

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the : Case No. 17-1213-EL-UNC
Significantly Excessive Earnings Test under :
Section 4928.143(F), Ohio Revised Code, and :
Rule 4901:1-35-03(C)(10), Ohio :
Administrative Code for The Dayton Power :
and Light Company :

**APPLICATION OF
THE DAYTON POWER AND LIGHT COMPANY
FOR ADMINISTRATION OF
THE SIGNIFICANTLY EXCESSIVE EARNINGS TEST**

This Application seeks a Commission Finding that The Dayton Power and Light Company ("DP&L") did not have significantly excessive earnings under Ohio Rev. Code §4928.143(F) for calendar year 2016. DP&L files this Application to enable review by this Commission of its 2016 calendar year earnings. As supported in testimony by Company Witness Craig Forestal, the Company's adjusted ROE for calendar year 2016 is 9.4%, well below the 12 percent SEET threshold.

1. Under Ohio Rev. Code §4928.143(F), the Commission is to consider whether there were "excessive earnings as measured by whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies, including utilities, that face comparable business and financial risk, with such adjustments for capital structure as may be appropriate." Pursuant to Ohio Rev. Code §4928.143(F) and Ohio Administrative Code §4901:1-35-03(C)(10), DP&L requests the Commission's determination that significantly excessive earnings did not result for DP&L with respect to the annual period ending December 31, 2016.

2. In support of this requested determination, this application is supported by the following materials, required by Ohio Administrative Code §4901:1-35-03(C)(10)(a):
 - a. DP&L's SEC Commission Form 10-K for the period ending December 31, 2016 is electronically available at <https://www.sec.gov/Archives/edgar/data/27430/000078725017000009/000787250-17-000009-index.htm>
 - b. DP&L's Federal Energy Regulatory Commission Form No. 1 for the annual period ending December 31, 2016 is electronically available at <http://www.ferc.gov/docs-filing/forms/form-1/data.asp>
 - c. The attached testimony and exhibits of Company witness Craig Forestal, including DP&L's capital budget requirements which are attached as Exhibit CAF-7.

WHEREFORE, DP&L requests that the Commission determine, and find as fact, that for the annual period ending December 31, 2016, DP&L's earnings were not significantly excessive.

Respectfully submitted,

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and Light Company

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 17-1213-EL-UNC

**ANNUAL CALENDAR 2016 FILING REQUIRED BY
RULE 4901:1-35-10, OHIO ADMINISTRATIVE CODE**

**DIRECT TESTIMONY
OF CRAIG A. FORESTAL**

- MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- OPERATING INCOME**
- RATE BASE**
- ALLOCATIONS**
- RATE OF RETURN**
- RATES AND TARIFFS**
- OTHER**

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
CRAIG A. FORESTAL
ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Craig Forestal. My business address is One Monument Circle, Indianapolis,
4 IN 46204.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by the AES Corporation, and serve as Director of Regulatory Accounting
7 for its United States utility businesses which include The Dayton Power and Light
8 Company (“DP&L” or “Company”), as well as Indianapolis Power & Light Company
9 (“IPL”).

10 **Q. Please summarize your work experience with AES.**

11 A. I was an employee of IPL from May 2002 through December 2013. During my tenure
12 with IPL, I worked in various positions including senior accountant, Team Leader of
13 Corporate Accounting and Director of Regulatory Accounting. I served as the primary
14 accounting witness in regulatory commission filings for IPL for the past ten years and
15 continue to serve in that capacity today. In June of 2013, I began transitioning into my
16 current role where I preside over regulatory accounting for both DP&L and IPL. I report
17 to the Controller of the AES United States Strategic Business Unit who also serves as the
18 Controller of DP&L.

19 **Q. Have you testified in front of this Commission before?**

20 A. I developed pre-filed testimony in support of DP&L’s Annual Calendar 2014 Filing
21 Required by rule 4901:1-35-10, Ohio Administrative Code, or SEET in Case No. 15-928-

1 EL-UNC and Case No. 16-920-EL-UNC. I also developed pre-filed testimony in
2 DP&L's pending distribution rate case Nos. 15-1830-EL-AIR, 15-1831-EL-AAM and
3 15-1832-EL-ATA.

4 **Q. Will you describe briefly your educational and business background?**

5 A. I hold a Bachelor of Science Degree in Accounting from Ball State University and a
6 Certified Public Accountant's License with the State of Indiana. I have over 25 years of
7 accounting experience in various industries including telephone and electric utilities, real
8 estate investment trusts and public accounting. I have 15 years of electric utility
9 accounting experience.

10 **Q. What is the purpose of this testimony?**

11 A. The purpose of this testimony is to support the calculation of the Company's Return on
12 Equity ("ROE") and provide the accounting and financial information required by
13 Section 4901:1-35-10 of the Ohio Administrative Code regarding the Significant
14 Excessive Earnings Test ("SEET"). In addition, my testimony and supporting schedules
15 will demonstrate that DP&L's adjusted return on equity of 9.4% for the year 2016
16 demonstrates that DP&L's ROE fell well below the significantly excessive earnings
17 threshold of 12%, and therefore significantly excessive earnings did not occur at the
18 utility.

19 **Q. What Exhibits are you supporting?**

20 A. I am supporting Exhibits CAF-1 through CAF-7 attached.

1 **II. SEET BACKGROUND**

2 **Q. Why is it necessary for DP&L to show that it does not have significantly excessive**
3 **earnings?**

4 A. On May 1, 2008, the Governor signed into law Amended Substitute Senate Bill No. 221
5 (“SB 221”). This bill amended a number of laws involving electric utilities and requires
6 electric utilities to provide customers with a default Standard Service Offer (“SSO”)
7 established through either a Market Rate Offer (“MRO”) or an Electric Security Plan
8 (“ESP”). Pursuant to the law, the Public Utilities Commission of Ohio (“PUCO”) is
9 required to evaluate the earnings of each electric distribution utility’s approved MRO or
10 ESP and to determine whether the adjustments in the MRO or ESP result in significantly
11 excessive earnings. Certain mechanics of the SEET review were included in the PUCO’s
12 Finding and Order dated June 30, 2010 in Case No. 09-786-EL-UNC that developed the
13 test pursuant to SB 221.

14 **Q. Are DP&L’s rates based upon an ESP or a MRO?**

15 A. The rates which DP&L is currently collecting are based on an ESP.

16 **Q. Where can one find copies of DP&L’s 2016 financial statement filings with the**
17 **Securities & Exchange Commission (“SEC”) and the Federal Energy Regulatory**
18 **Commission (“FERC”)?**

19 A. DP&L’s Annual Report on Form 10-K can easily be found by doing a search on the
20 SEC’s website for “Dayton Power” at
21 <http://www.sec.gov/edgar/searchedgar/companysearch.html>. Likewise, DP&L’s FERC
22 Financial Report FERC Form 1 can easily be found on FERC’s website by searching

1 “Dayton Power and Light Company” at
2 <http://elibrary.ferc.gov/idmws/search/fercadvsearch.asp>

3 **III. EXHIBITS AND DISCUSSION**

4 **Q. Please list the exhibits for which you are responsible.**

5 A. I am responsible for the following exhibits:

6 Exhibit CAF-1: Calculation of Per Books Return on Equity – Base

7 Exhibit CAF-2: Calculation of Per Books Return on Equity – Base with Adjustment

8 Exhibit CAF-3: Return on Equity Pro Formas – Without Sales for Resale Margins

9 Exhibit CAF-4: Return on Equity Pro Formas – Without Major Regulatory Asset

10 Deferrals

11 Exhibit CAF-5: Sales for Resale – Equity Adjustment

12 Exhibit CAF-6: Major Regulatory Asset Changes

13 Exhibit CAF-7: Future Estimated Ohio Capital Expenditures

14 **Q. Please explain Exhibit CAF-1, Calculation of Per Books Return on Equity and**
15 **Exhibit CAF-2 Calculation of Per Books Return on Equity with Adjustment.**

16 A. Exhibit CAF-1 shows the per books ROE using the unadjusted per books amounts from
17 the FERC Form 1. It produces a ROE of -98.2%. The negative return was primarily
18 caused by an impairment loss of \$1.4 billion as described below.

1 Exhibit CAF-2 has two adjustments to the per books “Adjusted Earnings for Common”
2 calculation. The first adjustment of \$33,000 adds back the estimated penalties recorded
3 in FERC Account 426.3. The second adjustment is an impairment loss of \$879,785,000,
4 net of tax, for a fixed asset impairment provision recorded during 2016. The impairment
5 was the result of a determination that the carrying amounts of several of DP&L’s coal-
6 fired generation stations (Killen, Stuart, Miami Fort, Zimmer, Conesville and Hutchings)
7 were not recoverable. Consistent with DP&L’s 2015 SEET in case No. 16-920-EL-UNC,
8 we have also removed the impact on common equity (on an after tax basis) of impairment
9 losses recorded on assets that remain on DP&L’s books. These include the 2016
10 impairment losses described above and impairment losses recorded in 2012 and 2013 on
11 (Conesville and Hutchings). The 2012 and 2013 impairment losses totaled \$58,252,000
12 on an after tax basis. This amount, along with the \$879,785,000 add back for the 2016
13 impairments, results in a total impairment net add back to Adjusted Common Equity of
14 \$938,037,000.

15 The overall per books ROE with the above adjustments is 8.3%.

16 DP&L did not have any equity returns in its prior ESP case that need to be removed from
17 the calculation of the ROE for the SEET review for calendar 2016.

18 **Q. What does Exhibit CAF-3 demonstrate?**

19 A. Exhibit CAF-3 demonstrates the removal of the margin from sales for resale from the
20 ROE calculation. The Commission Order on Case No. 09-786-EL-UNC requested the
21 presentation of the ROE with and without the sales for resale to determine if they should
22 or should not be included in the SEET.

1 In calculating this, I started with the Earnings for Common and Common Equity
2 previously developed on Exhibit CAF- 2. Like was done on CAF-2, from the earnings
3 for common, I added back the estimated penalties recorded in FERC Account 426.3. and
4 the impairment losses previously described. Next, I removed the sales for resale margin,
5 net of tax, to arrive at the adjusted earnings for common. The sales for resale margin
6 represents the net income from DP&L's generation business excluding the impairment
7 loss which has already been adjusted for in CAF-3 line 6. For the common equity, I
8 generally followed the process laid out by Company Witness Greg Campbell in DP&L's
9 2012 SEET filing in Case No. 13-1495-EL-UNC and by PUCO Staff Witness Cahaan in
10 Case No. 10-1261-EL-UNC. Case No. 10-1261-EL-UNC involved Columbus Southern
11 Power Company and Ohio Power Company, two Ohio subsidiaries of AEP. Witness
12 Cahaan's process reduces the common equity for the portion of the equity related to the
13 generation plant associated with sales for resale. The allocation percentages used on
14 Lines 18 and 19 are calculated on Exhibit CAF-5.

15 After adding back the penalties and impairment losses, and removing the sales for resale
16 margin and adjusting the common equity, the ROE for 2016 is 9.4%. This figure is the
17 appropriate amount to compare to the established SEET threshold of 12% because the
18 SEET review should only take into consideration significantly excessive earnings
19 associated with the Ohio jurisdiction, and should not include Company returns that are
20 regulated by the FERC. The removal of the sales for resale margin is consistent with the
21 Commission's Opinion and Order in AEP's SEET Case No. 10-1261-EL-UNC and
22 DP&L's SEET Case No. 13-1495-EL-UNC. Therefore, it is reasonable to remove the
23 sales for resale margin from DP&L's adjusted ROE.

24 **Q. Please explain the calculations on Exhibit CAF-4.**

1 A. Exhibit CAF-4, demonstrates the removal of the regulatory asset deferral impact from
2 earnings and equity. I started with the Earnings for Common and Common Equity
3 previously developed on Exhibit CAF- 2. As was done on Exhibit CAF-2, I added back
4 to earnings for common, the penalties and impairments. I then removed the major
5 regulatory asset deferral/feedback impacts for 2016, net of tax, to arrive at the adjusted
6 earnings for common equity. The 2016 regulatory asset deferral impact is calculated
7 separately on Exhibit CAF-6. For calendar year 2016 the reversal represents a net
8 earnings increase, or feedback. I also removed the major regulatory asset
9 deferral/feedback from the common equity.

10 After removing the impact on earnings for common and adjusting the common equity, the
11 pro forma ROE for 2016 is 8.8%.

12 **Q. What are the calculations on Exhibit CAF-5, Sales for Resale – Equity Adjustment?**

13 A This exhibit develops the equity adjustment percentages used in determining the equity
14 associated with Ohio Retail Jurisdictional SSO customers in Exhibit CAF-3, Page 1, by
15 providing the ratios used to back out the equity associated with generation relating to
16 sales for resale customers. The top portion of the exhibit calculates the ratio of sales for
17 resale dollars in calendar 2016 to the sum of the sales to ultimate customers and sales for
18 resale customers.

19 The bottom portion of the exhibit averages the net book value of the production plant for
20 the year and compares it to the average net book value of total plant for the year. Both of
21 such amounts have the fixed asset impairments added back to be consistent with how
22 adjusted earnings and common equity were calculated.

1 As discussed above, this exhibit generally follows the process laid out by PUCO Witness
2 Cahaan in Case No. 10-1261-EL-UNC.

3 **Q. Please explain the major regulatory asset changes on Exhibit CAF-6.**

4 A. Exhibit CAF-6 summarizes the major regulatory asset balances at the beginning and end
5 of calendar 2016 to reflect the changes as the net impact of deferrals for calendar 2016.
6 The exhibit also shows the after tax impact of each item using DP&L's statutory tax
7 rates. The results of this exhibit are used on Exhibit CAF-4 line 7.

8 **Q. Please explain Exhibit CAF-7, Future Estimated Ohio Capital Expenditures.**

9 A. Exhibit CAF-7 shows the future estimated Ohio jurisdictional capital expenditures for
10 each of the calendar years 2017 through 2021. It is based on DP&L's current estimates
11 of future capital spending and is consistent with DP&L's final budget for 2017.

12 The Commission could use this forecast to adjust the appropriate ROE for the SEET
13 review if the Company was expecting major capital investments, such as major capital
14 upgrades to power plants or distribution systems. I did not adjust the 2016 ROE to
15 consider these planned investments.

16 **Q. Has the Commission established a SEET threshold applicable to DP&L?**

17 A. Yes, the Commission has previously established a SEET threshold of 12% as the
18 appropriate level to compare DP&L earnings to meet the SEET threshold established in
19 the law.

20 **IV. CONCLUSION**

21 **Q. Please summarize your testimony.**

1 A. In summary, the appropriate threshold against which to compare DP&L's earnings for
2 2016 in order to establish that significantly excessive earnings did not occur is 12%.
3 DP&L's adjusted ROE for calendar year 2016 is 9.4%, as calculated on Exhibit CAF-3.
4 Based upon this 9.4% ROE, DP&L did not have significantly excessive earnings in
5 calendar year 2016.

6 **Q. Does this conclude your direct testimony?**

7 A. Yes, it does.

The Dayton Power and Light Company
Case No. 17-1213-EL-UNC

Calculation of Per Books Return on Equity - Base

Exhibit CAF-1
Page 1 of 1

Line No.	Description	Calendar 2016 Income Statement	Balance Sheet December 31, 2015	Balance Sheet December 31, 2016	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(E) (\$000's)	(E) (\$000's)	(Col. (D)+(E))/2 = (F) (\$000's)	(G)
1	<u>Earnings for Common</u>					
2	Net Income	(772,667)				2016 FERC Form 1, Page 117, Line 71, Col (C)
3	Preferred Dividends	(650)				2016 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	<u>(773,317)</u>				Line 2 plus Line 3.
5	<u>Common Equity</u>					
6	Proprietary Capital		1,235,417	362,397	798,907	2016 FERC Form 1, Page 112, Line 16
7	Preferred Stock Outstanding		(22,851)	-	(11,426)	2016 FERC Form 1, Page 112, Line 3
8	Common Equity		<u>1,212,566</u>	<u>362,397</u>	<u>787,482</u>	Line 6 plus Line 7
9	Return on Equity - Base				<u>-98.2%</u>	Line 4 divided by Line 8, Col (F)

The Dayton Power and Light Company
Case No. 17-1213-EL-UNC

Calculation of Per Books Return on Equity - Base with Adjustment

Exhibit CAF-2
Page 1 of 1

Line No.	Description	Calendar 2016 Income Statement	Balance Sheet December 31, 2015	Balance Sheet December 31, 2016	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (Col. (D)+(E))/2 = (F) (\$000's)	(G)
1	<u>Earnings for Common</u>					
2	Net Income	(772,667)				2016 FERC Form 1, Page 117, Line 71, Col (C)
3	Preferred Dividends	(650)				2016 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	(773,317)				Line 2 plus Line 3
5	Accrued Penalty in Account 426.3	33				2016 FERC Form 1, Page 117, Line 47, Col (C)
6	Fixed Asset Impairment, Net of Tax	879,785				2016 Impairment; Income Statement
7	Adjusted Earnings for Common	<u>106,501</u>				Sum of Lines 4 thru 6
8	<u>Common Equity</u>					
9	Proprietary Capital		1,235,417	362,397	798,907	2016 FERC Form 1, Page 112, Line 16
10	Preferred Stock Outstanding		(22,851)	-	(11,426)	2016 FERC Form 1, Page 112, Line 3
11	Common Equity		1,212,566	362,397	787,482	Line 9 plus Line 10
12	Accrued Penalty in Account 426.3		-	33	17	Line 5
13	Fixed Asset Impairment		58,252	938,037	498,145	Per Accounting Records
14	Adjusted Common Equity		<u>1,270,818</u>	<u>1,300,467</u>	<u>1,285,644</u>	Sum of Lines 11 thru 13
15	Return on Equity - Base with Adjustment				<u>8.3%</u>	Line 7 divided by Line 14, Col (F)

The Dayton Power and Light Company
Case No. 17-1213-EL-UNC

Return on Equity Pro Formas - Without Sales for Resale Margins

Exhibit CAF-3
Page 1 of 1

Line No.	Description	Calendar 2016 Income Statement (C) (\$000's)	Balance Sheet December 31, 2015 (D) (\$000's)	Balance Sheet December 31, 2016 (E) (\$000's)	Average Beginning and Ending Balances (Col. (D)+(E))/2 = (F) (\$000's)	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	<u>Earnings for Common</u>					
2	Net Income	(772,667)				2016 FERC Form 1, Page 117, Line 71, Col (C)
3	Preferred Dividends	(650)				2016 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	(773,317)				Line 2 plus Line 3
5	Accrued Penalty in Account 426.3	33				2016 FERC Form 1, Page 117, Line 47, Col (C)
6	Fixed Asset Impairment, Net of Tax	879,785				2016 Impairment; Income Statement
7	Sales for Resale Margin, Net of Tax	(12,620)				Accounting Records
8	Adjusted Earnings for Common	<u>93,881</u>				Sum of Lines 4 thru 7
9	<u>Common Equity</u>					
10	Proprietary Capital		1,235,417	362,397	798,907	2016 FERC Form 1, Page 112, Line 16
11	Preferred Stock Outstanding		(22,851)	-	(11,426)	2016 FERC Form 1, Page 112, Line 3
12	Common Equity		<u>1,212,566</u>	<u>362,397</u>	<u>787,482</u>	Line 10 plus Line 11
13	Reduction of Accrued Penalty in Account 426.3		-	33	17	Line 5
14	Fixed Asset Impairment		<u>58,252</u>	<u>938,037</u>	<u>498,145</u>	Per Accounting Records
15	Adjusted Common Equity		<u>1,270,818</u>	<u>1,300,467</u>	<u>1,285,644</u>	Sum of Lines 12 thru 14
16	<u>Estimation of Amount of Equity for Sales for Resale</u>					
17	Adjusted Common Equity				1,285,644	Line 15
18	Amount of Equity Supporting Generation Plant	55.9% (a)			718,675	Line 17 times Col (C)
19	Allocation of Generation Related Equity to Sales for Resale	39.2% (a)			<u>281,720</u>	Line 18 times Col (C)
20	<u>Common Equity Excluding Amount for Sales for Resale</u>				<u>1,003,924</u>	Line 15 less Line 19
21	Return on Equity - Without Sales for Resale				<u>9.4%</u>	Line 8 divided by Line 20

(a) From Exhibit CAF-5.

The Dayton Power and Light Company
Case No. 17-1213-EL-UNC

Return on Equity Pro Formas - Without Major Regulatory Asset Deferrals

Exhibit CAF-4
Page 1 of 1

Line No.	Description	Calendar 2016 Income Statement	Balance Sheet December 31, 2015	Balance Sheet December 31, 2016	Average Balance Sheets	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (Col. (D)+(E))/2 = (F) (\$000's)	(G)
1	<u>Earnings for Common</u>					
2	Net Income	(772,667)				2016 FERC Form 1, Page 117, Line 71, Col (C)
3	Preferred Dividends	(650)				2016 FERC Form 1, Page 118, Line 29, Col (C)
4	Earnings for Common	(773,317)				Line 2 plus Line 3
5	Accrued Penalty in Account 426.3	33				2016 FERC Form 1, Page 117, Line 47, Col (C)
6	Fixed Asset Impairment, Net of Tax	879,785				2016 Impairment; Income Statement
7	Major Regulatory Asset Deferrals, Net of Tax	8,051				Exhibit CAF-6, Page 1 of 1, Line 6
8	Adjusted Earnings for Common	<u>114,553</u>				Sum of Lines 4 thru 7
9	<u>Common Equity</u>					
10	Proprietary Capital		1,235,417	362,397	798,907	2016 FERC Form 1, Page 112, Line 16
11	Preferred Stock Outstanding		(22,851)	-	(11,426)	2016 FERC Form 1, Page 112, Line 3
12	Common Equity		1,212,566	362,397	787,482	Line 10 plus Line 11
13	Reduction of Accrued Penalty in Account 426.3		-	33	17	Line 5
14	Fixed Asset Impairment		58,252	938,037	498,145	Per Accounting Records
15	Major Regulatory Asset Deferrals		15,718	8,051	11,885	Line 7
16	Adjusted Common Equity		<u>1,286,536</u>	<u>1,308,519</u>	<u>1,297,529</u>	Sum of Lines 12 thru 15
17	Return on Equity - Without Major Regulatory Asset Deferrals				<u>8.8%</u>	Line 8 divided by Line 16, Col (F)

**The Dayton Power and Light Company
Case No. 17-1213-EL-UNC**

Sales for Resale - Equity Adjustment

Exhibit CAF-5
Page 1 of 1

Line No.	Description	Calendar 2016 Income Statement	Balance Sheet December 31, 2015	Balance Sheet December 31, 2016	Average Beginning and Ending Balances	Comments
(A)	(B)	(C) (\$000's)	(D) (\$000's)	(E) (\$000's)	(F) (Col. (D)+(E))/2 = (F) (\$000's)	(G)
1	Sales to Ultimate Customers in 2016	777,494				2016 FERC Form 1, Page 300, Line 10, Col (B)
2	Sales for Resale in 2016	<u>501,934</u>				2016 FERC Form 1, Page 300, Line 11, Col (B)
3	Total Sales in 2016	<u><u>1,279,428</u></u>				2016 FERC Form 1, Page 300, Line 14, Col (B)
4	Sales for Resale in 2016 PJM Amounts in Sales for Resale Associated with	501,934				Line 2
5	SSO Customers	-				Accounting Records
6	Net Sales for Resale	<u>501,934</u>				Line 4 plus Line 5
7	Percentage of Sales for Resale to the Total	<u><u>39.2%</u></u>				Line 6 divided by Line 3
8	<u>Production Plant</u>					
9	Plant In Service		3,131,713	3,224,990	3,178,352	FERC Form 1, Page 204-205, Line 46, Col (B) and (G)
10	Fixed Asset Impairment		58,252	1,411,768	735,010	Per Accounting Records
11	Accumulated Depreciation		<u>(1,718,841)</u>	<u>(3,118,277)</u>	<u>(2,418,559)</u>	FERC Form 1, Page 219, Line 20 plus Line 24
12	Net Book Value		<u><u>1,471,124</u></u>	<u><u>1,518,481</u></u>	<u><u>1,494,803</u></u>	Sum of Lines 9 thru 11
13	Plant In Service		5,347,604	5,506,713	5,427,159	FERC Form 1, Page 206-207, Line 104, Col (B) and (G)
14	Fixed Asset Impairment		58,252	1,411,768	735,010	Per Accounting Records
15	Accumulated Depreciation		<u>(2,765,893)</u>	<u>(4,212,787)</u>	<u>(3,489,340)</u>	FERC Form 1, Page 219, Line 29
16	Net Book Value		<u><u>2,639,963</u></u>	<u><u>2,705,694</u></u>	<u><u>2,672,829</u></u>	Sum of Lines 13 thru 15
17	Average Production Plant as Percentage of Total Plant				<u><u>55.9%</u></u>	Line 12 divided by Line 16

The above format is similar to PUCO Witness Richard Cahaan's in Case No. 10-1261-EL-UNC.

The Dayton Power and Light Company
Case No. 17-1213-EL-UNC

Major Regulatory Assets Changes

Exhibit CAF-6
Page 1 of 1

Line No.	Description	2016	2015	Change Before Tax Impact	Change After Tax Impact	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)
				(\$000's)	(\$000's)	
1	<u>Impact on 2016 Earnings Favorable (Unfavorable)</u>					
2	Fuel and purchased power recovery costs	15,370	26,551	(11,181)	(7,234)	Per Accounting Records
3	Energy efficiency program	(14,058)	(9,229)	(4,829)	(3,124)	Per Accounting Records
4	Unrecovered OVEC charges	20,974	10,461	10,513	6,802	Per Accounting Records
5	Competitive bidding	(16,075)	(9,128)	(6,947)	(4,495)	Per Accounting Records
6	Total	<u>6,211</u>	<u>18,655</u>	<u>(12,444)</u>	<u>(8,051)</u>	Sum of Lines 2 thru 6

The exhibit shows the 2016 earnings impact of DP&L's major regulatory asset deferrals. Column (F) is the product of Column (E) times the inverse of the tax rate of 35.3%.

The Dayton Power and Light Company
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Future Estimated Ohio Capital Expenditures

Exhibit CAF-7
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Line No.	Description	2017	2018	2019	2020	2021	Comments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		(\$ millions)	(\$ millions)	(\$ millions)	(\$ millions)	(\$ millions)	
1	Ohio Estimated Capital Expenditures						

[Redacted]

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Case No(s). 17-1213-EL-UNC

Summary: Application of The Dayton Power and light Company for Administration of the Significantly Excessive Earnings Test electronically filed by Mrs. Dona R Seger-Lawson on behalf of The Dayton Power and Light Company