whether vested or unvested, that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, automatically and without any action on the part of the holder thereof, become fully vested and exercisable. With respect to such Company Stock Options:

(i) each Company Stock Option for which, as of the Effective Time, the Merger Consideration exceeds the exercise price per Share shall be canceled at the Effective Time and, in exchange therefor, each former holder of such Company Stock Option shall be entitled to receive, as soon as practicable, but in no event later than three (3) business days following the Effective Time, an amount in cash (without interest, and less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Law with respect to the making of such payment) equal to the product of (1) the excess, if any, of the Merger Consideration over the exercise price per Share under such Company Stock Option and (2) the number of shares of Company Common Stock subject to such Company Stock Option; and

(ii) each Company Stock Option that is outstanding immediately prior to the Effective Time for which, as of the Effective Time, the Merger Consideration does not exceed the exercise price per Share shall be amended and converted into an option to acquire, on the same terms and conditions as were applicable under such Company Stock Option (giving effect to any terms and conditions resulting from the Transactions), the number of shares of common stock of Parent, par value $.01 per share ("Parent Common Stock"), rounded down to the nearest whole share, equal to the product of the number of shares of Company Common Stock subject to such Company Stock Option and the Exchange Ratio (as defined below), at an exercise price per share of Parent Common Stock, rounded up to the nearest whole cent, equal to the quotient obtained by dividing the aggregate exercise price for the shares of Company Common Stock subject to such Company Stock Option by the Exchange Ratio (each, as so adjusted, an "Adjusted Option"). The adjustments provided in this Section 2.4(a)(ii) with respect to any Company Stock Option to which Section 409A or 421 (a) of the Code applies shall be and are intended to be effected in a manner which is consistent with Section 409A and 424(a) of the Code, respectively. As soon as practicable following the Effective Time, Parent shall deliver to the holders of Adjusted Options appropriate notices setting forth such holders' rights pursuant to the respective Company Stock Plans and the agreements evidencing the grants of such Adjusted Options, which shall provide, among other things, that such Adjusted Options and agreements have been assumed by Parent and shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 2.4(a)(ii) after giving effect to the Merger and giving effect to any terms and conditions resulting from the Transactions). For purposes of this Section 2.4(a)(ii), "Exchange Ratio" shall mean the Merger Consideration divided by the volume weighted average per-share trading price of Parent Common Stock on the New York Stock Exchange (the "NYSE") on the five (5) trading days immediately preceding the Closing Date.

(b) At the Effective Time, each share of restricted Company Common Stock granted under a Company Stock Plan (including all restricted common shares granted under the Career Progression Program) that is outstanding immediately prior to the Effective Time (the "Restricted Shares") shall, automatically and without any action on the part of the holder thereof, be converted into the right to receive the Merger Consideration, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Law with respect to the making of such payment.

(c) At the Effective Time, each restricted stock unit award in respect of Company Common Stock granted under a Company Stock Plan whose vesting is based solely on the satisfaction of service-based conditions and that is outstanding immediately prior to the Effective Time (collectively, the "Service-Based RSUs") shall, automatically and without any action on the part of the holder thereof, be converted into the right to receive the Merger Consideration for each share of Company Common Stock denominated thereby, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Law with respect to the making of such payment.

(d) At the Effective Time, each performance share unit award in respect of Company Common Stock granted under a Company Stock Plan whose vesting is not based solely on the satisfaction of service-based conditions and that is outstanding immediately prior to the Effective Time (collectively, the "Non-Service-Based RSUs", and together with the Service-Based RSUs, the "Company RSUs") shall, automatically and without any action on the part of the holder thereof, be converted into the right to receive the Merger Consideration for the target number of shares of Company Common Stock denominated by the Non-Service-Based RSUs multiplied by a fraction, the numerator of which is the number of days in the applicable performance period elapsed through and including the Effective Date and the denominator of which is the number of days in the applicable performance period, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Law with respect to the making of such payment.

(e) Prior to the Effective Time, the Company shall pass resolutions to effect the foregoing provisions of this Section 2.4.

(f) As soon as practicable following the Effective Time, Parent shall prepare and file with the SEC a registration statement on Form S-8 (or another appropriate form) registering shares of Parent Common Stock subject to issuance upon the exercise of the Adjusted Options. The Company shall cooperate with, and assist Parent in the preparation of, such registration statement. Parent shall keep such registration statement effective (and maintain the current status of the prospectus required thereby) for so long as any Adjusted Options remain outstanding.

Section 2.5 Adjustments. Notwithstanding any provision of this Article II to the contrary, if between the date of this Agreement and the Effective Time the outstanding shares of Company Common Stock shall have been changed into a different number of shares or a different class by reason of the occurrence or record date of any stock dividend, subdivision, reclassification, recapitalization, split, combination, exchange of shares or similar transaction, the Merger Consideration shall be appropriately adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination, exchange of shares or similar transaction. For the avoidance of doubt, there shall not be any adjustment to the Merger Consideration by reason of the issuance of additional shares of Common Stock pursuant to the exercise of the Company's outstanding Warrants or other convertible securities.

Section 2.6 Consent of Surviving Corporation. The Surviving Corporation hereby consents to be sued and served with process in the State of Ohio and to the irrevocable appointment of the Secretary of State of the State of Ohio as its agent to accept service of process in any proceeding in the State of Ohio to enforce against the Surviving Corporation any obligation of the Company, or to enforce the rights of a Dissenting Shareholder of the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Merger Sub that except (i) as set forth in the "Company Disclosure Schedule" (as such term is used in this Agreement), a copy of which has been provided to Parent and Merger Sub, with specific reference to the particular Article or Section of this Agreement to which the information set forth in such schedule relates (it being agreed that disclosure of any item in any Article or Section of the Company Disclosure Schedule shall be deemed disclosure with respect to any other Article or Section to which the relevance of such item is reasonably apparent) or (ii) as and to the extent set forth in the publicly available reports, schedules, forms, statements and other documents filed by the Company with, or furnished by the Company to, the SEC on or after January 1, 2010 and before the second (2^{nd}) business day immediately prior to the date hereof, to the extent the relevance of the disclosure is reasonably apparent (excluding any forward-looking disclosures, whether or not contained under the heading "forward-looking statements," other than any specific factual information contained therein):

Section 3.1 Qualification, Organization, Subsidiaries, etc.

(a) Each of the Company and its Subsidiaries is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets, to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing, character or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or in good standing, or to have such power or authority, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has made available to Parent prior to the date of this Agreement a true and complete copy of its articles of incorporation and code of regulations (the "Company Organizational Documents") and has made available to Parent prior to the date of this Agreement a true and complete copy of the articles of incorporation and code of regulations or other equivalent organizational documents of each of its Subsidiaries, each as amended through the date hereof. Neither the Company nor any Subsidiary of the Company is in material violation of any provision of its articles of incorporation or regulations (or equivalent organizational documents).

(b) Section 3.1(b)(i) of the Company Disclosure Schedule sets forth a complete list, as of the date hereof, of each Subsidiary of the Company and its jurisdiction of organization or formation and the jurisdictions in which they are qualified to do business. Section 3.1(b)(ii) of the Company Disclosure Schedule sets forth each of the Company's Subsidiaries and the ownership interest of the Company in each such Subsidiary, as well as the ownership interest of any other person or persons in each such Subsidiary. All of the outstanding shares of capital stock or other equity interests of each Subsidiary of the Company have been validly issued and are fully paid and nonassessable. Except as set forth in Section 3.1(b)(ii) of the Company Disclosure Schedule, all of the outstanding shares of capital stock or other equity interests of each Subsidiary of the Company are owned by the Company, by one or more

Subsidiaries of the Company or by the Company and one or more Subsidiaries of the Company, in each case free and clear of all Liens, except for Company Permitted Liens. Except as set forth in Section 3.1(b)(iii) of the Company Disclosure Schedule, except for the capital stock and other equity interests of its Subsidiaries, neither the Company nor any of its Subsidiaries owns, directly or indirectly, any capital stock or other equity interest in any other person (including through participation in any joint venture or similar arrangement), other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies, and there are no Company Joint Ventures. The Company does not own, directly or indirectly, any minority interest in any person that requires an additional filing by the Parent under the HSR Act in connection with the consummation of the Transactions. "Company Joint Venture" means any corporation, limited liability company, partnership, joint venture, trust or other entity which is not a Subsidiary of the Company and in which (i) the Company, directly or indirectly, owns or controls any shares of any class of the outstanding voting securities or other equity interests (other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies) or (ii) the Company or a Subsidiary of the Company is a general partner.

(c) Prior to the date hereof, the Company has made available to the Parent true, complete and correct copies of the approved minutes of all meetings of the shareholders, the Board of Directors and each committee of the Board of Directors of the Company since January 1, 2009 through January 25, 2011. Parent acknowledges that certain provisions of such minutes relating to the Company's strategic alternatives have been omitted.

(d) As used in this Agreement, a "Company Material Adverse Effect" means an event, change, effect, development, state of facts, condition or occurrence that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to the business, financial condition, assets, liabilities, operations or results of operations of the Company and its Subsidiaries, taken as a whole, or on the ability of the Company to consummate the Transactions, but shall not be deemed to include and shall not be determined by taking into account, either alone or in combination, any event, change, effect, development, state of facts, condition or occurrence: (i) in or affecting the economy or the financial, securities or commodities markets in the United States or elsewhere in the world, the industry or industries in which the Company or its Subsidiaries operate generally or in any specific jurisdiction or geographical area or (ii) resulting from or arising out of (A) any changes or developments in international, national, regional, state or local wholesale or retail markets for electric power, capacity or fuel or related products including any changes or developments resulting from or arising out of (1) changes in commodities prices or hedging markets therefor, (2) decisions made by the Company's customer base relating to its selection of a power supplier or (3) proceedings relating to or governed by Ohio Revised Code Chapter 4928, (B) any changes or developments in national, regional, state or local electric transmission or distribution systems or decreases in planned spending with respect thereto, (C) the negotiation, execution, announcement or the existence of, or compliance with, this Agreement or the Transactions, including any litigation or administrative proceedings and related comments resulting therefrom, any adverse change in customer, employee or shareholder relationships resulting therefrom or any possible Union activity, (D) any taking of any action at the written request of Parent or Merger Sub or with the written consent of Parent or Merger Sub, (E) any adoption, implementation, promulgation, repeal, modification,

reinterpretation, change or proposal of any rule, regulation, ordinance, order, protocol or any other Law of or by any national, regional or state Governmental Entity, including PJM and the Midwest Independent Transmission System Operator, Inc., or their successors, (F) any changes in GAAP or accounting standards or interpretations thereof, (G) acts of war (whether or not declared), the commencement, continuation or escalation of a war, acts of armed hostility, sabotage or terrorism, (H) any decline in the market price, or change in trading volume, of the Company Common Stock (it being understood and agreed that the facts and circumstances giving rise to such change that are not otherwise excluded from the definition of Company Material Adverse Effect may be deemed to constitute, or be taken into account in determining whether there has been, or would reasonably be expected to be, a Company Material Adverse Effect), (I) any reduction in the credit rating of the Company or any of its Subsidiaries to the extent attributable to the expected consummation of the Merger or the Transactions (it being understood and agreed that the facts and circumstances giving rise to such change that are not otherwise excluded from the definition of Company Material Adverse Effect may be deemed to constitute, or be taken into account in determining whether there has been, or would reasonably be expected to be, a Company Material Adverse Effect), (J) any change resulting from or arising out of the identity of, or any facts or circumstances relating to, Parent, Merger Sub or their respective Subsidiaries, (K) any failure by the Company to meet any internal or published industry analyst projections or forecasts or estimates of revenues or earnings for any period (it being understood and agreed that the facts and circumstances giving rise to such change that are not otherwise excluded from the definition of Company Material Adverse Effect may be deemed to constitute, or be taken into account in determining whether there has been, or would reasonably be expected to be, a Company Material Adverse Effect), (L) any hurricane, earthquake, flood or other natural disasters or acts of God or (M) any change resulting from weather conditions; provided, however, that any event, change, effect, development, state of facts, circumstance, condition or occurrence described in each of clauses (i) and (ii)(F) or (G) above shall not constitute or give rise to a Company Material Adverse Effect only if and to the extent that such event, change, effect, development, state of facts, circumstance, condition or occurrence does not have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole, as compared to other relevant entities engaged in the relevant business in Ohio or other relevant geographical areas.

Section 3.2 Stock.

(a) The authorized stock of the Company consists of 250,000,000 shares of Company Common Stock, with a par value of $.01 per share, and 8,000,000 shares of preferred stock, without par value (the "Company Preferred Stock"). Section 3.2(a) of the Company Disclosure Schedule lists the authorized stock of each of the Company's Subsidiaries (collectively, the "Subsidiaries' Equity Interests") and the issued and outstanding Subsidiaries' Equity Interests for each of the Company's Subsidiaries. As of the close of business on the business day immediately preceding the date of this Agreement (i) 117,221,579 shares of Company Common Stock were issued and outstanding, which includes all of the Restricted Shares outstanding as of such date, (ii) 46,786,869 shares of Company Common Stock were held in treasury, (iii) 573,082 shares of Company Common Stock were issuable pursuant to Company Stock Plans in respect of Company Stock Options and Company RSUs and (iv) no shares of Company Preferred Stock were issued and outstanding. All outstanding shares of Company Common Stock and all of the outstanding Subsidiaries' Equity Interests are duly authorized,

validly issued, fully paid and nonassessable and were not issued in violation of any pre-emptive right, purchase option, call, right of first refusal or any similar right and all shares of Company Common Stock reserved for issuance under Company Stock Plans as noted in clause (iii) hereof, when issued in accordance with the respective terms thereof, will be duly authorized, validly issued, fully paid and nonassessable and not issued in violation of any pre-emptive right, purchase option, call, right of first refusal or any similar right. No shares of Company Common Stock are held by any Subsidiary of the Company. Except as set forth in this Section 3.2(a) or Section 3.2(a) of the Company Disclosure Schedule, at the close of business on the business day immediately preceding the date of this Agreement, no shares of stock or voting securities of, or other equity interests in, the Company or any of its Subsidiaries were issued, reserved for issuance or outstanding.

(b) Except as set forth in subsection (a) above or Section 3.2(a) of the Company Disclosure Schedule (and other than the 1,700,000 outstanding warrants issued pursuant to the Warrant to Purchase Common Shares of DPL Inc. (the "Warrants"), granted by the Company to Dayton Ventures LLC, pursuant to the Securities Purchase Agreement, dated as of February 1, 2000, among the Company, DPL Capital Trust I, Dayton Ventures LLC, and Dayton Ventures, Inc. (the "Warrant Agreement") entitling the holders thereof to purchase an aggregate of 1,700,000 shares of Company Common Stock), as of the date hereof, there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance or repurchase of capital stock or other equity interests to which the Company or any of its Subsidiaries is a party, or by which any of them is bound, obligating the Company or any of its Subsidiaries to (i) issue, transfer or sell or cause to be issued, transferred or sold, any shares of capital stock or other equity interests of the Company or any Subsidiary of the Company or securities convertible into or exchangeable for such shares or equity interests, (ii) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, (iii) redeem or otherwise acquire any such shares of capital stock or other equity interests or (iv) provide a material amount of funds to, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary.

(c) Except for the Warrants and awards to acquire shares of Company Common Stock under the Company Stock Plans, neither the Company nor any of its Subsidiaries has any outstanding bonds, debentures, notes or other indebtedness of the Company or any of its Subsidiaries, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company or any of its Subsidiaries on any matter.

(d) Except as set forth in Section 3.2(d) of the Company Disclosure Schedule, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting or registration of, or restricting any person from purchasing, selling, pledging or otherwise disposing of, the capital stock or other equity interest of the Company or any of its Subsidiaries. Except as set forth in Section 3.2(d) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is under any obligation, or is bound by any contract pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any outstanding shares of Company Common Stock or any Subsidiaries' Equity Interests.

(e) The Company has delivered or made available to Parent an accurate and complete copy of the Company Stock Plans and the forms of award agreements for Company Stock Options, Restricted Shares or Company RSUs (collectively, "Company Equity Awards"). There have been no repricings of any Company Stock Options through amendments, cancellation and reissuance or other means during the current or prior two (2) calendar years. Except as set forth in Section 3.2(e) of the Company Disclosure Schedule, none of the Company Equity Awards have been granted in contemplation of the Merger or the transactions contemplated in this Agreement and no Company Equity Awards have been granted since February 28, 2011. None of the Company Stock Options were granted with an exercise price below or deemed to be below fair market value on the date of grant. All grants of Company Equity Awards were validly made and properly approved by the Board of Directors of the Company (or a duly authorized committee or subcommittee thereof) in compliance with all applicable Laws and recorded on the consolidated financial statements of the Company in accordance with GAAP, and, where applicable, no such grants involved any "back dating," "forward dating" or similar practices with respect to grants of Company Stock Options. The Company has delivered or made available to Parent an accurate and complete copy of the Warrant Agreement and any agreements, forms or instruments contemplated thereby.

(f) All outstanding shares of Company Common Stock, all outstanding Company Stock Options, all outstanding Warrants and all outstanding Subsidiaries' Equity Interests have been issued and granted in compliance with (i) all applicable Laws and (ii) all requirements set forth in Company Material Contracts applicable to the issuance of Company Common Stock, granting of Company Stock Options, the issuance of Warrants and/or the issuance of equity interests of the Company or any Subsidiary of the Company.

Section 3.3 Corporate Authority Relative to this Agreement; No Violation.

(a) The Company has requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and, subject to receipt of the Company Shareholder Approval, to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Board of Directors of the Company and, except for the Company Shareholder Approval, no other corporate proceedings on the part of the Company are necessary to authorize the Merger or the consummation of the Transactions. The Board of Directors of the Company at a meeting duly called and held at which all directors of the Company were present has (i) determined that the Merger is fair to, and in the best interests of, the Company and its shareholders, (ii) approved this Agreement and the Transactions, (iii) unanimously resolved, subject to Section 5.3, to recommend that the Company's shareholders approve this Agreement and the Transactions (the "Company Recommendation") and (iv) directed that such matter be submitted for consideration of the shareholders of the Company at the Company Shareholders' Meeting, and such resolutions have not been subsequently rescinded, modified or withdrawn in any way. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the legal, valid and binding agreement of Parent and Merger Sub, constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive

and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Other than in connection with or in compliance with (i) the OGCL, (ii) the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (iii) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (iv) the Federal Power Act, as amended (the "FPA"), and the approval of the Federal Energy Regulatory Commission (the "FERC") thereunder (the "FERC Approval"), (v) the Public Utilities Commission of Ohio (the "PUCO"), (vi) pre-approvals of license transfers by the Federal Communications Commission (the "FCC") or (vii) as set forth in Section 3.3(b) of the Company Disclosure Schedule (collectively, the "Company Approvals"), and, subject to the accuracy of the representations and warranties of Parent and Merger Sub in Section 4.2(b), no authorization, consent, order, license, permit or approval of, or registration, declaration, notice or filing with, or action by, the United States, any state of the United States or any foreign governmental or regulatory agency, commission, court, panel, body, entity or authority (each, a "Governmental Entity") is necessary or required to be obtained or made under applicable Law in connection with the execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder or the consummation of the Transactions by the Company, except for such authorizations, consents, approvals or filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except as set forth in Section 3.3(c) of the Company Disclosure Schedule, the execution and delivery by the Company of this Agreement do not, and, provided the Company Approvals are obtained, the consummation of the Transactions and compliance with the provisions hereof will not (i) conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a material benefit under any material loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture, deed of trust, lease, agreement, contract, instrument, permit, concession, franchise, right or license binding upon the Company or any of its Subsidiaries or result in the creation of any liens, claims, mortgages, encumbrances, pledges, security interests, equities or charges of any kind (each, a "Lien"), other than any such Lien (A) for Taxes or governmental assessments, charges or claims of payment not yet due or delinquent or being contested in good faith and for which adequate accruals or reserves have been established in accordance with GAAP as shown on the Company's most recent audited consolidated balance sheet, (B) which is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the ordinary course of business, (C) which is disclosed on the most recent consolidated balance sheet of the Company or notes thereto or securing liabilities reflected on such balance sheet, (D) which does not and would not reasonably be expected to materially impair the continued use and operation of the assets to which they relate as operated as of the date hereof or any property at which the material operations of the Company or any of its Subsidiaries are conducted as of the date hereof (each of the foregoing (A) through (D), a "Company Permitted Lien"), upon any of the properties or assets of the Company or any of its Subsidiaries, (ii) conflict with or result in any violation of any provision of the Company Organizational Documents or other equivalent organizational document of any Subsidiaries of the Company or (iii) conflict with or violate any applicable Laws, other than, in the case of clauses (i) and (iii), any such violation, conflict,

default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.4 SEC Reports, Financial Statements and Utility Reports.

(a) The Company and each of its Subsidiaries has filed or furnished all forms, documents and reports required to be filed or furnished by it with the Securities and Exchange Commission (the "SEC") since January 1, 2010 (the "Company SEC Documents"). As of their respective dates or, if amended, as of the date of such amendment, the Company SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and the applicable rules and regulations promulgated thereunder, and none of the Company SEC Documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters received from the SEC or its staff. There has been no material correspondence between the SEC and the Company since March 18, 2011 that is not available on the SEC's Electronic Data Gathering and Retrieval database. As of the date of this Agreement, other than The Dayton Power and Light Company ("DP&L"), none of the Company's Subsidiaries is subject to the reporting requirements of Section 13(a) or 15(d) under the Exchange Act.

(b) The Company has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15(e) under the Exchange Act. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and all such required certifications have been made. The Company's management has completed an assessment of the effectiveness of the Company's internal control over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2010, and such assessment concluded that such controls were effective. Neither the Company nor, to the knowledge of the Company, the Company's independent registered public accounting firm, has identified or been made aware of "significant deficiencies" or "material weaknesses" (as defined by the Public Company Accounting Oversight Board) in the design or operation of the Company's internal controls and procedures which would reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial data, in each case which has not been subsequently remediated.

(c) The audited consolidated financial statements and unaudited interim consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents complied as to form in all material respects with the rules and regulations of the SEC then in effect, fairly present in all material respects the

consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal recurring year-end audit adjustments that were not or are not expected to be, individually or in the aggregate, materially adverse to the Company), and were prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

(d) Prior to the date of the Agreement, the Company has made available to Parent copies of the following financial statements, in each case together with the exhibits, schedules and notes thereto and any affirmations and certifications filed therewith: the audited annual financial statements of Miami Valley Insurance Company (the "Captive Insurer"), as filed with the Vermont Department of Banking, Insurance, Securities & Health Care Administration (the "Vermont Department"), as of and for the years ended December 31, 2009 and 2008 (the "Captive Insurer Financial Statements"). The Captive Insurer Financial Statements (1) were derived from and are consistent in all material respects with the books and records of the Captive Insurer, (2) were prepared in all material respects with all applicable Laws and GAAP, applied in each case on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto), (3) fairly present, in all material respects, the financial position of the Captive Insurer at the dates thereof and the results of operations, capital and surplus of the Captive Insurer for the periods then ended and (4) were prepared in compliance with the internal control procedures of the Captive Insurer and/or Parent. No material deficiency has been asserted by any Governmental Entity with respect to any of the Captive Insurer Financial Statements.

(e) The liabilities for unpaid losses and loss adjustment expenses of the Captive Insurer recorded in the Captive Insurer Financial Statements, as of their respective dates: (1) have been computed in accordance with presently accepted actuarial standards consistently applied and were fairly stated, in accordance with sound actuarial principles and (2) have complied in all material respects with applicable Law and regulatory requirements of the Vermont Department.

(f) All filings (other than immaterial filings) required to be made by the Company or any of its Subsidiaries since January 1, 2009, with the FERC under the FPA or the Public Utility Holding Company Act of 2005, the North American Electric Reliability Corporation, the Department of Energy, any regional transmission organization and the PUCO under applicable Law, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs, franchises, service agreements and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations thereunder, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations thereunder, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(g) Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract (including any contract or arrangement relating to any transaction or relationship between or among the Company or any of its Subsidiaries, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off-balance-sheet arrangement" (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries or affiliates.

(h) The proxy statement to be sent to the shareholders of the Company in connection with the Company Shareholders' Meeting (including any amendment or supplement thereto or document incorporated by reference therein) (the "Proxy Statement") shall not, (i) on the date the Proxy Statement is first mailed to shareholders of the Company, or (ii) at the time of the Company Shareholders' Meeting or (iii) on the date the Proxy Statement is filed with the SEC, contain any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Shareholders' Meeting or subject matter which has become false or misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act. Notwithstanding the foregoing, the Company makes no representation with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of Parent or Merger Sub for inclusion or incorporation by reference in the Proxy Statement.

Section 3.5 No Undisclosed Liabilities. Except (a) as set forth in Section 3.5 of the Company Disclosure Schedule, (b) as reflected or reserved against in the Company's most recent audited consolidated balance sheets (or stated in the notes thereto) included in the Company SEC Documents and (c) for liabilities and obligations incurred since December 31, 2010 in the ordinary course of business consistent with past practice, neither the Company nor any Subsidiary of the Company has any liabilities or obligations of any nature, whether or not accrued, absolute, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its consolidated Subsidiaries (or in the notes thereto) other than those which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.6 Absence of Certain Changes or Events. Except as set forth in Section 3.6 of the Company Disclosure Schedule, since December 31, 2010 through the date of this Agreement, (a) the Company and each Subsidiary of the Company has conducted its business in the ordinary course of business consistent with past practice in all material respects and (b) there has not been a Company Material Adverse Effect.

Section 3.7 Discontinued Business. The Company has disposed of the Discontinued Business. The Company has no liabilities or ongoing obligations with respect to the Discontinued Business, including with respect to capital calls or associated guarantees. The term

"Discontinued Business" means any interests that the Company or any of its Subsidiaries held, directly or indirectly, in any private equity funds.

Section 3.8 Investigations; Litigation.

(a) Except as set forth in Section 3.8 of the Company Disclosure Schedule and except for investigations, audits and reviews conducted by Governmental Entities in the ordinary course of the Company's business which are not material, (i) there is no investigation, audit or review pending (or, to the knowledge of the Company, threatened in writing) by any Governmental Entity with respect to the Company or any of its Subsidiaries, (ii) there are no actions, suits, inquiries, arbitrations, investigations or proceedings pending (or, to the knowledge of the Company, threatened in writing) against, relating to or affecting the Company or any of its Subsidiaries (including against or in respect of any Company Benefit Plan), or any of their respective properties at law or in equity before and (iii) there are no orders, judgments or decrees of, or before, any Governmental Entity except, in the case of clauses (i) through (iii), as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Notwithstanding anything contained in this Section 3.8, no representation or warranty shall be deemed to be made in this Section 3.8 in respect of Tax, employee benefits, labor, intellectual property, environmental or real property matters.

Section 3.9 Compliance with Law; Permits.

(a) The Company and each of its Subsidiaries are, and since January 1, 2008 have been, in compliance with and not in default under or in violation of any applicable federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree or agency requirement of any Governmental Entity (collectively, "Laws" and each, a "Law"), except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Within the past three years, neither the Company nor any of its Subsidiaries has received any written notice or, to the Company's knowledge, other communication from any Governmental Entity regarding any actual or possible violation of, or failure to comply with, any Law, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company and its Subsidiaries are in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals, clearances, permissions, qualifications and registrations and orders of any Governmental Entity, and all rights under any material contract with any Governmental Entity, necessary for the Company and its Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (the "Company Permits"), except where the failure to have any of the Company Permits would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. All Company Permits are valid and in full force and effect, except where the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company is, and each of its Subsidiaries is, and their respective

businesses as currently conducted are, in compliance in all respects with the terms and requirements of such Company Permits, except where the failure to be in compliance would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Notwithstanding anything contained in this Section 3.9, no representation or warranty shall be deemed to be made in this Section 3.9 in respect of Tax, employee benefits, labor, intellectual property, environmental or real property matters.

Section 3.10 Regulatory Proceedings.

(a) Except as set forth in Section 3.10(a) of the Company Disclosure Schedule, as of the date hereof, neither the Company nor any of its Subsidiaries all or part of whose rates or services are regulated by a Governmental Entity (1) is a party to any rate proceeding before a Governmental Entity with respect to rates charged by the Company or any of its Subsidiaries other than in the ordinary course of business consistent with past practice, (2) has rates in any amounts that have been or are being collected subject to refund, pending final resolution of any rate proceeding pending before a Governmental Entity or on appeal to a court (other than rates based on estimated costs and/or revenues that are subject to adjustment once the actual costs and/or revenues become known) or (3) is a party to any contract with any Governmental Entity entered into other than in the ordinary course of business consistent with past practice imposing conditions on rates or services in effect as of the date hereof or which, to the knowledge of the Company, are as of the date hereof scheduled to go into effect at a later time, except in the case of clauses (1) through (3) that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(b) Except as set forth in Section 3.10(b) of the Company Disclosure Schedule, as of the date hereof, the Company and its Subsidiaries have no pending proceedings under Ohio Revised Code Chapter 4928.

Section 3.11 Tax Matters.

Except as set forth in Section 3.11 of the Company Disclosure Schedule and except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) The Company and its Subsidiaries (i) have timely filed or caused to be filed (taking into account any extension of time within which to file) all Tax Returns required to have been filed by the Company or any of its Subsidiaries, all such Tax Returns are true, correct and complete, and all such Tax Returns filed on or before December 31, 2007 have been examined by the appropriate Governmental Entity or the period for assessment of the Taxes in respect of which such Tax Returns were required to be filed has expired, (ii) have timely paid, collected or withheld or caused to be paid, collected or withheld (taking into account any extension of time within which to pay) all Taxes (including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party) due with respect to the periods covered by such Tax Returns other than Taxes that are being contested in good faith in appropriate

proceedings and for which adequate accruals or reserves have been established in accordance with GAAP as shown on the Company's most recent audited consolidated balance sheet, (iii) have established adequate accruals and reserves, in accordance with GAAP, on the Company's most recent audited consolidated balance sheet for all Taxes payable by the Company and its Subsidiaries for all taxable periods and portions thereof through the date of the Company's most recent audited consolidated balance sheet and (iv) have not incurred any liability for Taxes since the date of the Company's most recent audited consolidated balance sheet other than in the ordinary course of business consistent with past practice.

(b) Neither the Company nor any of its Subsidiaries has received written notice from any Governmental Entity that a deficiency, delinquency, claim, audit, suit, proceeding, request for information or investigation is now pending, outstanding or, to the knowledge of the Company, threatened against or with respect to the Company or any of its Subsidiaries with respect to Taxes. There are no Liens for Taxes on any of the assets of the Company or any of its Subsidiaries other than Company Permitted Liens. Within the preceding four years, no claim has been made in writing by a Governmental Entity of a jurisdiction where the Company or one of its Subsidiaries has not filed Tax Returns that the Company or such Subsidiary is or may be subject to taxation by that jurisdiction.

(c) Neither the Company nor any of its Subsidiaries (i) is a party to or bound by any Tax allocation, indemnification, sharing or similar agreement (other than an agreement solely among two or more of the Company and its Subsidiaries) or owes any amount under any such agreement or arrangement (excluding customary agreements to indemnify lenders in respect of Taxes and customary indemnity provisions in agreements for the acquisition or divestiture of assets) or (ii) is or could be liable for any Tax of any person (other than the Company and its Subsidiaries) under Section 1.1502-6 of the Treasury regulations promulgated under the Code (or any similar provision of state, local or foreign Law) by virtue of membership in any affiliated, consolidated, combined or unitary group (other than a group the common parent of which was the Company), or as a transferee or successor, or by contract.

(d) Neither the Company nor any of its Subsidiaries was a "distributing corporation" or "controlled corporation" in a transaction intended to qualify under Section 355 of the Code within the past two years or otherwise as part of a plan that includes any of the Transactions.

(e) Neither the Company nor any of its Subsidiaries has participated in any "listed transaction" or "transaction of interest" within the meaning of Section 1.6011-4(b)(2) and (6), respectively, of the Treasury regulations promulgated under the Code.

(f) Neither the Company nor any of its Subsidiaries (i) has filed any extension of time within which to file any Tax Returns that have not been filed (except for extensions of time to file Tax Returns other than income Tax Returns or gross receipts Tax Returns, which extensions were obtained in the ordinary course), (ii) has entered into any agreement waiving or extending the statute of limitations or the period of assessment or collection of any Taxes, which statute of limitations or period, as applicable, has not expired, (iii) has granted any power of attorney that is in force with respect to any matters relating to any Taxes, (iv) has proposed to enter into an agreement relating to Taxes with a Governmental Entity, which proposal is pending

or (v) has, since December 31, 2007, been issued any private letter ruling, technical advice memorandum or other similar agreement or ruling from a Governmental Entity with respect to Taxes.

(g) Neither the Company nor any of its Subsidiaries will be required to include any item of income in taxable income or exclude any item of deduction from taxable income, in each case, for any taxable period (or portion thereof) ending after the Closing Date (whether or not under Section 481 of the Code or any corresponding or similar provision of applicable state, local or foreign Law) as a result of any (i) transaction undertaken or accounting method adopted or changed by the Company or any of its Subsidiaries on or prior to the Closing Date, (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Law) executed on or prior to the Closing Date by the Company or any of its Subsidiaries, (iii) intercompany transaction within the meaning of Section 1.1502-13 of Treasury regulations promulgated under the Code or excess loss account within the meaning of Section 1.1502-19 of Treasury regulations promulgated under the Code (or any corresponding or similar provision of state, local or foreign Law) entered into or created, as applicable, by the Company or any of its Subsidiaries on or prior to the Closing Date, (iv) installment sale or open transaction disposition made by the Company or any of its Subsidiaries on or prior to the Closing Date or (v) prepaid amount received by the Company or any of its Subsidiaries on or prior to the Closing Date.

(h) As used in this Agreement, (i) "Taxes" means any and all domestic or foreign, federal, state, local or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including taxes on or with respect to income, franchises, windfall or other profits, gross receipts, occupation, property, transfer, sales, use, capital stock, severance, alternative minimum, payroll, employment, unemployment, social security, workers' compensation or net worth, and taxes in the nature of excise, withholding, *ad valorem*, value added or other taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges of the same or a similar nature to any of the foregoing and (ii) "Tax Return" means any return, report or similar filing (including any elections, notifications, declarations, schedules or attachments thereto, and any amendment thereof) required to be filed with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes.

Section 3.12 Employee Benefit Plans.

(a) Section 3.12(a) of the Company Disclosure Schedule lists all material compensation or employee benefit plans, programs, policies, agreements or other arrangements, whether or not "employee benefit plans" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not subject to ERISA), providing cash- or equity-based incentives, health, medical, dental, disability, accident or life insurance benefits or vacation, severance, retention, change in control, retirement, pension or savings benefits, that are sponsored, maintained or contributed to by the Company or any of its Subsidiaries for the benefit of current or former employees or directors of the Company or its Subsidiaries (the "Company Benefit Plans").

(b) Except as set forth in Section 3.12(b) of the Company Disclosure Schedule, each Company Benefit Plan has been maintained, operated and administered in all material respects in accordance with its terms and all applicable Laws, including ERISA and the Code. Each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code is the subject of a favorable determination letter from the Internal Revenue Service as to its qualification or, if no such determination has been made, an application for such determination is pending with the Internal Revenue Service and, to the Company's knowledge, no event has occurred that would reasonably be expected to result in the disqualification of such Company Benefit Plan.

(c) Other than routine claims for benefits, no liability under Title IV of ERISA has been incurred by the Company or any its Subsidiaries that has not been satisfied in full when due, and, to the knowledge of the Company, no condition exists that could reasonably be expected to result in a material liability to the Company or its Subsidiaries under Title IV of ERISA.

(d) Except as set forth in Section 3.12(d) of the Company Disclosure Schedule, the consummation of the Transactions will not (i) entitle any current or former employee, consultant, officer or director of the Company or any of its Subsidiaries to severance, retention or change in control pay, unemployment compensation or any other payment or (ii) accelerate the time of payment or vesting, or increase the amount, of compensation due any such current or former employee, consultant, officer or director.

(e) There are no material pending or, to the Company's knowledge, threatened claims against, by or on behalf of, or any Liens filed against or with respect to, any of the Company Benefit Plans or otherwise involving any Company Benefit Plan, other than claims made or Liens filed in the ordinary course of business which are not, individually or in the aggregate, material.

(f) Except as set forth in Section 3.12(f) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is a party to any agreement, contract or arrangement that could result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(g) Except as set forth in Section 3.12(g) of the Company Disclosure Schedule, no Company Benefit Plan provides benefits, including death or medical benefits (whether or not insured), with respect to current or former employees or directors of the Company or any of its Subsidiaries beyond their retirement or other termination of service, other than (i) coverage mandated solely by applicable Law, (ii) death benefits or retirement benefits under any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), (iii) deferred compensation benefits accrued as liabilities on the books of the Company or its Subsidiaries or (iv) benefits the full costs of which are borne by the current or former employee or director or his or her beneficiary.

Section 3.13 Employment and Labor Matters.

(a) Except for the Compact by and between the Company and Local 175, Utility Workers Union of America, AFL-CIO, as of the date of this Agreement: (i) neither the Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement, work rules or other agreement with any labor union, labor organization, employee association, or works council (each, a "Union") applicable to employees of the Company or any of its Subsidiaries ("Company Employees"), (ii) none of the Company Employees is represented by any Union with respect to his or her employment with the Company or any of its Subsidiaries, (iii) to the Company's knowledge, within the past three years, no Union has attempted to organize employees at the Company or any of its Subsidiaries or filed a petition with the National Labor Relations Board seeking to be certified as the bargaining representative of any Company Employees, (iv) within the past three years, there have been no actual or, to the Company's knowledge, threatened (A) work stoppages, lock-outs or strikes, (B) slowdowns, boycotts, handbilling, picketing, walkouts, demonstrations, leafleting, sit-ins or sick-outs by Company Employees, causing significant disruption to the operations of a Company facility or (C) other form of Union disruption at the Company or any of its Subsidiaries and (v) except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, there is no unfair labor practice, labor dispute or labor arbitration proceeding pending or, to the knowledge of the Company, threatened with respect to Company Employees.

(b) Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and except as set forth in Section 3.13(b) of the Company Disclosure Schedule: (i) the Company and its Subsidiaries are, and within the past three years have been, in compliance with all applicable state, federal, and local Laws respecting labor and employment, including all Laws relating to discrimination, disability, labor relations, unfair labor practices, hours of work, payment of wages, employee benefits, retirement benefits, compensation, immigration, workers' compensation, working conditions, occupational safety and health, family and medical leave, reductions in force, plant closings, notification of employees, and employee terminations and (ii) neither the Company nor any of its Subsidiaries has any liabilities under the Worker Adjustment and Retraining Notification Act (the "WARN Act") or any state or local Laws requiring notice with respect to such layoffs or terminations.

(c) Except as set forth in Section 3.13(c) of the Company Disclosure Schedule, to the knowledge of the Company, in the past three years, (i) no Governmental Entity has threatened or initiated any material complaints, charges, lawsuits, grievances, claims, arbitrations, administrative proceedings or other proceeding(s) or investigation(s) with respect to the Company or its Subsidiaries arising out of, in connection with, or otherwise relating to any Company Employees or any Laws governing labor or employment and (ii) no Governmental Entity has issued or, to the Company's knowledge, threatened to issue any significant citation, order, judgment, fine or decree against the Company or any of its Subsidiaries with respect to any Company Employees or any Laws governing labor or employment.

(d) Except as set forth in Section 3.12(d) of the Company Disclosure Schedule, the execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any material breach or violation of, or cause any payment to be

made under, any collective bargaining agreement, employment agreement, consulting agreement or any other employment-related agreement to which the Company or any of its Subsidiaries is a party.

Section 3.14 Environmental Laws and Regulations.

(a) Except as set forth in Section 3.14(a) of the Company Disclosure Schedule and except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(i) there is no pending or, to the knowledge of the Company, threatened in writing, claim, lawsuit, third-party investigation or administrative proceeding against the Company or any of its Subsidiaries, under or pursuant to any Environmental Law, and neither the Company nor any of its Subsidiaries has received written notice from any person, including any Governmental Entity, (1) alleging that the Company has been or is in violation or potentially in violation of any applicable Environmental Law or otherwise may be liable under any applicable Environmental Law, which violation or liability is unresolved or (2) requesting information with respect to matters that could result in a claim of liability pursuant to applicable Environmental Law;

(ii) the Company and its Subsidiaries are and, since January 1, 2006, have been in compliance with all applicable Environmental Laws and with all material permits, licenses and approvals required under Environmental Laws for the conduct of their business or the operation of their facilities;

(iii) the Company and its Subsidiaries have all material permits, licenses and approvals required for the operation of the businesses and the operation of their facilities pursuant to applicable Environmental Law, all such permits, licenses and approvals are in effect, and, to the knowledge of the Company, there is no actual or alleged proceeding to revoke, modify or terminate such permits, licenses and approvals;

(iv) to the knowledge of the Company, there has been no release of Hazardous Materials at any real property currently or formerly owned, leased or operated by the Company or any Subsidiary in concentrations or under conditions or circumstances that (A) would reasonably be expected to result in liability to the Company or any of its Subsidiaries under any Environmental Laws or (B) would require reporting, investigation, remediation or other corrective or response action by the Company or any Subsidiary under any Environmental Law and that has not otherwise been addressed through such reporting, investigation, remediation or other corrective or responsive action by the Company or any Subsidiary; and

(v) the Company is not party to any order, judgment or decree that imposes any obligations under any Environmental Law and, to the knowledge of the Company, has not, either expressly or by operation of Law, undertaken any

such obligations, including any obligation for corrective or remedial action, of any other person.

(b) Notwithstanding any provision to the contrary in this Agreement, including Section 3.9, the Company makes no representation or warranty with respect to the Company's or any of its Subsidiaries' compliance with Environmental Laws relating to federal or state new source review or prevention of significant deterioration air permit laws or regulations, except to the extent that the Company or a Subsidiary has, as of the date of this Agreement, received a written notice or been subject to a judicial or administrative proceeding alleging non-compliance with such laws or regulations.

(c) Except as may be subject to attorney privileges or third-party confidentiality agreements, the Company has provided or made available to Parent all of the following in its possession, as of the date of this Agreement: (i) all material environmental reports, studies or audits conducted or prepared since January 1, 2006, including, without limitation, reports or studies with respect to potential enforcement actions and strategies to comply with existing or upcoming regulations pursuant to the federal Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act and similar Ohio laws, (ii) all material orders, decrees or judgments pursuant to applicable Environmental Laws, excluding any such matters that have been terminated or have no remaining material obligations or responsibilities on the part of the Company or its Subsidiaries, (iii) all written notices received since January 1, 2006 alleging liability, complaints, notices of violation or requests for information, and the responses to same, relating to material claims, investigations, proceedings, orders, judgments or decrees pursuant to applicable Environmental Laws, excluding any such matters that have been resolved with no further obligations or responsibilities on the part of the Company or its Subsidiaries and (iv) all existing material permits issued, and pending material permit applications submitted, pursuant to the federal Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and corresponding Ohio laws.

(d) The representations and warranties set forth herein are the Company's sole representations and warranties relating to Environmental Law protection of the Environment and releases or management of Hazardous Materials.

(e) As used in this Agreement:

(i) "Environment" means the indoor and outdoor environment, including any ambient air, surface water, drinking water, groundwater, land surface (whether below or above water), subsurface strata, sediment, building, surface, plant or animal life and natural resources.

(ii) "Environmental Law" means any Law or any binding agreement issued or entered by or with any Governmental Entity relating to: (A) the protection of the Environment, including pollution, contamination, cleanup, preservation, protection and reclamation of the Environment; (B) any exposure to or release or threatened release of any Hazardous Materials, including investigation, assessment, testing, monitoring, containment, removal, remediation and cleanup of any such release or threatened release; (C) the management of any

Hazardous Materials, including the use, labeling, processing, disposal, storage, treatment, transport or recycling of any Hazardous Materials and recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials; or (D) the presence of Hazardous Materials in any building, physical structure, product or fixture.

(iii) "Hazardous Materials" means all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law, including any regulated pollutant or contaminant (including any constituent, product or by-product thereof), petroleum, asbestos or asbestos-containing material, polychlorinated biphenyls, lead paint, any hazardous, industrial or solid waste, and any toxic, radioactive, infectious or hazardous substance, material or agent.

Section 3.15 Real Property.

(a) With respect to each material real property owned by the Company or any of its Subsidiaries as of the date hereof or in which the Company or any of its Subsidiaries owns an undivided interest (such property collectively, the "Company Owned Real Property"), except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, and except as set forth in Section 3.15(a) of the Company Disclosure Schedule, (i) either the Company or a Subsidiary of the Company has insurable fee simple title to such Company Owned Real Property or in the case of undivided interest, insurable title thereto, free and clear of all Liens other than Company Permitted Liens and conditions, encroachments, easements, rights-of-way, restrictions and other encumbrances that do not materially and adversely affect the existing use of the real property subject thereto by the owner (or lessee to the extent a leased property) thereof in the operation of its business in the ordinary course ("Permitted Encumbrances"), (ii) there are no leases, subleases or licenses affecting any portion of the Company Owned Real Property that would reasonably be expected to materially and adversely affect the existing use of the Company Owned Real Property by the Company in the operation of its business thereon in the ordinary course and (iii) there are no outstanding options or rights of first refusal in favor of any other party to purchase such Company Owned Real Property or any portion thereof or interest therein that would reasonably be expected to materially and adversely affect the existing use of the Company Owned Real Property by the Company in the operation of its business thereon in the ordinary course. As of the date hereof, neither the Company nor any of its Subsidiaries has received written notice of any pending, and to the knowledge of the Company there is no threatened, condemnation proceeding with respect to any Company Owned Real Property, except proceedings which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each material lease and sublease (collectively, the "Company Real Property Leases") under which the Company or any of its Subsidiaries uses or occupies or has the right to use or occupy any material real property (the "Company Leased Real Property") at which the material operations of the Company or any of its Subsidiaries are conducted as of the date hereof, is valid, binding and in full force and effect, (ii) neither the

Company nor any of its Subsidiaries is currently subleasing, licensing or otherwise granting any person the right to use or occupy a material portion of a Company Leased Real Property that would reasonably be expected to materially and adversely affect the existing use of the Company Leased Real Property by the Company in the operation of its business in the ordinary course thereon and (iii) the Company has not received written notice of any uncured default of a material nature on the part of the Company and, if applicable, its Subsidiary or, to the knowledge of the Company, the landlord thereunder, with respect to any Company Real Property Lease, and to the knowledge of the Company no event has occurred or circumstance exists which, with the giving of notice, the passage of time, or both, would constitute a material breach or default under a Company Real Property Lease. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and each of its Subsidiaries has a good and valid leasehold interest, subject to the terms of the Company Real Property Leases, in each parcel of Company Leased Real Property, free and clear of all Liens, except for Company Permitted Liens and Permitted Encumbrances. As of the date hereof, neither the Company nor any of its Subsidiaries has received written notice of any pending, and, to the knowledge of the Company, there is no threatened, condemnation proceeding with respect to any Company Leased Real Property, except such proceeding which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.16 Condition of Assets. Except as set forth in Section 3.16 of the Company Disclosure Schedule, each item of material tangible personal property of the Company and its Subsidiaries, or in which the Company or any of its Subsidiaries owns an undivided interest, is in all material respects in good working order and is adequate and sufficient for the Company or its Subsidiaries' current use, ordinary wear and tear excepted and except for any failures which, individually or in the aggregate, would not have a Company Material Adverse Effect. Except as set forth in Section 3.16 of the Company Disclosure Schedule, all of the electric generating facilities owned, in whole or in part, leased or operated by the Company or its Subsidiaries (the "Facilities") have been operated in all material respects in the ordinary course of business consistent with past practice, and, to the knowledge of the Company, there are no pending material claims for defective work, equipment or materials relating to the Facilities made by the Company or any of its Subsidiaries.

Section 3.17 No Ownership of Nuclear Power Plants. Neither the Company nor any of its Subsidiaries owns, directly or indirectly, any interest in any nuclear generation station or manages or operates any nuclear generation station.

Section 3.18 Insurance.

(a) Except for failures to maintain insurance that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, from December 30, 2010 through the date of this Agreement and except as set forth in Section 3.18(a) of the Company Disclosure Schedule, each of the Company and its Subsidiaries has been continuously insured with recognized insurers or has self-insured, in each case in such amounts and with respect to such risks and losses as are consistent with the past practice of the Company. Neither the Company nor any of its Subsidiaries has received any written notice of cancellation or termination with respect to any material insurance policy of the

Company or any of its Subsidiaries, except as would not be reasonably expected to have a Company Material Adverse Effect.

(b) Section 3.18(b) of the Company Disclosure Schedule sets forth a list of all Captive Insurer Policies, including for each Captive Insurer Policy, the name of the insured, the type of coverage provided, the policy limit and deductible, the issue and expiration dates, and the annual premium amount. For purposes of the Agreement, the term "Captive Insurer Policy" means any contract of insurance or reinsurance issued or assumed by the Captive Insurer which (1) is in force as of the date of the Agreement or (2) is terminated or expired as of the date of the Agreement but under which the Captive Insurer may continue to receive benefits or have obligations.

(c) All benefits claimed by, or paid, payable, or credited to, any insured under any Captive Insurer Policy have been paid or credited in accordance with the terms of the applicable Captive Insurer Policy, and such payments, credits or provisions were not materially delinquent and were paid or credited (or will be paid or credited) without fines or penalties (excluding interest), except for any such claim for benefits for which there is a reasonable basis to contest payment and except for such claims for benefits that, if not paid or credited, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) As of the date of the Agreement, the Captive Insurer has not entered into and is not bound or obligated under any reinsurance treaties or contracts that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(e) The Company has made available for inspection to Parent (1) copies of all examination reports (including financial, market conduct and similar examinations) issued by an insurance regulatory authority with respect to the Captive Insurer which have been completed and issued since December 31, 2007; (2) any draft or incomplete examination reports (including financial, market conduct and similar examinations) provided to the Captive Insurer or the Company by any insurance regulatory authority with respect to the Captive Insurer pursuant to any currently ongoing or incomplete examinations; (3) all material filings or submissions made by the Captive Insurer or the Company with any insurance regulatory authority since December 31, 2007; and (4) all other material correspondence, inquires and other materials relating to the Captive Insurer received from or delivered to any insurance regulatory authority since December 31, 2007. Since December 31, 2007, no material deficiencies or violations with respect to the Captive Insurer have been asserted in writing by any insurance regulatory authority, other than any deficiency or violation which has been cured or otherwise resolved to the satisfaction of the insurance regulatory authority that noted such deficiency or violation.

Section 3.19 Intellectual Property. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and its Subsidiaries own or have a valid right to use all patents, trademarks, trade names, service marks, domain names, copyrights and any applications and registrations therefor, trade secrets, know-how and computer software (collectively, "Intellectual Property Rights") used in connection with and reasonably necessary for the business of the Company and its Subsidiaries as currently conducted. To the knowledge of the Company, since December 31, 2009, neither

the Company nor any of its Subsidiaries has infringed, misappropriated or violated in any material respect any Intellectual Property Rights of any third party except where such infringement, misappropriation or violation would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. To the knowledge of the Company, no third party is infringing, misappropriating or violating any Intellectual Property Rights owned or exclusively licensed by or to the Company or any of its Subsidiaries, except where such infringement, misappropriation or violation would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Section 3.20 Material Contracts. Except as set forth in Section 3.20 of the Company Disclosure Schedule, as of the date hereof, neither the Company nor any of its Subsidiaries is a party to or bound by any Contract that (i) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K promulgated by the SEC), (ii) would, after giving effect to the Merger, materially limit or restrict the Surviving Corporation or any of its Subsidiaries or any successor thereto, from engaging or competing in any line of business or in any geographic area that it currently engages in or that contains exclusivity or non-solicitation provisions with respect to customers, (iii) limits or otherwise restricts the ability of the Company or any of its Subsidiaries to pay dividends or make distributions to its shareholders or (iv) provides for the operation or management of any material operating assets of the Company or its Subsidiaries by any person other than the Company or its Subsidiaries. Each Contract of the type described in this Section 3.20, whether or not set forth on Section 3.20 of the Company Disclosure Schedule is referred to herein as a "Company Material Contract." Each Company Material Contract is a valid and binding obligation of the Company or its Subsidiary party thereto enforceable against the Company or its Subsidiary party thereto and, to the knowledge of the Company, each other party thereto, in accordance with its terms (except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought) and, is in full force and effect, and each of the Company and each of its Subsidiaries which is a party thereto has performed in all material respects all obligations required to be performed by it to the date hereof under each Company Material Contract and, to the knowledge of the Company, each other party to each Company Material Contract has performed in all material respects all obligations required to be performed by it under such Company Material Contract, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. None of the Company or any of its Subsidiaries has knowledge of, or has received written notice of, any violation of or default under (or any condition which with the passage of time or the giving of written notice would cause such a violation of or default under) any Company Material Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect or, after giving effect to the Merger, a Parent Material Adverse Effect. "Contract" or "contract" means any written agreement, undertaking, contract, commitment, lease, license, permit, franchise, concession, deed of trust, contract, note, bond, mortgage, indenture, arrangement or other instrument or obligation.

Section 3.21 Affiliate Transactions. To the knowledge of the Company, since December 30, 2010, there have been no transactions, or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions, or series of related transactions, that would be required to be disclosed under Item 404 of Regulation S-K promulgated under the Exchange Act that have not been otherwise disclosed in the Company SEC Documents publicly filed prior to the date hereof.

Section 3.22 Trading. The Company has established risk parameters, limits and guidelines in compliance with the risk management policy approved by the Company's Board of Directors (the "Company Trading Policies") to restrict the level of risk that the Company and its Subsidiaries are authorized to take with respect to, among other things, the net position resulting from all physical commodity transactions (including the anticipated output from the Company's merchant generation fleet and the contracted price of coal), exchange-traded futures and options transactions, over-the-counter transactions and derivatives thereof and similar transactions (the "Net Company Position") and monitors compliance by the Company and its Subsidiaries with such Company Trading Policies. The Company Trading Policies are consistent with applicable Laws of the State of Ohio and the Federal Power Act, in all material respects. The Company has provided the Company Trading Policies to Parent prior to the date of this Agreement. Except as set forth in Section 3.22 of the Company Disclosure Schedule, as of the date hereof, the Net Company Position is within the risk parameters that are set forth in the Company Trading Policies.

Section 3.23 Required Vote of the Company Shareholders. The vote (in person or by proxy) of the holders of two-thirds of the outstanding shares of Company Common Stock entitled to vote on this Agreement and the Transactions, including the Merger, at the Company Shareholders' Meeting, or any adjournment or postponement thereof, in favor of the adoption of this Agreement and the approval of the Transactions, including the Merger (the "Company Shareholder Approval") is the only vote or approval of the holders of any class or series of capital stock or other securities of the Company or any of its Subsidiaries that is required to adopt this Agreement and approve the Transactions, including the Merger.

Section 3.24 Antitakeover Statutes; Rights Plan.

(a) Subject to the accuracy of the representations and warranties of Parent and Merger Sub in Section 4.4, the Board of Directors of the Company has taken all actions necessary so that, to the extent applicable, the restrictions contained in Sections 1701.83, 1701.831 and 1701.832 of the OGCL will not apply to the execution, delivery or performance of this Agreement or the consummation of the Transactions, including the Merger, and no other Takeover Laws are applicable to the Merger, this Agreement or any of the Transactions. As used in this Agreement, "Takeover Laws" shall mean any "moratorium," "control share acquisition," "fair price," or "business combination statute or regulation" or other similar state antitakeover Laws and regulations.

(b) The Company has approved an amendment to the Rights Agreement, dated September 25, 2001, between the Company and Computershare, f/k/a Equiserve Trust Company, N.A. (the "Shareholders Rights Plan") so that Parent, Merger Sub and their affiliates are not "Acquiring Persons" and the Transactions, including the Merger, are not "Business

Combinations," in each case as such terms are defined therein, and to cause the Shareholders Rights Plan to continue as amended through the End Date. Other than the Shareholders Rights Plan, the Company is not a party to any anti-takeover plan or agreement.

Section 3.25 Opinion of Financial Advisor. The Board of Directors of the Company has received the opinion of UBS Securities LLC ("UBS") to the effect that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth therein, the Merger Consideration to be received by the holders of Company Common Stock is fair, from a financial point of view, to such holders. The Company shall, following receipt of said opinion in written form, furnish an accurate and complete copy of said opinion to Parent solely for informational purposes.

Section 3.26 Finders or Brokers. Except for UBS (the fees and expenses of which will, prior to the Closing, be the responsibility of the Company), neither the Company nor any of its Subsidiaries has employed any investment banker, broker or finder in connection with the Transactions who might be entitled to any fee or any commission in connection with or upon consummation of the Merger or the Transactions. The Company has furnished to Parent accurate and complete copies of its agreements with UBS related to the Merger and the Transactions.

Section 3.27 No Additional Representations. The Company acknowledges that neither Parent nor Merger Sub makes any representation or warranty as to any matter whatsoever except as expressly set forth in this Agreement or in any certificate delivered by Parent or Merger Sub to the Company in accordance with the terms hereof, and specifically (but without limiting the generality of the foregoing) that neither Parent nor Merger Sub makes any representation or warranty with respect to (a) any projections, estimates or budgets delivered or made available to the Company (or any of their respective affiliates, officers, directors, employees or Representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of Parent and its Subsidiaries or (b) the future business and operations of Parent and its Subsidiaries in each case except as expressly set forth in this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub represent and warrant to the Company that except as set forth in the "Parent Disclosure Schedule" (as such term is used in this Agreement), a copy of which has been provided to the Company, with specific reference to the particular Article or Section of this Agreement to which the information set forth in such schedule relates (it being agreed that disclosure of any item in any Article or Section of the Parent Disclosure Schedule shall be deemed disclosure with respect to any other Article or Section to which the relevance of such item is reasonably apparent):

Section 4.1 Qualification; Organization, Subsidiaries, etc.

(a) Each of Parent and Merger Sub is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing, character or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or in good standing or to have such power or authority, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) As used in this Agreement, a "Parent Material Adverse Effect" means any event, change, effect, development, condition or occurrence that, individually or in the aggregate, is or would reasonably be expected to prevent, delay or impair the ability of the Parent and the Merger Sub to perform their respective obligations hereunder and to consummate the Transactions in a timely fashion.

Section 4.2 Corporate Authority Relative to this Agreement; No Violation.

(a) Each of Parent and Merger Sub has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Boards of Directors of Parent and Merger Sub and by Parent or its relevant Subsidiary, as the sole shareholder of Merger Sub, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize the Merger or the consummation of the Transactions. This Agreement has been duly and validly executed and delivered by Parent and Merger Sub, and, assuming this Agreement constitutes the legal, valid and binding agreement of the Company, this Agreement constitutes the legal, valid and binding agreement of each of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Other than in connection with or in compliance with (i) the HSR Act, (ii) the FPA and the FERC Approval and (iii) the PUCO (collectively, the "Parent Approvals"), no authorization, consent, order, license, permit or approval of, or registration, declaration, notice or filing with, or action by, any Governmental Entity is necessary or required to be obtained or made under applicable Law in connection with the execution and delivery of this Agreement by Parent and Merger Sub, the performance by Parent and Merger Sub of their respective obligations hereunder or the consummation of the Transactions by Parent and Merger Sub, except for such authorizations, consents, approvals or filings, that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect (it being understood that Parent is not making any representations or warranties with respect to the Company's or any of its Subsidiary's assets in Kentucky).

(c) The execution and delivery by Parent and Merger Sub of this Agreement do not, and, provided the Parent Approvals are obtained, the consummation of the Transactions and compliance with the provisions hereof will not (i) conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture, deed of trust, lease, agreement, contract, instrument, permit, concession, franchise, right, license or other agreement binding upon Parent or Merger Sub or result in the creation of any Lien, other than any such Lien (A) for Taxes or governmental assessments, charges or claims of payment not yet due or delinquent, being contested in good faith or for which adequate accruals or reserves have been established, (B) which is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the ordinary course of business, (C) which is disclosed on the most recent consolidated balance sheet of Parent or notes thereto or securing liabilities reflected on such balance sheet, (D) which was incurred in the ordinary course of business since the date of the most recent consolidated balance sheet of the Parent or (E) which does not and would not reasonably be expected to materially impair the continued use and operation of the assets to which they relate as operated as of the date hereof or any property at which the material operations of Parent or Merger Sub are conducted as of the date hereof, upon any of the properties or assets of Parent or Merger Sub, (ii) conflict with or result in any violation of any provision of the articles of incorporation or bylaws or other equivalent organizational document of Parent or Merger Sub or (iii) conflict with or violate any applicable Laws, other than, in the case of clauses (i) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.3 Investigations; Litigation. (a) There is no investigation, audit or review pending (or, to the knowledge of Parent, threatened) by any Governmental Entity with respect to Parent or Merger Sub, (b) there are no actions, suits, inquiries, arbitrations, investigations or proceedings pending (or, to the knowledge of Parent, threatened) against, relating to or affecting Parent or Merger Sub, or any of their respective properties at law or in equity before and (c) there are no orders, injunctions, rulings, stipulations, awards, judgments, writs imposed on or decrees of, or before, any Governmental Entity except, in the case of clauses (a) through (c), as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 Ownership of Company Common Stock. As of the date hereof, neither the Parent nor the Merger Sub (i) either individually or as part of a group beneficially owns (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly or (ii) is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, shares of capital stock of the Company.

Section 4.5 No Required Vote of Parent Shareholders; Merger Sub Approval.

(a) No vote of the holders of any class or series of Parent capital stock is necessary to approve this Agreement or the Transactions.

(b) The Board of Directors of Merger Sub, by written consent duly adopted prior to the date hereof, (i) determined that this Agreement and the Transactions, including the Merger, are advisable and in the best interests of Merger Sub and its shareholder, (ii) duly approved this Agreement and the Transactions, including the Merger, which approval has not been rescinded or modified and (iii) submitted this Agreement for adoption, and the Transactions, including the Merger for approval, by Parent, or its relevant Subsidiary, as the sole shareholder of Merger Sub. Parent or its relevant Subsidiary, as the sole shareholder of Merger Sub, has duly adopted this Agreement and approved the Transactions, including the Merger.

Section 4.6 Finders or Brokers. Except for Merrill Lynch, Pierce, Fenner & Smith, Incorporated (the fees and expenses of which will be the responsibility of Parent), neither Parent nor any of its Subsidiaries has employed any investment banker, broker or finder in connection with the Transactions who might be entitled to any fee or any commission in connection with or upon consummation of the Merger or the Transactions.

Section 4.7 Availability of Funds. On the Closing Date, Parent will have sufficient funds to pay (i) the aggregate Merger Consideration in accordance with Article II hereof and to consummate the Transactions, including the Merger and (ii) all fees and expenses required to be paid by Parent and Merger Sub in connection with the Transactions.

Section 4.8 No Additional Representations.

(a) Notwithstanding anything contained in this Agreement to the contrary, each of Parent and Merger Sub acknowledges and agrees that neither the Company nor any person has made or is making any representations or warranties relating to the Company or its Subsidiaries whatsoever, express or implied, beyond those expressly given by the Company in Article III hereof, including any implied representation or warranty as to the accuracy or completeness of any information regarding the Company furnished or made available to Parent, Merger Sub or any of their respective affiliates, officers, directors, employees or Representatives. Without limiting the generality of the foregoing, each of Parent and Merger Sub acknowledges that no representations or warranties are made with respect to (a) any projections, estimates or budgets delivered or made available to Parent or Merger Sub (or any of their respective affiliates, officers, directors, employees or Representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Company and its Subsidiaries or (b) the future business and operations of the Company and its Subsidiaries, in each case except as expressly set forth in this Agreement.

(b) Parent and Merger Sub each acknowledge and agree that it (i) has had the opportunity to meet with the management of the Company and to discuss the business, assets and liabilities of the Company and its Subsidiaries, (ii) has been afforded the opportunity to ask questions of and receive answers from officers of the Company and (iii) has conducted its own independent investigation of the Company and its Subsidiaries, their respective businesses, assets, liabilities and the Transactions contemplated by this Agreement.

Section 4.9 Ownership and Operations of Merger Sub. Parent owns, and at the Effective Time will own, beneficially and of record, all of the outstanding capital stock of Merger Sub either directly or indirectly through one or more of its wholly-owned Subsidiaries.

Merger Sub was formed solely for the purpose of engaging in the Transactions, has engaged in no other business activities, has not incurred any material obligations or liabilities except pursuant to this Agreement and has conducted its operations only as contemplated by this Agreement.

Section 4.10 Information Supplied. The information supplied by Parent and Merger Sub for inclusion or incorporation by reference in the Proxy Statement will, at the time the Proxy Statement is filed with the SEC, and at the time the Proxy Statement is first sent to the shareholders of the Company, not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

Section 4.11 Solvency. Immediately following the Effective Time, assuming (a) satisfaction of the conditions to Parent's and Merger Sub's obligation to consummate the Merger, or waiver of such conditions and (b) the accuracy of the representations and warranties of the Company set forth in Article III hereof, the Surviving Corporation will be solvent (assuming for the purposes of this representation that the Company and each of its Subsidiaries was solvent immediately prior to the Effective Time). For the purposes of this Agreement, the term "Solvent" when used with respect to each of Merger Sub and the Surviving Corporation, means that, as of any date of determination (i) Merger Sub and the Surviving Corporation will be able to pay their debts as of such date as they become due and shall own property having a fair saleable value greater than the amounts required to pay their debts (including a reasonable estimate of the amount of all contingent liabilities) as they become absolute and mature; and (ii) Merger Sub and the Surviving Corporation shall not have, as of such date, unreasonably small capital to carry on their business.

ARTICLE V

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company. From and after the date hereof and prior to the earlier of the Effective Time or the date, if any, on which this Agreement is earlier terminated pursuant to Section 7.1 and except (i) as may be required by applicable Law or the regulations or requirements of any stock exchange or regulatory agency or commission applicable to the Company, (ii) as may be agreed to in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated or required by this Agreement or (iv) as set forth in Section 5.1 of the Company Disclosure Schedule:

(a) Ordinary Course. The Company covenants and agrees with Parent that the business of the Company and its Subsidiaries shall be conducted in, and that such entities shall not take any action except in, the ordinary course of business consistent with past practice (which shall be deemed to include the retail business), and, to the extent consistent therewith, the Company and its Subsidiaries shall use commercially reasonable efforts to preserve intact their present business organizations, to keep available the services of their key officers and employees, to preserve their assets and properties, to continue to procure fuel in the ordinary course of

business consistent with past practice, to preserve their relationships with Governmental Entities, customers and suppliers and others having significant business dealings with them and to comply in all material respects with all Laws, orders and permits of all Governmental Entities applicable to them; provided, however, that no action by the Company or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.1(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision; and

(b) the Company agrees with Parent, on behalf of itself and its Subsidiaries, that between the date hereof and the Effective Time, without the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned);

(i) Governing Documents. Except as set forth in Section 5.1(b)(i) of the Company Disclosure Schedule, the Company shall not adopt any amendments to its articles of incorporation or code of regulations or similar applicable organizational documents, and shall not permit DP&L to adopt any amendments to its articles of incorporation or code of regulations or similar applicable organizational documents;

(ii) Dividends. The Company shall not, and shall not permit any of its Subsidiaries to, declare, set aside or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its Subsidiaries), except (1) the declaration and payment of quarterly cash dividends with respect to the Company Common Stock not to exceed the current dividend rate, with record dates and payment dates consistent with the Company's past dividend practice (2) the declaration and payment of quarterly cash dividends with respect to the Company's Subsidiary's Preferred Stock not to exceed the current dividend rate, with record dates and payment dates consistent with the Company's Subsidiary's past dividend practice, (3) the declaration and payment of dividends from a Subsidiary of the Company to the Company or to another wholly-owned Subsidiary of the Company and (4) a special dividend on Company Common Stock with respect to the quarter in which the Effective Time occurs with a record date on or prior to the Effective Time, which does not exceed an amount equal to the current dividend rate multiplied by a fraction, the numerator of which is the number of days in such quarter prior to the Effective Time, and the denominator of which is the total number of days in such fiscal quarter;

(iii) Changes in Stock. The Company shall not, and shall not permit any of its Subsidiaries to, split, combine, reclassify, issue or authorize any securities, in lieu or substitution of, or take similar actions with respect to any of its capital stock, except for any such transaction in the ordinary course by a wholly-owned Subsidiary of the Company which remains a wholly-owned Subsidiary after consummation of such transaction and that does not adversely affect the Company;

(iv) Fundamental Changes. The Company shall not, and shall not permit any of its Subsidiaries to, adopt a plan of complete or partial liquidation,

dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, or enter into a letter of intent or agreement in principle with respect thereto, other than the Merger and other than any merger, consolidation, restructurings or reorganizations among the Company's wholly-owned Subsidiaries in the ordinary course and that do not adversely affect the Company and other than any such transaction that is expressly permitted under Section 5.3 of this Agreement to the extent that the Company is in compliance with all provisions of Section 5.3;

(v) Repayment of Indebtedness. Except for transactions between (x) the Company and its wholly-owned Subsidiaries or (y) among the Company's wholly-owned Subsidiaries, in each case in the ordinary course and that do not adversely affect the Company, the Company shall not, and shall not permit any of its Subsidiaries to, redeem, repurchase, defease, cancel or otherwise acquire any indebtedness for borrowed money of the Company or any of its Subsidiaries, other than (x) at or within one hundred twenty (120) days of stated maturity, (y) any required amortization payments and mandatory prepayments and (z) indebtedness for borrowed money arising in connection with the amending or refinancing of the indebtedness disclosed in Section 5.1(b)(v) of the Company Disclosure Schedule or as contemplated by Section 5.14 of this Agreement;

(vi) Acquisitions. Except as made in connection with any transaction solely between (x) the Company and a wholly-owned Subsidiary of the Company or (y) between wholly-owned Subsidiaries of the Company, in each case in the ordinary course and that do not adversely affect the Company, the Company shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire (whether by merger, consolidation, purchase or otherwise) any person or assets for consideration valued in excess of $2.0 million individually or $10.0 million in the aggregate;

(vii) Capital Expenditures. Except (A) capital expenditures made in accordance with, and not exceeding the amounts included in the Company's capital expenditures budgets for 2011 or 2012, in each case set forth on Section 5.1(b)(vii) of the Company Disclosure Schedule (except to the extent that any capital expenditure proposed to be made on a transmission or distribution project when taken together with all other capital expenditures already made during the current year on transmission or distribution projects would, if made, cause the aggregate amount of capital expenditures on transmission or distribution projects to exceed $130 million during 2011 or $110 million during 2012) or (B) capital expenditures (1) required by Law or Governmental Entities, (2) incurred in connection with the repair or replacement of facilities destroyed or damaged due to casualty or accident (whether or not covered by insurance), (3) relating to obligations required by written operating agreements with respect to the William H. Zimmer Generating Station, located at Moscow, Ohio or (4) relating to obligations required by written operating agreements and under which the Company or its Subsidiaries have no consent rights with respect to Facilities (other than the William H. Zimmer Generating Station) that are partially owned

by the Company or any of its Subsidiaries and which are not operated by the Company or its Subsidiaries, the Company shall not, and shall not permit any of its Subsidiaries to make any capital expenditure; provided, that the Company may make any emergency capital expenditure or expenditures it deems necessary in its reasonable judgment to restore or maintain the provision of energy to firm wholesale and retail customers; and provided further, that, with respect to any proposed transmission or distribution project involving capital expenditures in excess of $1 million, the Company shall first consult with Parent, and use commercially reasonable efforts to incorporate the views of Parent, prior to commencing any such proposed transmission or distribution project;

(viii) Dispositions. Except (A) dispositions among the Company and its wholly-owned Subsidiaries, (B) dispositions among the Company's wholly-owned Subsidiaries, (C) dispositions of obsolete equipment or assets or dispositions of assets being replaced, including allowing ceasing use of, abandoning, or allowing to lapse any Intellectual Property Rights owned or used by the Company or its Subsidiaries, in each case in the ordinary course of business consistent with past practice, (D) dispositions in amounts less than $2.0 million individually or $10.0 million in the aggregate, (E) pledges and mortgages of property acquired by the Company and any of its Subsidiaries as required pursuant to Company debt instruments or any debt instruments of any Subsidiary and (F) except as set forth in Section 5.1(b)(viii) of the Company Disclosure Schedule, the Company shall not, and shall not permit any of its Subsidiaries to sell, lease, exchange, mortgage, pledge, transfer or otherwise dispose of any person, Facilities or other assets;

(ix) Compensation Matters. Except as required by the terms of a Company Benefit Plan set forth on Section 3.12(a) of the Company Disclosure Schedule as of the date of this Agreement and except as set forth in Section 5.1(b)(ix) of the Company Disclosure Schedule, by applicable Law, or as otherwise permitted by this Agreement, the Company shall not, and shall not permit any of its Subsidiaries, (x) except in the ordinary course of business consistent with past practice, to (A) increase the compensation or other benefits (including equity-based awards) payable or provided to the Company's directors, executive officers, managers or employees (other than as required by any applicable collective bargaining agreement), (B) enter into any employment, change of control, severance or retention agreement with any current or future employee of the Company or (C) establish, adopt, enter into, accelerate any rights or benefits under, or amend (other than any amendment that is immaterial or administrative in nature) any plan, policy, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, except as permitted pursuant to clause (B) above or (y) to enter into, accelerate any rights or benefits under, amend or renew any agreements with labor unions, including any pamphlets or collective bargaining agreements without, (A) prior consultation with Parent, and the Transition Committee taking commercially reasonable efforts to incorporate the views of Parent and the Transition Committee and (B) the consent of Parent (such consent not to be

unreasonably withheld, conditioned or delayed) to such terms or conditions of any such agreement which are not customary or are outside of market parameters in the Company's or its Subsidiary's industry for such terms or conditions;

(x) Employee Headcount. The Company shall not, and shall not permit any of its Subsidiaries to, (A) increase its employee headcount in the aggregate in excess of the headcount projected in the Company's budget set forth on Section 5.1(b)(x) of the Company Disclosure Schedule or (B) reduce the number of employees in a manner which would implicate the WARN Act or any state or local Laws requiring notice with respect to layoffs or terminations;

(xi) Capital Stock of the Company. Except for transactions (x) among the Company and its wholly-owned Subsidiaries or (y) among the Company's wholly-owned Subsidiaries, in each case in the ordinary course and that do not adversely affect the Company and except as set forth in Section 5.1(b)(xi) of the Company Disclosure Schedule, the Company shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interest in the Company or any of its Subsidiaries or any securities convertible into or exchangeable for any such shares or ownership interest, or any rights, warrants or options to acquire or with respect to any such shares of capital stock, ownership interest or convertible or exchangeable securities or take any action to cause to be exercisable any otherwise unexercisable option under any existing stock option plan (except as otherwise provided by the terms of this Agreement, as required by the terms of any Company Benefit Plan, or the express terms of any unexercisable or unexercised equity awards outstanding on the date hereof), other than (A) issuances of shares of Company Common Stock in respect of any exercise of Company Stock Options and settlement of any Company RSUs outstanding on the date hereof or as may be granted after the date hereof as permitted under this Section 5.1(b), (B) the sale of shares of Company Common Stock pursuant to the exercise of options exercisable into, or the vesting of awards with respect to, Company Common Stock, to purchase Company Common Stock if necessary to effectuate an optionee direction upon exercise or for withholding of Taxes, (C) the grant of equity compensation awards in the ordinary course of business in accordance with the Company's customary compensation practices and (D) the issuance of shares of Company Common Stock pursuant to the exercise of Warrants issued pursuant to the Warrant Agreement; provided that any such awards granted after the date hereof shall be granted on terms pursuant to which such awards shall not vest or accelerate as a result of the Merger or the occurrence of the Closing; and provided, further, that in no event shall additional 'matching shares' be issued from and after March 31, 2011 in respect of Restricted Shares outstanding as of such date (which shall in no event exceed 8,900 matching shares in the aggregate or at any time thereafter);

(xii) Redemptions or Repurchases of Subsidiaries' Stock. Except for transactions (x) among the Company and its wholly-owned (directly or indirectly)

Subsidiaries or (y) among the Company's wholly-owned (directly or indirectly) Subsidiaries, in each case in the ordinary course and that do not adversely affect the Company, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, purchase, redeem or otherwise acquire any shares of the capital stock of any of them or any rights or options to acquire any such shares, other than pursuant to the terms of any Company Benefit Plan or the express terms of an equity award;

(xiii) Incurrence of Indebtedness. Except as set forth in Section 5.1(b)(xiii) of the Company Disclosure Schedule, or as contemplated by Section 5.14 of this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to, create, incur, assume, suffer to exist or otherwise be liable with respect to any indebtedness for borrowed money or guarantees thereof or enter into any "keep well" or other agreement to maintain any financial condition of another person or enter into any arrangement having the economic effect of any of the foregoing (including any capital leases, "synthetic" leases or conditional sale or other title retention agreement) or issue or sell any debt securities, other than (1) in the ordinary course of business consistent with past practice on terms that allow for prepayment at any time without penalty or (2) in connection with a refinancing of existing indebtedness as contemplated by the financial budgets of the Company previously provided to Parent, provided, however, that in the case of each of clauses (1) or (2) such actions are not reasonably likely to cause any two of Fitch Ratings, Ltd., Standard & Poor's or Moody's Investors Service to recognize the Company's corporate credit rating to be less than the date hereto; provided further, however, that in the case of clause (1) such indebtedness shall not exceed $50.0 million in the aggregate;

(xiv) Changes in Accounting Methods. The Company shall not, and shall not permit any of its Subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP, SEC rule or policy or applicable Law;

(xv) Company Trading Policies. Except as set forth in Section 5.1(b)(xv) of the Company Disclosure Schedule, the Company shall not materially amend or terminate the Company Trading Policies or fail to monitor compliance by the Company and its Subsidiaries with the Company Trading Policies consistent with past practices;

(xvi) Tax Matters. The Company shall not, and shall not permit any of its Subsidiaries, to (A) initiate, settle or compromise any claim, action or proceeding relating to a material amount of Taxes, provided that the Company may settle or compromise the current Internal Revenue Service audit of the Company's 2008 consolidated U.S. federal income Tax Return for an amount that does not exceed $5.0 million, (B) make, change or revoke any material Tax election, (C) change any method of Tax accounting that is not required by GAAP, (D) file any material amended Tax Return or claim for refund of a material

amount of Taxes, (E) enter into any closing agreement affecting any material Tax liability or refund of a material amount of Taxes or (F) extend or waive the application of any statute of limitations regarding the assessment or collection of any material Taxes, provided, however, that the Company shall use reasonable efforts to consult with Parent in advance of any action under clause (A) above (determined without regard to materiality) and any other material Tax action under this Section 5.1(b)(xvi);

(xvii) Legal Proceedings. The Company shall not, and shall not permit any of its Subsidiaries to, pay or settle any material legal proceedings, other than payments or settlements (A) that do not exceed $10.0 million in the aggregate in any consecutive 12-month period, (B) that have become due and payable prior to the date hereof or (C) that are reflected or reserved against in, or contemplated by, the most recent financial statements of the Company (in amounts not in excess of the amounts so reflected, reserved or contemplated) (provided that the exceptions set forth in clauses (A) or (B) shall not apply to any proceedings arising out of or related to this Agreement or the Transactions);

(xviii) New Lines of Business. The Company shall not, and shall not permit any of its Subsidiaries to, (A) enter into any new line of business or (B) conduct any business outside the United States or any of the States in which the Company is currently conducting business, except in the ordinary course of business consistent with past practice and except for the expansion of the Company's retail business;

(xix) Material Agreements with Governmental Entities. The Company shall not, and shall not permit any of its Subsidiaries to, agree or consent to any material agreements or material modifications of existing agreements or course of dealings with any Governmental Entities in respect of the operations of their businesses, except that the Company may (A) renew Permits, (B) enter into or amend agreements, both in the ordinary course of business consistent with past practice, (C) enter into or amend agreements relating to or governed by Ohio Revised Code Chapter 4928 or (D) enter into or amend agreements relating to or governed by federal law or regulation, including the FPA and federal Environmental Laws except, with respect to clause (C) and (D), in consultation with Parent and after using commercially reasonable efforts to incorporate the views of Parent;

(xx) Insurance. The Company shall, and shall cause its Subsidiaries, to maintain with financially responsible insurance companies (or through self-insurance not inconsistent with such party's past practice), insurance in such amounts and against such risks and losses as are reasonable for the nature of the property so insured and consistent with past practice;

(xxi) Regulated Rate Changes. To the extent permitted by applicable Law, the Company shall, and shall cause its Subsidiaries to, on a reasonable basis, (1) discuss with Parent any changes in its or its Subsidiaries' regulated rates or

charges (other than pass-through charges, including rate changes in accordance with existing formula rates), standards of service or regulatory accounting from those in effect on the date of this Agreement and (2) discuss with Parent, and use commercially reasonable efforts to incorporate the views of Parent, prior to making any filing (or any amendment thereto), or effecting any agreement, commitment, arrangement or consent, whether written or oral, formal or informal, with respect thereto (other than to implement rate changes in accordance with existing formula rates), including any such filings related to or governed by Ohio Revised Code Chapter 4928; provided, however, that without the consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed), the Company will not, or permit any Subsidiary to, (x) make any Electric Security Plan (ESP) filing, any Market Rate Offer (MRO) filing or any other filing that changes its rates in a material manner that may, individually or in the aggregate, impact its revenue for a period of longer than one (1) year or (y) joining any regional transmission organization to which it does not currently belong. Notwithstanding the foregoing, neither the Company nor any of its Subsidiaries shall be required to have discussions or consult with Parent prior to entering into arrangements with customers in the ordinary course of business consistent with past practice, provided, further, that, in no event shall the Company be obligated to have discussions or consult with Parent with respect to any of the foregoing if, in the opinion of the Company's outside counsel, to do so would be inconsistent with applicable Law;

(xxii) Material Agreements and Power Sales Contracts. Except as set forth in Section 5.1(b)(xxii) of the Company Disclosure Schedule, the Company shall not, and shall not permit its Subsidiaries to, enter into, terminate or materially modify or amend any contract that is or would be a (v) Company Material Contract, (w) any agreement or practice relating to fuel procurement that is not in the ordinary course of business consistent with past practice, (x) any agreement or course of dealing with or among any of the other owners of the Facilities that are partially owned by the Company or any of its Subsidiaries, (y) power sale contract which has a term of longer than five (5) years or (z) coal purchase contract which has a term of longer than five (5) years; provided that (A) the foregoing shall apply solely to the extent permitted by applicable Law, (B) the Company and its Subsidiaries may enter into any power sale contract awarded in a competitive procurement process irrespective of the terms of such contract and (C) for the avoidance of doubt, this subsection Section 5.1(b)(xxii) shall not prohibit the Company or any of its Subsidiaries from entering into those contracts which are otherwise expressly permitted to be entered into pursuant to Section 5.1(b);

(xxiii) Consummation of Transactions. Except as otherwise expressly provided for under Section 5.3 of this Agreement, and only to the extent the Company is in compliance with all provisions of Section 5.3, the Company shall not, and shall not permit its Subsidiaries to, enter into or amend any contract, or take any other action, if such contract, amendment of a contract or action would

reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Merger or the Transactions; and

(xxiv) General. The Company shall not, and shall not permit any of its Subsidiaries to, agree or commit, in writing or otherwise, to take any of the foregoing actions.

Section 5.2 Investigation.

(a) Upon reasonable notice, the Company shall, and shall cause its Subsidiaries to, afford to (x) the officers and employees and (y) the accountants, consultants, legal counsel, financial advisors and agents and other representatives (such persons described in this clause (y), collectively, "Representatives") of Parent reasonable access upon reasonable advance notice, during normal business hours throughout the period prior to the earlier of the Effective Time and the termination of this Agreement, to all of its available employees, properties, books, contracts and records (including, but not limited to, Tax Returns) and, during such period, the Company shall, and shall cause the Company Subsidiaries to, furnish promptly to Parent or its affiliates, officers, directors, employees and Representative, (i) access to each report, schedule and other document filed or received by the Company or any of the Company Subsidiaries pursuant to the requirements of federal or state securities laws or filed with or sent to the SEC, FERC, the DOJ, the FTC, the PUCO or any other federal or state regulatory agency or commission and (ii) access to all information concerning the Company, the Company's Subsidiaries, and their respective directors, officers and shareholders and such other matters as may be reasonably requested by Parent or its affiliates, officers, directors, employees and Representatives in connection with any filings, applications or approvals required or contemplated by this Agreement, but only to the extent that such access does not unreasonably interfere with the business or operations of the Company and its Subsidiaries (and, to the extent required by applicable Law, access to personnel records will be provided only if authorized by the specific employees); provided, however, that the Company may restrict the foregoing access and the disclosure of information to the extent that (i) in the reasonable judgment of the Company, any Law applicable to the Company requires the Company or its Subsidiaries to restrict or prohibit access to any such properties or information, (ii) in the reasonable judgment of the Company, the information is subject to confidentiality obligations to a third party, (iii) such disclosure would result in disclosure of any trade secrets or confidential strategic analyses and evaluations of the Company or of third parties or (iv) disclosure of any such information or document could result in the loss of attorney-client privilege (provided that the Company and/or its counsel shall use their commercially reasonable efforts to enter into such joint defense agreements or other arrangements, as appropriate, so as to allow for such disclosure in a manner that does not result in the loss of attorney client privilege); provided further, however, that with respect to clauses (i) through (iv) of this Section 5.2(a), the Company shall use its commercially reasonable efforts to (A) obtain the required consent of such third party to provide such access or disclosure or (B) develop an alternative to providing such information so as to address such matters that is reasonably acceptable to Parent and the Company; provided further, however, that no investigation pursuant to this Section 5.2 shall affect or be deemed to modify any representation or warranty made by the Company herein. Parent agrees to indemnify and hold the Company and its Subsidiaries harmless from any and all claims and liabilities, including costs and expenses for loss, injury to or death of any director, officer, employee or

Representative of Parent, and any damage to or destruction of any property owned by the Company or any of its Subsidiaries or others (including claims or liabilities for loss of use of any property) resulting from the action of any of the directors, officers, employees or Representatives of Parent (other than as directed by the Company or any of its Subsidiaries or any of their respective directors, officers, employees or Representatives) during any visit to the business or property sites of the Company or its Subsidiaries prior to the Closing Date, whether pursuant to this Section 5.2 or otherwise. During any visit to the business or property sites of the Company or any of its Company Subsidiaries, Parent shall, and shall cause its affiliates, officers, directors, employees or Representatives accessing such properties to, comply with all applicable laws and all of the Company's and its Subsidiaries' safety and security procedures and conduct itself in a manner that would not be reasonably expected to interfere with the operation, maintenance or repair of the assets of the Company or its Subsidiaries. Access shall be provided for site inspections in accordance with the conditions and procedures of this Section 5.2, but Parent's affiliates, officers, directors, employees and Representatives shall not conduct any environmental sampling, monitoring, probing, excavation or other invasive actions.

(b) The parties hereto hereby agree that all information provided to them or their respective affiliates, officers, directors, employees and Representatives in connection with this Agreement and the consummation of the Transactions shall be deemed to be "Evaluation Material" as such term is used in, and shall be treated in accordance with, the Confidentiality Agreement, dated as of July 30, 2010, between the Company and AES North American Development, LLC (the "Confidentiality Agreement").

Section 5.3 Acquisition Proposals.

(a) The Company agrees that neither it nor any of its Subsidiaries nor any of their respective officers and directors shall, and that it shall use its reasonable best efforts to cause its and its Subsidiaries' respective Representatives not to, directly or indirectly: (i) solicit, initiate, seek or knowingly encourage or facilitate (including by way of furnishing information) any inquiries or the making or submission of any Company Acquisition Proposal, (ii) furnish any nonpublic information regarding the Company or any of its Subsidiaries to any person (other than Parent or Merger Sub) in connection with or in response to a Company Acquisition Proposal, (iii) engage or participate in any discussions or negotiations with any person (other than Parent or Merger Sub) with respect to any Company Acquisition Proposal, (iv) approve, endorse or recommend any Company Acquisition Proposal or (v) enter into any letter of intent, agreement in principle or other agreement providing for any Company Acquisition Transaction (except as contemplated by Section 7.1(h)); provided, however, that this Section 5.3 shall not prohibit (A) the Company, or the Board of Directors of the Company, directly or indirectly through any affiliate, director, officer, employee or Representative, prior to the receipt of the Company Shareholder Approval, from furnishing nonpublic information regarding the Company or any of its Subsidiaries to, or entering into or participating in discussions or negotiations with, any person in response to (x) an unsolicited, written Company Acquisition Proposal that the Board of Directors of the Company concludes in good faith, after consultation with its financial advisors and outside legal counsel, constitutes or could reasonably lead to a Company Superior Offer or (y) an unsolicited inquiry relating to a Company Acquisition Proposal by a person that the Board of Directors of the Company determines is credible and reasonably capable of making a Company Superior Offer (an "Inquiry"), if (1) such Company Acquisition Proposal or Inquiry

did not result from a breach of this Section 5.3(a) (other than any such breach that is unintentional and immaterial in effect), (2) the Company gives to Parent the notice required by Section 5.3(b) and (3) the Company furnishes any nonpublic information provided to the maker of the Company Acquisition Proposal or Inquiry only pursuant to a confidentiality agreement between the Company and such person on terms no less favorable to the Company than the Confidentiality Agreement (provided, that such confidentiality agreement shall not in any way restrict the Company from complying with its disclosure obligations under this Agreement, including with respect to such proposal), and such furnished information is delivered promptly to Parent (to the extent such information has not been previously furnished or made available by the Company to Parent) or (B) the Company from taking and disclosing to its shareholders a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act with regard to any Company Acquisition Proposal; provided, however, that compliance with such rules shall not in any way limit or modify the effect that any action taken pursuant to such rules has under any other provision of this Agreement and in no event shall the Company or the Company's Board of Directors or a committee thereof take any action that would constitute a Company Change of Recommendation in respect of a Company Acquisition Proposal other than in compliance with Section 5.3(c).

(b) The Company shall promptly, and in no event later than 48 hours, after its receipt of any Company Acquisition Proposal or any request for nonpublic information relating to the Company or any of its Subsidiaries in connection with a Company Acquisition Proposal, advise Parent orally and in writing of such Company Acquisition Proposal or request, including providing the identity of the person making or submitting such Company Acquisition Proposal or request, and, (x) if it is in writing, a copy of such Company Acquisition Proposal and any related draft agreements and (y) if oral, a reasonably detailed summary of any such Company Acquisition Proposal or request. The Company shall keep Parent reasonably informed in all material respects on a prompt basis with respect to the status of, including any change to the status or material terms of, any such Company Acquisition Proposal.

(c) Except as contemplated by this Section 5.3(c), neither the Board of Directors of the Company nor any committee thereof shall (i) (A) withhold, withdraw, qualify or modify, or resolve to or publicly propose to withhold, withdraw, qualify or modify the Company Recommendation in a manner adverse to Parent, (B) following the date any Company Acquisition Proposal or any material modification thereto is first made public, sent or given to the shareholders of the Company, fail to issue a press release that expressly reaffirms the Company Recommendation within five (5) business days following Parent's written request to do so (which request may only be made once with respect to any such Company Acquisition Proposal and each material modification thereto) or (C) approve, adopt or recommend any Company Acquisition Proposal (each such action set forth in clauses (A) through (C) above being a "Company Change of Recommendation") or (ii) approve, adopt or recommend, or publicly propose to approve, adopt or recommend, a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than the confidentiality agreement referred to in Section 5.3(a)) or any tender offer providing for, with respect to, or in connection with any Company Acquisition Proposal. Notwithstanding the foregoing, the Board of Directors of the Company may at any time prior to receipt of the Company Shareholder Approval, in respect of a Company Acquisition Proposal, (i) make a Company Change of Recommendation

and/or (ii) terminate this Agreement pursuant to Section 7.1(h) of this Agreement, if and only if: (A) a Company Acquisition Proposal is made to the Company by a third party, and such offer is not withdrawn; (B) the Company's Board of Directors determines after consultation with its financial advisors and outside legal counsel that such offer constitutes a Company Superior Offer and (C) the Company Board of Directors has provided to Parent five (5) business days prior written notice of its intent to take such action (which notice shall include the reasonable details regarding the cause for, and nature of, the Company Change of Recommendation) and, if requested by Parent, negotiated in good faith with Parent during such five (5) business day period regarding revisions to this Agreement which would avoid such Company Change of Recommendation and/or termination.

The Board of Directors of the Company may not, in respect of a Company Acquisition Proposal, make a Company Change of Recommendation in a manner adverse to Parent except in compliance in all respects with this Section 5.3(c)and Section 7.1(h). For the avoidance of doubt, a change of the Company Recommendation to "neutral" is a Company Change of Recommendation.

(d) As used in this Agreement:

(i) "Company Acquisition Proposal" shall mean any bona fide offer, inquiry, proposal or indication of interest received from a third party (other than an offer, inquiry, proposal or indication of interest by a party to this Agreement) relating to any Company Acquisition Transaction;

(ii) "Company Acquisition Transaction" shall mean any transaction or series of transactions involving: (a) any merger, consolidation, share exchange, recapitalization, business combination or similar transaction involving the Company other than the Transactions; (b) any direct or indirect acquisition of securities, tender offer, exchange offer or other similar transaction in which a person or "Group" (as defined in the Exchange Act) of persons directly or indirectly acquires beneficial or record ownership of securities representing twenty percent (20%) or more of any class of equity securities of the Company; (c) any direct or indirect acquisition of any business or businesses or of assets that constitute or account for twenty percent (20%) or more of the consolidated net revenues, net income or assets of the Company and its Subsidiaries, taken as a whole; or (d) any liquidation or dissolution of the Company or any of its Subsidiaries; and

(iii) "Company Superior Offer" shall mean a Company Acquisition Proposal (provided that for purposes of this definition, references to twenty percent (20%) in the definition of Company Acquisition Transaction shall be deemed to be references to fifty percent (50%)) that the Company's Board of Directors determines, in good faith after consultation with its financial advisors and outside legal counsel taking into account all financial, legal and regulatory terms and conditions of the Company Acquisition Proposal (including any conditions to and expected timing of consummation and, any risks of non-consummation of such Company Acquisition Proposal) to be more favorable to

the Company and its shareholders (in their capacity as shareholders) as compared to the Transactions, including the Merger, and to any alternative transaction (including any modifications to the terms of this Agreement) proposed by Parent.

Section 5.4 Proxy Statement; Company Shareholders' Meeting.

(a) As soon as reasonably practicable following the date of this Agreement (but in no event later than 60 days), the Company shall prepare and file with the SEC the preliminary Proxy Statement. Each of the preliminary Proxy Statement and the Proxy Statement will comply in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder. The Company will respond as promptly as practicable to any comments or requests of the SEC on the preliminary Proxy Statement and the Company shall use reasonable best efforts to cause the Proxy Statement to be mailed to the Company's shareholders, in each case as promptly as reasonably practicable after the Company learns that the Proxy Statement will not be reviewed or that the SEC staff has no further comments thereon. Each of Parent and Merger Sub shall furnish to the Company all information concerning itself that is required or customary for inclusion in the Proxy Statement. The information provided by any party for use in or incorporation by reference in the Proxy Statement shall be true and correct, in all material respects, at the dates mailed to the Company's shareholders and at the time of the Company Shareholders' Meeting, without omission of any material fact that is required to make such information not false or misleading. Except for annual, quarterly and current reports filed or furnished with the SEC under the Exchange Act, which may be incorporated by reference therein (but subject to Section 5.8), no filing of, or amendment or supplement to the Proxy Statement will be made by the Company without Parent's prior consent (which shall not be unreasonably withheld, delayed or conditioned) and without providing Parent the opportunity to review and comment thereon. The Company will advise Parent promptly after it receives oral or written notice of any oral or written request by the SEC for amendment of the Proxy Statement or comments thereon and responses thereto or requests by the SEC for additional information, and will promptly provide Parent with copies of any written communication from the SEC or any state securities commission. If at any time prior to the Effective Time any information relating to Parent or the Company, or any of their respective affiliates, officers or directors, should be discovered by Parent or the Company which should be set forth in an amendment or supplement to the Proxy Statement, so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by law, disseminated to the shareholders of the Company. No representation, covenant or agreement is made by any party hereto with respect to information supplied by any other party for inclusion on the Proxy Statement.

(b) The Company shall promptly take all action necessary in accordance with applicable Laws and the Company Organizational Documents to duly give notice of, a meeting of its shareholders to be held as promptly as practicable to consider the adoption of this Agreement and the approval of the Transactions including the Merger (the "Company Shareholders' Meeting"). Unless there shall have been a Company Change of Recommendation in accordance with the terms of this Agreement, the Company will, through its Board of

Directors, convene and hold the Company Shareholders' Meeting, recommend that its shareholders adopt this Agreement and approve the Transactions, including the Merger, and will use commercially reasonable efforts to solicit from its shareholders proxies in favor of the adoption of this Agreement and the approval of the Transactions, including the Merger, and to take all other action necessary or advisable to secure the vote or consent of its shareholders required by the rules of the NYSE or applicable Laws to obtain such approvals.

(c) The Company shall take all action necessary to comply timely with applicable notification requirements under applicable Law in respect of any Company Benefit Plan holding Company Common Stock, including causing any Company Benefit Plan administrator to issue any such notices.

Section 5.5 Employee Matters.

(a) For a period of at least two (2) years following the Effective Time (the "Continuation Period"), Parent shall provide, or shall cause to be provided, to each current and former Company Employee, other than such employees covered by collective bargaining agreements, compensation and employee benefits (exclusive of equity-based compensation or benefits) that are no less favorable, in the aggregate, than the compensation and benefits provided to current and former Company Employees (as the case may be) immediately before the Effective Time; provided, that Parent shall be entitled to make modifications thereto to the extent such modifications do not result in compensation and benefits for the Company Employees not covered by collective bargaining agreements that are less favorable in the aggregate than that which is then provided to similarly situated employees of Parent not covered by collective bargaining agreements; provided, further, that nothing herein shall prohibit Parent or the Surviving Corporation from terminating the employment of any Company Employee to the extent permitted by applicable Laws; and provided, further, that, to the extent permitted by applicable Law, notwithstanding the foregoing provisions of this Section 5.5(a), (i) during the period beginning at the Effective Time and ending December 31, 2013, Parent shall cause The Dayton Power and Light Retirement Income Plan to remain in effect in respect of Company Employees (exclusive of those employed subject to a collective bargaining agreement) hired before January 1, 2011 and participating therein immediately before the Effective Time on terms and conditions no less favorable than those in effect immediately before the Effective Time and (ii) if benefit accruals in respect of such Company Employees are reduced or eliminated under The Dayton Power and Light Retirement Income Plan after December 31, 2013, such Company Employees shall be fully vested in their benefit accrued under such plan as of the effective time of such reduction or elimination.

(b) For purposes of vesting, eligibility to participate and accrual and level of benefits under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Effective Time (the "New Plans"), each Company Employee shall be credited for his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any similar Company employee benefit plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time, provided, however, that the foregoing shall not apply to the extent that its application would result in a duplication of benefits or to

benefit accrual under a defined benefit pension plan. In addition, and without limiting the generality of the foregoing, (A) Parent shall cause each Company Employee to be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is comparable to a Company Benefit Plan set forth on Section 3.12(a) of the Company Disclosure Schedule in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the "Old Plans") and (B) for purposes of each New Plan providing medical, dental, pharmaceutical or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Effective Time, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) With respect to any employee actively employed by the Company or its Subsidiaries at the Effective Time whose terms and conditions of employment are governed by the Compact by and between the Company and Local 175, Utility Workers Union of America, AFL-CIO (the "Compact") (each, a "Represented Employee"), Parent agrees to honor or cause to be honored the Compact in effect as of the Effective Time and to continue all terms and conditions of employment applicable to such Represented Employee under their respective collective bargaining agreements through the expiration, modification or termination of such agreements in conformity with applicable Law.

(d) The Company shall adopt a retention program for key employees prior to the Closing in accordance with Section 5.5(d) of the Company Disclosure Schedule.

(e) If and to the extent not paid by the Company prior to the Closing, Parent shall, or shall cause the Surviving Corporation to, pay, when such payments would have been due in the ordinary course, to each person who, as of immediately prior to the Closing, was eligible to and participated in the Company's annual bonus plans with respect to fiscal year 2011 (each an "Eligible Company Employee"), the amount earned and payable to such Eligible Company Employee for the performance period ending December 31, 2011, determined in accordance with the individual and other performance targets established under such plans in respect of such period, adjusted for costs incurred by the Company in connection with the Transactions.

(f) During the period beginning at the Effective Time and ending December 31, 2013, Parent shall cause the Company and its Subsidiaries not to implement any involuntary workforce reductions that would result in the Company and its Subsidiaries employing substantially fewer individuals in the aggregate than they employed (exclusive of officers and management employees of the Company who are covered by change in control agreements) immediately before the Effective Time; provided, that, the requirements of this sentence shall not apply if a material adverse effect on the Surviving Corporation or any of its Subsidiaries or any

of their respective material assets shall have occurred and is continuing; and, provided, further, that, for avoidance of doubt, nothing herein shall prohibit Parent, Surviving Corporation or any of or their respective Subsidiaries from terminating the employment of any Company Employee to the extent permitted by applicable Laws.

Section 5.6 Regulatory Approvals; Third-Party Consents; Reasonable Best Efforts.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties hereto shall use its reasonable best efforts (subject to, and in accordance with, applicable Law) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions, including (i) the obtaining of all necessary actions or nonactions, waivers, consents and approvals, including the Company Approvals and the Parent Approvals, from Governmental Entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary consents, approvals or waivers from third parties, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions and (iv) the execution and delivery of any additional instruments necessary to consummate the Transactions.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company and Parent shall as promptly as practicable following the date of this Agreement, but in any event within thirty (30) days, use reasonable best efforts to (i) make all necessary filings and thereafter make any other required submissions in respect of each of the Company Approvals and the Parent Approvals, (ii) cooperate with each other in (A) determining whether any filings are required to be made with, or consents, permits, authorizations, waivers or approvals are required to be obtained from, any third parties or other Governmental Entities in connection with the execution and delivery of this Agreement and the consummation of the Transactions and (B) timely making all such filings and timely seeking all such consents, permits, authorizations or approvals, (iii) subject to Section 5.6(d), take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the Transactions, including taking all such further action as may be necessary to resolve such objections, if any, as the FERC, the United States Federal Trade Commission (the "FTC"), the PUCO, the SEC, the FCC, the Antitrust Division of the United States Department of Justice (the "DOJ") or competition authorities of any other nation may assert under Regulatory Law with respect to the Transactions so as to enable the Closing to occur as soon as reasonably possible (and in any event no later than the End Date), including (A) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, disposition or limitation on usage of such assets or businesses of Parent or its Subsidiaries or affiliates or of the Company or its Subsidiaries, (B) otherwise taking or committing to take actions that after the Closing Date would limit Parent's or its Subsidiaries' (including the Surviving Corporation's) or its affiliates' freedom of action with respect to, or its or their ability to retain, one or more of its or its Subsidiaries' (including the Surviving Corporation's) businesses, product lines or assets, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding which would otherwise have the effect of preventing or

materially delaying the Closing, (C) taking or committing to take actions to maintain the credit rating of DP&L at investment grade levels, (D) accepting financial restrictions on Parent or its Subsidiaries or affiliates or on the Company or its Subsidiaries and (E) accepting governance and operational restrictions, including restrictions on the scope of the business of Parent or its Subsidiaries or affiliates or of the Company or its Subsidiaries and taking or committing to take actions related to customary "ring-fencing" at the Company and (iv) subject to applicable legal limitations and the instructions of any Governmental Entity, keep each other apprised of the status of matters relating to the completion of the Transactions, including promptly furnishing the other with copies of notices or other communications received by the Company or Parent, as the case may be, or any of their respective Subsidiaries, from any third party or any Governmental Entity with respect to the Transactions. The Company and Parent will include in their applications filed for approval with the PUCO their intention to (i) use customary ring-fencing protection at the Company with respect to the Transactions and (ii) reasonably provide for Company officials in Ohio related to the resolution of consumer disputes. The Company and Parent shall permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed written communication to any Governmental Entity. Each of the Company and Parent agrees not to participate in any substantive meeting or discussion, either in person or by telephone, with any Governmental Entity in connection with the proposed Transactions unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Entity, gives the other party the opportunity to attend and participate.

(c) In furtherance and not in limitation of the covenants of the parties contained in this Section 5.6, if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any of the Transactions as violative of any Regulatory Law, each of the Company and Parent shall (i) give the other party prompt notice of the commencement or threat of commencement of any such action or proceeding by or before any Governmental Entity with respect to any of the Transactions, (ii) keep the other party informed as to the status of any such action or proceeding or threat thereof and (iii) cooperate in all respects with each other and use their respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Transactions.

(d) Notwithstanding anything in this Agreement to the contrary, "reasonable best efforts" shall not require, any party to sell, or agree to sell, hold or agree to hold separate, or otherwise dispose or agree to dispose of any asset, or conduct or agree to conduct its business in any particular manner, agree to or accept any condition or take any other action, as may be required to resolve objections if any, of the FERC, the FTC, the PUCO or the DOJ, in each case if such sale, separation or disposition, agreement, conduct or action with respect thereto would individually or in the aggregate reasonably be expected to have, (x) for the Company, a Company Material Adverse Effect or (y) for Parent, a material adverse effect on the business, financial condition, assets, liabilities, operations or results of operations of Parent and its Subsidiaries, taken as a whole, after giving effect to the Merger and the terms and conditions of the Company Approvals and the Parent Approvals (provided that for the purpose of determining whether a potential adverse effect on the Parent and its Subsidiaries would constitute a material

adverse effect for the purposes of this Section 5.6, Parent and its Subsidiaries, taken as a whole, shall be deemed to be a consolidated group of entities of the size and scale of a hypothetical company that is 100% of the size and scale of the Company, together with each of its Subsidiaries, taken as a whole). The Company, Parent and their respective Subsidiaries will consult with each other prior to agreeing to any merger requirements sought by any regulator. Nothing in this Section 5.6 shall obligate Parent or the Company or any of their respective Subsidiaries to take any action that is not conditioned on the Closing.

(e) Parent shall not, and shall cause its Subsidiaries not to, enter into a definitive agreement to acquire (i) any regulated electric or gas distribution utility in the State of Ohio, other than the Transactions contemplated in this Agreement, that would present a material risk of materially delaying or making it materially more difficult for the Parent, Merger Sub or the Company to obtain the approval of the PUCO with respect to the Transactions contemplated in this Agreement, or (ii) significant electric generation assets of clearly sufficient magnitude in the relevant market, that would present a material risk of materially delaying or making it materially more difficult for the Parent, Merger Sub or the Company to obtain the approval of FERC with respect to the Transactions contemplated in this Agreement (any such acquisition, a "Contrary Action").

(f) As used in this Agreement, "Regulatory Law" means the Sherman Act of 1890 as amended, the Clayton Antitrust Act of 1914 as amended, the HSR Act, the FPA, the Atomic Energy Act, the rules and regulations of the PUCO and all other federal, state or foreign statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws, including any antitrust, competition or trade regulation Laws, that are designed or intended to (i) prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition or (ii) protect the national security or the economy of any nation.

Section 5.7 Takeover Statute; Shareholder Rights Plan. If any Takeover Law may become, or may purport to be, applicable to the Transactions, each of the Company and Parent shall grant such approvals and take such actions as are reasonably necessary so that the Transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such statute or regulation on the Transactions. If any takeover plan or agreement may become, or purport to be, applicable to the Transactions, the Company shall grant such approvals and take such actions as are reasonably necessary so that the Transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such plan or agreement on the Transactions.

Section 5.8 Public Announcements. Except with respect to a Company Change of Recommendation or any action taken by the Company or Parent or their Boards of Directors pursuant to, and in accordance with, Section 5.3 (or in response thereto), so long as this Agreement is in effect, the parties shall use reasonable best efforts to consult with each other before issuing any press release or making any public announcement relating to this Agreement or the Transactions and, except for any press release or public announcement as may be required by applicable Law, court process or any listing agreement with any national securities exchange, shall use reasonable efforts not to issue any such press release or make any such public

announcement without consulting the other parties. Parent and the Company agree to issue a mutually acceptable initial joint press release announcing this Agreement.

Section 5.9 Indemnification and Insurance.

(a) From and after the Effective Time, Parent shall cause the Surviving Corporation to honor all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors, officers or employees, as the case may be, of the Company or its Subsidiaries as provided in their respective articles of incorporation or codes of regulations or other organization documents or in any agreement to which the Company or any of its Subsidiaries is a party, which rights shall survive the Merger and shall continue in full force and effect to the extent permitted by Law. For a period of six (6) years from the Effective Time, Parent shall cause the Surviving Corporation to maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any of the Company's Subsidiaries' articles of incorporation or codes of regulations or similar organization documents in effect as of the date hereof or in any indemnification agreements of the Company or its Subsidiaries with any of their respective directors, officers or employees in effect immediately prior to the Effective Time, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who immediately before the Effective Time were current or former directors, officers or employees of the Company or any of its Subsidiaries; provided, however, that all rights to indemnification in respect of any Action pending or asserted or any claim made within such period shall continue until the disposition of such Action or resolution of such claim. At the Effective Time Parent assumes, becomes jointly and severally liable for, and will honor, guaranty and stand surety for, and shall cause the Surviving Corporation and the Subsidiaries of Parent to honor, in accordance with their respective terms, each of the covenants contained in this Section 5.9 without limit as to time.

(b) Without limitation to the foregoing, from and after the Effective Time, each of Parent and the Surviving Corporation shall, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the foregoing) each current and former director, officer and employee of the Company and any of its Subsidiaries and each person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise if such service was at the request or for the benefit of the Company or any of its Subsidiaries (each, together with such person's heirs, executors or administrators, an "Indemnified Party") against any costs or expenses (including advancing attorneys' fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each Indemnified Party to the fullest extent permitted by law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement (provided that any Action may only be settled with the prior written consent of Parent, not to be unreasonably withheld) in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (an "Action"), arising out of, relating to or in connection with any action or omission relating to their position with the Company or its Subsidiaries occurring or alleged to have occurred before or at the Effective Time (including acts or omissions in connection with such persons approving this Agreement and the transactions contemplated hereby and serving as an officer, director or other fiduciary in any entity if such

service was at the request or for the benefit of the Company). In the event of any such Action, (i) the Indemnified Party shall have the right to select its own counsel, which counsel shall be reasonably satisfactory to the Surviving Corporation, and (ii) any determination required to be made with respect to whether an Indemnified Party's conduct complies with the standards set forth under the business corporation law of the Surviving Corporation's state of incorporation and the certificate of incorporation or by-laws of the Surviving Corporation shall be made by independent counsel mutually acceptable to the Surviving Corporation and the Indemnified Party. The Indemnified Parties as a group may retain only one law firm with respect to each related matter except to the extent there is, in the opinion of counsel to an Indemnified Party, under applicable standards of professional conduct, a conflict on any significant issue between positions of such Indemnified Party and any other Indemnified Party or Indemnified Parties. Parent and the Surviving Corporation shall each cooperate with the Indemnified Party in the defense of any such Action.

(c) For a period of six (6) years from the Effective Time, Parent shall cause to be maintained (on terms and conditions no less advantageous to the indemnified parties) in effect the coverage provided by the policies of directors' and officers' liability insurance and fiduciary liability insurance in effect as of the Closing Date maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time either through the Company's existing insurance provider or another provider reasonably selected by Parent; provided, however, that, after the Effective Time, Parent shall not be required to pay annual premiums in excess of 250% of the last annual premium paid by the Company prior to the date hereof in respect of the coverage required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount; provided further, however, that in lieu of the foregoing insurance coverage, Parent may direct the Company to purchase "tail" insurance coverage (on terms and conditions no less advantageous to the indemnified parties), at a cost no greater than the aggregate amount which the Surviving Corporation would be permitted to spend during the six-year period provided for in this Section 5.9(c), that provides coverage no materially less favorable than the coverage described above.

(d) Parent shall cause the Surviving Corporation to pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.9.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the articles of restatement or bylaws or other organization documents of the Company or any of its Subsidiaries or the Surviving Corporation, any other indemnification arrangement, the OGCL or otherwise. The provisions of this Section 5.9 shall survive the consummation of the Merger and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) In the event that the Surviving Corporation or any of its respective successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, then, and in either such case, proper provision shall be made so that the successors and assigns of the Surviving Corporation shall assume the obligations set forth in this Section 5.9.

Section 5.10 Control of Operations. Without in any way limiting any party's rights or obligations under this Agreement, the parties understand and agree that (i) nothing contained in this Agreement shall give Parent, directly or indirectly, the right to control or direct the Company's operations prior to the Effective Time and (ii) prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its operations.

Section 5.11 Transition Committee. On or following the date hereof, the Company and Parent shall form a transition committee ("Transition Committee") comprised of three members appointed by Parent and two members appointed by the Company, which Transition Committee shall be tasked with monitoring compliance with the terms of this Agreement, liaising with the Company's management team regarding the Transactions and making recommendations to the parties with respect to certain decisions that may be required in advance of the Closing. The Transition Committee will meet as often as its members deem is necessary (but in any event at least two times per month) and upon the call of either party. The Transition Committee will have access, consistent with the terms of this Agreement, to Company personnel and records; provided, however, that the Transition Committee will neither direct nor interfere with the day to day management or operations of the business of the Company.

Section 5.12 Notification of Certain Matters; Shareholder Litigation.

(a) Each of the Company and Parent shall give prompt written notice to the other (and will subsequently keep the other informed on a current basis of any developments related to such notice) upon its becoming aware of the occurrence or existence of any fact, event or circumstance that is reasonably likely to result in any of the conditions set forth in Article VI not being able to be satisfied prior to the End Date.

(b) Prior to the Effective Time, the Company shall give prompt notice to Parent, of any actions, suits, claims or proceedings commenced or, to the knowledge of the Company, threatened against the Company or its Subsidiaries which relate to this Agreement and the Transactions. The Company shall give Parent the opportunity to participate in the defense and settlement of any shareholder litigation against the Company and/or its directors relating to this Agreement and the Transactions, and no such settlement shall be agreed to without Parent's prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

Section 5.13 Financing.

(a) The Company shall, and shall cause its Subsidiaries to, at the sole expense of the Parent use its and their reasonable best efforts to provide such cooperation as may be reasonably requested by the Parent in connection with the financing of the Transactions, if any, including using reasonable best efforts to (i) cause appropriate officers and employees to be available, on a customary and reasonable basis and upon reasonable notice, to meet with ratings agencies and prospective lenders and investors in presentations, meetings, road shows and due diligence sessions, (ii) provide reasonable assistance with the preparation of any ratings presentations, information memos, offering memoranda or other marketing and disclosure documents and customary information in connection therewith, including the preparation of appropriate discussions of business, financial statements, pro forma financials, projections,

management discussion and analysis, and other customary financial data of the Company and its Subsidiaries, all for use in connection therewith and an audit of the financial statements in accordance with GAAP and applicable Law by independent certified public accountants, (iii) provide any financing sources with reasonable access to the properties, books and records of the Company and its Subsidiaries, execute and deliver any customary certificates, authorization letters, pledge or security documents or other customary definitive financing documents and related documents and certificates as may be reasonably requested by the Parent and (iv) direct its independent accountants and counsel to provide customary and reasonable assistance to the Parent including in connection with providing customary comfort letters and opinions of counsel; provided, that the actions contemplated in the foregoing clauses (i) through (iv) do not (A) unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries, (B) cause any representation or warranty in this Agreement to be breached, (C) cause any condition to Closing set forth in Article VI to fail to be satisfied or otherwise cause any breach of this Agreement, (D) require the Company or any of its Subsidiaries to pay any out-of-pocket fees or expenses prior to the Closing that are not promptly reimbursed by the Parent as set forth in Section 5.13(b), (E) involve any binding commitment by the Company or any of its Subsidiaries which commitment is not conditioned on the Closing and does not terminate without liability to the Company or any of its Subsidiaries upon the termination of this Agreement or (F) cause any director, officer or employee of the Company or any of its Subsidiaries to incur any personal liability.

(b) Parent shall promptly, upon request by the Company, reimburse the Company for all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by the Company or any of its Subsidiaries in connection with the cooperation of the Company and its Subsidiaries contemplated by Section 5.13(a) and shall indemnify and hold harmless the Company, its Subsidiaries and their respective Representatives from and against any and all losses suffered or incurred by any of them in connection with the arrangement of financing and any information used in connection therewith. The provisions of this Section 5.13(b) shall survive (i) any termination of this Agreement pursuant to Article VII and (ii) the consummation of the Merger, and are expressly intended to benefit, and are enforceable by, the Company, its Subsidiaries and their respective Representatives.

(c) Notwithstanding anything contained in this Agreement to the contrary, the Parent expressly acknowledges and agrees that the Parent's and Merger Sub's obligations hereunder are not conditioned in any manner upon the Parent or Merger Sub obtaining any financing. The failure, for any reason, of the Parent and the Merger Sub to have sufficient cash available on the Closing Date to pay the Merger Consideration in accordance with Article II hereof and/or the failure to so pay the Merger Consideration on the Closing Date shall constitute a willful and material breach of this Agreement.

Section 5.14 Company's Credit Facilities and Maturing Debt.

(a) Prior to the Closing, the Company shall use its reasonable best efforts to obtain consents or waivers from the lenders with respect to credit facilities and letter of credit facilities of the Company and any of its Subsidiaries containing change in control provisions so as to permit the consummation of the Merger; provided, however, that the Company shall not be

required to make any payment in connection with securing such consents or waivers unless Parent agrees to make any such payment on behalf of the Company.

(b) Prior to Closing, the Company or the relevant Subsidiary of the Company shall use their respective commercially reasonable efforts (including offering the lenders who commit to any refinancing of credit facilities or other outstanding indebtedness contemplated by Section 5.14(b) of the Company Disclosure Schedule the opportunity to be underwriters in any such refinancing) to take or cause to be taken the actions set forth on Section 5.14(b) of the Company Disclosure Schedule; provided, that the Company or the relevant Subsidiary of the Company may only amend, restate or refinance a credit facility or other outstanding indebtedness pursuant to this Section 5.14(b) after giving Parent a reasonable opportunity to review in advance the terms of such amendment, restatement or refinancing and considering in good faith Parent's reasonable views of such terms. The Company shall keep Parent reasonably informed in all material respects on a reasonably prompt basis with respect to the status of, including any change to the status or material terms of, the actions set forth on Section 5.14(b) of the Company Disclosure Schedule. In connection with taking the actions set forth on Section 5.14(b) of the Company Disclosure Schedule, the Company or the relevant Subsidiary of the Company shall, in connection with any amendment, restatement or refinancing, use its reasonable best efforts to concurrently secure, in a form reasonably acceptable to Parent, fully executed consents, waivers or other approvals from sufficient lenders under each such amended, restated or refinanced credit facility or other outstanding indebtedness, such that the Transactions will not cause, and will not have the effect of causing, any change of control, put, call, acceleration, default, event of default, termination event or other similar consequence under any such amended, restated or refinanced credit facility or other outstanding indebtedness; provided, that the Company shall not be required to make any payment in connection with securing such consents or waivers unless Parent agrees to make any such payment on behalf of the Company.

Section 5.15 Corporate Offices. The Surviving Corporation shall cause to maintain the Company's and DP&L's operating headquarters in the Dayton, Ohio area for a period of at least two (2) years following the Merger (unless required to relocate such headquarters as a result of a decision issued by the PUCO or other Governmental Entity).

Section 5.16 Corporate Name. The Surviving Corporation shall (i) cause DP&L to maintain the name "The Dayton Power and Light Company" and (ii) cause DP&L to maintain local decision-making authority in each case for a period of at least two (2) years following the Merger (unless required to change any such name as a result of a decision issued by the PUCO or other Governmental Entity).

Section 5.17 Corporate Contributions. After the Effective Time and for a period of two (2) years thereafter, the Surviving Corporation shall cause DP&L to provide corporate contributions and community support in the Dayton, Ohio area at levels substantially consistent with the levels of charitable contributions and community support provided by the Company and its Subsidiaries in such region as set forth in the Company's budget for 2011, the amount of which has been previously disclosed to Parent.

Section 5.18 Parent and Merger Sub Additional Agreements.

(a) Without the prior consent of the Company (which shall not be unreasonably withheld, conditioned or delayed), Parent and Merger Sub shall not, and shall not permit their respective Subsidiaries to, enter into or amend any contract, or take any other action, if such contract, amendment of a contract or action would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Merger or the Transactions.

(b) Parent hereby guarantees the due, prompt and faithful payment, performance and discharge by Merger Sub of, and the compliance by Merger Sub with, all of the covenants, agreements, obligations and undertakings of Merger Sub under this Agreement in accordance with the terms of this Agreement, and covenants and agrees to take all actions necessary or advisable to ensure such payment, performance and discharge by Merger Sub hereunder. Parent shall or shall cause its Subsidiaries to, promptly following execution of this Agreement, approve and adopt this Agreement in its capacity as sole shareholder of Merger Sub and deliver to the Company evidence of its vote or action by written consent approving and adopting this Agreement in accordance with applicable Law and the articles of incorporation and code of regulations of Merger Sub.

ARTICLE VI

CONDITIONS TO THE MERGER

Section 6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the fulfillment (or waiver by all parties) at or prior to the Effective Time of the following conditions:

(a) The Company Shareholder Approval shall have been obtained.

(b) No (i) temporary restraining order or preliminary or permanent injunction or other order by any Federal or state court or other tribunal of competent jurisdiction preventing consummation of the Merger or (ii) applicable Federal or state law prohibiting consummation of the Merger (collectively, "Restraints") shall be in effect.

(c) The FERC Approval and an order of the PUCO approving, or determining that no approval is required, shall have been obtained, the expiration of the waiting period required under the HSR Act shall have occurred (all such permits, approvals, filings and consents and the lapse of such waiting period being referred to as the "Requisite Regulatory Approvals"), and all such Requisite Regulatory Approvals shall be in full force and effect.

Section 6.2 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger is further subject to the fulfillment of, or the waiver by the Company on or prior to the Effective Time of, the following conditions:

(a) The representations and warranties of Parent and Merger Sub set forth herein shall be true and correct both when made and at and as of the Effective Time, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and

correct (without giving effect to any limitation as to "materiality" or "Parent Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Each of Parent and Merger Sub shall have in all material respects performed all obligations and complied with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) Parent shall have delivered to the Company a certificate, dated the Closing Date and signed by its Chief Executive Officer or Chief Financial Officer, certifying to the effect that the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied.

Section 6.3 Conditions to Obligation of Parent to Effect the Merger. The obligation of Parent and Merger Sub to effect the Merger is further subject to the fulfillment of, or the waiver by the Parent on or prior to the Initial Date or Effective Time (as the case may be) of, the following conditions:

(a) The representations and warranties of the Company set forth herein (i) with respect to Section 3.2(a), Section 3.3(a), Section 3.23 and Section 3.24 shall be true and correct both when made and at and as of the Initial Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), in all respects (except in the case of Section 3.2(a) for such inaccuracies as are *de minimis* in the aggregate) and (ii) with respect to all other representations and warranties shall be true and correct both when made and at and as of the Initial Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except in the case of clause (ii) where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company shall have in all material respects performed all obligations and complied with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) A Company Material Adverse Effect shall not have occurred, since the date hereof to the Initial Date.

(d) The Company shall have delivered to Parent a certificate, dated the Closing Date and signed by its Chief Executive Officer or Chief Financial Officer, certifying to the effect that the conditions set forth in Sections 6.3(a), 6.3(b), and 6.3(c) have been satisfied.

(e) (i) the Company Approvals and the Parent Approvals shall have been obtained (including, in each case, the expiration or termination of the waiting periods (and any extensions thereof) under the HSR Act applicable to the Transactions, including the Merger) at or prior to the Effective Time, and such approvals shall have become Final Orders and (ii) such Final Orders of the FERC, the FTC, the DOJ or the PUCO shall not impose terms or conditions that would individually or in the aggregate reasonably be expected to have, (x) for the Company,

a Company Material Adverse Effect or, (y) for Parent, a material adverse effect on the business, financial condition, assets, liabilities, operations or results of operations of Parent and its Subsidiaries, taken as a whole, after giving effect to the Merger and the terms and conditions of the Company Approvals and the Parent Approvals (provided that for the purpose of determining whether a potential adverse effect on the Parent and its Subsidiaries would constitute a material adverse effect for the purposes of this Section 6.3, Parent and its Subsidiaries, taken as a whole, shall be deemed to be a consolidated group of entities of the size and scale of a hypothetical company that is 100% of the size and scale of the Company, together with each of its Subsidiaries, taken as a whole). "Final Order" means action by the relevant Governmental Entity that has not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which any waiting period prescribed by Law before the Transactions may be consummated (a "Final Order Waiting Period") has expired and as to which all conditions to the consummation of the Transactions prescribed by Law, regulation or order required to be satisfied at or prior to the Effective Time have been satisfied.

Section 6.4 Frustration of Closing Conditions. Neither the Company nor Parent may rely, as a basis either for not consummating the Transactions, including the Merger, or terminating this Agreement and abandoning the Transactions, including the Merger, on the failure of any condition set forth in Section(s) 6.1, 6.2 or 6.3, as the case may be, to be satisfied if such failure was caused by such party's material breach of any material provision of this Agreement or failure to use its reasonable best efforts to consummate the Transactions, including the Merger, as required by and subject to Section 5.6.

ARTICLE VII

TERMINATION

Section 7.1 Termination or Abandonment. Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated and abandoned at any time prior to the Effective Time, whether before or after any approval of the matters presented in connection with the Merger by the shareholders of the Company:

(a) by the mutual written consent of the Company and Parent;

(b) by either Parent or the Company if the Merger shall not have been consummated on or prior to the twelve (12) month anniversary of the date hereof (the "End Date"), provided, however, that if all of the conditions to Closing shall have been satisfied or shall be then capable of being satisfied (other than the conditions set forth in Section 6.1(b) and Section 6.3(e)), the End Date may be extended by Parent or the Company from time to time by written notice to the other party up to a date not beyond an additional three (3) months after the original End Date, the latest of any of which dates shall thereafter be deemed to be the End Date; and if the End Date (as it may be extended pursuant to this Section 7.1(b) shall occur during any Final Order Waiting Period, the End Date shall be extended until the twentieth (20^{th}) business day after the expiration of such Final Order Waiting Period); provided, further, that the right to terminate this Agreement pursuant to this Section 7.1(b) shall not be available to a party if the failure of the Closing to occur by such date shall be due to the failure of such party to perform or

comply in all material respects with the covenants and agreements of such party set forth in this Agreement, which in the case of Parent, shall include any Contrary Action by Parent or any of its Subsidiaries;

(c) by either the Company or Parent if any Restraint having any of the effects set forth in Section 6.1(b) shall be in effect and shall have become final and nonappealable; provided, that the party seeking to terminate this Agreement pursuant to this Section 7.1(c) shall have used its reasonable best efforts to prevent the entry of and to remove such Restraint;

(d) by either the Company or Parent if the Company Shareholders' Meeting (including any adjournments or postponements thereof) shall have concluded and the Company Shareholder Approval contemplated by this Agreement shall not have been obtained; provided, however, that the right to terminate under this Section 7.1(d) shall not be available to the Company where the failure to obtain the Company Shareholder Approval shall have been caused by or related to the Company's material breach of this Agreement;

(e) by the Company, if Parent shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.1 or Section 6.2 and (ii) is not cured within thirty (30) days of receipt of the written notice contemplated by the proviso below in this Section 7.1(e) or cannot be cured by the End Date, provided, that the Company shall have given Parent written notice, delivered at least thirty (30) days prior to such termination (but no later than the expected Closing Date), stating the Company's intention to terminate this Agreement pursuant to this Section 7.1(e) and the basis for such termination;

(f) by Parent, if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.1 or Section 6.3 and (ii) is not cured within thirty (30) days of receipt of the written notice contemplated by the proviso below in this Section 7.1(f) or cannot be cured by the End Date, provided, that Parent shall have given the Company written notice, delivered at least thirty (30) days prior to such termination (but no later than the expected Closing Date), stating Parent's intention to terminate this Agreement pursuant to this Section 7.1(f) and the basis for such termination;

(g) by Parent, in the event that the Company or any of its Subsidiaries or their respective directors or officers shall have breached in any material respect adverse to Parent any of their respective obligations under Section 5.3;

(h) by the Company, at any time prior to obtaining the Company Shareholder Approval, in order to enter into a written definitive agreement for a Company Superior Offer, if the Company has complied with its obligations under Section 5.3(c); provided, however, that any such purported termination by the Company pursuant to this Section 7.1(h) shall be void and of no force or effect unless the Company pays to Parent the Company Termination Fee in accordance with Section 7.2; and

(i) by Parent, if there has been a Company Change of Recommendation.

In the event of termination of this Agreement pursuant to this Section 7.1, this Agreement shall terminate (except for the provisions of Sections 5.13(b), 7.2, 8.2, 8.4, 8.5 and 8.6), and there shall be no other liability on the part of the Company or Parent to the other except under such provisions, or for liability arising out of fraud or intentional or material breach of this Agreement or as provided for in the Confidentiality Agreement, in which case the aggrieved party shall be entitled to all rights and remedies available at law or in equity.

Section 7.2 Effect of Termination.

(a) Parent and the Company agree that (i) if this Agreement is terminated by (A) Parent pursuant to Section 7.1(g) or Section 7.1(i) or (B) the Company pursuant to Section 7.1(h) or (ii) (A) if this Agreement is terminated by Parent pursuant to Section 7.1(f) and the breach or other circumstance giving rise to such termination was willful, or by the Company or Parent pursuant to Section 7.1(b) or Section 7.1(d), (B) prior to any such termination, any person (other than Parent or its affiliates) shall have made a Company Acquisition Proposal which shall have been publicly announced or disclosed (or any person shall have publicly announced a bona fide intention, whether or not conditional, to make a Company Acquisition Proposal) and (C) within twelve (12) months after such termination of this Agreement, the Company shall have entered into an agreement to consummate, or shall have consummated, a Company Acquisition Transaction, then the Company shall pay to Parent the Company Termination Fee. Any Company Termination Fee shall be paid to Parent by the Company in immediately available funds (x) upon termination of this Agreement in the case of a termination pursuant to clause (i)(B) above, (y) within five (5) business days after termination in the case of a termination pursuant to clause (i)(A) above and (z) upon the execution of or entrance into a definitive agreement with respect to a Company Acquisition Transaction in the case of a termination pursuant to clause (ii) above.

(b) As used in this Agreement, "Company Termination Fee" shall mean $106,000,000; provided, however, that (i) if this Agreement is terminated by the Company pursuant to Section 7.1(h) in connection with the execution by the Company of a written definitive agreement for a Company Superior Offer with an Excluded Party, the "Company Termination Fee" shall mean $53,000,000. "Excluded Party" means a person from whom the Company received during the period commencing on the date of this Agreement and ending at 11:59 p.m., New York time, on the thirtieth (30th) day following the date of this Agreement (the "Initial Period"), an unsolicited written Company Acquisition Proposal that the Board of Directors of the Company concluded in good faith during the 48-hour period commencing upon the expiration of the Initial Period, after consultation with its financial and outside legal counsel, constitutes or could reasonably lead to a Company Superior Proposal and promptly provides written notification to Parent of the same; provided that a person that is an Excluded Party shall cease to be an Excluded Party upon the earliest of: (A) 11:59 p.m. on the date that is fifteen (15) days after the expiration of the Initial Period; (B) the withdrawal, termination or expiration of such Company Acquisition Proposal; or (C) the time as of which such Company Acquisition Proposal, as determined by the Board of Directors of the Company in its sole discretion, no longer constitutes, or could not reasonably lead to a Company Superior Offer.

(c) Upon payment of the Company Termination Fee in accordance with this Section 7.2, the Company shall have no further liability to the Parent or its shareholders with respect to this Agreement or the Transactions; provided, that nothing herein shall release any party from liability for intentional breach or fraud. The parties acknowledge and agree that in no event shall the Company be required to pay the Company Termination Fee on more than one occasion.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Survival. The parties agree that the terms of the Confidentiality Agreement shall survive any termination of this Agreement pursuant to Article VII and, in the event of the termination of this Agreement pursuant to Article VII, all references to "the date hereof" in the Confidentiality Agreement shall be deemed to be the date of such termination. None of the representations, warranties, covenants and agreements in this Agreement or in any certificate, document or instrument delivered pursuant to this Agreement shall survive the Effective Time, except for covenants and agreements which contemplate performance after the Effective Time or otherwise expressly by their terms survive the Effective Time.

Section 8.2 Expenses. Whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, this Agreement and the Transactions shall be paid by the party incurring or required to incur such expenses.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts (including by facsimile), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy or otherwise) to the other parties.

Section 8.4 Governing Law. This Agreement shall be governed by and construed in accordance with (a) the Laws of the State of Ohio with respect to matters, issues and questions relating to the Merger or the duties of the Board of Directors of the Company or Merger Sub, (b) the Laws of the State of Delaware with respect to matters, issues and questions relating to the fiduciary duties of the Board of Directors of Parent and (c) the Laws of the State of New York with respect to all other matters, issues and questions, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York.

Section 8.5 Jurisdiction; Specific Enforcement.

(a) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed, or were threatened to be not performed, in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, in addition to any other remedy that may be available to it, including monetary damages, each of the parties shall be entitled to an injunction or injunctions to prevent breaches

of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the Federal court located in the Borough of Manhattan in the City of New York. Without limitation of the foregoing and notwithstanding anything in this Agreement to the contrary, the parties hereby further acknowledge and agree that prior to the Closing, in addition to any other remedy that may be available to it, including monetary damages, Parent shall be entitled to specific performance to enforce specifically the terms and provisions of, and to prevent or cure breaches of, Section 5.6 and the Company shall be entitled to specific performance, (i) to enforce specifically the terms and provisions of, and to prevent or cure breaches of, Section 5.6, and (ii) if (a) all conditions in Section 6.1 and Section 6.3 (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied and (b) Parent and Merger Sub fail to complete the Closing by the Closing Date, to cause Parent and/or Merger Sub to prevent or cure breaches of this Agreement by Parent or Merger Sub and/or to enforce specifically the terms and provisions of this Agreement, including to cause Parent and/or Merger Sub to consummate the transactions contemplated hereby, including to effect the Closing in accordance with Section 1.2, on the terms and subject to the conditions in this Agreement. Notwithstanding the foregoing, the Company hereby agrees that it has shall have no right of recovery against, and no liability shall attach to (including, in each case, with respect to any actual or claimed loss of damages of any kind of the Company, its subsidiaries, affiliates, representatives, stockholders or any other person claiming by, through or for the benefit of the Company) any person or entity (including any financing sources) other than the Parent, whether by or through attempted piercing of the corporate veil, or by or through a claim by or on behalf of the Parent, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable Law, or through a claim based in tort, contract, statute or otherwise. The parties further agree that no party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5 and each party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Federal court located in the Borough of Manhattan in the City of New York. Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid court and agrees that it will not bring any action relating to this Agreement or any of the Transactions in any court other than the aforesaid court. Each of the parties hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named court for any reason other than the failure to serve in accordance with this Section 8.5, (b) any claim that it or its property is exempt or immune from jurisdiction of such court or from any legal process commenced in such court (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Laws, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum, (ii) the venue of

such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such court.

(b) Notwithstanding the foregoing, each of the parties hereto agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind, whether in law or in equity, whether in contract or in tort or otherwise, against any financing sources in any way relating to this Agreement or any of the transactions contemplated by this Agreement, including but not limited to any dispute arising out of or relating in any way to any debt financing commitments related hereto in any forum other than the Supreme Court of the State of New York, County of New York or, if under applicable Law exclusive jurisdiction is vested in the Federal courts, the Federal courts located in the Borough of Manhattan in the City of New York.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING ANY LEGAL PROCEEDING INVOLVING ANY FINANCING SOURCES).

Section 8.7 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by facsimile transmission (provided, that any notice received by facsimile transmission or otherwise at the addressee's location on any non-business day or any business day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next business day), by reliable overnight delivery service (with proof of service) or hand delivery, addressed as follows:

To the Company:

DPL Inc.
1065 Woodman Drive
Dayton, Ohio 45432
Facsimile: (937) 259-7386
Attention: Frederick J. Boyle,
Senior Vice President and Chief Financial Officer
Arthur G. Meyer
Senior Vice President and General Counsel

with copies to:

Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, NY 10281
Facsimile: (212) 504-6666
Attention: Dennis J. Block, Esq.
William P. Mills, Esq.

To Parent or Merger Sub:

The AES Corporation
4300 Wilson Boulevard
Arlington, Virginia 22203
Facsimile: (703) 528-4510
Attention: Brian A. Miller, Executive Vice President
General Counsel and Corporate Secretary

with copies to:

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Facsimile: (202) 661-8238
Attention: Pankaj K. Sinha, Esq.

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so telecommunicated or personally delivered. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this paragraph; provided, however, that such notification shall only be effective on the date specified in such notice or five (5) business days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

Section 8.8 Disclosure Schedules. The parties hereto agree that any reference in a particular Section of either the Company Disclosure Schedule or the Parent Disclosure Schedule shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties (or covenants, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement and (ii) any other representations and warranties of such party that is contained in this Agreement (regardless of the absence of an express reference or cross-reference in a particular Section of this Agreement or a particular Section of either the Company Disclosure Schedule or Parent Disclosure Schedule), but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties would be reasonably apparent.

Section 8.9 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, except for assignments by Merger Sub to a wholly-owned direct or indirect Subsidiary of Parent. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.11 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the schedules hereto) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement is not intended to and shall not confer upon any person other than the parties hereto any rights or remedies hereunder except (i) as specifically provided in Section 5.9 and Section 5.13(b), (ii) that the Company shall have the right to pursue damages on behalf of its shareholders in the event of Parent or Merger Sub's breach or wrongful termination of this Agreement, which right is hereby acknowledged by Parent and Merger Sub and (iii) any financing sources shall be direct and irrevocable third party beneficiaries of the agreements and covenants contained in Section 8.5 and Section 8.6.

Section 8.12 Amendments; Waivers. At any time prior to the Effective Time, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Sub or, in the case of a waiver, by the party against whom the waiver is to be effective; provided, however, that after receipt of Company Shareholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the shareholders of the Company, the effectiveness of such amendment or waiver shall be subject to the approval of the shareholders of the Company. Notwithstanding the foregoing, no failure or delay by the Company or Parent in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder.

Section 8.13 Obligations of the Parent and of the Company. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action and, after the Effective Time, on the part of the Surviving Corporation to cause such Subsidiary to take such action. Whenever this Agreement requires the Merger Sub to take any action, such requirements shall be deemed to include an undertaking on the part of the Parent to cause the Merger Sub to take such action.

Section 8.14 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.15 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement,

they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

Section 8.16 Further Assurances. Each party will execute such further documents and instruments and take such further actions as may reasonably be requested by any other party in order to consummate the Transaction in accordance with the terms hereof.

Section 8.17 Definitions. References in this Agreement to "Subsidiaries" of any party shall mean any corporation, partnership, association, trust or other form of legal entity of which (i) more than fifty percent (50%) of the voting power of the outstanding voting securities are on the date hereof directly or indirectly owned by such party or (ii) such party or any Subsidiary of such party is a general partner on the date hereof (excluding partnerships in which such party or any Subsidiary of such party does not have a majority of the voting interests in such partnership). References in this Agreement (except as specifically otherwise defined) to "affiliates" shall mean, as to any person, any other person which, directly or indirectly, controls, or is controlled by, or is under common control with, such person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise. References in this Agreement (except as specifically otherwise defined) to "person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, group (as such term is used in Section 13 of the Exchange Act) or organization, including a Governmental Entity, and any permitted successors and assigns of such person. As used in this Agreement, "knowledge" means (i) with respect to Parent, the actual knowledge of the persons listed in Section 8.17 of the Parent Disclosure Schedule and (ii) with respect to the Company, the actual knowledge of the persons listed in Section 8.17 of the Company Disclosure Schedule. As used in this Agreement, "business day" shall mean any day other than a Saturday, Sunday or other day on which the banks in New York are authorized by law or executive order to be closed. References in this Agreement to specific laws or to specific provisions of laws shall include all rules and regulations promulgated thereunder. Any statute defined or referred to herein or in any agreement or instrument referred to herein shall mean such statute as from time to time amended, modified or supplemented, including by succession of comparable successor statutes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

DPL INC.

By: _____
Name: Paul M. Barbas
Title: President and Chief Executive Officer

THE AES CORPORATION

By: _____
Name: Edward Hall, III
Title: Executive Vice President

DOLPHIN SUB, INC.

By: _____
Name: Edward Hall, III
Title: President

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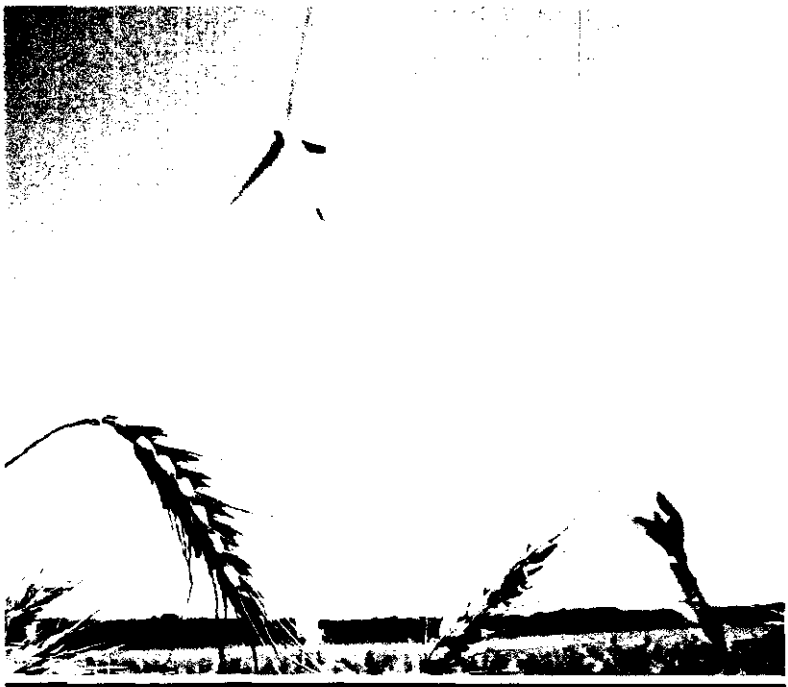
DOLPHIN SUB, INC.

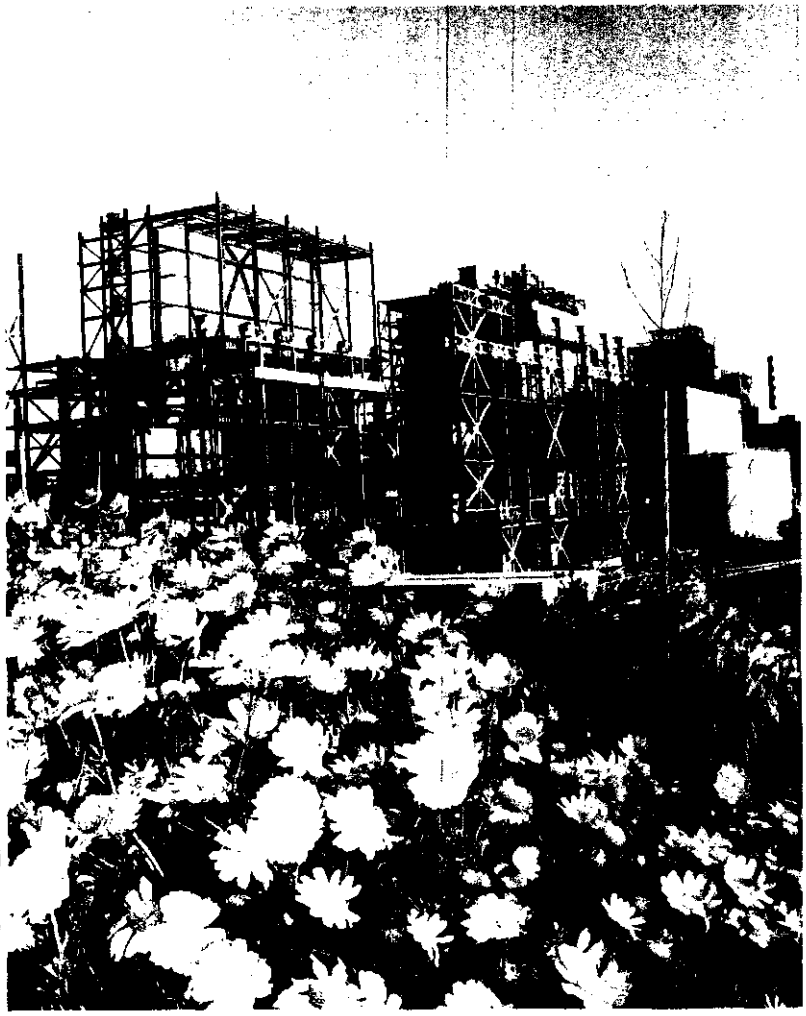
By: _____
Name: Edward Hall, III
Title: President

EXHIBIT 2

AES

the power of being global



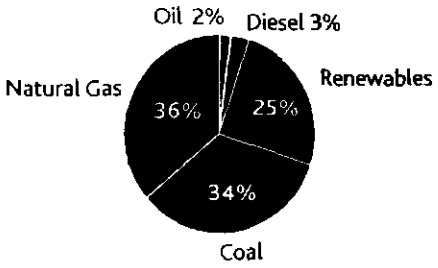


ANNUAL REPORT 2010

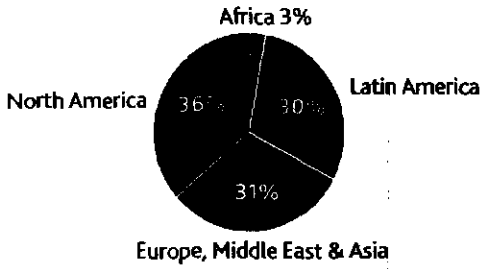
THE AES CORPORATION

We are a global power company with generation and distribution businesses, providing electricity from a mix of thermal and renewable fuels. Our ability to bring affordable and sustainable energy to homes, businesses, schools and communities throughout 28 countries is made possible by the 29,000 people at AES, each of whom commit to putting safety first. Together we strive to deliver operational excellence while meeting the world's growing need for power.

Megawatts by Fuel Type



Megawatts by Geography



AES Global Business Portfolio

29 countries/5 continents:	AES Operations breadth
29,000:	AES global workforce
14:	AES regulated utilities
40,498 MW:	Total AES generation capacity in operation
79,000 GWh:	Electricity sold to AES customers

CHAIRMAN AND CEO LETTER TO AES SHAREHOLDERS

Proportional Free Cash Flow
Dollars in millions

2010 was a strong year for AES. We met our financial goals, strengthened our operations, and grew our business by completing a significant portion of our construction portfolio and successfully integrating several acquisitions. Importantly, we accomplished these goals in a challenging economic environment while also exercising greater discipline in our allocation of capital than ever before. Recognizing that our stock has been undervalued for a lengthy period while we have been investing in the future by building new power plants, we launched a stock repurchase program. This year, we bought back 8.4 million shares for about $100 million. We also retired nearly $1 billion in corporate debt and invested nearly $1 billion in new growth opportunities. We were able to accomplish this as a result of the collective efforts of the 29,000 people at AES, including plant operators, technicians, and support teams who make our business of electricity generation and distribution possible.

Financial Results

We are pleased to report that we met or exceeded our financial targets, earning $0.94 of Adjusted Earnings Per Share[1], which was at the high end of our guidance range. Our Proportional Free Cash Flow[1] of $1.3 billion also exceeded guidance by approximately $200 million.

Our improved financial results were fueled by strong demand growth in several key markets in which we operate. Our businesses in Latin America experienced increased demand as a result of the continued regional economic recovery, particularly in Brazil and Chile. In addition, the operational enhancements we made to our newly acquired generation business in the Philippines allowed us to satisfy higher demand there as well.

Building on the progress we made in 2009, we further strengthened our balance sheet this year, increasing our flexibility to deploy capital in value accretive ways. In addition to paying down nearly $1 billion of parent debt, we refinanced our $750 million revolving credit facility, extending its maturity by five years. As a result of our improved liquidity and financial stability, Standard & Poor's upgraded our debt.

As an indication of our ability to maximize returns on our assets, in 2010 we completed the sale of our businesses in Oman, Pakistan and Qatar. These projects were sold at prices that enabled us to earn higher returns on our capital than our future outlook there. The proceeds of these sales provided us additional capital that enabled us to launch a stock buyback program mid-year during a period of U.S. market volatility.

[1] See Financial Notes on page 5 for definition and reconciliation.

Operating Results

This year, we also demonstrated our strong operational capabilities, as improvements at individual plants and across businesses translated into financial results.

One of our strengths is our ability to acquire plants and quickly implement operating improvements to enhance power output, improve efficiencies, and generate greater financial returns. Our Masinloc plant in the Philippines is a good example. Over the past few years, Andy Horrocks and his team increased generating capacity from 450 MW to 630 MW, improved availability by 13% and reduced the outage rate by 40%. These improvements contributed to an additional $0.12 of Adjusted EPS[2] and helped drive an increase of $99 million of incremental Operating Cash Flow in 2010 compared to the prior year. We had similar accomplishments at our TEG/TEP business in Mexico led by Pete Convery and his team. Since acquiring this business in 2007, we reduced operating costs by 27%, improved availability by 20%, and reduced the outage rate by 70%.

The power industry in North America experienced volatile commodity market conditions in 2010. Continued declines in natural gas prices impacted our merchant solid fuel-fired plants. As a result, these plants are projected to become a drag on earnings going forward and we are therefore pursuing several alternatives including financial re-organizations, sales, or asset retirements.

Construction

Last year also demonstrated our strength in bringing new capacity on-line from our construction pipeline. During 2010, we brought 777 MW of new capacity on-line, including 422 MW of thermal, 311 MW of wind, and 44 MW of hydro projects. In addition, earlier this year, we were able to fully restart construction at Campiche, our 270 MW coal-fired project in Chile, when the Supreme Court of Chile upheld the validity of our construction permits there, eliminating the possibility of further appeals.

The year was not without its setbacks, however. Our 670 MW Maritza coal-fired power plant in Bulgaria, which continued to suffer from construction and commissioning delays, did not meet its revised target for achieving commercial operations. We will continue efforts in 2011 to seek a resolution and mitigation of the impacts of these delays by completing commissioning as soon as possible.

Safety

Safety is our most important value at AES. Although our safety metrics have been acceptable, we always strive for greater improvement. In 2010, we continued a major global safety initiative across our businesses and would like to share with you some of its early successes. By emphasizing proactive measures, we have made steady and tangible progress. Some of these measures include conducting training, learning from near misses, and taking more safety walks, which allow us to observe best practices and identify areas of improvement. Through these efforts, accident rates resulting in lost time among AES people declined by 8% from 2009 levels. Additionally, at construction projects, where we placed a renewed, hands-on approach to safety measures, the rate of accidents resulting in lost time declined by 49% compared to the previous year. While we still have more to do in order to improve our overall safety performance, we are encouraged by our efforts to create a culture in which everyone makes safety their first consideration.

[2] See Financial Notes on page 5 for definition and reconciliation.

Development

Investing in new power generating capacity is a critical part of our business model. As we discussed with you throughout the year, we look at new investment as just one of the many ways in which we can deploy capital. These investments must compete with other uses of capital, such as paying down debt and buying back stock at attractive prices.

As we highlighted last year, a key element of AES' success is our ability to develop a pipeline of attractive investment opportunities, narrow them to those with the best projected returns and then execute effectively. These projects, whether they are developed by us or acquired, require significant capital.

To provide the needed capital in 2010, we completed China Investment Corporation's (CIC) $1.5B billion equity investment in AES. As a result, we were able to fund new investments in solar and wind, as well as acquire a 1,246 MW power plant in Northern Ireland. In addition to providing the needed capital, CIC is a valued partner enabling us to co-invest in projects around the world.

With new capital available, we achieved significant development milestones in 2010, which we are confident will generate significant shareholder value. AES takes the lead in these projects, but often teams with a partner to enhance our returns and to diversify our risk profile. For example, in February of 2011, we entered into an agreement to sell 49% of our 1,200 MW Mong Duong coal-fired development project in Vietnam to POSCO Power Corporation and CIC. Their investment in this project will not only enhance AES' equity returns, but will also free up our capital to allocate it to other areas. This is an example of our ability to attract the interest and support of partners with vast experience in the markets in which we operate.

Blueprint for 2011 and Beyond

In 2011 and beyond, we will continue to build on the many accomplishments we achieved this past year, such as meeting financial targets, executing operational improvements, making progress on our critical safety goals, and reaching commercial operations with new projects. We also found ways to reduce our costs through global sourcing and streamlining our financial operations worldwide. Nonetheless, we did not provide an adequate return to our shareholders, underperforming against the Standard & Poor's 500 benchmark against which we measure ourselves.

Improving our performance and increasing shareholder value will be an even greater focus for us in the year ahead. To that end, we continued to strengthen the alignment of our executive compensation structure with the interests of our shareholders by ensuring that the awards used in our long-term compensation program are 100% equity-based. We also implemented new share ownership guidelines for executive mangement.

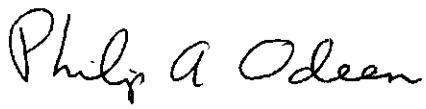
Another important component to building value for our shareholders has been to shift to a more focused approach to making new investments. There are a number of very attractive markets around the globe today, but we will be concentrating our efforts on those markets where we see the greatest long-term value creation potential for AES. We believe that this will also reduce some of the complexity in our portfolio.

Looking forward, we see the greatest opportunity for AES in some markets where we already have a major footprint, including Brazil, Chile, and the U.S. There are also several markets where we are committed to achieving required scale, including India, Turkey, Southeast Asia, and in renewables in Europe. Finally, we will selectively gauge our ability to attain a long-term competitive position in certain other markets before making significant investment commitments there.

We also see opportunities to drive growth in earnings by streamlining our corporate and regional support functions over the next few years. The combination of our more focused geographic approach to growth with improved efficiencies will be another meaningful driver of increasing shareholder value in the future.

Final Thoughts

2010 was a year of solid performance for AES. We exceeded our financial goals, made significant investments for the future, and gave greater attention to our overall capital allocation and strategic focus. The return to shareholders was disappointing, however, and we intend to do better. As we enter 2011 being well positioned to deliver results to you and all of our other stakeholders, we thank you for your continued support.



Phil Odeen
Chairman of the Board
March 1, 2011

Paul Hanrahan
President and Chief Executive Officer
March 1, 2011

Financial Notes: Non-GAAP Financial Measures Reconciliation (Unaudited)

($ in millions, except per share amounts)	Year Ended December 31, 2010	2009
Reconciliation of Adjusted Earnings Per Share [1]		
Diluted EPS From Continuing Operations	**$ (0.11)[2]**	**$ 1.06**
Derivative Mark-to-Market (Gains)/Losses [3]	(0.01)	0.02
Currency Transaction (Gains)/Losses [4]	(0.04)	(0.04)
Disposition/Acquisition (Gains)/Losses	—[5]	(0.19)[6]
Impairment Losses	1.07[7]	0.21[8]
Debt Retirement (Gains)/Losses	0.03[9]	—
Adjusted Earnings Per Share [1]	**$ 0.94**	**$ 1.06**
Calculation of Maintenance Capital Expenditures for Free Cash Flow [10] Reconciliation Below:		
Maintenance Capital Expenditures, excluding environmental	$ 726	$ 567
Environmental Capital Expenditures	71	55
Growth Capital Expenditures	1,535	1,916
Total Capital Expenditures	**$ 2,332**	**$ 2,538**
Reconciliation of Proportional Operating Cash Flow [11]		
Consolidated Operating Cash Flow	$ 3,510	$ 2,202
Less: Proportional Adjustment Factor	1,609	871
Proportional Operating Cash Flow [11]	**$ 1,901**	**$ 1,331**
Reconciliation of Free Cash Flow [10]		
Net Cash from Operating Activities	$ 3,510	$ 2,202
Less: Maintenance Capital Expenditures, excluding environmental	726	567
Less: Environmental Capital Expenditures	71	55
Free Cash Flow [13]	**$ 2,713**	**$ 1,580**
Reconciliation of Proportional Free Cash Flow [10],[11]		
Proportional Net Cash from Operating Activities	$ 1,901	$ 1,331
Less: Proportional Maintenance Capital Expenditures	557	438
Proportional Free Cash Flow [10],[11]	**$ 1,344**	**$ 893**
Reconciliation of Proportional Gross Margin [11]		
Consolidated Gross Margin	$ 3,964	$ 3,433
Less: Proportional Adjustment Factor	1,671	1,419
Proportional Gross Margin [11]	**$ 2,293**	**$ 2,014**

(1) Adjusted earnings per share (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses of the consolidated entity due to (a) mark-to-market amounts related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) significant gains or losses due to dispositions and acquisitions of business interests, (d) significant losses due to impairments, and (e) costs due to the early retirement of debt. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that adjusted earnings per share better reflects the underlying business performance of the Company, and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to mark-to-market gains or losses related to derivative transactions, currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt, which affect results in a given period or periods. Adjusted earnings per share should not be construed as an alternative to earnings per share, which is determined in accordance with GAAP.

(2) For the year ended December 31, 2010 the Company reported a loss from continuing operations. For purposes of measuring loss per share under GAAP, common stock equivalents were excluded from weighted average shares as their inclusion would be anti-dilutive. However, for purposes of computing Adjusted EPS (a non-GAAP measure), the Company has included the impact of dilutive common stock equivalents as the inclusion of the defined adjustments result in income for Adjusted EPS. The inclusion of dilutive common stock equivalents in the calculation of non-GAAP loss from continuing operations does not change the GAAP loss of $0.11 per share for the year ended December 31, 2010.

(3) Derivative mark-to-market (gains)/losses were net of income tax per share of $0.00 and $0.01 for the twelve months ended December 31, 2010 and 2009, respectively.

(4) Unrealized foreign currency transaction (gains)/losses were net of income tax per share of $0.00 and $0.01 in the twelve months ended December 31, 2010 and 2009, respectively.

(5) The Company has not adjusted for the gain or the related tax effect from the sale of its indirect investment in CEMIG in its determination of adjusted EPS because the gain was recognized by an equity method investee. The Company does not adjust for transactions of its equity method investees in its determination of adjusted EPS.

(6) Amount includes: Kazakhstan gain of $98 million, or $0.15 per share, related to the termination of a management agreement as well as a gain of $13 million, or $0.02 per share, related to the reversal of a withholding tax contingency. In addition, there was a gain on sale associated with the shutdown of the Hefei plant in China of $14 million, or $0.02 per share. There were no taxes associated with any of these transactions.

(7) Amount primarily includes asset impairments at Eastern Energy of $827 million, Southland (Huntington Beach) of $200 million, Tisza of $85 million, and Deepwater of $79 million ($537 million, or $0.69 per share, $130 million, or $0.17 per share, $69 million, or $0.09 per share, and $51 million, or $0.07 per share, net of income tax, respectively) and goodwill impairment at Deepwater of $18 million (or $0.02 per share, with no income tax impact).

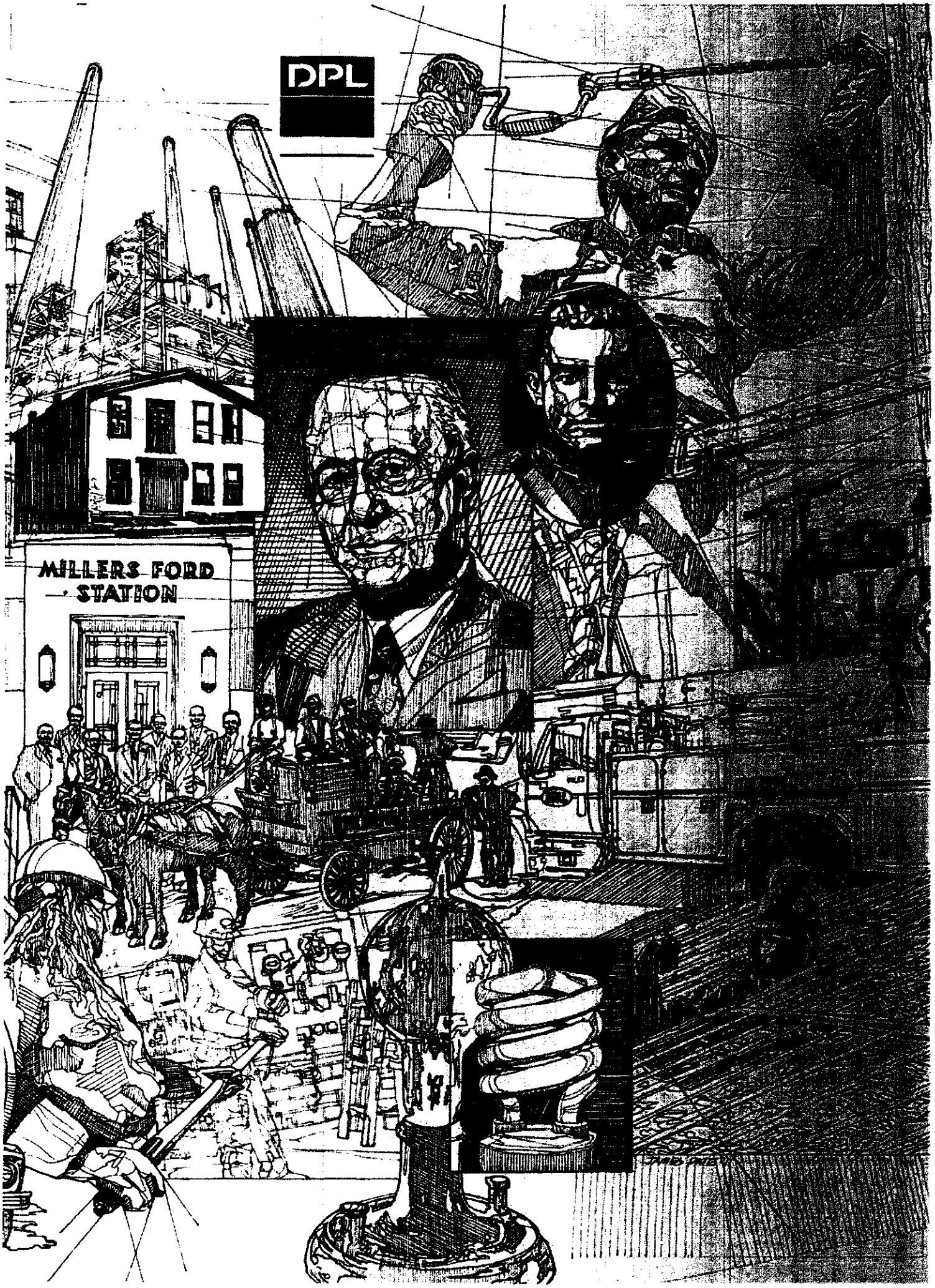
(8) Amount includes: Goodwill impairments at Kilroot of $118 million, or $0.18 per share, and in the Ukraine of $4 million, or $0.01 per share; write-off of development project costs in Latin America and Asia of $19 million ($11 million net of noncontrolling interests, or $0.01 per share) and an impairment of $10 million, or $0.01 per share, of the Company's investment in a company developing "blue gas" (coal to gas) technology. There was no income tax impact associated with any of these transactions.

(9) Amount includes loss on retirement of debt at the Parent Company of $15 million, at Andres of $10 million, and at Itabo of $8 million ($10 million, or $0.01 per share, net of income tax at the Parent Company, $0.01 per share at Andres, and $4 million, or $0.01 per share, net of noncontrolling interest at Itabo).

(10) Free cash flow (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including environmental capital expenditures). AES believes that free cash flow is a useful measure for evaluating our financial condition because it represents the amount of cash provided by operations less maintenance capital expenditures as defined by our businesses, that may be available for investing or for repaying debt.

(11) AES is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which may not be wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure). Proportional metrics present the Company's estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company's cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation of the Company. Proportional metrics are reconciled to the nearest GAAP measure. Certain assumptions have been made to estimate our proportional financial measures. These assumptions include: (i) the Company's economic interest has been calculated based on a blended rate for each consolidated business when such business represents multiple legal entities; (ii) the Company's economic interest may differ from the percentage implied by the recorded net income or loss attributable to noncontrolling interests or dividends paid during a given period; (iii) the Company's economic interest for entities accounted for using the hypothetical liquidation at book value method is 100%; (iv) individual operating performance of the Company's equity method investments is not reflected and (v) all intercompany amounts have been excluded as applicable.

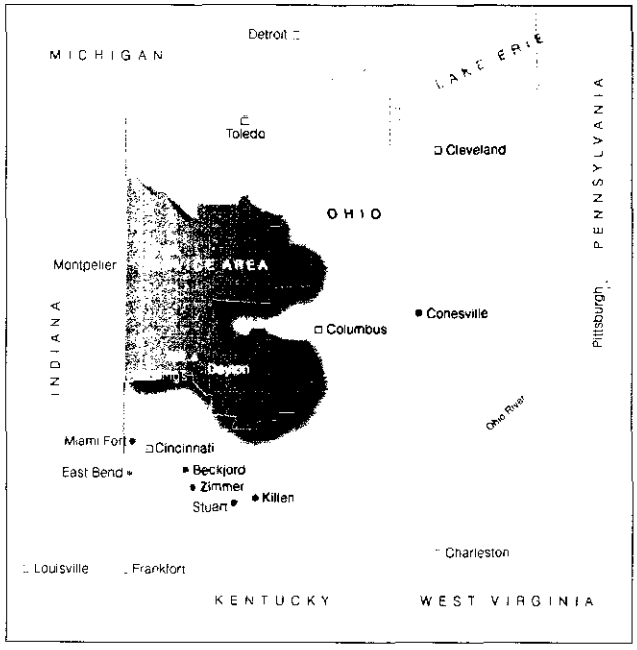
EXHIBIT 3


DPL
MILLERS FORD
STATION

Highlights

		2010		2009		2008
Market value per share at December 31	$	**25.71**	$	27.60	$	22.84
Earnings (millions)	$	**290.3**	$	229.1	$	244.5
Earnings per share of common stock – Basic:	$	**2.51**	$	2.03	$	2.22
Earnings per share of common stock – Diluted:	$	**2.50**	$	2.01	$	2.12
Average shares outstanding (millions)						
Basic		**115.6**		112.9		110.2
Diluted		**116.1**		114.2		115.4
Net cash provided by operating activities (millions)	$	**464.2**	$	524.7	$	361.2
Long term debt including current portion (millions)	$	**1,324.1**	$	1,324.1	$	1,551.8
Interest expense (millions)	$	**70.6**	$	83.0	$	90.7
Construction additions (millions)	$	**151**	$	145	$	228
Dividends paid per share	$	**1.21**	$	1.14	$	1.10
System peak load – MW (calendar year)		**2,909**		2,909		3,027
Average retail price per kWh (calendar year) (cents/kWh)		**10.04**		9.01		8.13

DPL Generating Units



Natural Gas Peaking Generation Units

● *Wholly & Commonly Owned Coal-Fired Generating Plants*

Corporate Profile

DPL was named one of *Forbes'* "100 Most Trustworthy Companies" for the second consecutive year in 2010. DPL's principal subsidiaries include The Dayton Power and Light Company (DP&L); DPL Energy, LLC (DPLE); and DPL Energy Resources, Inc. (DPLER). DP&L, a regulated electric utility, provides service to over 500,000 retail customers in West Central Ohio; DPLE engages in the operation of merchant peaking generation facilities; and DPLER is a competitive retail electric supplier in Ohio, selling to major industrial and commercial customers. DPL, through its subsidiaries, owns approximately 3,800 megawatts of generation capacity, of which 2,800 megawatts are low cost coal-fired units and 1,000 megawatts are natural gas and diesel peaking units. Further information can be found at www.dplinc.com.

About the Cover Artist

Dayton artist James Pate created the cover for this year's annual report. After reading the company's history and reviewing hundreds of photographs, he began to create the collage that highlights important points in the history of Dayton Power and Light.

A native of Cincinnati, Pate attended the School for the Creative and Performing Arts in Cincinnati, and earned a scholarship to the Art Academy of Cincinnati. He has resided in Dayton since 1997.

To encourage students to stay in school, Pate serves as an educational art consultant to the Dayton Public Schools. His art has been exhibited in galleries throughout the U.S., including the Museum of Science and Industry in Chicago and the National Civil Rights Museum in Memphis. Earlier this year, he was part of a group show called, "Made in America: An African-American Fine Art Perspective" in Sacramento.

Chairman's Letter

Powering the Miami Valley for 100 Years

In 2011 we're celebrating a century of service to our customers in the Miami Valley. The company has a long legacy of being dedicated to the betterment of the communities it serves. In this report you can read about those who preceded us in building the company for 100 years into what it is today. It is a story of forethought and hard work, as well as a focus on performance and customer service. Today, we work every day to live up to that legacy.

In the 1923 DP&L Annual Report, then-president Frank Tait said, "The Dayton Power and Light Company is an Ohio institution operating throughout the southwestern part of Ohio, and the greater part of its outstanding capital stock is owned by Ohio people. Our company, rather than being owned by a few individuals, is owned by 2,565 shareholders, of which number only 42 own more than 100 shares each."

Today, there are 19,875 shareholders of DPL Inc. throughout the world. Approximately one half are large, institutional shareholders and the other half are individual investors.

Strong Performance and Profile

The region's economy began to show signs of recovery in 2010 and our earnings per share also increased during the year. In 2010 our diluted earnings were $2.50 per share, compared to $2.01 per share for the same period in 2009. Earlier this year we reaffirmed our 2011 earnings guidance of $2.30 to $2.55 per share.

During the latter part of 2010, DPL's board of directors approved two measures to return value to our shareholders. In October, we announced a new three-year, $200 million stock repurchase plan. Under this plan, DPL may repurchase its common stock from time to time in the open market through private transactions or otherwise, on such terms and conditions as the company deems appropriate. Although the plan will run through the end of 2013, it may be modified or terminated at any time without notice. To date, approximately 2 million shares have been repurchased for $52 million, or an average price of $25.75 per share.

In December, we announced a 10% dividend rate increase to an annualized rate of $1.33 per share. This marks the sixth consecutive year that the company has increased the dividend rate. Going forward, the board of directors will continue to evaluate the dividend annually, or more frequently.

Glenn E. Harder

Our decisions on the share repurchase plan and the dividend rate increase were a result of the company's strong financial profile, solid liquidity position, investment grade debt ratings across each of the major rating agencies, as well as the board's confidence in the company's future outlook.

External Recognition of DPL

I am pleased to report that DPL again received investment-grade credit ratings from the major rating services (ratings current at time of printing).

- **Fitch Ratings: A-, stable outlook as of October 2010**
- **Moody's Investors Service: Baa1, stable outlook as of June 2010**
- **Standard & Poor's Corp.: BBB+, stable outlook as of April 2010**

In August 2010, DPL was again named one of *Forbes'* "100 Most Trustworthy Companies" for the second consecutive year. The company's values, integrity and trustworthiness are reflected in our placement on the list. The company's core values serve as the foundation for its long-term success.

Public Utilities Fortnightly ranked DPL Inc. as the best energy company in the country in 2010 for the second year in a row. The *Fortnightly* annual survey evaluates the financial results of the past four years for 85 energy companies.

As we look toward the next 100 years and work to live up to the DPL legacy, I see a demanding future with a changing regulatory environment, new technology and a recovering economy. I have confidence in the company's employees and executive team to deliver as they have in our recent challenging times.

Your board of directors is very proud to be associated with DPL and to be a small part of its next 100 years. We sincerely appreciate your continued support and investment in DPL.

Glenn E. Harder
Chairman
March 1, 2011

President & CEO's Letter

Paul M. Barbas

2010: A Solid Year for DPL
2011: 100 Years of DP&L

As we begin to celebrate our 100 year anniversary as a company, the last few years have made us think back to those who navigated the company through the decades before us. In our industry, there are some "timeless" fundamentals that were as important to our region and our company in the 1930s as they are today. In 2011 and beyond, these fundamental elements will continue to be areas of focus and help support the future economic growth of the Miami Valley:

- Safety
- Reliable Service
- Generation Performance

Continued Investment in Our Business and Our Communities

DPL continues to invest in the Miami Valley with our eyes on the future. For example, to pave the way for growth, DP&L began building two new substations in 2010. Substation technology has evolved considerably over the past 100 years. New controls and monitoring equipment provide information on equipment health (temperatures, voltages, status of breakers), ensure voltage stability and enable faster service restoration. The evolution from electromechanical relays to digital relays provides additional system protection, control and, ultimately, improved reliability.

DP&L recently invested $3.5 million dollars in a new electric substation to increase reliability and to support business growth in Preble County. The facility is strategically located near Silfex, Inc. to ensure a constant flow of power, which is critical to their operations. This facility in Eaton, Ohio is the largest silicon growing facility in the world. And, all of our customers in Preble County will benefit from the new substation when it begins operation in the first quarter of 2011. Additionally, the $2 million Caesar Creek substation was also built in 2010, serving Caesar Creek, Clarksville and the rural parts of Clinton and Warren counties, providing enhanced reliability while supporting future growth.

A very important economic engine for the Dayton region and Ohio is Wright-Patterson Air Force Base (WPAFB). We have been supporting the base from its beginnings. Back in 1915, DP&L made a large investment in building the Miller's Ford power plant to support growth in the region. This $7.7 million investment began to pay dividends for the region at the conclusion of World War I, when institutions began to consider the Dayton area as a possible location to build or to relocate.

One such organization was the U.S. Army Air Corps whose leaders believed Dayton was an ideal location for an airbase, in part due to the existing facilities at McCook Field, which were located north of Dayton. A decisive factor in the military's decision was DP&L's assurance that it

would be able to supply the base with the needed electrical power. McCook was later relocated to Wright Field, which eventually became the Wright-Patterson Air Force Base we know today.

WPAFB is now the state's largest, single-site employer. During 2009 we entered into a contract to own, operate and maintain the assets for the distribution and transmission of electricity at WPAFB. After a one-year transition, in March 2011, DP&L assumed ownership of the electrical assets at the base and now operates, maintains and repairs the equipment. We will be working alongside WPAFB to understand their growth plans and system requirements to be able to support the base in fulfilling its many critical missions.

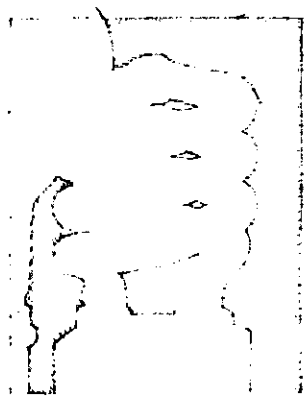
In the interest of strengthening the level of service to the communities we serve, we revitalized and expanded our Community Ambassador program last year. We now have 33 employee ambassadors in the program, covering 37 local governments. These employees formally represent DP&L in the municipality in which they live. The program provides the communities with a single point of contact with DP&L and enhances our relationships with local governments. The ambassadors attend council meetings, meet with government and community leaders on a regular basis and often serve on community boards. The employees have an inherent interest in helping the communities to be successful, as it is where they live and raise their families.

Reliable Customer Service

Customer service, safety and reliability are the three primary concerns of DP&L's Service Operations team. In 2010, DP&L's operational performance once again exceeded all Public Utilities Commission of Ohio reliability standards.

Also last year, DP&L launched a new Business Call Center dedicated solely to addressing the complex needs of its business customers. A select number of experienced representatives received additional training to provide enhanced support for this service. The company also purchased an online energy reference library for business customers that provides detailed information on how to reduce energy costs for a variety of industries. The Business Savings Library is available on www.dpandl.com.

As a reflection of our continuing focus upon customer service, DP&L's customer satisfaction scores, as measured by J.D. Power and Associates, increased across our customer base. For business customers, the score rose nearly 30 points. In the residential customer satisfaction study, DP&L was one of 15 "most improved brands" in the U.S. in 2010.



Addressing Ohio's Energy Goals

DPL is actively working to comply with Ohio's energy legislation, which requires that 12.5% of Ohio's energy needs be generated by renewable resources by 2025. To be able to meet this aggressive goal, we are evaluating the viability of solar resources and alternative fuel sources, such as biomass. For example, at our Killen Station we have been testing technologies for co-firing biomass with coal.

Additionally, during the first quarter of 2010, we completed construction of our Yankee Solar Array, which came online at the end of March. It was the first solar installation built by a utility in the state. The 1.1 megawatt array consists of 9,120 solar panels covering 7 acres in southern Montgomery County. The array features a visitor's learning kiosk that is open daily for self-guided visits.

Another important component of Ohio's energy legislation calls for the reduction of electricity consumption by 22% by the end of 2025. Starting in 2009 and throughout 2010, DP&L launched energy efficiency programs for business and residential customers to help meet this goal. Our initial calculations show that these programs have saved enough energy to power 24,000 homes for a year. The energy efficiency initiatives include lighting discounts, appliance recycling, HVAC rebates and cooling tune-ups, as well as unique business and government rebates.

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Planning for Evolving Technology

Through our 100 years, DPL has constantly sought improvement through the use of technology. In the 1920s, DP&L's fleet helped make automotive history by serving as a proving ground for the development of "anti-knock" Ethyl gasoline. DP&L played an important role in helping General Motors Research Labs experiment with the new fuel. DP&L's operating and maintenance costs for its transportation fleet were significantly reduced with the introduction of the new anti-knock gasoline.

Later in the 1970s and early 1980s, DP&L's Transportation team, led by Jack Hounshell who is now in his 42nd-year with the company, purchased six electric cars (Ford and Dodge) and converted 20 other vehicles to compressed natural gas for the fleet.

The company continues to look to the future and at our customers' evolving needs. History repeated itself in 2010, as DP&L took delivery of an all-electric car to study its charging characteristics and to prepare for the use of electric vehicles in our service territory in the near future. DP&L has additional electric vehicles and charging stations on order. The company is also participating in the testing of a variety of electric vehicles throughout the country to further our understanding of the system impacts. The goal of the company's plug-in electric vehicle research that began in 2009 is to ensure that customers' electrical service from DP&L will support their charging needs as electric vehicles become available in our region.

Lighting the Way for 100 Years

Since its earliest days, DPL and its employees have been integral to helping improve and maintain the quality of life in the communities we serve. And in our challenging economic climate, DPL employees stepped up their support in the areas where they live and work. In 2010, employees pledged more than $250,000 to the United Way. Combined with $200,000 provided by the DP&L Foundation, DPL's total yearly United Way contribution was more than $450,000.

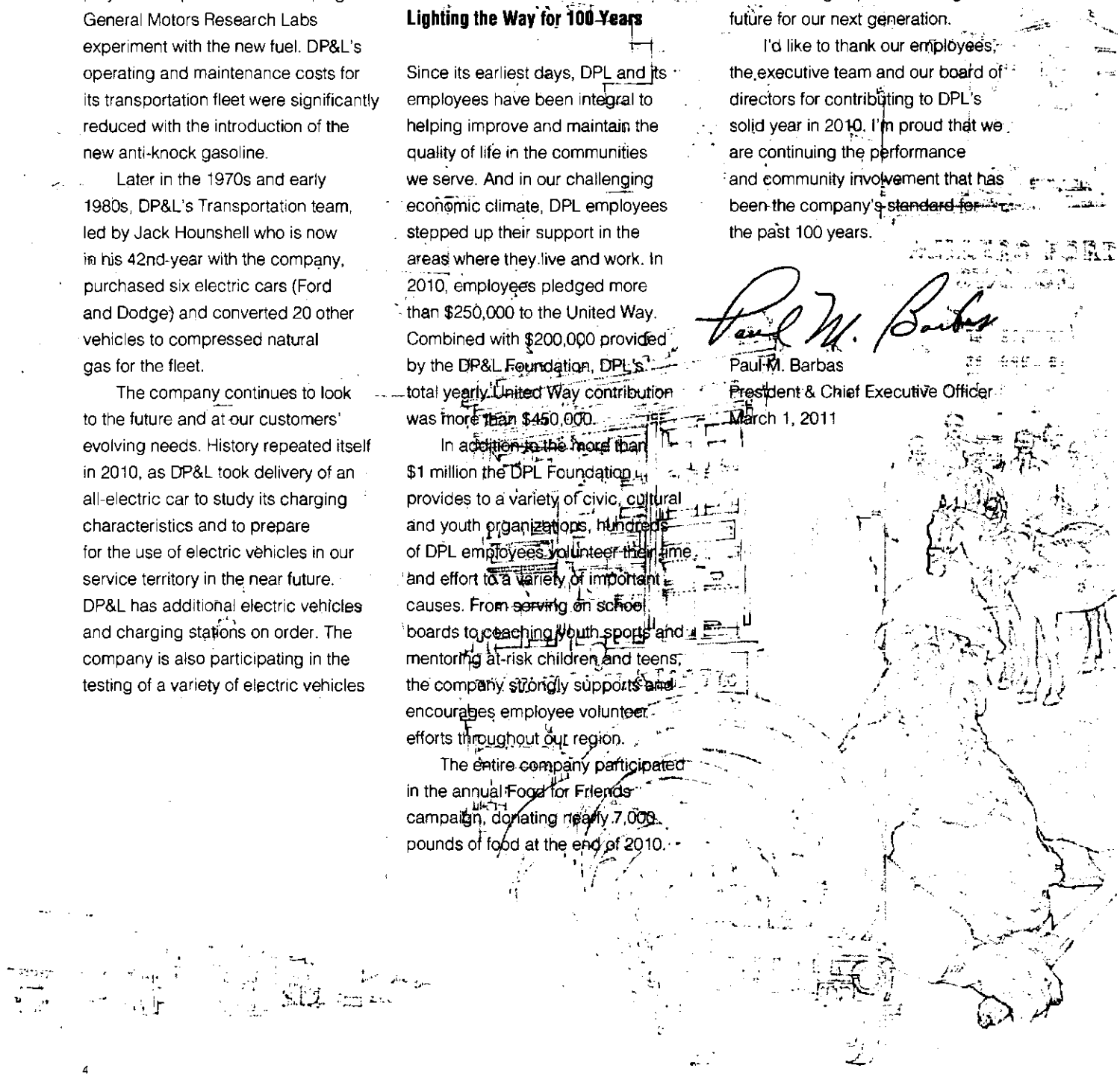
In addition to the more than $1 million the DPL Foundation provides to a variety of civic, cultural and youth organizations, hundreds of DPL employees volunteer their time and effort to a variety of important causes. From serving on school boards to coaching youth sports and mentoring at-risk children and teens, the company strongly supports and encourages employee volunteer efforts throughout our region.

The entire company participated in the annual Food for Friends campaign, donating nearly 7,000 pounds of food at the end of 2010. Many locations organized gift collections for different charities during the holidays, and held a number of fundraising events throughout the year for local non-profit organizations.

Our partnerships with organizations like the United Way strengthen our communities. As DPL employees have done for 100 years, we're working to provide a brighter future for our next generation.

I'd like to thank our employees, the executive team and our board of directors for contributing to DPL's solid year in 2010. I'm proud that we are continuing the performance and community involvement that has been the company's standard for the past 100 years.

Paul M. Barbas
President & Chief Executive Officer
March 1, 2011



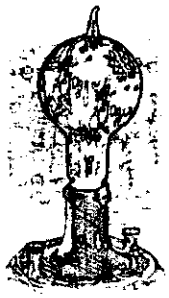
Lighting the Way for 100 Years

The Origins of Dayton Power and Light

The Hills and Dales Railway Company became The Dayton Power and Light Company in the spring of 1911, but the roots of DP&L date back to 1848 when the Dayton Gas Light and Coke Company was chartered, primarily to illuminate city streets to keep citizens safe.

Dayton Gas Light generated gas from the combustion of hog grease obtained from nearby slaughter houses. The vapor was pumped through distribution lines to street lights, businesses and eventually to homes. In 1851 coal was substituted for grease.

Thomas Edison's First Incandescent Lamp



In the 1880s, after Thomas Edison demonstrated the first incandescent lamp in 1879, electricity came to Dayton via the Brush Electric Light and Motor Company.

In a tiny building near what was East First and Madison Streets, where Delco Building No. 20 was later erected, the Brush company installed a 23-lamp Fuller-Wood arc

machine. This same building was also the first cash register factory.

In 1883 Brush became the Dayton Electric Light Company and Dayton was one of the first cities in Ohio to light its streets with electricity.

Electric service first comes to Dayton with a power plant and electric street lighting operated by the Dayton Electric Light Company

Frank M. Tait Provides Direction for the Next 53 Years

An apprentice of Thomas Edison, Frank Tait made his start in the utility industry in 1893 at 19 years old.

Edison's technology was rapidly accepted in the U.S. and demand for electricity skyrocketed with the development of efficient motors and labor-saving devices for the home, store and factory. Many factories abandoned their own electric plants and instead purchased service provided by DP&L. At the turn of the century the Dayton Electric Light Company's profits were $32,600.

Meanwhile, Tait became a success in his home town of Catasauqua, Pennsylvania as a manager at the local gas and electric company. As a result, the New York electrical firm of Brady and Young hired Tait as an engineer. In 1904, Tait's first assignment was to come to Dayton to study the city's electric light and power industry. His evaluation led his employer to purchase the Dayton Electric Light company.

A "heavy line" construction crew, with its 1910 one-ton electric truck, extending lines on Cincinnati Pike. Driver is Harry Irwin; on the truck: Bob Matheny, Harry Thompson, Bill Dunigan, and Jimmy (last name unknown). Standing: Glen Leiberger, Roy Johnston and Frank Newman.

Following the acquisition and consolidation of several companies, Frank Tait was elected to the office of president of DP&L on October 2, 1911, an office he held until he became chairman of the board in 1945. DP&L was now a regional utility, extending electric service to West Carrollton, Drexel, Trotwood, Ft. McKinley, Osborn, New Carlisle, Fairfield (now Fairborn) and Shiloh.

1913 Great Miami Valley Flood Demonstrates Resourcefulness of DP&L

April 3, 1913
Dayton Daily News front page

Headline:
Power and Light Reconstruction Fast

The Dayton Power and Light Company has shown by their work at the present time to be very resourceful...

Both of the company's power plants on Third and Fourth Streets were off line for three days while crews removed 14 inches of mud from the floor and from the generating equipment. The water-logged equipment had to be dried out and carefully cleaned before operations could be restored.

Electrical experts, along with mechanical and steam engineers from nearby cities and states rushed into Dayton to assist. Partial service was restored in a remarkably short period of time considering nearly all overhead transmission and distribution lines were destroyed.

With $100 million in damage and 361 dead, Dayton was determined that a disaster of this magnitude would not bring the city to its knees again. Two individuals were instrumental in organizing a flood control program. Adam Schantz, vice president and a member of the DP&L board of directors, along with John Patterson of NCR established a campaign to raise $2 million for the prevention of future floods. Schantz made the first donation of $160,000.

DP&L also played a large part in the Miami Conservancy Flood Control project by furnishing electric power for large excavating machines, gravel washers, concrete mixers, air compressors, locomotives, derricks, drills and shop equipment.

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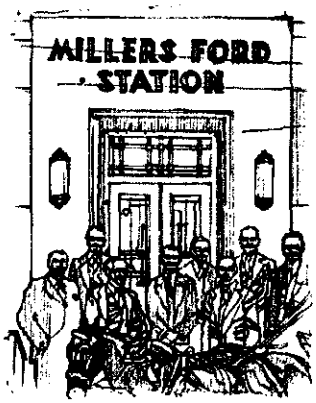
New Millers Ford Station Consolidates and Centralizes Power Production

In 1915, DP&L purchased 28 acres south of the city of Dayton, along the bank of the Great Miami River for $23,616. The following year construction began on land that is just west of I-75 between the exits of Edwin C. Moses Boulevard and Springboro Pike. Many in the city believed it was an overly ambitious undertaking. When completed, Millers Ford cost the company nearly $7.7 million.

When Millers Ford came online in 1918, the company's Third and Fourth Street stations were used for standby purposes and also served to produce steam, as demand for steam service had grown in the area.

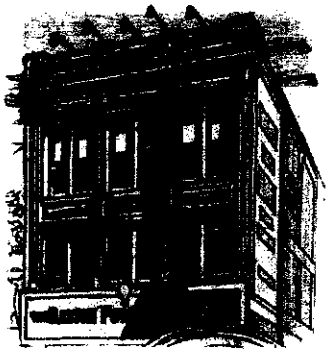


June 1940. Front Row: A.R. Smith, manager, Turbine Engineering, General Electric; O.H. Hutchings, VP DP&L; J.J. Kerr, VP Babcock & Wilcox; C.H. Spiehler, mechanical engineer, DP&L. Second row: R.D. Gillespie, manager, Power Production, DP&L; Arthur Parker, mechanical engineer, Columbia Engineering Management; P.E. Murray, engineer, General Electric; E.R. Kirkpatrick, Turbine sales engineer, General Electric.

DP&L's investment in Millers Ford paid off when at the conclusion of World War I in 1918, companies began to consider the Dayton area as a possible location to build or to relocate.

Roaring 1920s Bring Prosperity

The roaring 1920s were healthy and prosperous for DP&L. The company practiced Frank Tait's "public-be-pleased" policy, serving customers from a variety of locations in downtown Dayton. DP&L began building a "service building" on the northeast corner of Monument and Foundry Streets in 1922. DP&L's current service building is now located at 1900 Dryden Road. Then, as now, it is the operational "nerve center" of the company.



DP&L's "general office" at 20 South Jefferson Street circa 1920s. On the side of the building a billboard reads: "Daylight Your Kitchen. 30 Days Free Trial."

The service building was completed in 1923 and was home to the company's motor fleet. Also in the 1920s the company looked into new ways to meet the future needs of its customers, such as interconnection with other utilities and "power pools" of reserve power. In 1923 DP&L created a power pool with Cincinnati Gas and Electric. This was the first joint venture of its kind for either company.

Consumption of Electric Power Declines Dramatically During Depression Era

The prosperity of the 1920s ended on October 29, 1929 with the beginning of a 10-year depression that caused a dramatic decline in the use of electricity by factories and all industries.

However, the demand for electricity by households remained high and buffered DP&L from the impact of the "Great Crash." In what was the darkest year of the depression, 1931, the company began to promote rural electrification, despite the high cost of constructing transmission lines. Once again, the company was investing for the future of the region. By 1943 DP&L had constructed a total of 3,097 miles of rural lines, serving nearly 18,000 customers.

1940s Bring New Leader and Ultra-Modern Electric Generating Station

DP&L, like all U.S. companies, devoted its energy to the war effort. Acquisitions and plant expansions were put on hold until the company's war emergency priorities ended with peace in Europe and the Pacific.

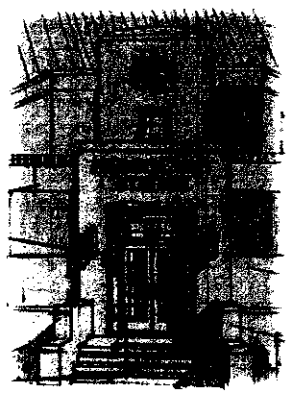
With the end of World War II, Frank Tait sensed a managerial change was necessary. He relinquished his position and moved up to the position of chairman of the board. In 1946, Kenneth C. Long, who had been vice president and associate general manager since 1936, was elected to the office of president and general manager, succeeding Frank Tait. He had begun his career at DP&L in 1914 as a meter reader.

Long was a graduate of Steele High School in Dayton, class of 1910. He studied electrical engineering at Purdue University. He served his country in World War I as a commander and returned to his job at DP&L, where he had been converting industrial power plants to DP&L's service.

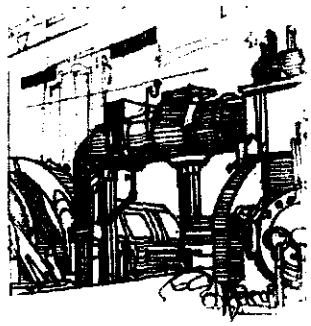
Long left the employ of the company for four years, until he was convinced to return as a power engineer in 1929. He rose in the ranks due to his personal charm and native abilities. Long was admired by his associates and superiors.

Said about Kenneth C. Long: "His ability to get at the heart of problems is based on certain personal characteristics. Being born with an intense curiosity, he has always shown a deep interest in people of all races and creeds. This dominant characteristic has led to a keen understanding and tolerance of men and women in all walks of life and forms the basis for his ability to handle situations with sound and prophetic judgment."

In 1946, the board of directors deemed it "fitting and proper" to name its current plant and future electric generating station after the two men who had spent their lifetimes pioneering and developing the electrical system that had become Dayton Power and Light. Millers Ford was renamed Frank M. Tait Station.



The Millers Ford Power Plant was renamed Frank M. Tait Station on December 20, 1946.



Inside Tait Station circa 1940s

A new plant was to be called the O.H. Hutchings Station in honor of Tait's associate who had been vice president for 26 years, and played a vital role in the development of the company as an employee for over 50 years: Orie H. Hutchings.

The location for Hutchings station was carefully chosen with consideration for accessibility to railroads, paved highways and river flow. The site selected was 12 miles south of Dayton on the west side of the Great Miami River on Chautauqua Road. Construction began in 1946. In 1948, before Hutchings died on July 30, he personally opened the throttle of the first 60,000 kilowatt turbo-generator on July 12. He is remembered for his fine spirit of loyalty, fairness and high ideals of service.

At the time, Hutchings Station was one of the finest steam electric stations in the Eastern United States, and many engineers came to study its layout. By 1953 the sixth and last generator installed at Hutchings was placed into operation and the total cost of the station tallied up to $47 million.

The Dayton Power and Light motto:

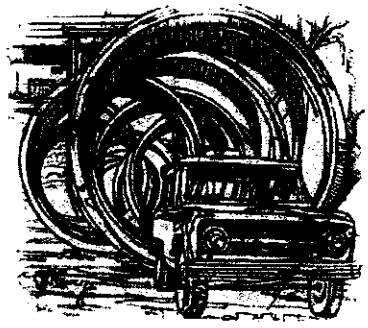
To know what to do is wisdom;
To know how to do it is skill;
To do a thing as it should be done is service.

Growth, Expansion and Additional Generating Capacity

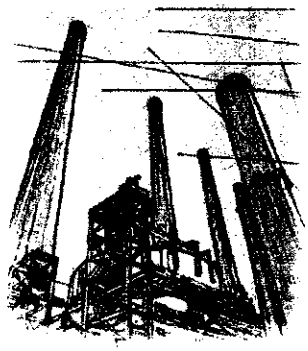
In 1953, DP&L's total generating capacity was now 580,000 kilowatts and the company employed 2,300, of which 430 were women. On the payroll at the time were over 300 employees who had 25 years or more of service. That tradition continues today, as many of the company's employees choose to stay with DP&L for a long career.

A Tait Station turbine being repaired by Ted Wilks (left) and Willie Davis.

On February 7, 1958 Frank Tait relinquished his position as chairman of the board and accepted the title of "chairman emeritus." Kenneth Long then became chairman and J.M. Stuart became president.



The power plant that would bear this new president's name began construction in 1966 along the Ohio River near Aberdeen, Ohio. At the time of its dedication in 1970, Stuart Station was the largest coal-fired facility in the world and cost over $390 million to build. The plant was built and is operated by DP&L. It is co-owned by the successor companies of Cincinnati Gas and Electric and Columbus and Southern Ohio Electric Company. DP&L built a 345,000 volt network to handle this new source of power, along with 11 new substations.



Decades of Change End in Renewed Commitment to Customers

During the late 1960s and the inflationary 1970s the company installed a variety of pollution devices at all its plants. In 1971 the company was the first in the nation to install dust collection devices at its power plants.

Starting with the energy crisis of 1973, the mid-1970s were a difficult time for DP&L. Between 1973 and 1975 the price of coal doubled, financing rose 35%, environmental expenditures amounted to $28 million, construction costs spiraled from $163 per kilowatt to $238 per kilowatt and taxes rose from $26 to $42 million.

Also in the mid-1970s the Miami Valley endured another significant, natural disaster.

The Xenia tornado that struck on April 3, 1974 was a massive F-5 that killed over 30 people, leveled half the town and left 10,000 homeless. It remains among one of the most destructive tornadoes in U.S. history. Three high-voltage transmission lines were knocked out by the storm. In all, DP&L suffered $1.7 million in repair and replacement costs of its equipment, but electricity was restored by April 5 and gas service by April 8.

By 1975 DP&L had 403,000 customers. Construction began on Killen Station in 1976, along the Ohio River, near Manchester, Ohio. It was

completed in 1982 at a cost of $588 million. The plant is named after Robert B. Killen, who guided the company as president during the early 1970s and then became chairman. He was a University of Cincinnati graduate and worked his way up the corporate ladder from cadet engineer.

In the mid 1970s and into the 1980s the company became more focused on customer service. In response to rising energy costs and inflation, the company created "budget billing," worked with social service agencies and created payment plans for those having difficulty paying their bills.

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In 1985 DPL Inc. was formed as a holding company to provide a flexible financial organization for capital investment and managerial control. In the late 1980s, demolition of the 70-year-old Tait Station began. During the 1990s DP&L offered the "Way to Go®" energy efficiency programs, featuring Lucky the Dog, that helped customers save money and energy. DP&L was the first Ohio utility to offer a program of this type to customers.

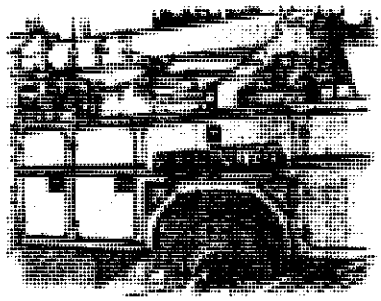
"Think Hot! Stay Safe!" presenters Allison Marshall, substation electrician, and Rick Vance, meterman, are demonstrating that trees can conduct electricity. View a video about the presentation on the DP&L Website.

The company also created an educational safety demonstration dubbed "Think Hot! Stay Safe!" that is entertaining for kids of all ages, but also dramatically shows the dangers of electricity. One main point of the presentation is to stay far away from fallen power lines. DP&L employees are available to bring the presentation to schools and special events all over the Miami Valley. Presentations are also available to train police and fire professionals who may encounter dangerous electrical situations. Call 937-259-7925 or e-mail ThinkHotStaySafe@DPLINC.com at least two weeks in advance of the date requested to schedule a presentation.

On August 8, 2007 DP&L experienced an all-time record for the demand of electricity: 3,270 megawatts (net peak load).

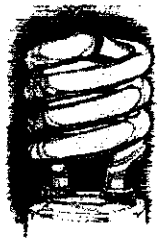
Testing New Technology and Reducing Energy Consumption in the Miami Valley

In 2009 DP&L began using and evaluating a hybrid bucket truck that offers reduced noise and increased fuel efficiency. The hybrid's battery is recharged overnight and also through regenerative braking. When at a job



site, the truck's battery can power the climate control system as well as the boom (or arm) that is used to reach power lines. This not only means fuel and emissions savings, but also eliminates noise that would otherwise come from the diesel engine. That noise reduction means customers aren't disturbed during the night while our crews are hard at work repairing service.

Also in 2009, DP&L began offering new energy efficiency programs for residential and business customers,



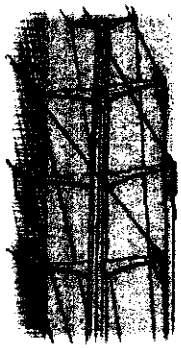
which include discounts and rebates on improvements that use less energy, save money and help protect the environment. Since the program began, over 3.5 million compact fluorescent light bulbs discounted by DP&L have been sold in the Miami Valley.

Initial calculations show that the DP&L efficiency programs have saved enough energy to power 24,000 homes. The programs for both residential and business customers include lighting discounts, appliance recycling, HVAC rebates, cooling tune-ups and unique business and government rebates.

DP&L's Yankee solar facility was constructed in partnership with a number of regional companies led by Ameridian Specialty Services, Inc. of Cincinnati.

DP&L began construction in late 2009 of a 1.1 megawatt solar array near its Yankee substation in Washington Township, Montgomery County, Ohio. The state's energy legislation calls for 25% of all energy consumed by Ohioans to be from alternative energy by 2025. Of that, 0.5% must be solar energy. DP&L's Yankee solar array consists of 9,120 solar panels constructed over 7 acres, and generates enough electricity to power the equivalent of 150 homes a year. The array cost approximately $5 million to build and was completed in the spring of 2010.

With DP&L – Tomorrow Starts Today



Today, DP&L provides electrical service to over 500,000 customers in 24 counties, spanning 6,000 square miles. In 2010, the company's customer service representatives fielded over 2.3 million phone calls.

Then, as Now, Teamwork is the Key

In 1953 Frank Tait, chairman of the board at the time, addressed the Newcomen Society on DP&L's contributions to Ohio. What he said to the audience 58 years ago still holds true today:

"I suggest you bear in mind that not I, nor any individual entirely is responsible for what success our company has obtained and hopes greatly to augment in the future. Rather, let me remind all of you it is the overall determination and performance of all those men and women, who, each in his own capacity, has performed and intends to carry on in the future all the many duties and responsibilities which, considered as a whole, constitutes the 'teamwork' that is the only means to ensure continuing success."

For more about DP&L and its employees visit www.dpandl.com.

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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.	))))))	Case No. 11-3002-EL-MER

APPLICANTS' REPLY COMMENTS

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I. INTRODUCTION

In the Application in this matter, Applicants demonstrated that the proposed merger would "promote the public convenience and result in the provision of adequate service for a reasonable rate," as required by Ohio Rev. Code § 4905.402(B). Specifically, Applicants demonstrated that the benefits of the merger included:

1. AES is committed to preserving DP&L's local decision making authority, including its commitment to maintain DP&L's operating headquarters in Dayton, Ohio and DP&L's name, for at least two years following the merger.

2. Customers will continue to receive the same high-quality service at reasonable rates that they received before the merger. DP&L's rates are currently fixed through 2012 and were approved by the Commission. Post 2012 rates will also be subject to approval by the Commission.

3. AES is committed to meeting customers' energy demands, and it contributes to communities' capability to grow by providing reliable and responsible electric power. Customers will benefit from the extensive technical expertise and resources of the AES group. The merger will allow DP&L to build on what has made it a reliable, efficient utility while receiving the benefits of being a part of a larger global company. AES owns Indianapolis Power & Light Company ("IPL"), and IPL's close proximity to DP&L will allow each company to provide better emergency response services.

4. The merger will not result in further consolidation among Ohio utilities.

5. Following the merger through December 31, 2013, AES has committed to cause DPL Inc. and DP&L not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger.

6. For at least two years following the merger, DP&L will continue to provide corporate contributions and community support in the Dayton, Ohio area at levels substantially consistent with its current levels of charitable contributions and community support. In addition, because The DP&L Foundation is an independent entity, it will not be affected by

the merger. It will continue its community focus, as it has for over 25 years.

7. Upon consummation of the merger, DP&L's credit rating will remain investment grade.

In its comments (p. 3), The Staff of the Public Utilities Commission of Ohio concluded that "Staff, with one additional element, agrees with DP&L's assessment of the key elements and benefits to the merger." Staff and interested persons filed comments asserting that some of the benefits identified by Applicants should be extended or that other benefits should be provided.

As demonstrated below, the Commission should conclude that the benefits identified by the Applicants are more than sufficient to satisfy the statutory requirements that the merger "promote the public convenience and result in the provision of adequate service for a reasonable rate." Ohio Rev. Code § 4905.402(B). The Commission should thus reject the comments that seek to extend or add to the commitments made in the Application. The Applicants respectfully request that the Commission continue its review of the transaction in an efficient manner.

II. STAFF COMMENTS

With the exception of one additional element, Staff either agrees that the Applicants' commitments are adequate or makes specific recommendations for the Commission to include in its approval of the merger. The Applicants reply to each Staff recommendation as follows:

1. Headquarters and Name: The Applicants commit to maintain DP&L's operating headquarters in Dayton, Ohio and DP&L's name for at least two years following the

merger. Staff (p. 3), as well as the City of Dayton (pp. 3-4), OMA (pp. 3-4), and OPAE (pp. 5-7), recommend that the two-year timeframe for this commitment be extended to five years. The Applicants are sensitive to these local economic concerns and, to that end, have discussed and will continue to discuss with interested stakeholders the fact that AES has no intention of moving DP&L's headquarters after the two-year commitment. The Applicants maintain that a two-year commitment is the appropriate balance in this instance.

Staff also makes the following recommendation (p. 4): "Furthermore, Staff believes the bifurcated compensation provision, which pays more money to DP&L corporate executives if the corporate headquarters is moved out of Dayton, creates a perverse incentive to move the headquarters from Dayton. Therefore, Staff also recommends that the bifurcated compensation provision be removed from the agreement." Applicants want to clarify that there is no such "bifurcated compensation" provision in the merger agreement. As disclosed in DPL Inc.'s Proxy Statement, however, DPL Inc.'s Severance Pay and Change of Control Plan (the "Severance Plan"), as most recently amended and restated by DPL Inc. in 2007, requires DPL Inc. to make a severance payment to certain executives who, within a specified period following a change of control, are terminated without cause or resign for good reason.[1] The definition of "good reason," which appears to have generated the Staff's comment, is defined in the Severance Plan, in relevant part, as "the relocation of the Company's principal executive offices more than 50 miles from their current location . . . or the requirement of the Participant to be based at a location more than 50 miles from the Participant's location as of the Change of Control."[2]

[1] Section 5.2 DPL's Severance Pay and Change of Control Plan.
[2] Id.

Because the relevant severance payments are triggered only if a resignation for good reason occurs within a specified period of time — which is two years following a change of control for DPL Inc.'s CEO, and one year following a change of control for the other covered executive officers — the Staff's concern is effectively mooted by the merger agreement's requirement to maintain DP&L's operating headquarters in Dayton, Ohio for at least two years following the merger.

Even in the absence of such a commitment, there is simply no incentive for corporate executives to move the headquarters from Dayton, as the Staff suggests, because any decision to relocate DPL Inc.'s headquarters is one that would be made, if at all, by DPL Inc.'s board of directors and not by the executives covered by the Severance Plan. Given this fact, the existence of this provision in the Severance Plan actually serves as an incentive to DPL Inc. to maintain DPL Inc.'s headquarters in its current location following a change of control because any decision to the contrary could require DPL Inc. to make a severance payment to the covered executives.

2. Merger Costs: The Applicants state in their Application that customers will continue to receive the same high-quality service at reasonable rates that they received before the merger, as DP&L's Commission-approved rates are currently fixed through 2012 and any post-2012 rates will be subject to Commission approval. Staff (p. 4), as well as OMA (p. 3), recommend that the Commission include a requirement in its approval of the merger that no merger-related costs be recovered through regulated rates. In its application, Applicants are not seeking to recover any costs incurred directly related to the negotiation, approval, and closing of the merger and have acknowledged that the rates will continue to be fixed through 2012.

3. Workforce: Following the merger through December 31, 2013, AES has committed to cause DPL Inc. and DP&L not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L employing substantially fewer individuals in the aggregate than are employed immediately before the merger. Staff (p. 5), as well as City of Dayton (p. 3), OPAE (p. 6), and OMA (p. 4), recommend that the workforce commitment should be for at least three years, and Staff recommends that "substantially fewer" should be defined as less than 10%.

Applicants accept Staff's recommendation to define "substantially fewer" as less than 10%, which translates into a commitment not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L reducing by 10% or more the number of individuals in the aggregate that are employed (exclusive of officers and management employees covered by a change in control agreement) the day the merger closes. AES is acquiring DPL Inc. and DP&L as a platform for growth in the PJM market. Unlike the Duke/Cinergy merger, this is not a deal driven by synergies. Thus, Applicants' commitment is consistent with AES's growth strategy. Extending the workforce commitment beyond two years, however, is unreasonable due to the increasing competitiveness of the energy business and the uncertain regulatory costs caused by new environmental regulations. Similar to the headquarters location issue above, the Applicants appreciate the sensitivity of this issue in the local community and are discussing and will continue to discuss with interested stakeholders the issue and explain the basis for the Applicants' two-year commitment.

4. Ring Fencing: The Applicants state in their application that upon consummation of the merger, DP&L's credit rating will remain investment grade. Staff suggests that additional ring-fencing provisions are necessary. Staff recommends (p. 6) that the

Commission require DP&L to maintain a capital structure of at least 45 percent equity. In addition, Staff recommends (p. 6) that DP&L maintain a retained earnings to total plant ratio of at least ten percent.

The Commission should reject Staff's ring-fencing recommendation. Applicants' commitment to maintain DP&L's credit rating at investment grade is sufficient to address Staff's concern and provide appropriate financial oversight for the Commission. The "grade" assigned by the rating agencies directly reflects those agencies' evaluation of DP&L within the holding company structure. The rating agencies have experience analyzing and grading public utilities within the structure of holding companies, and their resulting grade is a reasonable bar by which the Commission can exercise appropriate financial oversight.

Maintaining DP&L's credit rating at investment grade coupled with the Commission's direct authority under Ohio Rev. Code § 4905.42 to pre-approve any future evidence of indebtedness sought by DP&L provides the Commission with a two-part remedy to Staff's concerns. Because Applicants are not asking in this proceeding to put any debt on DP&L, at issue is the Commission's oversight of DP&L's financial condition going forward. If, post-merger, DP&L sought to issue equity or debt, then it would need to obtain Commission approval under § 4905.42, as it has in the past. Section 4905.42 states, in relevant part, "All stocks, bonds, notes, or other evidence of indebtedness issued by any public utility or railroad without the permission of the commission are void." That section, along with sections 4905.40 and 4905.41, provide the only direct authority for the Commission to protect the financial condition of a public utility within a holding company. These sections have worked well over time, and it is sensible not to disrupt that regulatory scheme in this proceeding.

The Commission should also exercise caution in connection with its consideration of Staff's recommendations because the Commission's statutory basis to impose ring fencing provisions is doubtful. The Commission's review of this merger is triggered by the relevant change in control statute, Ohio Revised Code 4905.402(B). There is no language in § 4905.402(B) — nor in any other section of the Ohio Revised Code — that empowers the Commission to impose ring-fencing provisions in a merger proceeding. As a creature of statute, the Commission has jurisdiction to do only what it is specifically empowered to do by the General Assembly. In the past, the Commission has used its § 4905.402(B) approval authority to attach minor conditions on mergers to ensure the financial integrity of the regulated utility; those instances, however, were limited to Commission access to books and records, not capital structure requirements. *See In the Matter of the Joint Application of SBC Communications Inc., SBC Delaware Inc., Ameritech Corporation, and Ameritech Ohio for Consent and Approval of a Change of Control,* Case No. 98-1082-TP-AMT, Opinion and Order, at p. 29 (Apr. 8, 1999).

In sum, the ring-fencing provisions are unnecessary in view of the facts that the Applicants have committed to maintenance of DP&L's credit rating as investment grade; that DP&L is not assuming any new debt as a result of the merger; and that this Commission would have to approve any new DP&L debt in the future. The Commission, as a result, should not adopt Staff's recommendation to impose these provisions.

5. Merger Savings/New Billing System: Staff's additional element (pp. 6-7) is that a portion of any merger savings should be directed to the implementation of a new billing system for DP&L. Putting aside whether or not there will be any merger savings attributed to regulated services for which a portion could be earmarked as Staff seeks, this is not the appropriate proceeding to evaluate this issue. As the Commission is well aware, advanced

metering infrastructure deployment, related rate designs, and the planning and implementation of a billing system that will take full advantage of such an investment is a complex process. DP&L's experience with estimates for such a system shows that implementation of a new billing system would require significant capital expenditures and O&M expenses. Analyzing the need for such a system, the system itself, the cost, and cost recovery are topics not suited for this proceeding.

III. INTERESTED PERSONS' COMMENTS SHOULD NOT PREVENT CONSUMMATION OF THE MERGER

A. IEU-OHIO'S COMMENTS

1. No Hearing is Required

IEU-Ohio (p. 3) and The City of Dayton (p. 2) assert that the Commission should permit discovery and conduct a hearing in this matter. The Commission should reject those comments for the following reasons.

As to IEU-Ohio's and Dayton's request for discovery, the Applicants created a CD that contained the following materials:

1. AES Press Release
2. DP&L Corporate Separation Plan
3. DP&L Electric Distribution Tariff
4. DP&L Electric Generation Tariff
5. DP&L FERC Form-1
6. DPL Inc. Press Release
7. DP&L PUCO Order from DP&L's ESP case (08-1094)
8. DP&L PUCO Stipulation from DP&L's ESP case (08-1094)
9. DPL Inc. SEC Form 10-K 2010
10. DPL Inc. SEC Form 10-Q Q1-2011
11. AES SE Form 10-K

In the Joint Motion of Applicants to Establish Deadlines for Initial and Reply Comments and to Hold Motions to Intervene in Abeyance, p. 2, Applicants offered to provide a copy of that CD to

any interested person who requested it, and Applicants have provided the CD to those few persons that requested it. That information is more than sufficient to permit interested persons to evaluate the Application, and to provide comments on it. Applicants provided a CD to IEU-Ohio, without a request from IEU-Ohio, when IEU-Ohio filed its motion to intervene; despite Dayton's request for discovery and a hearing, Dayton did not request a copy of the CD in response to Applicants' offer to provide the CD to any interested person who requested it.

As to IEU-Ohio's and Dayton's request for a hearing, a hearing is not mandatory in this matter. Ohio Rev. Code § 4905.402(B) ("after any necessary hearing"). When the Commission is not required by statute to conduct a hearing, the Supreme Court of Ohio has repeatedly rejected arguments that the Commission erred by failing to conduct a hearing. MCI Telecommunications Corp. v. Pub. Util. Comm. of Ohio, 32 Ohio St. 3d 306, 310 (1987) ("We have repeatedly held that a utility ratepayer has no constitutional right to notice and hearing in rate-related matters if no statutory right to a hearing exists."); MCI Telecommunications Corp. v. Pub. Util. Comm. of Ohio, 38 Ohio St. 3d 266, 270 (1988) ("all subsequent PUCO actions . . . have occurred under a notice and comment procedure. MCI has had ample opportunity to advocate its position . . . by submitting comments and replies to the submissions of other parties. Nowhere in the statutes is the PUCO required to give a public hearing to each and every objection that is raised to its proposed actions. Such a requirement would literally hamstring the PUCO"); City of Cleveland v. Pub. Util. Comm. of Ohio, 67 Ohio St. 2d 446, 453 (1981) (rejecting argument by party that the PUCO should have conducted a hearing, and stating "any legal right which a ratepayer would have to notice or hearing would have to stem directly from the statutes"); Armco Inc. v. Pub. Util. Comm. of Ohio, 69 Ohio St. 2d 401, 409 (1982) (rejecting appellant's argument that the commission was required to conduct a hearing, and

stating "ratepayers are statutorily, but not constitutionally afforded the right to participate in rate making proceedings").

In fact, although IEU-Ohio and Dayton requested discovery and a hearing, neither has identified any issue of fact relating to the merger that requires discovery and a hearing. Instead, IEU-Ohio's submission is a mixture of policy observations and speculation as to actions that DP&L may or may not take in the future as a result of the merger. The purpose of a hearing is to resolve factual questions. Because there are no factual questions for the Commission, the Commission should deny IEU-Ohio's and Dayton's requests for discovery and a hearing.

Indeed, in the Duke/Cinergy merger application matter, the Commission established a comment period and declined to conduct a hearing:

> "Under the terms of the governing statute, we must, first, determine whether a hearing is necessary. The Commission has reviewed, in detail, the application, comments of various interested persons relating to the appropriate issues to be considered, the recommendations of staff, and the comments of interested persons addressing staff's recommendations. The Commission finds that a hearing is not necessary for us to consider fully the comments and arguments presented in this case, to consider the effects of the merger on the public, and to determine the appropriate resolution of the issues related to the application. Therefore, we also find that cause to grant intervention under Section 4903.221, Revised Code, has not been shown. Intervention is, therefore, denied with regard to all persons who filed motions for intervention."

December 21, 2005 Finding and Order, p. 5 (Case No. 05-0732-EL-MER). As in the Duke/Cinergy matter, comments and reply comments are more than adequate to permit the Commission to evaluate the Application, and the Commission should not conduct a hearing.[3]

The Commission should thus conclude that discovery and a hearing are not necessary in this matter.

2. Consolidation with a Standard Service Offer (SSO) Case Should Not Be Ordered

IEU-Ohio also suggests (p. 3) that the Commission should require DP&L to file its next SSO case and consolidate this proceeding with that case. The Commission should reject that suggestion. Under DP&L's existing ESP, DP&L is required to file its next SSO case by March 31, 2012. February 24, 2009 Stipulation & Recommendation, ¶ 1 (Case No. 08-1094-EL-SSO). DP&L has not filed that case yet, and it will make the relevant filings in due course. There is no need for the Commission to require DP&L to file an SSO case before March 31, 2012, and IEU-Ohio's request for consolidation, accordingly, is without merit.

3. The Merger Will Result in Reasonable Rates

The Commission is required to determine whether the merger will result in service at a "reasonable rate." Ohio Rev. Code § 4905.402(B). In the Application (p. 10), Applicants demonstrated that the merger would not affect DP&L's rates because DP&L has an established Electric Security Plan ("ESP") from Case No. 08-1094-EL-SSO that extends through December 31, 2012. Staff stated (p. 2-3) that is was satisfied with Applicants' rate commitments in the Application.

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[3] If the Commission were to permit intervention (to preserve the appeal rights of interested persons), then it should limit the intervention to the right to make comments and not permit discovery or a hearing.

IEU-Ohio nevertheless suggests (p. 2) that Applicants' rate commitment is somehow inadequate: "[t]he rate stability commitment that appears to be the centerpiece of the Application is nothing more than a concession that the Applicants will follow the law of Ohio as it relates to DP&L's current Electric Security Plan." The Commission should reject IEU-Ohio's comment because § 4905.402(B) requires only that DP&L charge a "reasonable rate" after the merger. IEU-Ohio does not claim that the rates set in DP&L's ESP (Case No. 08-1094-EL-SSO) are unreasonable; in fact, IEU-Ohio signed the Stipulation in that case. Because DP&L's existing rates will remain unchanged after the merger, the Commission should conclude that the statutory requirement of "reasonable rate[s]" is satisfied.

4. Nonbypassable Charges, Capacity Charges and Restrictions on Shopping

IEU-Ohio argues (p. 11) that "the Commission must impose conditions on the proposed change in control so as to . . . ensure that the consumers have full and unencumbered access to CRES suppliers and that the debt service obligations associated with the proposed highly-leveraged transaction are not funded through nonbypassable charges, unduly prejudicial capacity charges that apply to shopping customers or their CRES suppliers or other restrictions on shopping." The Commission should reject that comment for each of the following separate and independent reasons.

1. DP&L's existing charges are reasonable: IEU-Ohio suggests DP&L's current charges as unreasonable. However, DP&L's current rates were established through the Stipulation in Case No. 08-1094-EL-SSO, which IEU-Ohio signed. The Commission should not allow IEU-Ohio to attempt to renegotiate terms and conditions to which IEU-Ohio agreed and that have been approved by the Commission simply because there is an open merger proceeding.

2. Relevance: In addition, issues relating to nonbypassable charges, capacity charges and restrictions on customer shopping are entirely irrelevant to whether the Commission should approve the merger Application. IEU-Ohio does not offer any explanation as to how DP&L's current rate structure could be affected by the merger. Indeed, DP&L's current charges and restrictions have been approved as reasonable by the Commission in other proceedings. Any new charges or restrictions that DP&L will implement will also be reviewed in other proceedings before the Commission. Because the merger will not affect DP&L's existing charges and restrictions, IEU-Ohio's comment is irrelevant.

3. No specifics: The Commission should reject IEU-Ohio's comments for the additional reason that IEU-Ohio does not identify any specific relief that it wants. IEU-Ohio asks the Commission to "impose conditions," but IEU-Ohio does not identify any specific conditions that it wants. In the absence of a specific request from IEU-Ohio, the Commission should disregard IEU-Ohio's ambiguous comments.

4. DPLE's participation in P3 is irrelevant: IEU-Ohio suggests (p. 9) that a focus on local concerns may be subordinated by DPL Inc.'s and AES's cash flow and earnings ambitions, citing to the activities of the PJM Power Providers Group (P3) in New Jersey. IEU-Ohio fails to offer any explanation as to how these P3 activities have any relationship with the proposed merger. AES is not a member of P3 and DP&L is not either. DP&L's unregulated affiliate, DPL Energy, LLC (DPLE) is a P3 member and it became a member years before any merger discussions began with AES. As a P3 member, DPLE has joined with a group of other entities owning generation within PJM so that positions before the FERC and in other states in support of fair wholesale competition are presented by a group large enough to make their voices

heard. Because the merger with AES is unrelated to P3's activities or DPLE's membership within P3, IEU-Ohio's argument should be rejected.[4]

B. THE CITY OF DAYTON'S COMMENTS

In its comments, The City of Dayton states that (1) the Commission should permit discovery and conduct a hearing (p. 2), (2) DP&L should extend its commitment not to reduce its workforce (p. 3), (3) DP&L should define what it means by agreeing not to substantially reduce its workforce (p. 3), and (4) DP&L should extend its commitment to maintain its corporate headquarters and local decision making in Dayton (pp. 3-4). Each of those comments was addressed above in response to comments by other parties. Dayton's other comments are addressed below.

1. Rates and Service

Dayton states (pp. 4-5) that the Commission should consider how the merger will affect DP&L's rates and service. The City of Dayton does not identify any specific reason that it believes that the merger would affect DP&L's rates or service -- rather, Dayton states (p. 5) only that it "fears" that the merger will have some effect on rates or service. Nor does Dayton identify any specific relief that it wants; Dayton says only that the Commission should "consider" the issues.

The Commission should reject Dayton's comments for several reasons. First, the Staff has stated that it is satisfied with Applicants' commitments regarding service and rates.

[4] IEU's description of the New Jersey legislation that was challenged by P3 is also incomplete. The New Jersey legislation was part of a market manipulation plan wherein New Jersey would provide heavy subsidies for new construction of power plants in New Jersey and, in return, the new power plants would bid artificially low prices into the market in an effort to drive down prices particularly within New Jersey and neighboring states. P3 supports fair and open wholesale competition and opposes market manipulation whether done by sellers or buyers.

Staff Comments, pp. 4-5. Second, if DP&L's service were to suffer or if DP&L were to seek to impose unreasonable rates, then the Commission could address those issues at that time. Dayton's unfounded "fears" are inappropriate for this proceeding and, in any case, insufficient for the Commission to act. Third, Dayton has not identified any specific relief that it wants, and the Commission should not grant relief when Dayton has not even identified what it wants.

2. Community Contributions

In the Merger Agreement, Applicants agreed that DP&L would continue to provide corporate contributions and community support for at least two years. In addition, The DPL Foundation is independent of DPL Inc. and DP&L; the Foundation is fully funded, and it will continue its charitable efforts after the merger. Staff agreed (p. 5) that this commitment was adequate.

Nevertheless, Dayton (p. 5) asks the Commission to order DPL Inc. to extend its commitment to make corporate and charitable contributions beyond two years. The Commission should reject that request because the level of commitment made by Applicants is reasonable. Indeed, there is no provision in the Ohio Revised Code that grants the Commission the power to order utilities to make charitable contributions.

C. OMA ENERGY GROUP'S COMMENTS

OMA Energy Group (OMA) makes the following comments: (1) the Commission should monitor DP&L to ensure continued reliability and quality service (p. 3); (2) merger-related costs should not be passed on to customers (p. 3); (3) DP&L's headquarters should remain in Dayton for a least five years (pp. 3-4); (4) the Commission should extend the Applicants' workforce commitment to five years (p. 4); and (5) the Commission should extend

the Applicants' charitable contribution commitment to five years (pp. 4-5). Each of these comments was addressed above. OMA's and OPAE's other comments are addressed below.

1. Merger Cost Savings

OMA (p. 3) and OPAE (p. 7) state that a portion of any merger-related cost savings should be passed on to Ohio customers. As stated above, this is not a transaction driven by synergies. AES is acquiring DPL Inc. and DP&L as a platform for growth in the PJM market. While the merger may result in some scale efficiencies, including increased purchasing power, that may help DP&L to secure more advantageous arrangements for procurement related to new construction projects and service agreements, those benefits are uncertain, will only be realized over time and will, ultimately, flow to the customers in any case. The commitments by Applicants to (i) maintain DP&L's operating headquarters in Dayton, Ohio for at least two years following the merger and (ii) following the merger through December 31, 2013 not to implement any involuntary workforce reductions that would result in DPL Inc. and DP&L reducing by 10% or more the number of individuals in the aggregate that are employed (exclusive of officers and management employees covered by a change in control agreement) the day the merger closes effectively eliminate the two most significant categories of potential cost savings for the foreseeable future.

2. Definition of "Immediate"

OMA raises (p. 4) one concern related to the Applicants' workforce commitment that is unique to the other comments. OMA seeks clarification on what "immediate" means. The phrase "immediately before the merger" means "the day the merger closes."

3. Reliability and Quality of Service

OMA suggests (p. 3) that the Commission monitor DP&L's service quality following the merger. As the Applicants state in their application, customers will continue to receive the same high-quality service at reasonable rates that they received before the merger. Further, PUCO Staff states in its comments that the recent adoption of DP&L's service reliability performance targets and the Electric Service and Safety Standards rule requirements ensure that DP&L's electric service does not deteriorate (pp. 4-5) and therefore, Staff makes no additional recommendations related to service quality issues.

D. OHIO PARTNERS FOR AFFORDABLE ENERGY'S COMMENTS

In its comments, OPAE states that (1) DP&L should continue to comply with current reliability standards (pp. 3-4), (2) DP&L should maintain local employees (pp. 4-5), (3) AES should maintain a corporate presence for a minimum of five years (pp. 5-7), and (4) AES should provide the value of any cost savings resulting from the merger to customers (p. 7). Applicants responded to those comments above in response to comments by other parties, and OPAE's other comments are addressed below.

1. Renewable Installations

OPAE argues (p. 5) that AES should commit to establishing a program to offer a long-term contract for new renewable installations to spur additional investment in the region. AES does have extensive experience regarding renewable energy, and Applicants believe that DP&L will benefit from its experience. However, the Commission should reject OPAE's comment that DP&L should be required to enter into long-term contracts for renewable energy for the following three separate and independent reasons. First, whether DP&L should enter long-term contracts for renewable energy installations has nothing to do with the issues in this case. Renewable energy targets are established in Ohio Rev. Code § 4928.64, and DP&L's

efforts to comply with that section will be considered in other proceedings. Second, given the competitive nature of the Ohio electric industry, the Commission should not order DP&L to enter into any long-term contracts, whether those contracts are long-term Purchase Power Agreements (PPAs) from renewable projects, or any other long-term contracts. Without assurances of long-term cost recovery, the risk of entering into long-term commitments is simply too great. Third, if the Commission were to order DP&L to enter into long-term PPAs, DP&L and its customers would suffer because DP&L would have no bargaining leverage: the parties with which DP&L would negotiate would know that DP&L had been ordered to enter into contracts, so they would be free to stick to unfavorable terms, conditions or pricing that could result in inflated energy prices to Ohio's ultimate consumers. OPAE's suggestion would hamstring DP&L, would harm DP&L's customers, and is unworkable.

2. Smart Meters

OPAE states (pp. 7-8) that smart meters should not be installed unless they can be shown to be cost-effective for consumers. While Applicants believe that this comment is irrelevant to the issue in this proceeding, Applicants do agree that Smart Meters should be installed only if they are proven to be cost-effective.

E. ECOS ENERGY LLC'S COMMENTS

Ecos Energy LLC claimed (pp. 4-5) in its comments that Indianapolis Power & Light Company "attempted to rescind" a renewable energy tariff, "escape a renewable energy commitment" or "disavow" that tariff. The Commission should reject that comment for two reasons. First, Ecos is attempting to inject into this proceeding a matter that is currently pending before the Indiana Utility Regulatory Commission. Second, IPL has not attempted to "rescind," "escape" or "disavow" any renewable energy tariff. If IPL's position is accepted by the Indiana

Utility Regulatory Commission, then the tariff will continue to be available to encourage actual IPL customers to invest in renewable energy facilities as intended. While IPL's position impacts the ability of Ecos and other developers to directly participate under the tariff, IPL has continued to work with actual customers who are interested in investing in renewable resources.

The insinuation that IPL's actions call into question its commitment to the environment is similarly false. Without any mandate, IPL adopted the renewable energy tariff and other initiatives such as its green energy rate, historical demand side management investment and power purchase agreements with wind farms. These actions demonstrate IPL's commitment to the environment. In fact, IPL estimates that approximately 7% of its retail sales by the end of 2011 will be secured from non-traditional resources. This progress demonstrates the importance to IPL and AES of including renewable resources in their energy portfolio.

F. FIRSTENERGY SOLUTIONS CORP.'S COMMENTS

FirstEnergy Solutions Corporation identifies (pp. 3-8) numerous charges and practices of DP&L that FES claims inhibit competition in DP&L's service territory. Specifically, FES asserts that some of DP&L's switching-related charges are too high and that some of DP&L's switching rules and practices are difficult to comply with. Id. To advantage itself, FES argues that, as a condition of approving the merger Application, the Commission should require DP&L to lower its various charges and to alter its various practices. Id. The Commission should reject FES's comments for the following reasons.

As an initial matter, DP&L's switching-related charges and practices are entirely irrelevant to whether the Commission should approve the proposed merger. The issue in this case is whether the merger will "promote the public convenience and result in the provision of

adequate service for a reasonable rate." Ohio Rev. Code § 4905.402(B). The reasonableness of DP&L's switching-related charges and practices simply has no bearing on that issue.

Indeed, DP&L has recently filed a proposed revision to its Supplier Coordination Tariff (G8 Tariff) in which DP&L has proposed various modifications to its tariff provisions to comply with changes to the Ohio Administrative Code and to implement operational and business practice changes. Case No. 11-4504-EL-ATA. FES's concerns relating to DP&L's retail customer choice program are more appropriately raised in that proceeding.

As an aside, it should be noted that most of FES's comments are without basis or are misleading. For example, FES claims that DP&L's interval meter threshold (100 kW) is lower than that used by other Ohio utilities, but both Duke and DP&L use a 100 kW threshold. In addition, FES implies that DP&L offers percentage off price-to-compare rate-ready billing to DP&L's affiliate, DPLER, but not to other CRES providers, but that is not true. DPLER calculates the percentage off billing itself, and then provides rates to DP&L; DP&L provides the same service to FES. Finally, many of FES's comments focus on charges or practices that were authorized by earlier stipulations that were approved by the Commission (e.g., $0.20 per bill for rate-ready consolidated billing, CRES providers will pay $1,000 for requests for additional rates structures or changes to rate structures). FES's comments are not well founded, as DP&L will demonstrate if and when FES raises them in an appropriate proceeding.

G. DWANE INGALLS'S COMMENTS

The Commission has received a letter from Dwayne Ingalls, a former employee of Indianapolis Power & Light Co., suggesting that the Commission review the Application in light of alleged under-investment in operations and maintenance at IPL. Mr. Ingalls has raised these

issues in numerous administrative proceedings in Indiana and there has never been a single finding validating any of his claims in any proceeding. The Commission should give no weight to any of his allegations in this proceeding.

IV. CONCLUSION

The proposed merger will result in DP&L being part of a much larger entity that is better able to compete and to adapt to the changes of the modern utility industry. The merger will promote the public convenience and result in adequate service at reasonable rates, and it should be approved by the Commission.

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Summary: Testimony of Matthew White electronically filed by Mr. Joseph E. Oliker on behalf of IGS Energy