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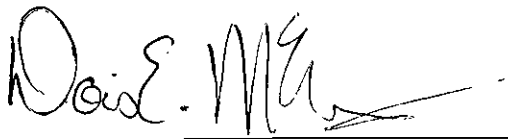
December 6, 2016

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

RE: *In the Matter of the Application of Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness*

Dear Docketing Division:

Enclosed please find Staff's Review and Recommendation in regard to the application of Dayton Power and Light Company for authority to issue short-term debt in Case No. 16-2125-EL-AIS.



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

Enclosure
Cc: Parties of Record

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separation of its generation assets during 2017, DP&L believes the requested authority provides them with access to an adequate level of liquidity needed to support not only its local transmission and distribution ("T&D") operations, but also facilitates compliance with the Commission's orders in Case No. 13-2420-EL-UNC.²

In addition to daily operations and maintenance expenses, DP&L has an approximate budget of \$151 million for capital expenditures. DP&L plans to fund its capital expenditures with cash from its operations, but due to working capital requirements, seasonality, major unplanned outages and repair work, there may be times that temporary draws from Debt facilities may be required.

RECOMMENDATION:

Upon review of the Application, the Staff believes the requested authority is elevated for a T&D utility company the size of DP&L post generation separation. However, given the need to provide financial flexibility during the separation of its generation assets, the Staff believes it to be reasonable and recommends its approval.

² See Commission Finding and Order dated September 17, 2014, and Entry on Rehearing dated December 17, 2014, in Case No. 13-2420-EL-UNC.