

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY FOR AUTHORITY TO ISSUE AND
ASSUME LIABILITY ON SHORT-TERM
NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS.

CASE NO. 16-2125-EL-AIS

FINDING AND ORDER

Entered in the Journal on December 21, 2016

I. SUMMARY

{¶ 1} The Commission authorizes The Dayton Power and Light Company to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms less than 12 months up to \$600 million, inclusive of any statutorily exempted amount of short term debt issuable by The Dayton Power and Light Company.

II. DISCUSSION

{¶ 2} The Dayton Power and Light Company (DP&L), is a public utility, as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4905.401 permits public utilities that are electric light companies to “issue notes, or other evidences of indebtedness payable at periods of not more than twelve months[,]” when authorized by the Commission. Pursuant to the statute, Commission authorization is not required for a public utility electric light company to issue short-term notes and other evidences of indebtedness aggregating “not more than five per cent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness” of the company.

{¶ 4} On October 27, 2016, DP&L filed an application for authority to issue notes, RLA loans, and other evidences of indebtedness for terms less than 12 months up to \$600 million, inclusive of any statutorily exempted amount of short term debt issuable by

DP&L. DP&L asserts that it is requesting that the Commission authorize \$600 million of short term borrowing authority for calendar year 2017, the same as in each of the short term borrowing requests made by DP&L and approved by the Commission for each of the past six years. DP&L notes that its current authority expires on December 31, 2016, so it is now seeking to renew the Commission's authority. DP&L submits, as part of its application, its income statement, cash flow statement, and balance sheet as of June 30, 2016.

{¶ 5} Thereafter, on November 25, 2016, the Ohio Consumers' Counsel (OCC) filed a motion to intervene and memorandum in support. No party filed a memorandum contra to OCC's motion to intervene. The Commission finds that OCC's motion to intervene is reasonable and should be granted.

{¶ 6} On December 6, 2016, Staff filed its review and recommendations regarding DP&L's application. Staff asserts that DP&L proposes to use the proceeds from the debt to discharge or refund its long-term debt obligations and for other general corporate purposes, pursuant to R.C. 4905.401. Staff asserts that DP&L's application is reasonable and recommends its approval, particularly because of the need to provide DP&L financial flexibility during the separation of its generation assets.

{¶ 7} Upon review of DP&L's application, as well as Staff's review and recommendation, the Commission finds that it is reasonable and should be approved. The Commission finds that the amount of the short-term borrowings, and the terms thereof, appear to be reasonably required for DP&L to meet its present and prospective obligations to provide utility service. DP&L is authorized to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms less than 12 months up to \$600 million, inclusive of any statutorily exempted amount of short term debt issuable by DP&L. The Commission agrees that this authorization will provide DP&L with financial flexibility to properly effectuate the separation of its generation assets. Additionally, the Commission finds that no hearing is necessary in this matter.

III. ORDER

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That OCC's motion to intervene be granted. It is, further,

{¶ 10} ORDERED, That DP&L's application is approved and DP&L is authorized through December 31, 2017, to issue to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms less than 12 months up to \$600 million, inclusive of any statutorily exempted amount of short term debt issuable by DP&L. It is, further,

{¶ 11} ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of DP&L's future long-term security offerings issues wholly or in part for the purpose of retiring its outstanding short-term evidences of indebtedness. It is, further,

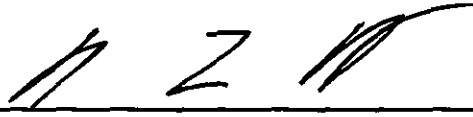
{¶ 12} ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness or the associated interest on the part of the state of Ohio. It is, further,

{¶ 13} ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of DP&L. It is, further,

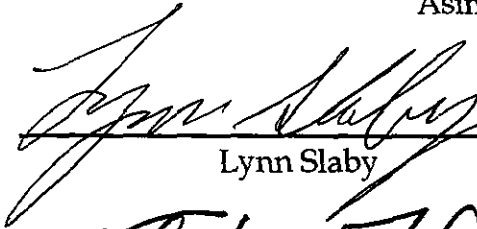
{¶ 14} ORDERED, That nothing in this Finding and Order be deemed to be binding upon the Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of DP&L. It is, further,

{¶ 15} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

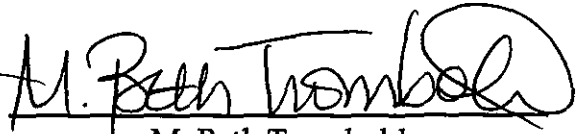
THE PUBLIC UTILITIES COMMISSION OF OHIO



Asim Z. Haque, Chairman



Lynn Slaby



M. Beth Trombold



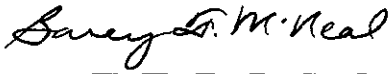
Thomas W. Johnson

M. Howard Petricoff

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Barcy F. McNeal
Secretary