

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. 18-1639-EL-AIS

FINDING AND ORDER

Entered in the Journal on December 19, 2018

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 of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable under R.C. 4905.401(A).

II. DISCUSSION

{¶ 2} The Dayton Power and Light Company (DP&L or the Company) is an electric light company and a public utility as defined in R.C. 4905.03(C) and R.C. 4905.02, respectively. As such, DP&L is subject to the jurisdiction of this Commission.

{¶ 3} Pursuant to R.C. 4905.401 and with Commission approval, a public utility that is an electric light company may issue notes or other evidences of indebtedness payable at periods of not more than 12 months. The statute provides an exemption from Commission approval where the electric light utility issues short-term indebtedness constituting less than five percent of the par value of all "stocks, bonds, notes, and other evidences of indebtedness of [said] company then outstanding." R.C. 4905.401(A).

{¶ 4} On November 2, 2018, DP&L filed an application for authority to issue and/or renew short-term promissory notes, revolving loan agreement loans (RLA loans), and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the approximately \$29.4 million of statutorily exempted short-term debt issuable by the Company under R.C. 4905.401(A). DP&L states that it is

requesting Commission authorization for \$300 million of short-term borrowing authority for the calendar year 2019, an amount that is less than or equal to the amount requested by the Company and approved by the Commission for each of the past 12 years. The Company notes that its current authority to issue notes and RLA loans expires on December 31, 2018. In support of its application, DP&L provides its income statement, cash flow statement, and balance sheet as of June 30, 2018.

{¶ 5} On November 30, 2018, Staff filed its review and recommendation regarding DP&L's application. Staff notes that the Company proposes to use the proceeds from the debt to repay long-term debt and for other general corporate purposes. Additionally, the Company is forecasting an operation and maintenance budget of \$165 million for 2019 and believes the requested authority ensures preparation for unexpected disruptions in cash flow and for the reliable provision of service. Staff further explains that, with the Company's current ability to increase the size of its unsecured, revolving credit facility to approximately \$275 million, DP&L anticipates that its credit facility will sufficiently meet potential liquidity needs in its regulated business and create refinancing opportunities. Finally, Staff relays that, in 2018 and subsequent years, DP&L expects to satisfy all of its cash needs with a combination of operational cash and funds from debt financing as internal liquidity needs and market conditions warrant. Staff asserts that the requested authority appears reasonable as described by the Company and recommends its approval.

{¶ 6} Having considered the Company's application and Staff's review and recommendation, the Commission finds that the application is reasonable and should be approved. Thus, DP&L is authorized to issue notes, RLA loans, and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the statutorily exempted amount of short-term debt issuable by the Company under R.C. 4905.401(A). Additionally, the Commission finds that it is unnecessary to hold a hearing in this matter.

III. ORDER

{¶ 7} It is, therefore,

{¶ 8} ORDERED, That DP&L's application be approved and DP&L be authorized to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms of less than 12 months up to \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable by DP&L, through December 31, 2019. It is, further,

{¶ 9} 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 issued wholly or in part for the purpose of retiring its outstanding short-term evidences of indebtedness. It is, further,

{¶ 10} 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,

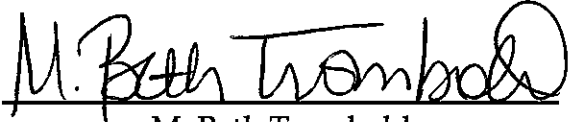
{¶ 11} ORDERED, That nothing in this Finding and Order be deemed to be binding upon the Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of DP&L. It is, further,

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

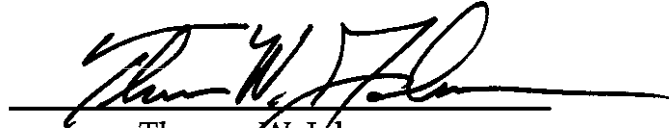
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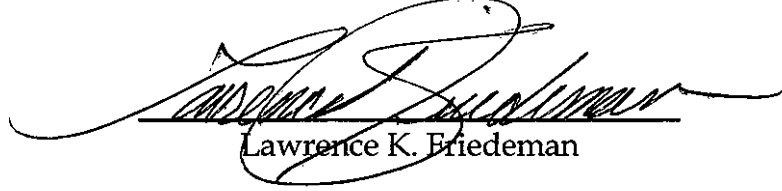
Asim Z. Haque, Chairman



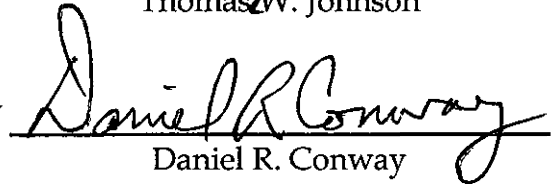
M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman

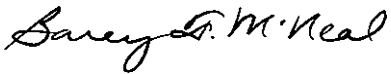


Daniel R. Conway

PAS/hac

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Barcy F. McNeal
Secretary