

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The	)	
Dayton Power & Light Company for	)	Case No. 16-0395-EL-SSO
Approval of Its Electric Security Plan	)	

In the Matter of the Application of The	)	
Dayton Power & Light Company for	)	Case No. 16-0396-EL-ATA
Approval of Revised Tariffs.	)	

In the Matter of the Application of The	)	
Dayton Power & Light Company for	)	Case No. 16-0397-EL-AAM
Approval of Certain Accounting	)	
Authority Pursuant to Ohio Rev. Code		
§ 4905.13.		

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**DIRECT TESTIMONY OF J. EDWARD HESS  
ON BEHALF OF  
INTERSTATE GAS SUPPLY, INC.  
PUBLIC VERSION**

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April 12, 2019

(Originally filed February 12, 2019)

1    **I.       INTRODUCTION**

2    **Q.       Please state your name and title.**

3    A.       My name is J. Edward Hess. I am a self-employed consultant.

4    **Q.       On whose behalf are you testifying?**

5    A.       I am testifying on behalf of Interstate Gas Supply, Inc.

6    **Q.       Please describe your educational background and work history.**

7    A.       I have a Bachelor of Business Administration degree from Ohio University and  
8            completed most of Capital University's Master of Business Administration program.  
9            I am a certified public accountant (presently inactive). I was employed by the  
10           Public Utilities Commission of Ohio (Commission) in 1975 as a field auditor. I  
11           resigned from the Commission in 1977 and joined the public accounting firm of  
12           John Gerlach and Company. I rejoined the Commission in July 1980. In March  
13           2009, I retired from the Commission after over 30 years of employment. My last  
14           position with the Commission was as the Chief of the Accounting and Electricity  
15           Division of the Utilities Department. In that capacity, I was responsible for ensuring  
16           statutory compliance with state and federal statutes, rules and procedures  
17           governing utility regulation with most of that responsibility focused on the electric  
18           sector. I was also responsible for analyzing and testifying to a whole variety of  
19           financial data regarding all utilities regulated by the Commission. From October  
20           2009 through May 2015, I was employed by McNees Wallace & Nurick as a  
21           technical specialist where I provided practical insight and analytical expertise on  
22           regulatory and legislative issues to the business community. I also provided expert

1 testimony on behalf of the firm's clients in regulatory hearings before the  
2 Commission. I have attended and completed numerous continuing education  
3 courses relevant to the regulation of public utilities and my accounting profession.  
4 I have also participated in regulatory conferences and training seminars and have  
5 served as a workshop presenter at the annual energy conference sponsored by  
6 the Manufacturers' Education Council.

7 **Q. Were you involved with Ohio's electric restructuring as a member of the**  
8 **PUCO Staff?**

9 A. Yes. In 1999, I began working with Chairman Glazer on the restructuring of the  
10 electric industry. The first Johnson-Mead bill had been proposed, the utilities  
11 countered with their own version and everyone involved was working on the  
12 second version of Johnson-Mead that eventually became known as Senate Bill 3.  
13 The bill passed in July 1999. Before the bill was passed Alan Schreiber became  
14 the chairman of the PUCO and I continued my work on the legislation with  
15 Chairman Schreiber.

16 After the legislation passed, I was given the responsibility of managing the Staff's  
17 efforts to implement the bill. That included processing electric transition plans  
18 (called "ETP") and developing rules that were required by the legislation. At the  
19 time of the legislation there were 8 electric distribution companies that were  
20 required to file transition plans per the legislation. The issues that were addressed  
21 in the ETP filings and the rules that were required are too numerous to list here.  
22 We completed the required tasks on time and we were ready for the transition on  
23 January 1, 2001.

1 Sometime in late 2002 and early 2003 – shortly after the California Energy Crisis  
2 and Enron’s collapse -- there was a general belief that the Ohio industry was not  
3 ready for a flash cut to market-based rates on January 1, 2006. We began  
4 discussing a longer transition period with all interested parties. I was again given  
5 the responsibility of coordinating the Staff efforts. We successfully implemented  
6 rate stabilization plans for an additional three or four years with all the utility  
7 distribution companies except Monongahela Power Ohio. Monongahela Power  
8 was eventually purchased by Columbus Southern after several negotiations and  
9 litigations. Eventually, additional legislation, SB 221, was enacted. Among other  
10 things, the legislation provided the Commission with additional flexibility to deal  
11 with actual circumstances that were different than anticipated when SB 3 was  
12 enacted.

13 As a Staff member, I did help with processing the first round of electric security  
14 plans for AEP and First Energy that were put into effect in 2009.

15 **Q. What was your involvement with Ohio’s electric restructuring as a member**  
16 **of the McNees Wallace and Nurick?**

17 A. I testified before the Commission in several SSO cases that were filed in the  
18 second round of cases. I also submitted testimony in Ohio Power Company’s and  
19 Columbus Southern Power Company’s Distribution Rate Case and Fuel cases.

20 **Q. Do you have any practical insights into DP&L and DPL’s past that may place**  
21 **DP&L’s current request into the correct context?**

1 A. I have been involved in regulatory matters with DP&L for over 30 years. Some of  
2 the major regulatory matters that I have been involved in with DP&L include  
3 overseeing DP&L's electric transition plan application to transition to a restructured  
4 EDU, DP&L's rate stabilization plan to extend the market development period and  
5 create a rate stabilization plan, and later the extension of the rate stabilization plan  
6 as a member of the Commission's Staff. As a member of McNees Wallace and  
7 Nurick, I testified in DP&L's second electric security plan case to ensure that DPL's  
8 unregulated activities did not result in negative financial consequences for the  
9 customers of DP&L which the Supreme Court of Ohio determined that DP&L's  
10 recovery of a financial integrity charge to prop up the earnings of its generation  
11 business segment was an unlawful transition charge. I have also been involved in  
12 all of the DP&L base rate cases since the mid-1980s.

13 **II. BACKGROUND**

14 **Q. Was a Stipulation filed in this case?**

15 A. Yes. There was an initial Stipulation filed on January 30, 2017. However, on  
16 March 14, 2017 DP&L filed an Amended Stipulation and Recommendation.  
17 Throughout my testimony, I refer to the Amended Stipulation as the Stipulation.  
18 Among other things, the Stipulation proposes that the Commission approve  
19 Distribution Modernization Rider ("DMR") and the Reconciliation Rider (RR).

20 **Q. Did the Commission accept the Stipulation and Recommendation?**

21 A. The Commission modified the Stipulation by rejecting the provision that made the  
22 RR a by-passable rider. That was a material change to the settlement.

1   **Q.       What is the RR?**

2   A.       The RR is a stranded cost recovery mechanism that relates to DP&L's only  
3           remaining interest in generation assets, specifically the Ohio Valley Electric  
4           Corporation (OVEC). DP&L has a power purchase agreement with OVEC that is  
5           cost-based. DP&L would purchase power from OVEC and resell it into the  
6           wholesale market. It will flow through the difference between the cost-base rate  
7           paid to OVEC and the market-based sales through the non-bypassable RR, which  
8           is collected from all distribution customers. Because the RR would permit DP&L  
9           to collect revenue from all customers to make up for DP&L's losses in the  
10          wholesale generation market, the RR is a stranded cost recovery mechanism.

11   **Q.       What is the DMR?**

12   A.       The DMR is described as a rider that will enhance both DPL's and DP&L's financial  
13          integrity and provide for a more robust distribution service for customers. It is a  
14          non-bypassable charge applicable to all distribution customers.

15   **Q.       Are you familiar with the Commission's criteria for reviewing Stipulations?**

16   A.       Yes, the Commission utilizes a three-prong test. Specifically, the Commission  
17          evaluates whether a Stipulation is (1) the product of serious bargaining; (2) in the  
18          public interest; and (3) whether the Stipulation will violate any regulatory practice  
19          or principle. As I discuss throughout my testimony, the Stipulation is not in the  
20          public interest and it violates several regulatory practices and principles.

21   **Q.       What is the purpose of your testimony?**

22

1 A. The purpose of my testimony is to address the improper DMR, as well as the  
2 potential misuse of funds from such rider and recommend accounting for the funds  
3 received from the DMR, to the extent that the DMR is approved for any purpose. I  
4 testify that the DMR payments that are used to pay DPL for interest obligations,  
5 existing debt, and discretionary debt payments is a cross subsidy to a non-  
6 regulated entity, which is inconsistent with the State's policy to avoid  
7 anticompetitive subsidies flowing from a noncompetitive retail electric service to a  
8 competitive retail electric service or to a product or service other than retail electric  
9 service. I also believe that the Commission lacks the authority to require  
10 customers to pay the DPL portion of the DMR since the Commission has no  
11 regulatory authority or responsibility for DPL and the payment is in direct conflict  
12 with DP&L's and the Commission's repeated assurance to the DP&L customers  
13 that they are protected from any detrimental impact of DP&L's parent company  
14 and affiliated non-utility activities.

15 I testify that the DMR is simply unnecessary to support the financial stability of  
16 DP&L given that DP&L has divested its generating assets and the current rates  
17 give DP&L an opportunity to earn a reasonable rate of return on its distribution  
18 investments. I also testify that the DMR should be included in the SEET test, to  
19 the extent it is approved at all. However, if the Commission believes that it must  
20 require customers to provide DP&L with funds through the DMR, I am  
21 recommending that the Commission require DP&L to account for any customer  
22 provided DMR as customer contributed capital. This accounting would assure the  
23 ratepayers that they won't be paying for these investments/expenditures twice.

1 **Q. Will you describe DPL and DP&L?**

2 A. DPL Inc. (DPL) is a regional energy provider that was acquired by the AES  
3 Corporation (AES) on November 28, 2011 and is a wholly-owned subsidiary of  
4 AES. DPL's significant subsidiaries include The Dayton Power and Light  
5 Company (DP&L), AES Ohio Generation, LLC (AES Ohio Gen), Miami Valley  
6 Insurance Company (MVIC), and Miami Valley Lighting, LLC (MVLt). DPL is not  
7 regulated by the Commission. DPL is not a public utility subject to the  
8 Commission's jurisdiction. DPL has no right to receive payments directly from  
9 retail customers. DPL has no rights to file an application to the Commission for  
10 any payments from retail customers. Consequently, its subsidiary has filed the  
11 present application for its benefit.

12 DP&L is a regulated electric distribution utility ("EDU"). It has one shareholder,  
13 DPL. In 2017, DP&L transferred its generation assets to an unregulated affiliate,  
14 AES Ohio Gen. At the present time, it is simply a "wires" company that owns no  
15 generation assets except for its interest in the OVEC.

16 **Q. Can you give some background of the events that led to DP&L's request for**  
17 **DMR funds?**

18 A. Yes, until November 28, 2011, DP&L operated as a wholly owned subsidiary of  
19 DPL Inc ("DPL"). DP&L was a vertically integrated electric distribution utility (EDU)  
20 that owned generation, transmission and distribution assets but operated its  
21 generation, transmission and distribution businesses in separate units. DPL also  
22 owned DP&L Energy Resources (DPLER) which sold competitive retail electric  
23 service, and DP&L which engaged in the operation of peaking generation facilities



1 and sold power in the whole sale markets. The total combined long-term debt of  
2 DPL at the end of 2010 (which includes DP&L's debt) was \$1,026.6 million.  
3 DP&L's long-term debt at the time was \$884.0 million. DPL long-term debt,  
4 exclusive of DP&L was approximately \$142.6 million at the end of 2010.<sup>1</sup> On  
5 November 28, 2011, AES purchased DPL's assets for approximately \$3.5 billion.  
6 After the merger, DPL's long-term debt increased to \$2,628.9 million by the end of  
7 2011. DP&L's long-term debt at the end of 2011 was reported at \$934.0 million.<sup>2</sup>  
8 DPL's long-term debt exclusive of DP&L was \$1,694.9, or an increase of \$1,552.3  
9 million from the end of 2010. DPL's long-term debt was significantly impacted by  
10 the acquisition by AES.

11 **Q. Were there other significant financial impacts to the financial position of DPL**  
12 **that were a direct result of the acquisition?**

13 A. Yes. AES paid cash of approximately \$3,483.6 million dollars for net identifiable  
14 assets worth approximately \$994.3 million dollars. As a result of the purchase  
15 price, DPL was required to book a significant amount of Goodwill<sup>3</sup> of approximately  
16 \$2,489.3 million<sup>4</sup>. During 2012, DPL recognized an impairment to the value of the  
17 goodwill and realized a loss of \$1,817.2 million significantly impacting 2012 net  
18 income and December 31, 2012 retained earnings. The remaining balance of  
19 goodwill has been written off as of December 31, 2017.

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<sup>1</sup> JEH-1 (SEC form 10K for 2010, page 97).

<sup>2</sup> JEH-2 (SEC form 10K for 2011, page 95).

<sup>3</sup> Goodwill excess of cost over fair value of the identifiable net assets acquired.

<sup>4</sup> JEH-2 (SEC form 10K for 2011, page 89)

**Q. What were the Credit Ratings of DPL and DP&L senior unsecured debt before and after the acquisition?**

A. The following table outlines the debt credit ratings and outlook of each company, along with the effective dates of each rating and outlook for DPL and DP&L.<sup>5</sup> Three rating agencies downgraded senior unsecured debt of both DPL and DP&L shortly after the acquisition.

	DPL	DP&L	Outlook	Effective
<u>Before</u>				
Fitch Rating	A-	AA-	Stable	October 2010
Moody's Investors Service	Baa1	Aa3	Stable	June 2010
Standard & Poor's Corp	BBB+	A	Stable	April 2010
<u>After</u>				
Fitch Rating	BB+	BBB+	Stable	November 2011
Moody's Investors Service	Ba1	A3	Stable	November 2011
Standard & Poor's Corp	BB+	BBB+	Stable	November 2011

While the merger impacted the credit rating of DPL and DP&L, it clearly had a greater impact on the credit rating of DPL.

**Q. What was the financial impact of the AEP acquisition of DPL on DPL's financial statements?**

A. The acquisition had a significant financial negative impact on DPL. A significant amount of debt was added to DPL's balance sheet (approximately \$1,552.3 million), a material amount of assets (approximately \$2,489.3 million) has been lost, and all the credit ratings were downgraded immediately after the acquisition. The increased debt has become increasingly difficult to service and the lost assets

<sup>5</sup> JEK-1, JEK-2 (SEC forms 10K for 2010, page 63 and 2011, page 63).

drove negative retained earnings. DPL's current negative financial position was clearly driven by the acquisition by AES.

### **III. THE DMR**

#### **Q. Will you describe the DMR?**

A. The DMR is described as a rider that will enhance DP&L's financial integrity and provide for a more robust distribution service for customers.<sup>6</sup> The DMR is a non-by passable charge for years 1 through 3 of the term of the ESP. The DMR is proposed to collect \$105 million per year. DP&L has the option of extending the duration of the DMR rider for an additional two years. Cash flow from the DMR will be used to (a) pay interest obligations on existing debt at DPL Inc. and DP&L; (b) make discretionary debt prepayments at DPL Inc. and DP&L; and (c) position DP&L to make capital expenditures to modernize and/or maintain DP&L's transmission and distribution infrastructure. DMR funds are to be excluded from Significantly Excessive Earnings Test ("SEET") calculations.

#### **Q. The Stipulation describes the DMR as revenue.<sup>7</sup> Is the DMR revenue?**

A. No. The DMR is customer provided funding to allegedly improve the financial stability of DPL and DP&L and/or to provide funding to assist DP&L to make future capital expenditures to modernize and or maintain its transmission and distribution grid. None of these DMR receipts are revenue, it is customer provided funding. Since it is customer provided funding, to the extent the DMR is approved, the DMR

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<sup>6</sup> Direct Testimony of R. Jeffrey Malinak In Support of The Amended Stipulation and Recommendation, page 7.

<sup>7</sup> Amended Stipulation and Recommendation, page 4.

1 receipts should be accounted for as a liability. I will expand on this later in my  
2 testimony.

3 **IV. DMR USED FOR DPL DEBT PAYMENTS**

4 **Q. Should the Commission require the DP&L customers to provide funds to**  
5 **permit DPL to pay for interest obligations, existing debt, and discretionary**  
6 **debt payments.**

7 A. No. Payments to provide assistance to the unregulated affiliated parent are an  
8 anticompetitive subsidy from the regulated affiliate to an unregulated affiliate that  
9 provides a competitive electric service and products and service other than retail  
10 electric service. Additionally, the Commission does not have oversight authority for  
11 the financial well being of DPL as it has explained in many past cases. There is  
12 simply no nexus between DPL and a retail electric service provided by DP&L to  
13 justify the imposition of a DMR.

14 **Q. Will you explain why these payments to an affiliated parent are anti-**  
15 **competitive.**

16 A. With the enactment of Amended Substitute Senate Bill 3 ("SB 3") in 1999, the  
17 structure of the vertically integrated industry changed significantly in part to break  
18 the link between ownership and control of assets within such an industry  
19 structure. With regard to competitive retail electric service such as generation  
20 supply and effective January 1, 2001, the EDU was confined to the role of a  
21 default supplier to customers not receiving competitive service from a competitive  
22 retail electric service ("CRES") provider. This default supplier status currently

1 allows the EDU to obtain market-based or tested compensation for default supply  
2 standard service offer SSO through an electric security plan (ESP) or the market  
3 rate offer ("MRO") options.

4 In addition to the default supply role of an EDU, SB 3 imposed numerous  
5 requirements on an EDU to make sure that retail customers as well as CRES  
6 providers are not subjected to an EDU's discretion in ways that would allow the  
7 EDU to favor its owned or controlled assets or affiliated lines of business. These  
8 requirements cannot be ignored. When taken into consideration, these  
9 requirements act as barriers to the type of proposals that DP&L is advancing in  
10 this proceeding. In 2008, Amended Substitute Senate Bill 221 ("SB 221")  
11 altered the means by which an EDU could be compensated for its default  
12 generation supply service, but SB 221 did not change the core elements of  
13 the electric restructuring architecture contained in SB 3 and specifically the  
14 requirements that an EDU cannot operate to favor its non-regulated affiliates or  
15 use its non-competitive lines of business to provide anticompetitive subsidies to  
16 its competitive lines of business.

17 **Q. Has Ohio adopted laws and regulations governing the relationship between**  
18 **a regulated EDU and its affiliates providing competitive services?**

19 A. Section 4928.17, Ohio Revised Code, requires a corporate separation plan and  
20 defines many of the requirements of that plan. The PUCO adopted rules for  
21 these plans originally as a part of the standard filing requirements for electric  
22 transition plans [Rule 4901:1-20-16, Ohio Administrative Code ("O.A.C")] and  
23 later adopted a more permanent set of rules (Rule 4901: 1-37, O.A.C.).

1 **Q. Does DPL provide competitive services?**

2 A. Yes. DPL is a wholly owned subsidiary of The AES Corporation. AES Corporation  
3 is a Fortune 500 global power company that provides energy in 15 countries. DPL  
4 is an energy holding company whose principal subsidiaries include AES Ohio Gen  
5 that co-owns merchant generation facilities. AES Ohio Generation, solely or  
6 through jointly-owned facilities, owns coal-fired and peaking generation units  
7 representing 2,125 MW located in Ohio and Indiana. AES Ohio Generation sells  
8 all of its energy and capacity into the wholesale market.<sup>8</sup>

9 **Q. Does DMR provide either AES, DPL, or AES Ohio Generation a competitive**  
10 **advantage over other generation providers?**

11 A. Yes. This cross subsidy which is flowing from a noncompetitive retail electric  
12 service to a competitive retail electric service or to a product or service other than  
13 retail electric service frees up funds that would be necessary to pay the DPL debts  
14 that are funded by the DMR payments and allows the affiliated generation  
15 suppliers to either enhance their current generation fleet or invest in new forms of  
16 generation.

17 **Q. In addition to the generation owned by AES Ohio Generation, are you aware**  
18 **of any recent acquisitions by either AES, DPL, or AES Ohio Generation that**  
19 **could be directly in competition with other Ohio businesses that participate**  
20 **in the competitive generation markets?**

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<sup>8</sup> JEH-3 (AES 2017 Annual Report).

1 A. Yes. Shortly after the execution of the January 30, 2017 Stipulation in this case,  
2 which included the DMR, on February 24, 2017, AES spent over \$400 million to  
3 acquire approximately 50% interest in one of the largest solar and wind developers  
4 in the United States, FTP Power LLC (“sPower”). In conjunction with Alberta  
5 Investment Management Corporation (“AIMCo”), AES announced the acquisition  
6 of sPower for \$853 million in cash, subject to adjustment, plus the assumption of  
7 \$724 million in sPower’s non-recourse debt.”<sup>9</sup> The acquisition was “funded with  
8 \$90 million of subordinated debt to sPower, and the remaining amount of \$763  
9 million will be funded with equity from AES and AIMCo in equal proportion.”<sup>10</sup>  
10 Thus, unlike the heavily leveraged acquisition of DPL, the acquisition of sPower  
11 was funded by primarily cash/equity (89.4% equity and 10.6% debt). sPower  
12 portfolio includes 1,274 MW of solar and wind projects in operation or under  
13 construction and a development pipeline of more than 10,000 MW located in the  
14 United States. On November 6, 2018, eighteen months after acquiring an interest  
15 in sPower, AES made an 8K filing with the SEC announcing that “[w]e also agreed  
16 to sell 24% of sPower's operating fleet and we will invest the proceeds in sPower's  
17 10 GW development pipeline, yielding higher returns.”<sup>11</sup> With this transaction, AES  
18 is now positioned to develop solar and wind projects in Ohio that compete with  
19 other Ohio businesses.

20 **Q. Has sPower invested in any generation projects in the State of Ohio?**

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<sup>9</sup> JEH-4 (AES Form 8-K, page 6 (Feb. 24, 2017)).

<sup>10</sup> *Id.*

<sup>11</sup> JEH-5 (AES Form 8-K, page 5 (Nov. 6, 2018)).

1 A. sPower recently filed an application before the Ohio Power Siting Board with  
2 respect to the Seneca Wind Farm, which is a proposed 212-megawatt project.<sup>12</sup>

3 Seneca Wind LLC is a Delaware limited liability company and a wholly owned  
4 subsidiary of sPower Development Company, LLC (sPower).<sup>13</sup>

5 **Q. You also state that the DMR payments should not be required because the**  
6 **Commission does not have oversight authority for the financial wellbeing of**  
7 **DPL. Will you explain?**

8 A. Yes. The Commission's regulatory oversight is limited to public utilities as defined  
9 by the Statute. DPL is not a public utility as defined by the statute, it is not regulated  
10 by the Commission, and it has no defined distribution service territory.

11 **Q. Does the Commission have the responsibility or the opportunity to review**  
12 **and approve DPL debt?**

13 A. No. Again, DPL's debt is not required to be reviewed by the Commission and I do  
14 not believe that the debt that is being paid for was ever approved by the  
15 Commission. DP&L indicated as much in response to discovery, stating, "DP&L  
16 states that R.C. 4905.40 only applies to 'public utilities' as that term is defined  
17 under R.C. 4905.02; thus, DPL Inc. is not required to acquire Commission approval  
18 for long-term debt."<sup>14</sup>

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<sup>12</sup> JEH-6 (Case No. 18-488-EL-BGN, *In the Matter of the Application of Seneca Wind, LLC for a Certificate of Environmental Compatibility and Public Need for a Wind-Powered Electric Generating Facility in Seneca and Sandusky Counties*, Application at 1 (Jul. 16, 2018)).

<sup>13</sup> *Id.* at page 5.

<sup>14</sup> JEH-7 (DP&L Response to IGS-INT-11-8).



1 **Q. Does the Commission have the responsibility to assure that DPL is**  
2 **financially stable?**

3 A. No. Because the Commission has no regulatory oversight responsibilities for DPL,  
4 the Commission cannot assure its financial stability.

5 **Q. Has the Commission reviewed the relationship of DPL to DP&L in past**  
6 **cases?**

7 A. Yes. The Commission reviewed the relationship between DPL and DP&L in the  
8 below cases and consistently found that the Commission had no oversight  
9 responsibilities for DPL and that it would insulate DP&L from the financial risks  
10 associated with DPL.

11 **Case Nos. 99-1687-EL-ETP** – DP&L filed its Corporate Separation Plan. The final  
12 version was filed on February 28, 2000 and was eventually supported by DP&L  
13 witness Timothy G. Rice. DP&L's proposed corporate separation plan was  
14 approved by the Commission as part of the ETP settlement. DP&L assured the  
15 Commission that it would abide by the Commission's corporate separation rules,  
16 which include rules governing financial arrangements between affiliates.<sup>15</sup>

17 **02-2627-EL-COI** – The Commission initiated this proceeding to identify measures  
18 available to the Commission to ensure that the regulated operations of Ohio public  
19 utilities are not impacted by adverse financial consequences of parent or affiliated  
20 companies unregulated operations. The Commission recognized that its  
21 jurisdiction was limited in the Ohio Revised Code and did not intend to manage the

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<sup>15</sup> Rule 4901:1-20-16 04 C, Ohio Administrative Code ("O.A.C.") and later adopted a more permanent set of rules (Rule 4901: 1-37 04 C, O.A.C.).

1        affairs of holding companies or companies located out of state. The Case was  
2        closed in 2009 without a final Commission determination.

3        **03-1297-EL-AIS** – On July 24, 2003, The Commission denied DP&L’s request to  
4        issue up to \$279 million of new bonds to refinance DPL notes. The Commission  
5        later explained that that denial was intended, among other things, to insulate DP&L  
6        from the financial risks associated with its unregulated parent company, DPL.<sup>16</sup>

7        **04-486-EL-COI** - April 7, 2004, the Commission initiated a Commission Ordered  
8        Investigation with an Entry that directed the Staff to investigate DPL’s delay filing  
9        its Form 10K with the Securities and Exchange Commission pending completion  
10       of a review by the Audit Committee of DPL’s Board of Directors. The Audit  
11       Committee was reviewing several areas of concern, including corporate  
12       governance, compensation policy, internal controls, and potential tax liabilities  
13       addressed in an internal memo from DPL’s controller to the chair of DPL’s Finance  
14       and Audit Review Committee. The Commission planned to assess whether any  
15       of these matters have or will negatively impact DP&L and, if so, how this might be  
16       both rectified and prevented in the future.<sup>17</sup> The Staff reported that DPL’s Board  
17       of Directors announced that its Audit Committee had completed its review of the  
18       controller’s concerns and that it would immediately begin strengthening  
19       disclosures, communications, access to information, internal control and the  
20       culture of the corporation in certain areas. The 2003 form 10-K was filed on

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<sup>16</sup> *In the Matter of the Commission Investigation of the Financial Condition of Dayton Power and Light Company*, Case No. 04-486-EL-COI, Entry at paragraph (4) (Apr. 7, 2004).

<sup>17</sup> *Id.* at paragraphs (5)(a) and (6).

1 November 5, 2004. There were numerous resignations from the Board of  
2 directors, the resignation of a group vice-president and interim chief financial  
3 officer, and the retirement of the president and chief executive officer. In view of  
4 those developments, the Commission ordered DP&L to develop and file a  
5 comprehensive plan of protection to insulate the regulated utility operations and  
6 ratepayers from any untoward impacts of the relationship between DP&L and its  
7 parent and/or and nonregulated affiliate companies.

8 On February 4, 2005, DP&L filed a Protection Plan (Plan). The Plan included  
9 descriptions of the Management and Board changes, policy changes, operational  
10 changes, Sarbanes-Oxley benefits, financial safeguards that have been installed,  
11 and a description of system reliability changes. The Plan was filed to ensure that  
12 DP&L and its ratepayers were not harmed by the non-utility activities of its parent  
13 and affiliates.

14 **Case Nos. 08-1094-EL-SSO** - DP&L filed an updated corporate separation plan.  
15 The plan was filed as a part of its application and was supported by the testimony  
16 of DP&L witness Timothy G. Rice. DP&L agreed, as a part of the stipulation in that  
17 case, that its employees and representatives would not have the discretion to act  
18 in a manner that was inconsistent with the Commission's corporate separation  
19 rules or DP&L's Second Amended Corporate Separation Plan. The stipulation was  
20 approved by the Commission.

21 **11-3002-EL-MER Merger Case** - AES, Dolphin Sub, Inc. (an AES subsidiary)  
22 DPL, and DP&L filed an application for the Commission's approval of a merger of  
23 Dolphin Sub, Inc with and into DPL Inc. DP&L assured the Commission that

1 DP&L's credit rating would remain at investment grade and that it would seek the  
2 Commission's direct authority under Ohio Rev. Code § 4905.42 to pre-approve any  
3 future evidence of indebtedness. DP&L also agreed that it would maintain a capital  
4 structure that includes an equity ratio of at least 50 percent and that it would not  
5 have a negative retained earnings balance. The Commission approved the merger  
6 based on three stipulations that were filed.

7 **Case No. 12-426-EL-SSO** - DP&L proposed to update its corporate separation  
8 plan and has requested that the Commission approve the plan (Third Amended  
9 Corporate Separation Plan) in an order accepting DP&L's ESP. The changes to  
10 the Third Amended Corporate Separation Plan were described as non-  
11 substantive and limited to reflect DPL Energy Resources' ("DPLER") acquisition  
12 of MC Squared and the acquisition of DPL Inc. by AES Corporation. At the time  
13 of this filing, DP&L was still a vertically integrated utility company and requested  
14 two riders to protect its total company financial integrity that included the  
15 generation function, the transmission function and the distribution function. DP&L  
16 stated that the riders were required due to the loss of generation and  
17 transmission revenue. The Commission approved the Service Stability Rider  
18 (SSR) and denied the Switching Tracker (ST). The Ohio Supreme Court  
19 eventually overturned the Commission's authorization of the SSR.

20 **13-2420-EL-UNC Generation Transfer case** - DP&L filed an amended  
21 supplemental application on May 23, 2014 to transfer its generation to an affiliate  
22 or to sell the generation assets to a third party. On July 14, 2014, DP&L filed a  
23 notice in this case with an attached press release indicating that DP&L had decided

1 to transfer its generation assets to an affiliate by January 1, 2017. The  
2 Commission found that the application was reasonable, complied with Ohio  
3 Revised Code 4928.17 and Ohio Administrative Code Chapter 4901:1-37, and was  
4 in the public interest. The Commission approved the application. On October 1  
5 2017, DP&L transferred its generation assets to an unregulated affiliate, AES Ohio  
6 Gen.

7 In all these cases, DP&L assured the Commission and the Commission assured  
8 the ratepayers that they would not be harmed by the non-utility activities of its  
9 parent and affiliates.

10 **Q. Are you recommending that the Commission authorize the DMR revenues to**  
11 **pay interest obligations on existing debt at DPL or to make discretionary**  
12 **debt prepayments at DPL?**

13 A. No. DPL's financial problems were the direct result of the AES acquisition and I  
14 do not believe that the Commission can and/or should require the customers of  
15 DP&L to resolve that problem. I also believe that this portion of the payment is a  
16 cross subsidy which is flowing from a noncompetitive retail electric service to a  
17 competitive retail electric service or to a product or service other than retail electric  
18 service which is inconsistent with the policies of the State on Ohio and harmful to  
19 generation competition in the State.

20 **Q. Has DP&L provided an estimate of the financial impact of DPL's financial**  
21 **problems on DP&L?**

1 A. No. However, DP&L did provide a workpaper<sup>18</sup> showing the expected “spread” in  
2 borrowing costs based upon different credit ratings. The difference (between A  
3 and BBB+) [REDACTED] Multiplied by \$580 million, that  
4 spread is [REDACTED] That is  
5 [REDACTED] annual \$105 million over three years [REDACTED]  
6 [REDACTED]

7 **V. DMR PAYMENTS TO DP&L**

8 **Q. Is DP&L’s distribution unit’s financial integrity in jeopardy?**

9 A. No. After transferring its generating assets, it looks like DP&L is doing just fine.  
10 DP&L recently recommended a stipulation to the Commission in its distribution rate  
11 case. By its own admission, the stipulation will enable DP&L to continue to provide  
12 safe and reliable service by promoting its financial condition by implementing just  
13 and reasonable rates, which will support DP&L's ability to meet and maintain  
14 operational needs; facilitate incremental distribution system investments; improve  
15 reliability by authorizing a deferral for future recovery of certain annual expenses  
16 for vegetation management; begin to implement the lowered federal income tax  
17 rate of the Tax Cuts and Jobs Act (TCJA) and establish a framework for returning  
18 benefits resulting from the TCJA to customers.<sup>19</sup> The Commission accepted the  
19 recommendation and authorized DP&L the opportunity to earn approximately  
20 \$46.784 million of operating income which represents a 7.27% return on

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<sup>18</sup> JEH-8 (DP&L’s response to IGS's Sixth Set of Discovery, RPD-6-2).

<sup>19</sup> JEH-9 (Testimony of Sharon R. Schroder in Support of the Stipulation and Recommendation Page 7 of 16. Case No. 15-1830-EL-AIR).

1 distribution rate base. This operating income was established based upon a  
2 hypothetical capital structure, which incorporated a debt to equity ratio of 52/48,  
3 even though DP&L's equity structure was and remains below that level. The 2017  
4 debt/equity ratio is approximately 66/34.<sup>20</sup> Given that equity has a higher  
5 authorized rate of return, the rate of return authorized in the distribution rate case  
6 is inflated.

7 **Can DP&L meet its interest obligations based upon its existing distribution**  
8 **and transmission revenues?**

9 DP&L's annual debt interest obligations for 2017 were approximately \$30 million<sup>21</sup>  
10 which are more than paid for by its distribution earnings. That is without  
11 considering the additional earnings that DP&L will recover through its distribution  
12 riders including the potential for \$7 million per year after tax in energy efficiency  
13 program shared savings,<sup>22</sup> and its federally authorized transmission rates.

14 **Q. Did DP&L provide any financial information in this case to indicate that DP&L**  
15 **is not under any financial stress?**

16 A. Yes. Based on DP&L's estimates of operating income, depreciation expense and  
17 interest, DP&L should be able to fund its projected capital expenditures<sup>23</sup>. The  
18 projected earnings plus the projected recovery of depreciation expense will provide

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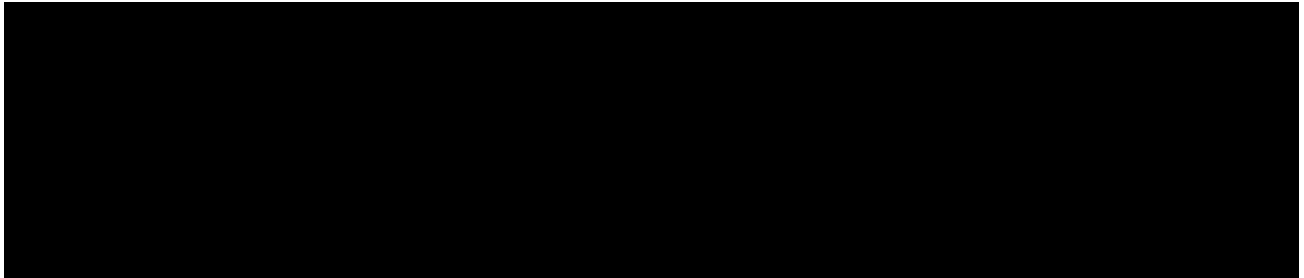
<sup>20</sup> JEH-10 (SEC form 10K for 2017, page 131).

<sup>21</sup> JEH-10 (SEC form 10K for 2017, page 129).

<sup>22</sup> *In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2018 through 2020*, Case Nos. 17-1398-EL-POR, *et al.* Opinion and Order at 6, 8 (Dec. 20, 2017).

<sup>23</sup> JEH-8 (DP&L's response to IGS's Sixth Set of Discovery, RPD-6-2).

1 enough funds to pay its interest expense and fund its capital expenditures. I have  
2 provided that calculation on my Exhibit JEH 11 which is attached to this testimony  
3 and it is summarized below.



4  
5 Thus, the DMR is not needed to ensure that DP&L can service its debt or fund  
6 projected capital expenditures.

7 **Q. Is there rate relief available for DP&L if their financial situation becomes a**  
8 **problem and they are not able to either satisfy their debt requirements or**  
9 **fund their required capital expenditures?**

10 A. Yes. An EDU can file a base rate case or a rider case with the Commission  
11 seeking relief from cost increases at any time. If the regulatory lag or statutory  
12 restrictions (unable to file until a final order has been issued by the commission on  
13 any pending prior application or until two hundred seventy-five days after filing  
14 such application, whichever is sooner) aren't timely enough to satisfy the financial  
15 problems of the EDU, it can file for emergency rate relief and the Commission may  
16 temporarily alter, amend, or, with the consent of the public utility concerned,  
17 suspend any existing rates, schedules, or order relating to or affecting any public  
18 utility or part of any public utility in this state. The emergency rates take effect at  
19 such time and remain in force for such length of time as the commission prescribes.



1 The EDU can also file a request to defer costs (Application to change an  
2 accounting method, or AAM) for recovery of those costs during a later period.

3 **VI. ACCOUNTING**

4 **Q. If the Commission continues to authorize the DMR to enhance both DPL's**  
5 **and DP&L's financial integrity and provide for a more robust distribution**  
6 **service for customers, should the Commission require specific accounting**  
7 **for these funds?**

8 A. Yes. If the Commission continues to believe that the customers should contribute  
9 to the financial stability of DPL and DP&L, the Commission should recognize the  
10 customers contribution by requiring the funds provided to be accounted for as  
11 customer contributed capital. As I mentioned earlier, the Stipulation describes the  
12 DMR receipts as revenues. The Commission should not allow DP&L to account  
13 for these receipts as revenue when it is received from the customers. Revenues  
14 are generally defined as inflows of assets and/or settlements of liabilities from  
15 delivering or producing goods, providing services, or other earning activities that  
16 constitute a company's ongoing major or central operations during a period. The  
17 DMR does not qualify as revenues. DMR is a funding mechanism and DP&L  
18 should account for the ratepayer receipts as a ratepayer contributed capital on the  
19 balance sheet, not as revenue. These receipts should be accounted for as a  
20 refinancing mechanism which is customer provided, not revenues for services.

21 **Q. Is accounting for the DMR as revenue consistent with principles of public**  
22 **utility ratemaking?**

1 A. No, it is completely at odds with the regulatory compact and the regulatory formula.  
2 Utility ratemaking is premised on the concept that investors and lenders will be  
3 compensated for capital used to invest in utility assets. Equity, debt and customer  
4 provided funds are sources of capital. When capital is utilized to fund a utility asset  
5 or fund operating and maintenance expenses, the source of the capital (principal)  
6 is compensated for by depreciating the asset providing service or including the  
7 operation and maintenance expenses in the EDU's revenue requirements. The  
8 interest on the funds is compensated for in the rate of return allowance which is  
9 also included in the EDU's revenue requirements.

10 **Q. Will you give an example?**

11 A. Assume an EDU borrows \$100 million to replace poles and wires, with 50%  
12 funded by equity and 50% funded by debt. The EDU uses these funds to purchase  
13 a \$100 million of poles and wires. The poles and wires are depreciated over their  
14 useful life and the undepreciated balance of the poles and wires is included in the  
15 EDU's rate base. The annual depreciation expense (return of investment) and the  
16 annual rate of return on the undepreciated asset (return on investment) are  
17 includable items in the EDU's revenue requirements and are recovered through  
18 rates. This formula allows the investors and debtors to fully recover the \$100  
19 million of invested/loaned funds that were used to purchase the assets. These two  
20 elements taken together provide compensation to lenders and equity investors of  
21 the EDU.

22 **Q. What happens if it is accounted for as revenue?**

A. If it is accounted for as revenue it will be included in income and closed to retained earnings at the end of the year. Retained earnings is considered an equity contribution. Since the Commission has not put any restrictions on how DP&L can use its retained earnings, there is no accounting for it as customer provided funds and all of it will eventually flow through to the stockholders. The ratepayers will receive no benefit or service other than the presumed overall financial stability of DPL and/or DP&L.

**Q. How will accounting for the DMR as revenues impact DP&L's earnings?**

A. Income will increase by \$82.346 million if it is accounted for as revenue. With the increased income, DP&L will significantly over earn on its investment to provide electric distribution services. Using the authorized income from DP&L's last base rate case, I have estimated that the rate of return on rate base with DMR revenues would be approximately 20.07%. This is materially higher than the authorized rate of return of 7.27%<sup>24</sup>.

(1)	Annual DMR Revenues	105,000,000		
(2)	GRCF	1.275097	Stipulation Exhibit 1	
(3)	Income impact of DMR	82,346,676	(1) / (2)	
(4)	Authorized Income	46,783,818	Stipulation Exhibit 1	
(5)	Total Income with DMR	129,130,494	Stipulation Exhibit 1	
(6)	Rate Base	643,518,823	Stipulation Exhibit 1	
(7)	Rate of Return with DMR	20.07%	(5) / (6)	
Source -	Case Number 15-1830-EL-AIR			

<sup>24</sup> JEH-12 (Opinion and Order, Case No. 15-1830-EL-AIR, page 46).

The 20.07% return on rate base would require a 36.93% return on common equity.<sup>25</sup>

Long Term Debt	1,012,472,520	52.48%	4.80%	2.52%
Preferred Stock	-	0.00%	0.00%	0.00%
Common Equity	916,781,520	47.52%	36.93%	17.55%
	1,929,254,040	100.00%		20.07%
Source -Case No. 15-1830-EL-AIR				

**Q. AES has agreed to forgo collection of the Tax Sharing Liabilities payable throughout the DMR term, and DPL will not continue to accrue the Tax Sharing Liabilities in its financial statements. The accrued amount will be converted to an additional equity investment. Is the accounting for this similar to the accounting you are recommending for the DMR?**

A. Yes. AES's contribution to stabilize the financial position of DPL recognizes their equity investment in DPL which will now be based on a 21% tax rate. I believe that a similar accounting should follow for DP&L customers so that their contribution to DPL's and DP&L's financial stability is recognized as their portion of the investment in financial stability.

**Q. Is the portion of the DMR payments to DP&L for interest obligations on existing debt, discretionary debt prepayments, or to position DP&L to make capital expenditures to modernize and/or maintain DP&L's transmission and distribution infrastructure consistent with sound regulatory policy?**

A. No. Not the way it addressed in the Stipulation or approved by the Commission. As I mention above, the Commission has not required DP&L to properly account

<sup>25</sup> Calculated using the Staff Report Capital Structure (Schedule D-1) and stipulated weighted cost of debt (4.8% O&O page 24), Case No. 15-1830-EL-AIR.

1 for the DSM funds as customer contributed capital. DP&L's existing debt and  
2 interest are currently recovered in rates. DP&L's capital expenditures to  
3 modernize and/or maintain its transmission and distribution infrastructure will be  
4 included in a future rate case or rider. Without specific accounting requirements  
5 to account for these funds as customer contributed capital, the customer will be  
6 required to pay for these investments twice, which is not consistent with sound  
7 regulatory policy.

8 **Q. Will you explain?**

9 A. Let me first address the DMR funds collected for obligations on existing debt and  
10 discretionary debt prepayments to DP&L. Debt is fully recovered through the  
11 regulatory calculation in a base rate case or through a rider recovery mechanism.  
12 The principle portion of that debt is recovered when the utility company converts  
13 that principle portion to an asset or uses the funds to operate and maintain the  
14 utility plant. If the use is to invest in an asset, the asset is depreciated over its  
15 useful life and expensed. As I mention above, the depreciation expense is  
16 included in the revenue requirement as the return of the funds invested. If the use  
17 of the funds is to operate and maintain the plant, the operation and maintenance  
18 costs are expensed, and those costs are also included in the revenue requirement  
19 calculation. The interest portion of the debt is included in the utility's rate of return  
20 which is also included in DP&L's revenue requirement as the return on the  
21 unrecovered funds invested. Depreciation expense, operation expense,  
22 maintenance expense and the rate of return fully compensate DP&L for the  
23 borrowed funds in a base rate case or a rider case.

1 If the Commission doesn't require proper accounting for this contribution, the DP&L  
2 will recover the debt principle and/or its interest expense from ratepayers twice,  
3 first through the current rates where they are being fully compensated for debt and  
4 interest expense, and the second through the DMR.

5 **Q. What about DMR funds that will be used to position DP&L to make capital**  
6 **expenditures to modernize and/or maintain DP&L's transmission and**  
7 **distribution infrastructure?**

8 A. Whenever customers are required to prepay for plant investment or fund its ability  
9 to position itself to invest in plant, the Commission must require the utility to  
10 account for those payments as a contributed capital either as customer advances  
11 for construction or as contributions in aid of construction. This is standard  
12 accounting for funds that are provided by customers to build plant. If this  
13 contributed capital is a customer advance, DP&L should be required to debit the  
14 cash account and credit the customer advance account when the DMR funds are  
15 received from ratepayers. The contribution by customers should accumulate on  
16 the balance sheet and will used as a rate base offset in a future base rate case.  
17 The amortization of the customer advance account should be used to offset the  
18 depreciation expense of the plant that the customers have already funded. The  
19 required accounting, the offset to rate base and the amortization of the contributed  
20 capital is the mechanism that assures the ratepayer that they are not going to be  
21 asked to pay for their contributions twice. If the contributed capital is a contribution  
22 in aid of construction, the contribution should be used to offset the plant in service  
23 balance.

1 Without this accounting treatment, the utility could account for these funds as  
2 revenue and pass the equity directly on to the shareholders and the ratepayer will  
3 be required to pay for its own investment twice. Once through the DMR and the  
4 second time when the investment is included in the rate base and depreciated.

## 5 **VII. THE ESP VS. MRO TEST**

### 6 **Q. What is the ESP vs. MRO Test?**

7 A. Ohio law requires each EDU “to provide consumers, on a comparable and  
8 nondiscriminatory basis within its certified territory, a standard service offer of all  
9 competitive retail electric services necessary to maintain essential electric service  
10 to consumers, including a firm supply of electric generation service.” With the  
11 passage of SB 221, EDU’s were given the choice of establishing the SSO through  
12 an electric security plan (ESP) or a market rate offer (MRO). The General  
13 Assembly required the outcome of an ESP, including its pricing and all other terms  
14 and conditions, to be more favorable than the result that would otherwise apply  
15 under the market rate authorized under an MRO. The price comparison test does  
16 not apply if the EDU files an MRO, it only applies if the EDU files an ESP

### 17 **Q. Why would an ESP have to be more favorable than an MRO?**

18 A. In order to understand the intent of this provision in the statute, historical context  
19 is necessary. As I stated above, an ESP and an MRO are the result of SB 221,  
20 which was passed in July of 2008. At the time, the EDUs were all providing service  
21 under Commission authorized rate stabilization plans which were put into place to  
22 ensure stable and reasonably priced default service prices. The AEP EDUs, Duke

1 and DP&L were still vertically integrated and were providing the standard service  
2 with their own generation. The three First Energy EDUs were providing the  
3 standard service offer through its affiliate, FES. Customer demand was rising  
4 steadily, as were wholesale electric prices. Although there was still a preference  
5 for the provision of competitive services by the competitive market, the General  
6 Assembly provided a means through which EDUs could continue to provide retail  
7 electric generation service to customers in their service territory if that service was  
8 priced more favorably than the outcome that would otherwise apply in a fully  
9 market-based paradigm. At the time of SB 221, the EDUs with generation relied  
10 predominantly on coal-fired generation, with embedded cost of service that were  
11 competitive against the market. EDUs that owned coal-fired assets in 2008 could  
12 provide SSO services at prices that were below the otherwise applicable market  
13 price.

14 **Q. What pricing and terms may be included within an MRO?**

15 A. An MRO facilitates market-based SSO pricing for retail electric generation through  
16 a competitive bidding process. The first application filed by an EDU that owns  
17 generating assets as of July 31, 2008 must establish the SSO price based upon a  
18 blend of market pricing and legacy retail generation prices: “the first five years of  
19 the market rate offer [must] be competitively bid under division (A) of this section  
20 as follows: ten per cent of the load in year one, not more than twenty per cent in  
21 year two, thirty per cent in year three, forty per cent in year four, and fifty per cent  
22 in year five.” The portion of the SSO price for retail electric generation that is not  
23 competitively bid shall be “equal to the electric distribution utility's most recent



1 standard service offer price, adjusted upward or downward as the commission  
2 determines reasonable, relative to the jurisdictional portion of any known and  
3 measurable changes from the level of any one or more of the following costs as  
4 reflected in that most recent standard service offer price.” The EDU’s legacy SSO  
5 price for retail electric generation may be adjusted to reflect the following factors:  
6 (1) prudently incurred fuel used to provide electricity; (2) prudently incurred  
7 purchase power costs; (3) its prudently incurred costs of satisfying the supply and  
8 demand portfolio requirements of this state; (4) its costs prudently incurred to  
9 comply with environmental laws and regulations.

10 **Q. Does the MRO statute permit any other adjustments to the SSO price?**

11 A. Yes, the MRO statute provided a safety valve to ensure that an EDU is not required  
12 to provide retail electric generation service below or above its costs. Specifically,  
13 the law states “Additionally, the commission may adjust the electric distribution  
14 utility's most recent standard service offer price by such just and reasonable  
15 amount that the commission determines necessary to address any emergency that  
16 threatens the utility's financial integrity or to ensure that the resulting revenue  
17 available to the utility for providing the standard service offer is not so inadequate  
18 as to result, directly or indirectly, in a taking of property without compensation  
19 pursuant to Section 19 of Article I, Ohio Constitution.”

20 **Q. Under the MRO provision, if Commission found an emergency threatened**  
21 **the EDU’s financial integrity or the resulting revenue available to provide the**  
22 **SSO is so inadequate to result in a taking of property without just**  
23 **compensation, what rate would be adjusted?**

1 A. The MRO provision is limited to establishing an SSO rate so any adjustments the  
2 Commission would deem necessary would be to the to the SSO rate, which is a  
3 bypassable charge.

4 **Q. Would the DMR be permitted in an MRO?**

5 A. No, it would not be permitted for several reasons. First, the adjustments that the  
6 MRO statute provides relate to the portion of the SSO supplied by the EDU's  
7 legacy generation. DP&L is not providing any portion of the SSO price using its  
8 owned or operated generating assets; therefore, no adjustment is available.  
9 Second, even if an adjustment to the SSO price were available, as I describe  
10 above, the DMR is not necessary to permit DP&L to address an emergency that  
11 threatens DP&L's financial integrity. DP&L has conceded that its distribution and  
12 transmission businesses are doing just fine. While DPL may have some financial  
13 challenges, DPL is not an EDU and it has not filed an ESP or an MRO. Third, there  
14 can be no claim that resulting SSO revenues are so inadequate to result in a taking  
15 of property, given that the cost of providing the SSO revenue is treated as a  
16 purchase power expense for which DP&L is fully compensated.

17 **Q. Given that the DMR would not be available under a MRO, what impact does**  
18 **that have on the ESP vs. MRO test?**

19 It would require the DMR to be considered a cost in each year of the ESP. As a  
20 result, it would cause the ESP to be less favorable than the MRO outcome by \$315  
21 million in the first three years, and the ESP less favorable by \$525 million if you  
22 assume the DMR is held constant in the last two years of the ESP. These amounts  
23 are in addition to the negative values that must be attributed to the RR.

1   **Q.    To the extent that the purpose of the DMR is to provide financial support for**  
2       **DPL, could it be authorized in a distribution base rate case?**

3   A.    I don't believe that financial support for an unregulated affiliate would qualify for  
4       recovery in any rate recovery mechanism in the State. As I mentioned before, I do  
5       not believe that this Commission has the authority/responsibility for the financial  
6       health of any unregulated affiliate, and I don't believe that it can require the  
7       customers of individual EDUs to provide financial support to those unregulated  
8       affiliates.

9   **Q.    Does this conclude your testimony?**

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

## **CERTIFICATE OF SERVICE**

I certify that this Direct Testimony of J. Edward Hess on behalf of Interstate Gas Supply, Inc. was served electronically on the following parties on this 12th day of April 2019.

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[cmooney@ohiopartners.org](mailto:cmooney@ohiopartners.org)  
[sechler@carpenterlipps.com](mailto:sechler@carpenterlipps.com)  
[gpoulos@enernoc.com](mailto:gpoulos@enernoc.com)  
[rick.sites@ohiohospitals.org](mailto:rick.sites@ohiohospitals.org)  
[amy.spiller@duke-energy.com](mailto:amy.spiller@duke-energy.com)  
[elizabeth.watts@duke-energy.com](mailto:elizabeth.watts@duke-energy.com)  
[stephen.chriss@walmart.com](mailto:stephen.chriss@walmart.com)  
[greg.tillman@walmart.com](mailto:greg.tillman@walmart.com)  
[mwarnock@bricker.com](mailto:mwarnock@bricker.com)  
[dborchers@bricker.com](mailto:dborchers@bricker.com)  
[ejacobs@ablelaw.org](mailto:ejacobs@ablelaw.org)  
[tony.mendoza@sierraclub.org](mailto:tony.mendoza@sierraclub.org)  
[chris@envlaw.com](mailto:chris@envlaw.com)  
[jdoll@djflawfirm.com](mailto:jdoll@djflawfirm.com)  
[mcrawford@djflawfirm.com](mailto:mcrawford@djflawfirm.com)  
[dparram@bricker.com](mailto:dparram@bricker.com)  
[paul@carpenterlipps.com](mailto:paul@carpenterlipps.com)

/s/Joseph Olier

Counsel for IGS Energy

# EXHIBITS

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-9052	<b>DPL INC.</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-224-6000	31-1163136
1-2385	<b>THE DAYTON POWER AND LIGHT COMPANY</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-224-6000	31-0258470

Each of the following classes or series of securities registered pursuant to Section 12 (b) of the Act is registered on the New York Stock Exchange:

Registrant	Description
DPL Inc.	Common Stock, \$0.01 par value and Preferred Share Purchase Rights
The Dayton Power and Light Company	None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

DPL Inc.	<input checked="" type="checkbox"/>
The Dayton Power and Light Company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

	Large Accelerated filer	Accelerated filer	Non-Accelerated filer	Smaller reporting company
DPL Inc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Dayton Power and Light Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

The aggregate market value of DPL Inc.'s common stock held by non-affiliates of DPL Inc. as of June 30, 2010 was approximately \$2.8 billion based on a closing sale price of \$23.90 on that date as reported on the New York Stock Exchange. All of the common stock of The Dayton Power and Light Company is owned by DPL Inc. As of February 15, 2011, each registrant had the following shares of common stock outstanding:

Registrant	Description	Shares Outstanding
DPL Inc.	Common Stock, \$0.01 par value and Preferred Share Purchase Rights	116,931,350
The Dayton Power and Light Company	Common Stock, \$0.01 par value	41,172,173

This combined Form 10-K is separately filed by DPL Inc. and The Dayton Power and Light Company. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to a registrant other than itself.

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## Credit Ratings

The following table outlines the debt credit ratings and outlook of each company, along with the effective dates of each rating and outlook for DPL and DP&L.

	DPL (a)	DP&L (b)	Outlook	Effective
Fitch Ratings	A-	AA-	Stable	October 2010
Moody's Investors Service	Baa1	Aa3	Stable	June 2010
Standard & Poor's Corp.	BBB+	A	Stable	April 2010

(a) Credit rating relates to DPL's Senior Unsecured debt.

(b) Credit rating relates to DP&L's Senior Secured debt.

## Off-Balance Sheet Arrangements

## DPL — Guarantees

In the normal course of business, DPL enters into various agreements with its wholly-owned subsidiaries, DPLE and DPLER providing financial or performance assurance to third parties. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to DPLE and DPLER on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish DPLE's and DPLER's intended commercial purposes. During the year ended December 31, 2010, DPL did not incur any losses related to the guarantees of DPLE's and DPLER's obligations and we believe it is unlikely that DPL would be required to perform or incur any losses in the future associated with any of the above guarantees of DPLE's and DPLER's obligations.

At December 31, 2010, DPL had \$57.8 million of guarantees to third parties for future financial or performance assurance under such agreements, on behalf of DPLE and DPLER. The guarantee arrangements entered into by DPL with these third parties cover all present and future obligations of DPLE and DPLER to such beneficiaries and are terminable at any time by DPL upon written notice to the beneficiaries. The carrying amount of obligations for commercial transactions covered by these guarantees and recorded in our Consolidated Balance Sheets was \$1.7 million at December 31, 2010 and \$0.6 million at December 31, 2009.

DP&L owns a 4.9% equity ownership interest in an electric generation company which is recorded using the cost method of accounting under GAAP. As of December 31, 2010, DP&L could be responsible for the repayment of 4.9%, or \$62.3 million, of a \$1,272.2 million debt obligation that matures in 2026. This would only happen if this electric generation company defaulted on its debt payments. As of December 31, 2010, we have no knowledge of such a default.

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## 5. Debt Obligations

## Long-term Debt

	At December 31, 2010	At December 31, 2009
<i>\$ in millions</i>		
<b>DP&amp;L</b>		
First mortgage bonds maturing in October 2013 - 5.125%	\$ 470.0	\$ 470.0
Pollution control series maturing in January 2008 - 4.70%	35.3	35.3
Pollution control series maturing in January 2034 - 4.80%	179.1	179.1
Pollution control series maturing in September 2036 - 4.80%	100.0	100.0
Pollution control series maturing in November 2040 - variable rates: 0.16%, 0.35% and 0.24% - 0.85% (a)	884.4	784.4
<b>DP&amp;L</b>		
Unamortized debt discount	0.1	—
Total long-term debt - DP&L	\$ 884.0	\$ 785.7
<b>DPL</b>		
Senior notes maturing in September 2011 - 6.875%	—	297.4
Note to DPL Capital Trust (maturing in September 2031) - 8.125%	142.6	142.6
Unamortized debt discount	—	(0.2)
Total long-term debt - DPL	\$ 1,026.6	\$ 1,229.5
<b>Current portion - Long-term Debt</b>		
<i>\$ in millions</i>		
<b>DP&amp;L</b>		
Pollution control series maturing in November 2040 - variable rates: 0.16%, 0.35% and 0.24% - 0.85% (a)	\$ —	\$ —
Obligation for capital lease	0.1	0.1
Total current portion - long-term debt - DP&L	\$ 0.1	\$ 0.1
<b>DPL</b>		
Senior notes maturing in September 2011 - 6.875%	297.4	297.4
Total current portion - long-term debt - DPL	\$ 297.5	\$ 297.5

(a) Range of interest rates for the twelve months ended December 31, 2010 and December 31, 2009, respectively.

At December 31, 2010, maturities of long-term debt, including capital lease obligations, are summarized as follows:

	DP&L	DPL	Total
<i>\$ in millions</i>			
Due within one year	\$ 297.5	\$ —	\$ 297.5
Due within two years	0.1	—	0.1
Due within three years	470.0	—	470.0
Due within four years	—	—	—
Due within five years	557.0	—	557.0
Thereafter	1,324.6	—	1,324.6
	\$ 1,324.6	\$ —	\$ 1,324.6



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-9052	<b>DPL INC.</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-224-6000	31-1163136
1-2385	<b>THE DAYTON POWER AND LIGHT COMPANY</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-224-6000	31-0258470

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

DPL Inc.	<input checked="" type="checkbox"/>
The Dayton Power and Light Company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer, large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
DPL Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Dayton Power and Light Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

All of the outstanding common stock of DPL Inc. is indirectly owned by The AES Corporation. All of the common stock of The Dayton Power and Light Company is owned by DPL Inc.

As of December 31, 2011, each registrant had the following shares of common stock outstanding:

Registrant	Description	Shares Outstanding
DPL Inc.	Common Stock, no par value	1
The Dayton Power and Light Company	Common Stock, \$0.01 par value	41,172,173

Documents Incorporated by Reference: None

This combined Form 10-K is separately filed by DPL Inc. and The Dayton Power and Light Company. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to a registrant other than itself.

THE REGISTRANTS MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION I(1)(a) AND (b) OF FORM 10-K AND ARE THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

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its guaranty obligations, divided by the total of DP&L's shareholders' equity and total debt including guaranty obligations.

## Credit Ratings

Our cost of capital, access to capital markets and various provisions in our organizational and financing documents are tied to DPL's and DP&L's credit ratings. Downgrades in DPL's or DP&L's credit ratings could have an adverse effect on our cost of capital and could result in a requirement for us to post additional credit assurances for commodity derivatives as certain derivative instruments require us to post collateral or provide other credit assurances based on credit ratings.

The following table outlines the debt credit ratings and outlook of each company, along with the effective dates of each rating for DPL and DP&L.

	DPL (a)	DP&L (b)	Outlook	Effective
Finch Ratings	BB+	BBB+	Stable	November 2011
Moody's Investors Service	Ba1	A3	Stable	November 2011
Standard & Poor's Corp.	BB+	BBB+	Stable	November 2011

- (a) Credit rating relates to DPL's Senior Unsecured debt.  
 (b) Credit rating relates to DP&L's Senior Secured debt.

## Off-Balance Sheet Arrangements

## DPL — Guarantees

In the normal course of business, DPL enters into various agreements with its wholly-owned subsidiaries, DPLE and DP&L, and its wholly-owned subsidiary MC Squared, providing financial or performance assurance to third parties. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to these subsidiaries on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish these subsidiaries' intended commercial purposes. During the year ended December 31, 2011, DPL did not incur any losses related to the guarantees of these obligations and we believe it is unlikely that DPL would be required to perform or incur any losses in the future associated with any of the above guarantees.

At December 31, 2011, DPL had \$54.4 million of guarantees to third parties for future financial or performance assurance under such agreements, on behalf of DPLE, DP&L and MC Squared. The guarantee arrangements entered into by DPL with these third parties cover present and future obligations of DPLE, DP&L and MC Squared to such beneficiaries and are terminable at any time by DPL upon written notice to the beneficiaries. The carrying amount of obligations for commercial transactions covered by these guarantees and recorded in our Consolidated Balance Sheets was \$0.1 million at December 31, 2011 and \$1.7 million at December 31, 2010.

DP&L owns a 4.9% equity ownership interest in an electric generation company which is recorded using the cost method of accounting under GAAP. As of December 31, 2011, DP&L could be responsible for the repayment of 4.9%, or \$65.3 million, of a \$1,332.3 million debt obligation that matures in 2026. This would only happen if this electric generation company defaulted on its debt payments. As of December 31, 2011, we have no knowledge of such a default.

On November 28, 2011, AES completed its acquisition of DPL. AES paid cash consideration of approximately \$3,433.6 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.

Following is a summary of estimated fair value of assets acquired and liabilities assumed as of November 28, 2011 measured in accordance with FASC 805.

	Fair value of assets acquired and liabilities assumed
\$ in millions	\$
Cash	116.4
Accounts receivable	277.6
Inventory	123.7
Other current assets	41.0
Property, plant and equipment	2,348.5
Intangible assets subject to amortization	166.3
Intangible assets - indefinite-lived	5.0
Regulatory assets	201.1
Other non-current assets	58.3
Current liabilities	(400.2)
Debt	(1,255.1)
Deferred taxes	(558.2)
Regulatory liabilities	(117.0)
Other non-current liabilities	(194.7)
Redeemable preferred stock	(18.4)
Net identifiable assets acquired	994.3
Goodwill	2,439.3
Net assets acquired	3,433.6

The carrying values of the majority of regulated assets and liabilities were determined to be stated at their estimate fair values at the Merger date based on a conclusion that individual assets are subject to regulation by the PUCO and the FERC. As a result, the future cash flows associated with the assets are limited to the carrying value plus a return, and management believes that a market participant would not expect to recover any more or less than the carrying value. Furthermore, management believes that the current rate of return on regulated assets is consistent with an amount that market participants would expect. FASC 805 requires that the beginning balance of fixed depreciable assets be shown net, with no accumulated amortization recorded, at the date of the Merger.

Property, plant and equipment were valued based on the discounted value of the estimated future cash flows to be generated from such assets.

Intangible assets include the fair value of customer relationships, customer contracts and DP&L's ESP based on a combination of the income approach, the market based approach and the cost approach.

The fair value of inventory consists primarily of two components: materials and supplies; and fuel and limestone. The estimated fair value at the Merger date was established using a variety of approaches to estimate the market price. The carrying value of fuel inventory was adjusted to its fair value by applying market cost at the Merger date.

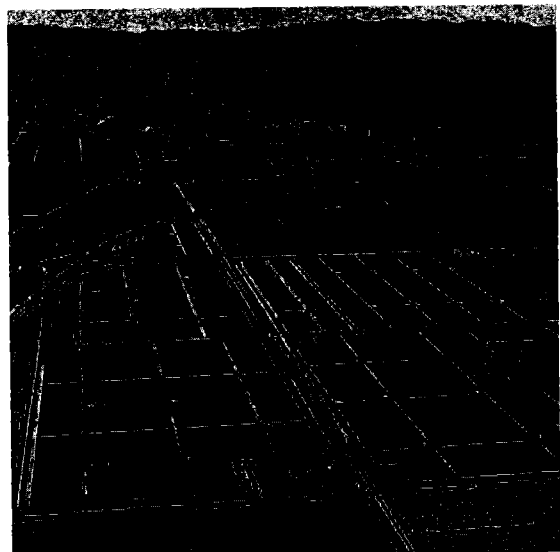
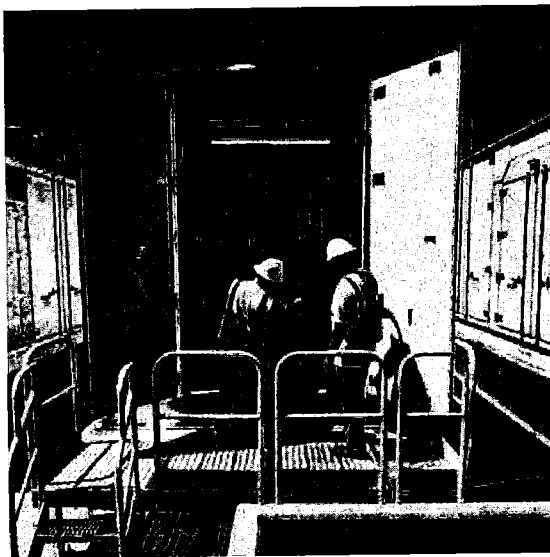
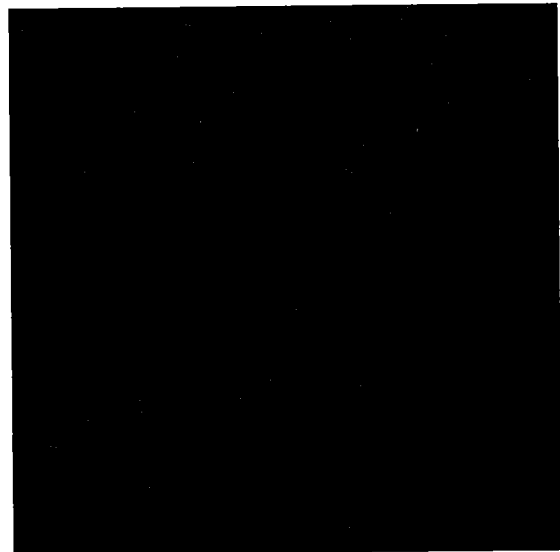
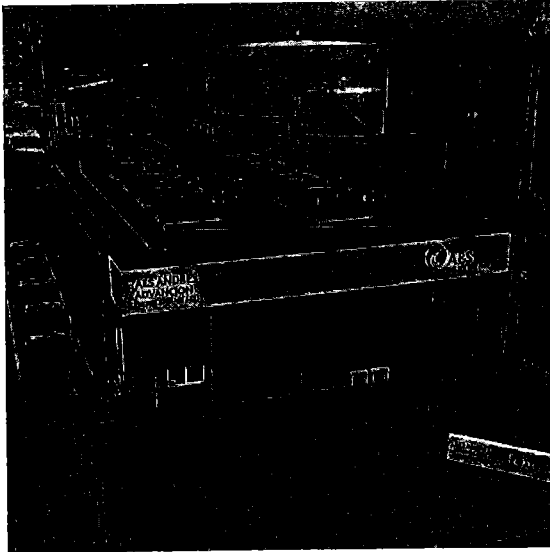
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JEH-3



# 2017

## Annual Report



likely to be larger than the capacity price established under the CP program, so that there is potential that participation in the CP program could result in capacity penalties that exceed capacity revenues. The purpose of the CP program is to enable PJM to obtain sufficient resources to reliably meet the needs of electric customers within the PJM footprint. PJM conducts an auction to establish the price by zone.

**Business Description** — DP&L transmits, distributes and sells electricity to retail customers in a 6,000 square mile area of West Central Ohio. Ohio consumers have the right to choose the electric generation supplier from whom they purchase retail generation service; however, retail transmission and distribution services are still regulated. DP&L has the exclusive right to provide such transmission and distribution services to those customers. Additionally, DP&L procures retail SSO electric service on behalf of residential, commercial, industrial and governmental customers.

In October 2017, the PUCO approved DP&L's most recent ESP. The agreement establishes a six year settlement, an updated framework to provide retail services including rate structures, non-bypassable charges, and other specific rate recovery true-up mechanisms. The settlement also establishes a three-year non-bypassable distribution modernization rider designed to collect \$105 million in revenue per year which could be extended by PUCO for an additional two years.

In October 2017, DP&L transferred its interest in its coal-fired and certain other generating units to AES Ohio Generation. AES Ohio Generation, solely or through jointly-owned facilities, owns coal-fired and peaking generation units representing 2,125 MW located in Ohio and Indiana. AES Ohio Generation sells all of its energy and capacity into the wholesale market.

In January 2017, Stuart Unit 1 failed and was retired. In March 2017 it was decided to retire the Stuart coal-fired and diesel-fired generating units and Killen coal-fired generating unit and combustion turbine on or before June 1, 2018. In December 2017, AES Ohio Generation sold its undivided interests in Zimmer and Miami Fort, and entered into an agreement to sell its 973 MW of peaking capacity.

**Environmental Regulation** — For information on compliance with environmental regulations see Item 1.— *United States Environmental and Land-Use Legislation and Regulations.*

**Key Financial Drivers** — DPL's financial results are primarily driven by retail demand, weather, energy efficiency, generating unit availability, outage costs, and wholesale prices. In addition, DPL financial results are likely to be driven by many factors, including, but not limited to:

- PJM capacity prices
- Outcome of DP&L's pending distribution rate case
- Recovery in the power market, particularly as it relates to an expansion in dark spreads
- DPL's ability to reduce its cost structure

**Construction and Development** — Planned construction additions primarily relate to new investments in and upgrades to DPL's power plant equipment and transmission and distribution system. Capital projects are subject to continuing review and are revised in light of changes in financial and economic conditions, load forecasts, legislative and regulatory developments, and changing environmental standards, among other factors.

DPL is projecting to spend an estimated \$359 million in capital projects for the period 2018 through 2020 with 94% attributable to Transmission and Distribution. DPL's ability to complete capital projects and the reliability of future service will be affected by its financial condition, the availability of internal funds and the reasonable cost of external funds. We expect to finance these construction additions with a combination of cash on hand, short-term financing, long-term debt and cash flows from operations.

### **U.S. Generation**

**Business Description** — In the U.S., we own a diversified generation portfolio in terms of geography, technology and fuel source. The principal markets and locations where we are engaged in the generation and supply of electricity (energy and capacity) are the Western Electric Coordinating Council, PJM, Southwest Power Pool Electric Energy Network and Hawaii. AES Southland, in the Western Electric Coordinating Council, is our most significant generating business.

Many of our U.S. generation plants provide baseload operations and are required to maintain a guaranteed level of availability. Any change in availability has a direct impact on financial performance. The plants are generally eligible for availability bonuses on an annual basis if they meet certain requirements. In addition to plant availability, fuel cost is a key business driver for some of our facilities.

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): February 19, 2017**

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**THE AES CORPORATION**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-12291**  
(Commission  
File Number)

**54-1163725**  
(I.R.S. Employer  
Identification No.)

**4300 Wilson Boulevard, Suite 1100  
Arlington, Virginia 22203**  
(Address of principal executive offices)

**(703) 552-1315**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report.)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 1.01 Entry into a Material Definitive Agreement.**

On February 24, 2017, The AES Corporation (the “Company” or “AES”) and Alberta Investment Management Corporation (“AIMCo”), on behalf of certain of its clients, announced that certain of their subsidiaries and affiliates, as applicable, had entered into a definitive merger agreement on February 19, 2017 (the “Agreement”) pursuant to which the Company and AIMCo will acquire FTP Power LLC d/b/a sPower (“sPower”) for \$853 million in cash, subject to adjustment, plus the assumption of \$724 million in sPower’s non-recourse debt. The majority member of sPower, an affiliate of Fir Tree Partners (“the Majority Member”), is also party to the Agreement. In connection with the transaction, each of the Company and AIMCo will directly and independently purchase and own slightly below 50% of sPower. A portion of the acquisition will be funded with \$90 million of subordinated debt to sPower, and the remaining amount of \$763 million will be funded with equity from AES and AIMCo in equal proportion. The sPower portfolio includes 1,274 MW of solar and wind projects in operation or under construction and a development pipeline of more than 10,000 MW located in the United States.

The Agreement includes customary representations, warranties and covenants by the parties. Closing of the transaction is subject to conditions, including expiration of any waiting period under the Hart-Scott-Rodino Act, approval of the Federal Energy Regulatory Commission, approval of the Committee on Foreign Investment in the United States (CFIUS) under the Defense Production Act, receipt of certain third party consents and the satisfaction of other customary conditions. Closing of the transaction is expected by the third quarter of 2017.

The parties have agreed to indemnify each other for breaches of representations, warranties and covenants and for certain other matters, subject to certain exceptions and limitations. The Agreement contains certain termination rights for the parties, including if the closing does not occur by December 31, 2017, which date may be automatically extended under certain circumstances. Under certain circumstances, the Company may be required to incur a reverse termination fee as set forth in the Agreement.

The joint press release by the Company and AIMCo announcing the transaction is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

**Safe Harbor Disclosure**

This Current Report on Form 8-K (this “Form 8-K”) contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements regarding the expected timetable for completing the proposed transaction, sPower’s projects under development, the Company’s future cash flows, improvement in the Company’s credit metrics and growth of the Company’s dividend. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES’ current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, our accurate projections of future interest rates, commodity price and foreign currency pricing, continued normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth investments at normalized investment levels and rates of return consistent with prior experience.

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Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission (the "SEC"), including, but not limited to, the risks discussed under Item 1A "Risk Factors" and Item 7: Management's Discussion & Analysis in AES' 2015 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any Stockholder who desires a copy of the Company's 2015 Annual Report on Form 10-K dated on or about February 23, 2016 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia, 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may also be obtained by visiting the Company's website at [www.aes.com](http://www.aes.com).

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated February 24, 2017.

## SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The AES Corporation

Date: February 24, 2017

By:

/s/ Zafar A. Hasan

Name: Zafar A. Hasan

Title: Vice President and Chief Corporate Counsel

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## INDEX TO EXHIBITS

### Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated February 24, 2017.



## Press Release

AES Investor Contact: Ahmed Pasha 703-682-6451  
 AES Media Contact: Amy Ackerman 703-682-6399  
 AIMCo Media Contact: Dénes Németh 780-392-3857  
 Fir Tree Partners Media Contact: Taylor Ingraham 203-992-1230

### **AES and AIMCo Agree to Acquire sPower, the Largest Independent Solar Developer in the United States, from Fir Tree Partners**

**ARLINGTON, Va., February 24, 2017** – The AES Corporation (NYSE: AES) and Alberta Investment Management Corporation (AIMCo), on behalf of certain of its clients, have agreed to acquire FTP Power LLC (sPower), the largest independent owner, operator and developer of utility scale solar assets in the United States, from Fir Tree Partners and its minority owners, for \$853 million in cash, plus the assumption of \$724 million in non-recourse debt. In connection with the transaction, AES and AIMCo will each directly and independently purchase and own slightly below 50% equity interests in sPower.

sPower, a Fir Tree portfolio company that the firm capitalized in 2014, owns and operates utility and commercial distributed electrical generation systems across the United States. The sPower portfolio includes 1,274 MW of solar and wind projects in operation or under construction and a development pipeline of more than 10,000 MW located in the United States. The operating assets and projects under construction are under long-term Power Purchase Agreements (PPA) with an average remaining life of 21 years. The offtakers under the PPAs have an average credit rating of A1. After closing, AES' ownership of renewable energy projects in operation and under construction will grow from 8,278 MW to 9,552 MW, including hydro, wind, solar and energy storage.

"We are very pleased to acquire sPower, the largest independent solar developer in the United States. sPower not only brings 1.3 GW of installed capacity with an average remaining contract life of more than 20 years, but a first class management and development team with a pipeline of more than 10 GW of projects," said Andr s Gluski, AES President and Chief Executive Officer.

"AIMCo is excited to acquire an approximate 50% interest in sPower, on behalf of our clients and consistent with our investment mandate, and in partnership with AES," stated Kevin Uebelein, Chief Executive Officer of AIMCo. "sPower is an impressive organization that has and continues to successfully develop and execute a robust renewable energy development pipeline, delivering value to all of its many stakeholders. Our partner, AES, is a world class leader in sustainable energy and we are delighted to be working with them."

"It is extremely rewarding to realize Fir Tree's vision for sPower with this agreement between our company and AES and AIMCo," said Jeffrey Tannenbaum, Chairman of the Board of sPower and founder of Fir Tree Partners. "sPower's innovation and significant commercial success in just three years is testament to its outstanding management team and demonstrates that clean energy is a strong and profitable tool for driving economic growth and meaningful job creation for skilled workers. Clean energy is the future and the opportunity ahead for sPower is very large. We believe AES and AIMCo are the right partners to support the company's continued evolution and ambitious goals for clean energy development, job creation, and greenhouse gas reductions."

Ryan Creamer, Chief Executive Officer of sPower, said, "With the help of Fir Tree, we have experienced incredible growth over the last three years. We are excited to become part of the AES/AIMCo partnership and we are confident that it positions us to continue to grow, develop and maximize the platform that we have created. On behalf of the entire sPower team, I want to thank Fir Tree for its support and vision that have been so critical to our success."

This transaction is expected to close by the third quarter of 2017, subject to review or approval by the Federal Energy Regulatory Commission, the Committee on Foreign Investment in the United States and the expiration or termination of any waiting period under the Hart-Scott-Rodino Act. The acquisition price is subject to customary post-signing purchase price adjustments.

AES will provide its 2017 guidance and longer-term expectations, and discuss this transaction on its fourth quarter and full year 2016 financial review call on February 27, 2017.

A Fact Sheet listing sPower's operating assets and projects under construction accompanies this Press Release.

#### **About AES**

The AES Corporation (NYSE: AES) is a Fortune 200 global power company. We provide affordable, sustainable energy to 17 countries through our diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. Our workforce of 21,000 people is committed to operational excellence and meeting the world's changing power needs. Our 2015 revenues were \$15 billion and we own and manage \$37 billion in total assets. To learn more, please visit [www.aes.com](http://www.aes.com). Follow AES on Twitter @TheAESCorp.

#### **About AIMCo**

AIMCo is one of Canada's largest and most diversified institutional investment managers with more than \$95 billion of assets under management. AIMCo was established on January 1, 2008 with a mandate to provide superior long-term investment results for its clients. AIMCo operates at arms-length from the Government of Alberta and invests globally on behalf of 31 pension, endowment and government funds in the Province of Alberta. For more information on AIMCo please visit [www.aimco.alberta.ca](http://www.aimco.alberta.ca).

#### **About sPower**

Headquartered in Salt Lake City, with offices in San Francisco, Long Beach and New York City, sPower is the largest private owner of operating solar assets in the United States. sPower owns and operates utility and commercial distributed electrical generation systems across the U.S. producing in excess of 1.1 GW of power. Additionally, sPower has an in-construction and development pipeline in excess of 10 GW. For more information on sPower, please visit [www.spower.com](http://www.spower.com).

#### **About Fir Tree Partners**

Fir Tree, founded in 1994, is a private investment firm with approximately \$10 billion of capital under management. The firm invests worldwide in public and private companies, real estate, and debt. Fir Tree manages assets on behalf of leading endowments, foundations, pension funds, and sovereign wealth funds. The firm maintains offices in New York and Miami.

#### **AES Safe Harbor Disclosure**

This news release contains forward-looking statements within the meaning of the Securities Act of 1933 and of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, statements regarding the expected timeline for completing the proposed transaction, sPower's projects under development, the Company's future cash flows, improvement in the Company's credit metrics and growth of the Company's dividend. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, our accurate projections of future interest rates, commodity price and foreign currency pricing, continued normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth investments at normalized investment levels and rates of return consistent with prior experience.

Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission (the "SEC"), including, but not limited to, the risks discussed under Item 1A "Risk Factors" and Item 7: Management's Discussion & Analysis in AES' 2015 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any Stockholder who desires a copy of the Company's 2015 Annual Report on Form 10-K dated on or about February 23, 2016 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may be obtained by visiting the Company's website at [www.aes.com](http://www.aes.com).

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## sPower Operating Assets

Business	Location	Fuel	Gross MW	Date of Commencement of Commercial Operations	Contract Expiration Date	Customer(s)
Solverde 1	US-CA	Solar - Utility	106	2016	2036	CDWR
Pioneer Wind Park	US-WY	Wind	80	2016	2036	PacifiCorp
Beacon Solar 1	US-CA	Solar - Utility	64	2017	2042	LADWP
Beacon Solar 3	US-CA	Solar - Utility	63	2017	2042	LADWP
Antelope DSR 1	US-CA	Solar - Utility	63	2016	2036	SCPPA
Latigo Wind Park	US-UT	Wind	62	2016	2036	PacifiCorp
Eden Solar	US-NC	Solar - Utility	62	2015	2030	Duke Energy Progress
Sandstone Solar	US-AZ	Solar - Utility	58	2015	2036	Salt River Project
Beacon Solar 4	US-CA	Solar - Utility	57	2016	2041	LADWP
Elevation Solar C	US-CA	Solar - Utility	51	2016	2046	City of Palo Alto
Hayworth	US-CA	Solar - Utility	33	2015	2045	City of Palo Alto
Sale-Leaseback <sup>1</sup>	US-Various	Solar - Distributed	31	2008-2014	Various	Various <sup>2</sup>
Adera Solar	US-CA	Solar - Utility	27	2015	2035	Southern California Edison
Antelope Big Sky Ranch	US-CA	Solar - Utility	26	2016	2041	SCPPA
Summer Solar SCPPA	US-CA	Solar - Utility	26	2016	2041	SCPPA
WABSRB	US-CA	Solar - Utility	26	2016	2046	City of Palo Alto
SEPV Mojave West	US-CA	Solar - Utility	25	2016	2036	Southern California Edison
WABSRA	US-CA	Solar - Utility	24	2014	2034	PG&E
Central Antelope Dry Ranch C	US-CA	Solar - Utility	23	2016	2036	Southern California Edison
Sierra Solar	US-CA	Solar - Utility	23	2015	2035	Southern California Edison
North Lancaster Ranch	US-CA	Solar - Utility	22	2016	2036	Southern California Edison
Redcrest	US-CA	Solar - Utility	21	2015	2035	Southern California Edison
Woodmere	US-CA	Solar - Utility	19	2015	2035	PG&E
Leavenworth Greenworks	US-NY	Solar - Utility	14	2016	2034	Long Island Power Authority
Western Antelope Dry Ranch (LCE)	US-CA	Solar - Utility	13	2016	2036	LCE
SEPV Palmdale East	US-CA	Solar - Utility	12	2015	2035	Southern California Edison
Victor Dry Farm Ranch	US-CA	Solar - Utility	11	2015	2035	Southern California Edison

American Solar Greenworks	US-CA	Solar - Utility	9	2016	2036	Southern California Edison
Victor Mesa Linda B2-E2 (Seneca)	US-CA	Solar - Utility	8	2014	2034	Southern California Edison
Summer Solar A2-D2	US-CA	Solar - Utility	8	2014	2034	Southern California Edison
Sutter Greenworks	US-NY	Solar - Utility	7	2015	2035	Long Island Power Authority
Citizen B Solar	US-CA	Solar - Utility	7	2015	2035	Southern California Edison
Lancaster Little Rock C	US-CA	Solar - Utility	7	2015	2035	Southern California Edison
Biscoe	US-NC	Solar - Utility	7	2014	2029	Duke Energy Progress
Selma	US-NC	Solar - Utility	7	2014	2029	Duke Energy Progress
Turkey Branch	US-NC	Solar - Utility	7	2014	2029	Duke Energy Progress
Nick	US-NC	Solar - Utility	7	2014	2029	Duke Energy Carolinas
Antelope DSR 2	US-CA	Solar - Utility	6	2016	2036	SCPPA
Lancaster Dry Farm Ranch	US-CA	Solar - Utility	6	2014	2034	Southern California Edison
Expressway Solar A & B	US-CA	Solar - Utility	5	2014	2034	Southern California Edison
Fairmont	US-NC	Solar - Utility	5	2013	2028	Duke Energy Progress
AE Israel	US-NC	Solar - Utility	5	2014	2029	Duke Energy Progress
Battleground	US-NC	Solar - Utility	4	2013	2028	Duke Energy Carolinas
Rodeo Solar C2 & D2	US-CA	Solar - Utility	4	2014	2034	Southern California Edison
SEPV 18	US-CA	Solar - Utility	3	2016	2036	Southern California Edison
Southbridge	US-MA	Solar - Distributed	3	2016	2036	Town of Southbridge
Spring Hill Road	US-MA	Solar - Distributed	3	2015	2035	Town of Southbridge
Kenansville	US-NC	Solar - Utility	3	2013	2028	Duke Energy Progress
Tom Taylor	US-NC	Solar - Utility	3	2014	2029	Duke Energy Progress



Warsaw I	US-NC	Solar - Utility	3	2013	2028	Duke Energy Progress
Warsaw II	US-NC	Solar - Utility	3	2013	2028	Duke Energy Progress
Innovative Solar 14	US-NC	Solar - Utility	3	2014	2029	Duke Energy Carolinas
Beulaville	US-NC	Solar - Utility	3	2013	2028	Duke Energy Progress
Wallace	US-NC	Solar - Utility	3	2013	2028	Duke Energy Progress
Innovative Solar 15	US-NC	Solar - Utility	3	2014	2029	Duke Energy Carolinas
Ellerbe	US-NC	Solar - Utility	2	2013	2028	Duke Energy Progress
Expressway Solar C2	US-CA	Solar - Utility	2	2014	2034	Southern California Edison
Sterlington Greenworks	US-NY	Solar - Utility	2	2015	2035	Long Island Power Authority
South Barre Road	US-MA	Solar - Distributed	1	2015	2035	Town of Southbridge
North Brookfield	US-MA	Solar - Distributed	1	2015	2035	City of North Adams
Westminster Country Club	US-MA	Solar - Distributed	1	2015	2035	City of North Adams
<b>TOTAL</b>			<b>1,184</b>			

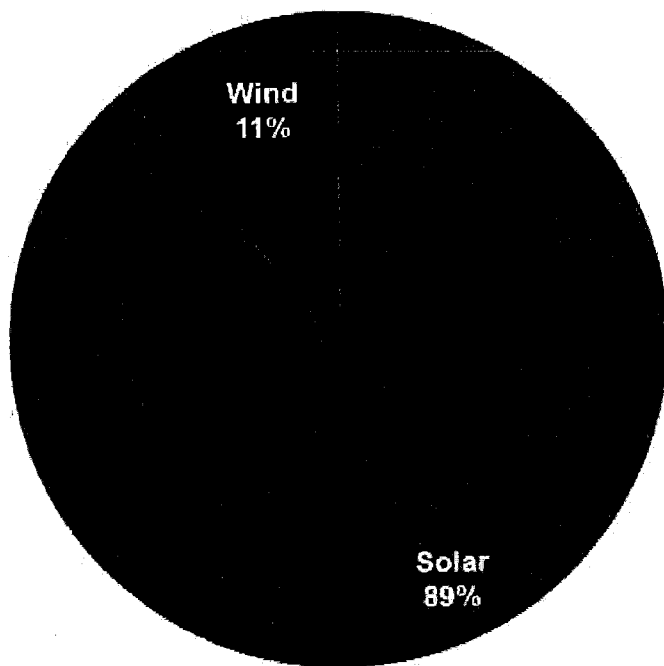
<sup>1</sup> Includes 77 projects.

<sup>2</sup> 24 government, municipal, commercial and industrial offtakers.

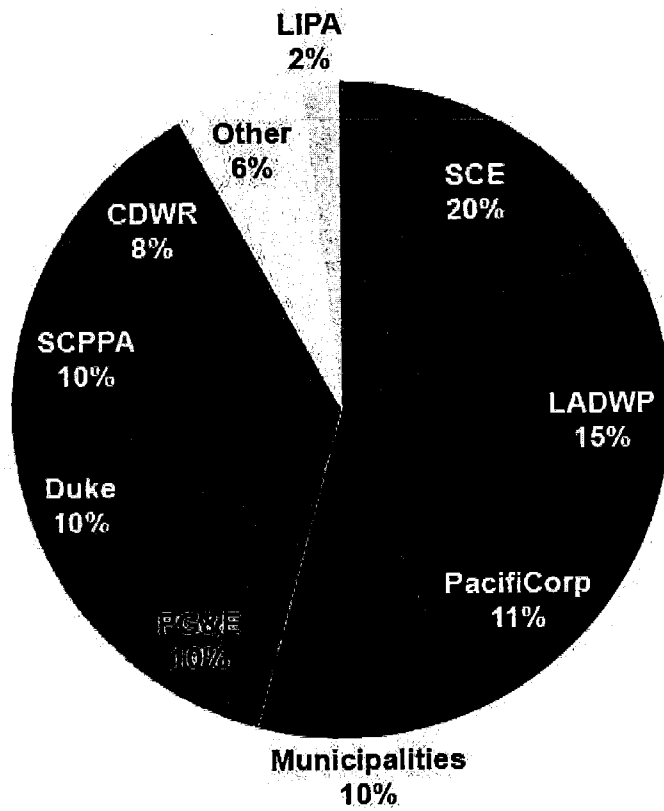
sPower Projects Under Construction

Business	Location	Fuel	Gross MW	Date of Commencement of Commercial Operations	Contract Expiration Date	Customer(s)
Bayshore			91			
Bayshore A	US-CA	Solar - Utility	25	2017	2037	PG&E
Bayshore B	US-CA	Solar - Utility	25	2017	2037	PG&E
Bayshore C	US-CA	Solar - Utility	25	2017	2037	PG&E
Aspiration Solar G	US-CA	Solar - Utility	12	2017	2037	PG&E
Lancaster WAD B	US-CA	Solar - Utility	4	2017	2037	Southern California Edison
TOTAL UNDER CONSTRUCTION			91			

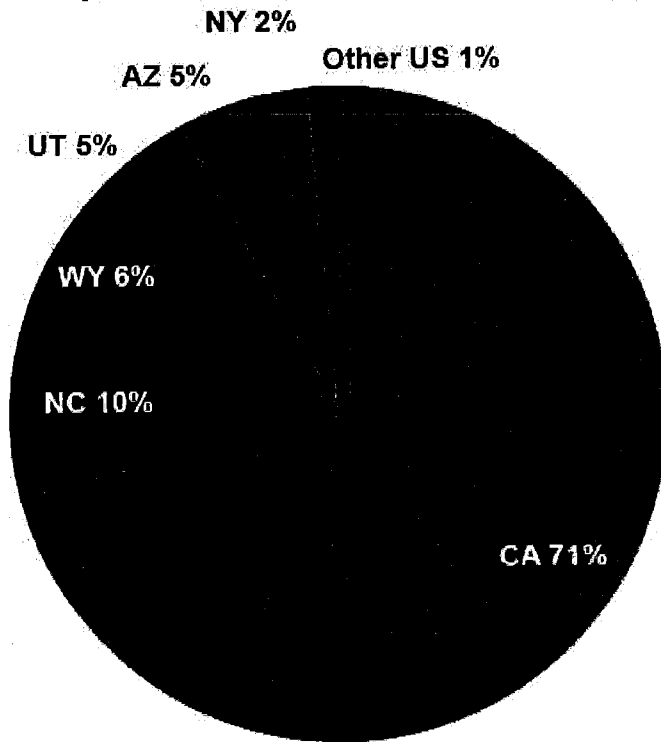
## 1,274 MW in Operation & Under Construction by Resource



# 1,274 MW in Operation & Under Construction by Offtaker



# 1,274 MW in Operation & Under Construction by Geography



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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of Report (date of earliest event reported): November 6, 2018**

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**THE AES CORPORATION**  
(Exact name of registrant as specified in its charter)

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**DELAWARE**  
(State of Incorporation)

**001-12291**  
(Commission File No.)

**54-1163725**  
(IRS Employer Identification No.)

**4300 Wilson Boulevard, Suite 1100  
Arlington, Virginia 22203**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code:**  
**(703) 522-1315**

**NOT APPLICABLE**  
(Former Name or Former Address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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**Item 2.02 Results of Operations and Financial Condition.**

On November 6, 2018, The AES Corporation (“AES” or the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2018. A copy of the press release is being furnished as Exhibit 99.1 attached hereto and is incorporated by reference herein. Such information is furnished pursuant to Item 2.02 and shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act regardless of any general incorporation language in such filing.

**Item 7.01 Regulation FD Disclosure.**

On November 6, 2018, AES issued a press release announcing its financial results for the quarter ended September 30, 2018 and its most recent guidance. A copy of the press release is being furnished as Exhibit 99.1 attached hereto and is incorporated by reference herein. Such information is furnished pursuant to Item 7.01 and shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act regardless of any general incorporation language in such filing.

**Safe Harbor Disclosure**

This news release contains forward-looking statements within the meaning of the Securities Act and of the Exchange Act. Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES’ current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, our accurate projections of future interest rates, commodity price and foreign currency pricing, continued normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth investments at normalized investment levels and rates of return consistent with prior experience.

Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES’ filings with the Securities and Exchange Commission (the “SEC”), including, but not limited to, the risks discussed under Item 1A “Risk Factors” and Item 7: Management’s Discussion & Analysis in AES’ 2017 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES’ filings to learn more about the risk factors associated with AES’ business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any Stockholder who desires a copy of the Company’s 2017 Annual Report on Form 10-K dated on or about February 26, 2018 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may also be obtained by visiting the Company’s website at [www.aes.com](http://www.aes.com).

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**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
--------------------	--------------------

99.1	Press Release issued by The AES Corporation, dated November 6, 2018
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned hereunto duly authorized.

THE AES CORPORATION

Date: November 6, 2018

By: /s/ Thomas M. O'Flynn

Name: Thomas M. O'Flynn

Title: Executive Vice President and Chief Financial Officer

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**EXHIBIT INDEX**

**Exhibit No.    Description**

99.1    Press Release issued by The AES Corporation, dated November 6, 2018



## Press Release

Investor Contact: Ahmed Pasha 703-682-6451

Media Contact: Amy Ackerman 703-682-6399

### AES Reports Strong Third Quarter 2018 Results; Advances on Key Strategic Objectives

#### Q3 2018 Strategic Highlights

- On track to attain investment grade credit metrics in 2019 and ratings in 2020
- Signed long-term contracts for 392 MW of renewable capacity, bringing year-to-date total to 1.9 GW and backlog to 5.7 GW
- Agreed to sell approximately 24% of the Company's interest in sPower's operating portfolio, contributing to an overall return on sPower of 13%
- Negotiated a 10-year agreement to sell 9 TBTU annually in the Dominican Republic, bringing year-to-date total new sales to 25 TBTU, which will contribute to growth beyond 2020
- Year-to-date, Fluence energy storage JV awarded more than 250 MW of new projects

#### Q3 2018 Financial Highlights

- Diluted EPS of \$0.15 , compared to \$0.22 in Q3 2017; YTD 2018 Diluted EPS of \$1.33 , compared to \$0.27 in YTD 2017
- Adjusted EPS of \$0.35 , compared to \$0.23 in Q3 2017; YTD 2018 Adjusted EPS of \$0.88 , compared to \$0.65 in YTD 2017
- Reaffirming 2018 guidance and expectations for 8% to 10% average annual growth in Adjusted EPS and Parent Free Cash Flow through 2020

**ARLINGTON, Va., November 6, 2018** – The AES Corporation (NYSE: AES) today reported financial results for the quarter ended September 30, 2018 .

"During the third quarter, we continued to successfully execute on our strategic plan. On the renewables front, we signed 392 MW of long-term contracts, bringing our year-to-date total to 1.9 GW and increasing our backlog of projects to 5.7 GW. This includes the first 270 MW of 'green blend and extend' we recently signed in Chile, which will allow us to reduce our carbon intensity, while extending AES Gener's average contract life at attractive returns," said Andrés Gluski, AES President and Chief Executive Officer. "We also agreed to sell 24% of sPower's operating fleet and we will invest the proceeds in sPower's 10 GW development pipeline, yielding higher returns. Regarding LNG in Central America and the Caribbean, we signed a long-term LNG supply agreement for 9 TBTU per year in the Dominican Republic, nearly fully utilizing the terminal's capacity. We expect to replicate this success in Panama, where approximately 60% of the tank's capacity is available for future growth."

"We are pleased with our third quarter performance, including our Adjusted EPS, which was 52% higher than in third quarter 2017, and reflects higher contributions from our South America and US and Utilities SBUs. Further, our year-to-date results put us on track to achieve our 2018 guidance and we remain confident that we will deliver on our longer-term expectations through 2020," said Tom O'Flynn, AES Executive Vice President

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and Chief Financial Officer. "We are continuing on our path to investment grade credit metrics in 2019 and ratings in 2020."

### Key Q3 2018 Financial Results

Third quarter 2018 Diluted Earnings Per Share from Continuing Operations (Diluted EPS) was \$0.15 , a decrease of \$0.07 compared to third quarter 2017 , primarily reflecting \$0.10 impairment expense at a U.S. generation facility due to the imminent expiration of the plant's Power Purchase Agreement (PPA), and a \$0.05 non-cash charge to true-up the provisional estimate of U.S. tax reform. These impacts were partially offset by lower debt extinguishment costs, lower Parent interest expense and higher margins.

Third quarter 2018 Adjusted Earnings Per Share (Adjusted EPS, a non-GAAP financial measure) was \$0.35 , an increase of \$0.12 compared to third quarter 2017 . This reflects higher margins in the South America and US and Utilities Strategic Business Units (SBU), a lower effective quarterly tax rate, and lower Parent interest expense.

### Detailed Strategic Highlights

- On track to achieve \$100 million cost savings program
- Backlog of 5,701 MW includes:
  - 3,836 MW under construction and coming on-line through 2021; and
  - 1,865 MW of renewables signed year-to-date under long-term PPAs, including 392 MW signed since the Company's Q2 2018 earnings call:
    - 270 MW Candelaria project, which allows the Company to extend an existing thermal PPA in Chile by replacing the capacity with wind and solar
    - 100 MW of solar capacity at sPower with a utility customer in the U.S.
- In October, the Company agreed to sell approximately 24% of its interest in sPower's 1.3 GW operating portfolio to a subsidiary of Ullico Inc., an insurance and financial services company in the U.S.
  - Alberta Investment Management Corporation (AIMCo) also sold approximately 24% of its interest in sPower's operating portfolio to Ullico
  - Once the sale closes, AES' ownership in sPower's operating portfolio will decrease from 50% to 38%
  - This transaction, combined with steps the Company has taken, including two previously completed refinancings and reduced operating costs, increases the Company's return on sPower's operating portfolio to 13%
  - The proceeds from this transaction and dividends received since the acquisition in 2017, represent more than half of AES' original investment in sPower
- In October, the Company signed a 10-year agreement for 9 TBTU annually in the Dominican Republic
  - The Company owns two LNG regasification and storage facilities in the Dominican Republic and Panama, with total annual capacity of 150 TBTU
  - Year-to-date the Company has sold 25 TBTU of its excess LNG capacity, to meet growing demand for efficient natural gas in the region, leaving approximately 60 TBTU of excess capacity representing potential upside
- In October, DPL was upgraded to investment grade by both Fitch and Moody's; DPL is now rated investment grade by all three ratings agencies
- In September, DPL received an order from the Public Utilities Commission of Ohio, successfully completing its distribution rate case, and began collecting new rates on October 1, 2018
- In October, IPL received an order from the Indiana Utility Regulatory Commission, authorizing new rates to become effective on December 5, 2018

### Guidance and Expectations <sup>1</sup>

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The Company reaffirms its 2018 Adjusted EPS guidance of \$1.15 to \$1.25 and its average annual growth rate target of 8% to 10% through 2020. Growth in 2018 will be primarily driven by contributions from new businesses, cost savings and lower Parent interest.

The Company also reaffirms its 2018 Parent Free Cash Flow expectation of \$600 million to \$675 million.

The Company's 2018 guidance and expectations through 2020 are based on foreign currency and commodity forward curves as of September 30, 2018.

- <sup>1</sup> Adjusted EPS and Parent Free Cash Flow are non-GAAP financial measures. See attached "Non-GAAP Measures" for definition of Adjusted EPS and see below for definition of Parent Free Cash Flow. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort. See "Non-GAAP measures" for a description of the adjustments to reconcile Adjusted EPS to Diluted EPS for the quarter ended September 30, 2018.

#### **Non-GAAP Financial Measures**

See Non-GAAP Measures for definitions of Adjusted Earnings Per Share and Adjusted Pre-Tax Contributions, as well as reconciliations to the most comparable GAAP financial measures.

Parent Free Cash Flow should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.

#### **Attachments**

Condensed Consolidated Statements of Operations, Segment Information, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flows, Non-GAAP Measures and Parent Financial Information.

#### **Conference Call Information**

AES will host a conference call on Tuesday, November 6, 2018 at 9:00 a.m. Eastern Standard Time (EST). Interested parties may listen to the teleconference by dialing 1-888-317-6003 at least ten minutes before the start of the call. International callers should dial +1-412-317-6061. The Conference ID for this call is 4095848. Internet access to the conference call and presentation materials will be available on the AES website at [www.aes.com](http://www.aes.com) by selecting "Investors" and then "Presentations and Webcasts."

A webcast replay, as well as a replay in downloadable MP3 format, will be accessible at [www.aes.com](http://www.aes.com) beginning shortly after the completion of the call.

#### **About AES**

The AES Corporation (NYSE: AES) is a Fortune 500 global power company. We provide affordable, sustainable energy to 15 countries through our diverse portfolio of distribution businesses as well as thermal

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and renewable generation facilities. Our workforce is committed to operational excellence and meeting the world's changing power needs. Our 2017 revenues were \$11 billion and we own and manage \$33 billion in total assets. To learn more, please visit [www.aes.com](http://www.aes.com). Follow AES on Twitter @TheAESCorp.

#### **Safe Harbor Disclosure**

This news release contains forward-looking statements within the meaning of the Securities Act of 1933 and of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, our accurate projections of future interest rates, commodity price and foreign currency pricing, continued normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth investments at normalized investment levels and rates of return consistent with prior experience.

Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission (the "SEC"), including, but not limited to, the risks discussed under Item 1A "Risk Factors" and Item 7: Management's Discussion & Analysis in AES' 2017 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any Stockholder who desires a copy of the Company's 2017 Annual Report on Form 10-K dated on or about February 26, 2018 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may be obtained by visiting the Company's website at [www.aes.com](http://www.aes.com).

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**THE AES CORPORATION**  
**Condensed Consolidated Statements of Operations (Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(In millions, except per share amounts)				
<b>Revenue:</b>				
Regulated	\$ 777	\$ 853	\$ 2,215	\$ 2,449
Non-Regulated	2,060	1,840	5,899	5,438
Total revenue	2,837	2,693	8,114	7,887
<b>Cost of Sales:</b>				
Regulated	(638)	(704)	(1,856)	(2,088)
Non-Regulated	(1,528)	(1,349)	(4,331)	(3,979)
Total cost of sales	(2,166)	(2,053)	(6,187)	(6,067)
Operating margin	671	640	1,927	1,820
General and administrative expenses	(43)	(52)	(134)	(155)
Interest expense	(255)	(297)	(799)	(860)
Interest income	79	63	231	185
Loss on extinguishment of debt	(11)	(49)	(187)	(44)
Other expense	(29)	(36)	(42)	(67)
Other income	10	16	30	103
Gain (loss) on disposal and sale of businesses	(21)	(1)	856	(49)
Asset impairment expense	(74)	(2)	(166)	(260)
Foreign currency transaction gains (losses)	5	22	(44)	14
<b>INCOME FROM CONTINUING OPERATIONS BEFORE TAXES AND EQUITY IN EARNINGS OF AFFILIATES</b>	<b>332</b>	<b>304</b>	<b>1,672</b>	<b>687</b>
Income tax expense	(146)	(93)	(509)	(246)
Net equity in earnings of affiliates	6	24	31	33
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>192</b>	<b>235</b>	<b>1,194</b>	<b>474</b>
Income (loss) from operations of discontinued businesses, net of income tax expense of \$0, \$17, \$2 and \$24, respectively	(4)	28	(9)	35
Gain from disposal of discontinued businesses, net of income tax expense of \$2, \$0, \$44 and \$0, respectively	3	—	199	—
<b>NET INCOME</b>	<b>191</b>	<b>261</b>	<b>1,384</b>	<b>509</b>
Noncontrolling interests:				
Less: Income from continuing operations attributable to noncontrolling interests and redeemable stocks of subsidiaries	(90)	(88)	(311)	(298)
Less: Loss (income) from discontinued operations attributable to noncontrolling interests	—	(21)	2	(30)
<b>NET INCOME ATTRIBUTABLE TO THE AES CORPORATION</b>	<b>\$ 101</b>	<b>\$ 152</b>	<b>\$ 1,075</b>	<b>\$ 181</b>
<b>AMOUNTS ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS:</b>				
Income from continuing operations, net of tax	\$ 102	\$ 147	\$ 883	\$ 176
Income (loss) from discontinued operations, net of tax	(1)	5	192	5
<b>NET INCOME ATTRIBUTABLE TO THE AES CORPORATION</b>	<b>\$ 101</b>	<b>\$ 152</b>	<b>\$ 1,075</b>	<b>\$ 181</b>
<b>BASIC EARNINGS PER SHARE:</b>				
Income from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.15	\$ 0.22	\$ 1.33	\$ 0.27
Income from discontinued operations attributable to The AES Corporation common stockholders, net of tax	—	0.01	0.29	0.01
<b>NET INCOME ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS</b>	<b>\$ 0.15</b>	<b>\$ 0.23</b>	<b>\$ 1.62</b>	<b>\$ 0.28</b>
<b>DILUTED EARNINGS PER SHARE:</b>				
Income from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.15	\$ 0.22	\$ 1.33	\$ 0.27
Income from discontinued operations attributable to The AES Corporation common stockholders, net of tax	—	0.01	0.29	0.01
<b>NET INCOME ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS</b>	<b>\$ 0.15</b>	<b>\$ 0.23</b>	<b>\$ 1.62</b>	<b>\$ 0.28</b>
<b>DILUTED SHARES OUTSTANDING</b>	<b>665</b>	<b>663</b>	<b>664</b>	<b>662</b>
<b>DIVIDENDS DECLARED PER COMMON SHARE</b>	<b>\$ 0.13</b>	<b>\$ 0.12</b>	<b>\$ 0.26</b>	<b>\$ 0.24</b>

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**THE AES CORPORATION**  
**Strategic Business Unit (SBU) Information**  
**(Unaudited)**

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>REVENUE</b>				
US and Utilities SBU	\$ 1,230	\$ 1,086	\$ 3,252	\$ 3,179
South America SBU	923	834	2,664	2,377
MCAC SBU	462	397	1,276	1,120
Eurasia SBU	224	380	935	1,204
Corporate, Other and Inter-SBU eliminations	(2)	(4)	(13)	7
<b>Total Revenue</b>	<b>\$ 2,837</b>	<b>\$ 2,693</b>	<b>\$ 8,114</b>	<b>\$ 7,887</b>



**THE AES CORPORATION**  
**Condensed Consolidated Balance Sheets (Unaudited)**

	September 30, 2018	December 31, 2017
	(in millions, except share and per share data)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,187	\$ 949
Restricted cash	441	274
Short-term investments	401	424
Accounts receivable, net of allowance for doubtful accounts of \$16 and \$10, respectively	1,510	1,463
Inventory	562	562
Prepaid expenses	97	62
Other current assets	706	630
Current held-for-sale assets	111	2,034
Total current assets	5,015	6,398
<b>NONCURRENT ASSETS</b>		
<b>Property, Plant and Equipment:</b>		
Land	470	502
Electric generation, distribution assets and other	25,055	24,119
Accumulated depreciation	(8,033)	(7,942)
Construction in progress	3,616	3,617
Property, plant and equipment, net	21,108	20,296
<b>Other Assets:</b>		
Investments in and advances to affiliates	1,277	1,197
Debt service reserves and other deposits	494	565
Goodwill	1,059	1,059
Other intangible assets, net of accumulated amortization of \$472 and \$441, respectively	400	366
Deferred income taxes	88	130
Service concession assets, net of accumulated amortization of \$0 and \$206, respectively	—	1,360
Loan receivable	1,441	—
Other noncurrent assets	1,607	1,741
Total other assets	6,366	6,418
<b>TOTAL ASSETS</b>	<b>\$ 32,489</b>	<b>\$ 33,112</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,299	\$ 1,371
Accrued interest	272	228
Accrued and other liabilities	1,151	1,232
Non-recourse debt, includes \$368 and \$1,012, respectively, related to variable interest entities	1,308	2,164
Current held-for-sale liabilities	17	1,033
Total current liabilities	4,047	6,028
<b>NONCURRENT LIABILITIES</b>		
Recourse debt	3,815	4,625
Non-recourse debt, includes \$2,832 and \$1,358, respectively, related to variable interest entities	14,273	13,176
Deferred income taxes	1,214	1,006
Other noncurrent liabilities	2,552	2,595
Total noncurrent liabilities	21,854	21,402
<b>Commitments and Contingencies (see Note 8)</b>		
Redeemable stock of subsidiaries	879	837
<b>EQUITY</b>		
<b>THE AES CORPORATION STOCKHOLDERS' EQUITY</b>		
Common stock (\$0.01 par value, 1,200,000,000 shares authorized; 817,203,691 issued and 662,297,479 outstanding at September 30, 2018 and 816,312,913 issued and 660,388,128 outstanding at December 31, 2017)	8	8
Additional paid-in capital	8,328	8,501

Accumulated deficit	(1,133)	(2,276)
Accumulated other comprehensive loss	(2,020)	(1,876)
Treasury stock, at cost (154,906,212 and 155,924,785 shares at September 30, 2018 and December 31, 2017, respectively)	(1,878)	(1,892)
Total AES Corporation stockholders' equity	3,305	2,465
NONCONTROLLING INTERESTS	2,404	2,380
Total equity	5,709	4,845
TOTAL LIABILITIES AND EQUITY	<u>\$ 32,489</u>	<u>\$ 33,112</u>

**THE AES CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In millions)		(In millions)	
OPERATING ACTIVITIES:				
Net income	\$ 191	\$ 261	\$ 1,384	\$ 509
Adjustments to net income:				
Depreciation and amortization	258	303	770	884
Loss (gain) on disposal and sale of businesses	21	1	(856)	49
Impairment expenses	79	2	172	260
Deferred income taxes	38	15	221	(3)
Provisions for contingencies	1	7	1	30
Loss on extinguishment of debt	11	49	187	44
Net loss on sales of assets	21	15	23	34
Gain on sale of discontinued operations	(5)	—	(243)	—
Other	80	(29)	206	73
Changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	(131)	(159)	(125)	(279)
(Increase) decrease in inventory	20	(23)	(13)	(66)
(Increase) decrease in prepaid expenses and other current assets	90	(13)	15	140
(Increase) decrease in other assets	(37)	(111)	(22)	(266)
Increase (decrease) in accounts payable and other current liabilities	61	293	(29)	162
Increase (decrease) in income taxes payable, net and other taxes payable	1	57	(61)	(4)
Increase (decrease) in other liabilities	68	71	51	134
Net cash provided by operating activities	767	739	1,681	1,701
INVESTING ACTIVITIES:				
Capital expenditures	(598)	(464)	(1,592)	(1,587)
Acquisitions of businesses, net of cash and restricted cash acquired, and equity method investments	(24)	(588)	(66)	(590)
Proceeds from the sale of businesses, net of cash and restricted cash sold, and equity method investments	(12)	6	1,796	39
Proceeds from the sale of assets	—	—	15	—
Sale of short-term investments	592	1,012	1,010	2,942
Purchase of short-term investments	(277)	(797)	(1,215)	(2,673)
Contributions to equity affiliates	(11)	(6)	(101)	(49)
Other investing	20	(22)	(37)	(37)
Net cash used in investing activities	(310)	(859)	(190)	(1,955)
FINANCING ACTIVITIES:				
Borrowings under the revolving credit facilities	301	951	1,434	1,489
Repayments under the revolving credit facilities	(553)	(327)	(1,595)	(851)
Issuance of recourse debt	—	500	1,000	1,025
Repayments of recourse debt	—	(493)	(1,781)	(1,353)
Issuance of non-recourse debt	317	871	1,509	2,703
Repayments of non-recourse debt	(298)	(749)	(1,139)	(1,731)
Payments for financing fees	(7)	(16)	(32)	(96)
Distributions to noncontrolling interests	(71)	(79)	(199)	(263)
Contributions from noncontrolling interests and redeemable security holders	12	15	40	59
Dividends paid on AES common stock	(86)	(80)	(258)	(238)
Payments for financed capital expenditures	(66)	(39)	(186)	(100)
Proceeds from sales to noncontrolling interests	—	60	—	60
Other financing	17	—	44	(26)
Net cash provided by (used in) financing activities	(434)	614	(1,163)	678
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(30)	15	(50)	21

(Increase) decrease in cash, cash equivalents and restricted cash of discontinued operations and held-for-sale businesses	(13)	(92)	56	(107)
Total increase in cash, cash equivalents and restricted cash	(20)	417	334	338
Cash, cash equivalents and restricted cash, beginning	2,142	1,881	1,788	1,960
Cash, cash equivalents and restricted cash, ending	\$ 2,122	\$ 2,298	\$ 2,122	\$ 2,298

SUPPLEMENTAL DISCLOSURES:

Cash payments for interest, net of amounts capitalized	\$ 161	\$ 185	\$ 683	\$ 797
Cash payments for income taxes, net of refunds	\$ 104	\$ 73	\$ 313	\$ 291

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Non-cash acquisition of intangible assets	\$ 9	\$ —	\$ 14	\$ —
Non-cash contributions of assets and liabilities for Fluence acquisition	\$ —	\$ —	\$ 20	\$ —
Non-cash exchange of debentures for the acquisition of the Guaimbé Solar Complex	\$ 119	\$ —	\$ 119	\$ —
Conversion of Alto Maipo loans and accounts payable into equity	\$ —	\$ —	\$ —	\$ 279

**THE AES CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**

(Unaudited)

**RECONCILIATION OF ADJUSTED PRE-TAX CONTRIBUTION (PTC) AND ADJUSTED EPS**

Adjusted PTC is defined as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; and (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation. Adjusted PTC also includes net equity in earnings of affiliates on an after-tax basis adjusted for the same gains or losses excluded from consolidated entities.

Adjusted EPS is defined as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation; and (g) tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform.

The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. We believe that Adjusted PTC and Adjusted EPS better reflect the underlying business performance of the Company and are considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions or equity securities, unrealized foreign currency gains or losses, losses due to impairments and strategic decisions to dispose of or acquire business interests, retire debt or implement restructuring activities, which affect results in a given period or periods. In addition, for Adjusted PTC, earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC and Adjusted EPS should not be construed as alternatives to income from continuing operations attributable to AES and diluted earnings per share from continuing operations, which are determined in accordance with GAAP.

Effective January 1, 2018, the Company changed the definition of Adjusted PTC and Adjusted EPS to exclude unrealized gains or losses from equity securities resulting from a newly effective accounting standard. We believe excluding these gains or losses provides a more accurate picture of continuing operations. Factors in this determination include the variability due to unrealized gains or losses related to equity securities remeasurement. The Company has also reflected these changes in the comparative period.

	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Net of NCI <sup>(1)</sup>	Per Share (Diluted) Net of NCI <sup>(1)</sup>	Net of NCI <sup>(1)</sup>	Per Share (Diluted) Net of NCI <sup>(1)</sup>	Net of NCI <sup>(1)</sup>	Per Share (Diluted) Net of NCI <sup>(1)</sup>	Net of NCI <sup>(1)</sup>	Per Share (Diluted) Net of NCI <sup>(1)</sup>
(In millions, except per share amounts)								
Income from continuing operations, net of tax, attributable to AES and Diluted EPS	\$ 102	\$ 0.15	\$ 147	\$ 0.22	\$ 883	\$ 1.33	\$ 176	\$ 0.27
Add: Income tax expense from continuing operations attributable to AES	120		69		411		139	
Pre-tax contribution	\$ 222		\$ 216		\$ 1,294		\$ 315	
<b>Adjustments</b>								
Unrealized derivative and equity securities losses (gains)	\$ 16	\$ 0.02	\$ (8)	\$ (0.01)	\$ 4	\$ 0.01	\$ (7)	\$ (0.01)
Unrealized foreign currency losses (gains)	(7)	—	(21)	(0.03)	42	0.06 <sup>(2)</sup>	(54)	(0.08)
Disposition/acquisition losses (gains)	17	0.02	1	—	(822)	(1.24) <sup>(3)</sup>	109	0.16 <sup>(4)</sup>
Impairment expense	80	0.12 <sup>(5)</sup>	2	—	172	0.26 <sup>(6)</sup>	264	0.40 <sup>(7)</sup>
Losses (gains) on extinguishment of debt	(1)	—	48	0.07 <sup>(8)</sup>	177	0.27 <sup>(9)</sup>	43	0.06 <sup>(10)</sup>
Restructuring costs	—	—	—	—	3	—	—	—
U.S. Tax Law Reform Impact		0.05 <sup>(11)</sup>		—		0.05 <sup>(11)</sup>		—
Less: Net income tax expense (benefit)		(0.01)		(0.02)		0.14 <sup>(12)</sup>		(0.15) <sup>(13)</sup>
Adjusted PTC and Adjusted EPS	\$ 327	\$ 0.35	\$ 238	\$ 0.23	\$ 870	\$ 0.88	\$ 670	\$ 0.65

<sup>(1)</sup> NCI is defined as Noncontrolling Interests.

**THE AES CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**

(Unaudited)

**RECONCILIATION OF ADJUSTED PRE-TAX CONTRIBUTION (PTC) AND ADJUSTED EPS**

- (2) Amount primarily relates to unrealized FX losses of \$20 million, or \$0.03 per share, associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized FX losses of \$9 million, or \$0.01 per share, on intercompany receivables denominated in Euros at the Parent Company.
  - (3) Amount primarily relates to gain on sale of Masinloc of \$773 million, or \$1.16 per share, gain on sale of Electrica Santiago of \$36 million, or \$0.05 per share, and realized derivative gains associated with the sale of Eletropaulo of \$21 million, or \$0.03 per share.
  - (4) Amount primarily relates to loss on sale of Kazakhstan CHPs of \$48 million, or \$0.07 per share, realized derivative losses associated with the sale of Sul of \$38 million, or \$0.06 per share, and costs associated with early plant closures at DPL of \$20 million, or \$0.03 per share.
  - (5) Amount primarily relates to the asset impairment at a U.S. generation facility of \$73 million, or \$0.11 per share.
  - (6) Amount primarily relates to the asset impairment at a U.S. generation facility of \$156 million, or \$0.23 per share.
  - (7) Amount primarily relates to asset impairments at Kazakhstan HPPs of \$92 million, or \$0.14 per share, Kazakhstan CHPs of \$94 million, or \$0.14 per share, and DPL of \$66 million, or \$0.10 per share.
  - (8) Amount primarily relates to loss on early retirement of debt at the Parent Company of \$38 million, or \$0.06 per share.
  - (9) Amount primarily relates to loss on early retirement of debt at the Parent Company of \$169 million, or \$0.25 per share.
  - (10) Amount primarily relates to losses on early retirement of debt at the Parent Company of \$92 million, or \$0.14 per share, partially offset by the gain on early retirement of debt at AES Argentina of \$65 million, or \$0.10 per share.
  - (11) Amount relates to a charge to true-up the provisional estimate of U.S. tax reform of \$33 million, or \$0.05 per share.
  - (12) Amount primarily relates to the income tax expense under the GILTI provision associated with gain on sale of Masinloc of \$155 million, or \$0.23 per share, and income tax expense associated with the gain on sale of Electrica Santiago of \$19 million, or \$0.03 per share, partially offset by income tax benefits associated with the loss on early retirement of debt at the Parent Company of \$52 million, or \$0.08 per share, and income tax benefits associated with the impairment at a U.S. generation facility of \$35 million, or \$0.05 per share.
  - (13) Amount primarily relates to the income tax benefit associated with asset impairments of \$82 million, or \$0.12 per share.
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**The AES Corporation**  
Parent Financial Information

**Parent only data: last four quarters**

(In millions)	4 Quarters Ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	Actual	Actual	Actual	Actual
<b>Total subsidiary distributions &amp; returns of capital to Parent</b>				
Subsidiary distributions <sup>(1)</sup> to Parent & QHCs	\$ 1,255	\$ 1,240	\$ 1,345	\$ 1,203
Returns of capital distributions to Parent & QHCs	(67)	(65)	—	—
<b>Total subsidiary distributions &amp; returns of capital to Parent</b>	<b>\$ 1,188</b>	<b>\$ 1,175</b>	<b>\$ 1,345</b>	<b>\$ 1,203</b>

**Parent only data: quarterly**

(In millions)	Quarter Ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	Actual	Actual	Actual	Actual
<b>Total subsidiary distributions &amp; returns of capital to Parent</b>				
Subsidiary distributions <sup>(1)</sup> to Parent & QHCs	\$ 175	\$ 270	\$ 351	\$ 459
Returns of capital distributions to Parent & QHCs	—	—	—	(67)
<b>Total subsidiary distributions &amp; returns of capital to Parent</b>	<b>\$ 175</b>	<b>\$ 270</b>	<b>\$ 351</b>	<b>\$ 392</b>

**Parent Company Liquidity <sup>(2)</sup>**

(In millions)	Balance at			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	Actual	Actual	Actual	Actual
Cash at Parent & Cash at QHCs <sup>(3)</sup>	\$ 43	\$ 151	\$ 76	\$ 11
Availability under credit facilities	1,042	687	807	858
<b>Ending liquidity</b>	<b>\$ 1,085</b>	<b>\$ 838</b>	<b>\$ 883</b>	<b>\$ 869</b>

- (1) Subsidiary distributions should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Subsidiary distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries' business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of the difference between the subsidiary distributions and the Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.
- (2) Parent Company Liquidity is defined as cash at the Parent Company plus available borrowings under existing credit facility plus cash at qualified holding companies (QHCs). AES believes that unconsolidated Parent Company liquidity is important to the liquidity position of AES as a Parent Company because of the non-recourse nature of most of AES' indebtedness.
- (3) The cash held at QHCs represents cash sent to subsidiaries of the company domiciled outside of the US. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the Parent Company. Cash at those subsidiaries was used for investment and related activities outside of the US. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the US. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs.



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CINCINNATI | DAYTON  
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JEH-6

July 16, 2018

*Via Hand Delivery*

Ms. Barcy McNeal  
Administration/Docketing  
Ohio Power Siting Board  
180 East Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215-3793

**Re: Seneca Wind, LLC**  
**Case No. 18-488-EL-BGN**

Dear Ms. McNeal:

Enclosed for filing in the above-referenced case is a copy of the Application of Seneca Wind, LLC for a Certificate of Environmental Compatibility and Public Need for a wind-powered generating facility in Seneca County, Ohio. In addition, we have provided Staff of the Ohio Power Siting Board ("Board") ten disks and five hard copies of the Application. Pursuant to Ohio Administrative Code Rule 4906-2-04(A)(3), the Applicant makes the following declarations:

<b>Name of Applicant:</b>	Seneca Wind, LLC whose authorized representative is Peter C. Pawlowski 2180 South 1300 East, Suite 600 Salt Lake City, UT 84106
<b>Name/Location of Proposed Facility:</b>	Seneca Wind, LLC Seneca County, Ohio
<b>Authorized Representative Technical:</b>	Peter C. Pawlowski Vice President, Wind Seneca Wind, LLC 2180 South 1300 East, Suite 600 Salt Lake City, UT 84106 Telephone: 801.679.3557 E-mail: <a href="mailto:ppawlowski@spower.com">ppawlowski@spower.com</a>



Seneca Wind, LLC  
Case No. 18-488-EL-BGN  
July 16, 2018  
Page 2

**Authorized Representative  
Legal:**

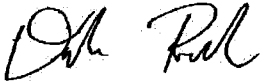
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[dparram@bricker.com](mailto:dparram@bricker.com)

Since the pre-application notification letter was filed, there have been no revisions that appear in the application.

**Notarized Statement:**

See Attached Affidavit of Peter C. Pawlowski,  
on behalf of Seneca Wind, LLC

Sincerely on behalf of  
SENECA WIND, LLC



Dylan F. Borchers

Enclosure

**BEFORE  
THE OHIO POWER SITING BOARD**

In the Matter of the Application of **SENECA** )  
**WIND, LLC** for a Certificate of Environmental )  
 Compatibility and Public Need for a Wind- ) 18-488-EL-BGN  
 Powered Electric Generating Facility in Seneca )  
 and Sandusky Counties, Ohio )

**AFFIDAVIT OF PETER C. PAWLOWSKI**

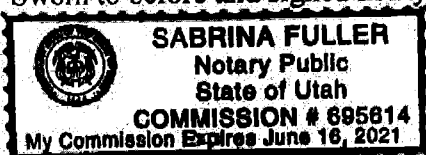
STATE OF UTAH :  
 : ss.  
 COUNTY OF SALT LAKE COUNTY :

I, Peter C. Pawlowski, being duly sworn and cautioned, state that I am over 18 years of age and competent to testify to the matters stated in this affidavit and further state the following based upon my personal knowledge:

1. I am the Vice President of Wind and an Authorized Representative of Seneca Wind, LLC ("Seneca Wind"). I am the primary individual in charge of the development of Seneca Wind.
2. I have reviewed Seneca Wind's Application to the Ohio Power Siting Board for a Certificate of Environmental Compatibility and Public Need.
3. To the best of my knowledge, information, and belief, the information and materials contained in the above-referenced Application are true and accurate.
4. To the best of my knowledge, information, and belief, the above-referenced Application is complete.

\_\_\_\_\_  
 Peter C. Pawlowski

Sworn to before and signed in my presence this 10<sup>th</sup> day of July 2018.



\_\_\_\_\_  
 Notary Public

[SEAL]

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Appendix N-5: Avian Baseline Surveys for the Seneca Wind Project

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Appendix O – Proximity of Structures to Project Features

Appendix P – Cultural Resource Review

Appendix Q – Visual Impact Assessment

**ACRONYMS/ABBREVIATIONS**

%	percent
μPa	micropascals
amsl	above mean sea level
ADLS	Aircraft Detection Lighting System
AEP	American Electric Power
AES	Applied Ecological Services
AEZ	alternative energy zone
BMPs	Best Management Practices
CDA	census-designated area
CEC	Civil & Environmental Consultants Inc
CMA Plan	Construction and Maintenance Access Plan
dB	decibels
dBA	A-weighted decibels
DOE	United States Department of Energy
FAA	Federal Aviation Administration
FEMA	Federal Emergency Management Agency
FTE	full-time equivalent
GE	General Electric
gen-tie	electric generation-tie
HDD	horizontal directional drilling
HHEI	Headwater Habitat Evaluation Index
HiF	high frequency bat calls
Hz	Hertz
IEC	International Electrotechnical Commission
IRAC	Interdepartmental Radio Advisory Committee
JEDI	Jobs and Economic Development Impact
JEDI Wind Model	Jobs and Economic Development Impact Land-based Wind Model
kHz	kiloHertz
Km	kilometer
kV	kilovolt
kW	kilowatt
L <sub>eq</sub>	equivalent sound level
LoF	low frequency bat calls
m	Meter
mph	miles per hour
m/s	meters per second
MW	Megawatt
MWh	megawatt-hours
NAAQS	National Ambient Air Quality Standards
NFPA	National Fire Protection Association

NPDES	National Pollutant Discharge Elimination System
NRCS	Natural Resource Conservation Service
NREL	National Renewable Energy Laboratory
NRHP	National Register of Historic Places
NTIA	National Telecommunication and Information Administration
NWP	Nationwide Permit
O&M	operations and maintenance
OAC	Ohio Administrative Code
ODNR	Ohio Department of Natural Resources
ODOT	Ohio Department of Transportation
Ohio EPA	Ohio Environmental Protection Agency
Ohio EDA	Ohio Economic Development Association
OHPO	Ohio Historic Preservation Office
OPSB	Ohio Power Siting Board
ORAM	Ohio Rapid Assessment Method
ORC	Ohio Revised Code
OSHA	Occupational Safety and Health Administration
PE	Professional Engineer
PEM	palustrine emergent
PFO	palustrine forested
PILOT	payment in lieu of taxes
PJM	PJM Interconnection, LLC
POI	point of interconnection
PPA	Power Purchase Agreement
PPE	personal protective equipment
PSS	palustrine scrub-shrub
PTC	Production Tax Credit
PUB	palustrine unconsolidated bottom
QHEI	Qualitative Habitat Evaluation Index
rpm	revolutions per minute
RUMA	Road Use Maintenance Agreement
SCADA	system control and data acquisition
Seneca Wind	Seneca Wind LLC
sPower	sPower Development Company, LLC
SWPA	Source Water Protection Area
SWPPP	Storm Water Pollution Prevention Plan
the Project	Seneca Wind, a 212-MW wind energy facility
the Project Area	approximately 56,900 acres of private land in Seneca County
USACE	United States Army Corps of Engineers
USDA	United States Department of Agriculture
USEPA	United States Environmental Protection Agency
USFWS	United States Fish and Wildlife Service

VMP	Vegetation Management Plan
WEST	Western EcoSystems Technology, Inc.
Wetland Survey Area	approximately 9,200 acres within the Project Area for which wetland delineation efforts were undertaken (within 100 feet of potential construction impact areas)

**JEH-6**

**4906-4-02 Project Summary and Applicant Information**

---

**(A) SUMMARY OF THE PROPOSED PROJECT**

Seneca Wind LLC (Seneca Wind) is proposing to develop, finance, build, own, and operate Seneca Wind (the Project), a new 212-megawatt (MW) wind-energy facility located in Seneca County, Ohio (Figure 02-1). The Project will consist of up to 85 wind turbine generators with a hub height of up to 134-meters (m), as well as access roads, electrical collector cables, a Project substation and 138-kilovolt (kV) electric generation tie (gen-tie) line, laydown yards for construction staging, an operations and maintenance (O&M) facility, and up to four permanent 134-m meteorological towers. The energy generated by the Project will deliver power to a single point of interconnection (POI) at the American Electric Power (AEP) Ohio Transmission Company, Inc.'s existing Melmore Substation. The substation and 138-kV gen-tie line will be the subject of a separate filing with the Ohio Power Siting Board (OPSB).

**(1) General Purpose of the Project**

The Project will help meet electricity demand in the region, particularly in light of the recent and planned retirements of existing coal-fired generating assets located in Ohio and throughout the PJM Interconnection, LLC (PJM) system.<sup>1</sup> The Project will utilize Ohio's natural wind resources to deliver clean, renewable energy to the existing electricity grid to meet the needs of Ohio's electric customers.

**(2) Project Description**

The Project will be located within approximately 56,900 acres of private land in Seneca County (the Project Area), predominantly on existing farm land (Figure 02-2).

---

<sup>1</sup> PJM is the regional independent transmission organization that coordinates movement of wholesale electricity in all or part of 13 states (including Ohio) and the District of Columbia. Its name results from its origin serving Pennsylvania (P), New Jersey (J), and Maryland (M).

Areas of wooded vegetation, local roadways, and residential development also occur throughout the Project Area. Within the Project Area, Seneca Wind has 100 percent site control for the Project. Participating landowners compose approximately 43 percent of the Project Area and, as described in Section 4906-4-06(F), Seneca Wind is active in communicating with the entire community, including non-participating landowners.

The Project's PJM interconnect application specifies a total electricity generation of up to 200 MW; the nameplate capacity of the Project would total 212 MW. The Project will consist of up to 85 wind turbine generators; two different models will be installed:

- General Electric (GE) Model 2.3-116 turbines will be installed in up to 10 locations, as shown in Figure 02-2. These turbines were purchased under Safe Harbor provisions to reserve Production Tax Credit (PTC) status for the Project. The turbines will have a 116-m rotor diameter and have a 2.3-MW nameplate capacity. Hub height for most of the Model 2.3-116 will be 94 m; two of the locations will incorporate shorter towers (one 90 m and one 80 m) to avoid interference with air navigation.
- The remaining turbines (as shown in Figure 02-2) will be GE Model 2.5-127 turbines. Hub height of the GE 2.5-127 turbines will generally be 134 m, with a 127-m rotor diameter, and a 2.52-MW nameplate capacity. It is possible that 112-m towers may be used for a few select turbines to address location-specific issues.

A total of nine alternate turbine locations are also addressed in this Application and reflected in the turbines shown on Figure 02-2. The 94 locations give Seneca Wind siting



flexibility and an ability to maintain its nameplate capacity, even if certain proposed locations become infeasible.

Underground electrical interconnections at 34.5 kV will be used to transmit generated electricity from the turbines to the Project substation (as shown on Figure 02-2). From there, a 138-kV gen-tie line will transmit the Project's power to the POI at the Melmore Substation. As previously noted, the Project's substation and the 138-kV gen-tie line will be the subject of a separate filing with the OPSB.

The Project is expected to operate with an annual capacity factor of 43 to 46 percent, generating a total of 805,000 megawatt-hours (MWh) of electricity each year.

Additional details for the Project are provided in Section 4906-4-03(B)(2) of this Application.

### **(3) Site Suitability**

The Project site selection process, as it affirms site suitability, is described in greater detail in Section 4906-4-04. As outlined in that section, Seneca Wind's market knowledge identified this region of northwestern Ohio as one where not only do planned shutdowns of existing coal-fired capacity create a need for power, but where wind resource to support a commercial wind energy facility was sufficient.

The general location of the Project was selected based on consideration of a range of key characteristics that are required for a successful wind energy facility. Once the general location was selected, additional scrutiny of a range of issues was undertaken prior to initiating the engineering and environmental activities necessary for completion of the OPSB Application.

Key characteristics of the proposed Project Area that makes it suitable for Project development are outlined in Table 02-1.

**TABLE 02-1  
PROJECT AREA CHARACTERISTICS**

<b>Key Attribute</b>	<b>Project Area Characteristics</b>
Wind Resource Suitability	Initial screening and on-site measurements confirmed that the Project Area has an adequate wind resource.
Access to Transmission	The existing 138-kV electric transmission system within the Project Area provides adequate access both from a physical standpoint and in terms of its ability to accept the Project's power.
Land Lease Participants	Seneca Wind has obtained land lease agreements from sufficient participating landowners to support the Project.
Community Receptivity	Local and state stakeholders have been engaged, and participating landowners have entered into agreements.
Site Accessibility	The Project Area is served by an existing network of public roads.
Appropriate Geotechnical Conditions	Significant geological constraints for Project construction are not anticipated.
Limited Residential Density	The Project Area has a population density that allows for adequate Project space for consideration of issues such as setbacks, sound levels, and shadow flicker.
Compatible Land Use	The Project Area is predominantly agricultural land; this use can be continued with the Project in place.
Limited Sensitive Environmental Resources	The Project is not expected to result in significant adverse impacts to ecological resources.

#### **(4) Project Schedule**

The Project schedule is based on the submission of this Application in July 2018, the issuance of the OPSB certificate by December 2018, and the commencement of construction in the second quarter of 2019. Commercial operation is planned for the fourth quarter of 2019.

Any delay in the issuance of the OPSB certificate would have a significant negative commercial impact on the Project's planned operations and would jeopardize the Project's ability to meet the terms of its power purchase agreement (PPA).

**(B) ADDITIONAL INFORMATION****(1) Description of Future Plans/Plans for Future Additions**

No additional generating units are planned within the Project Area in direct association with this Project; generation output will be limited to 200 MW. Seneca Wind will be open to considering acquiring leases with additional landowners and could consider an additional Project in the future. Should this be the case, a new Application would be filed, as applicable.

**(2) Applicant Information**

Seneca Wind LLC is a Delaware limited liability company and a wholly owned subsidiary of sPower Development Company, LLC (sPower). sPower is an independent renewable energy company based in Salt Lake City, Utah. sPower currently owns and operates approximately 150 solar and wind projects across the United States generating 1.3 gigawatts of clean energy.

JEH-6

INT-11-8. In response to IGS INT-10-13, DP&L identified DPL's long-term debt as follows:

- 2019 Senior Unsecured Bonds \$99.00M
- 2021 Senior Unsecured Bonds \$780.00M
- 2031 Capital Trust II Notes \$15.57M
- Total Long-Term Debt \$894.57M

For each outstanding long-term debt identified above:

- A. Identify the case number that the Commission approved the long-term debt.
- B. Explain how the debt was incurred in compliance with R.C. 4905.40.

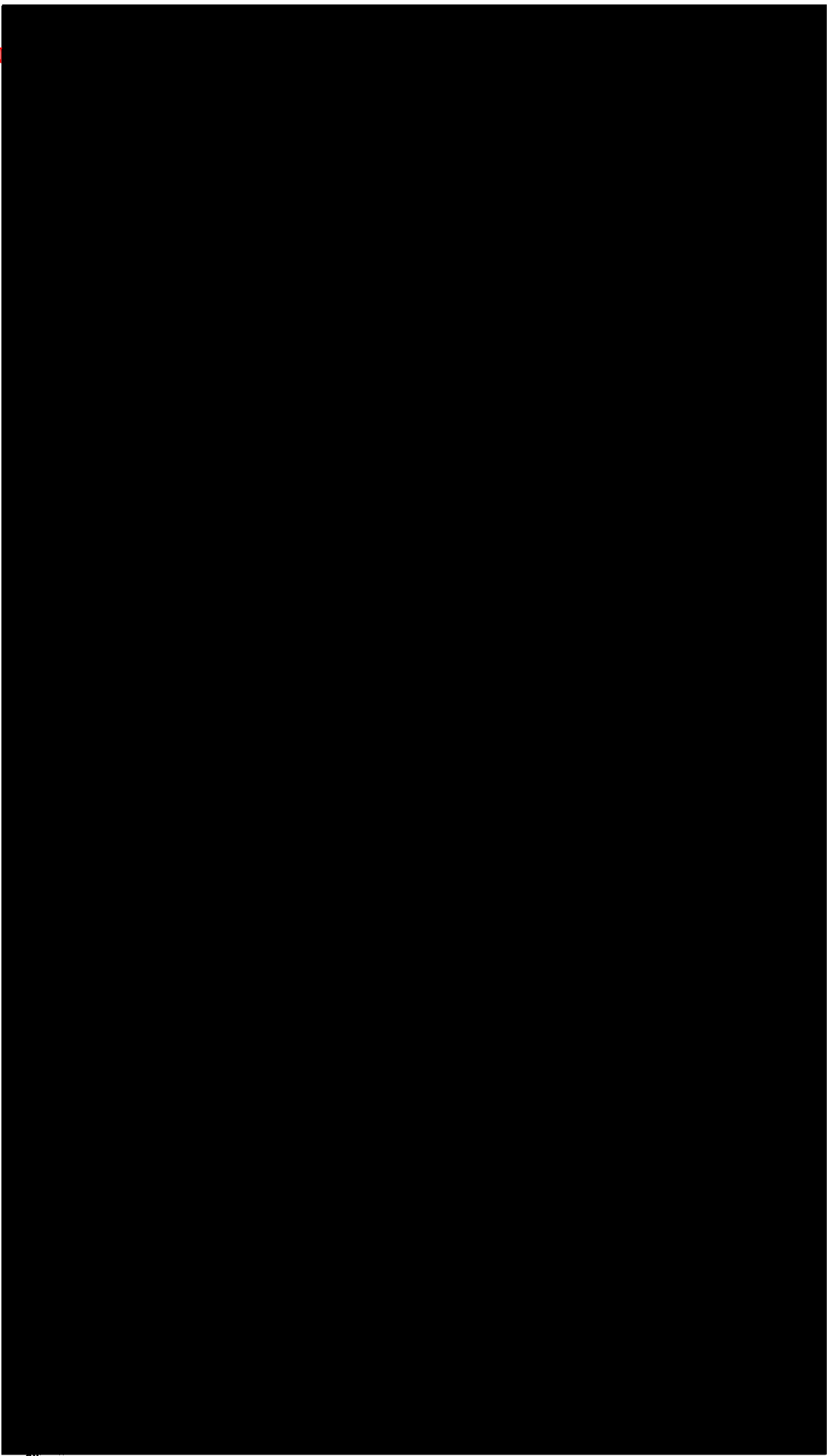
**RESPONSE:** General Objections Nos. 1 (relevance), 5 (inspection of business records), 6 (calls for narrative answer), 9 (vague or undefined), 11 (calls for a legal conclusion). Subject to all general objections, DP&L states that R.C. 4905.40 only applies to "public utilities" as that term is defined under R.C. 4905.02; thus, DPL Inc. is not required to acquire Commission approval for long-term debt.

Witness Responsible: Sharon R. Schroder

Highly Confidential - Outside Counsel's Eyes Only

Financing Inputs & Assumptions

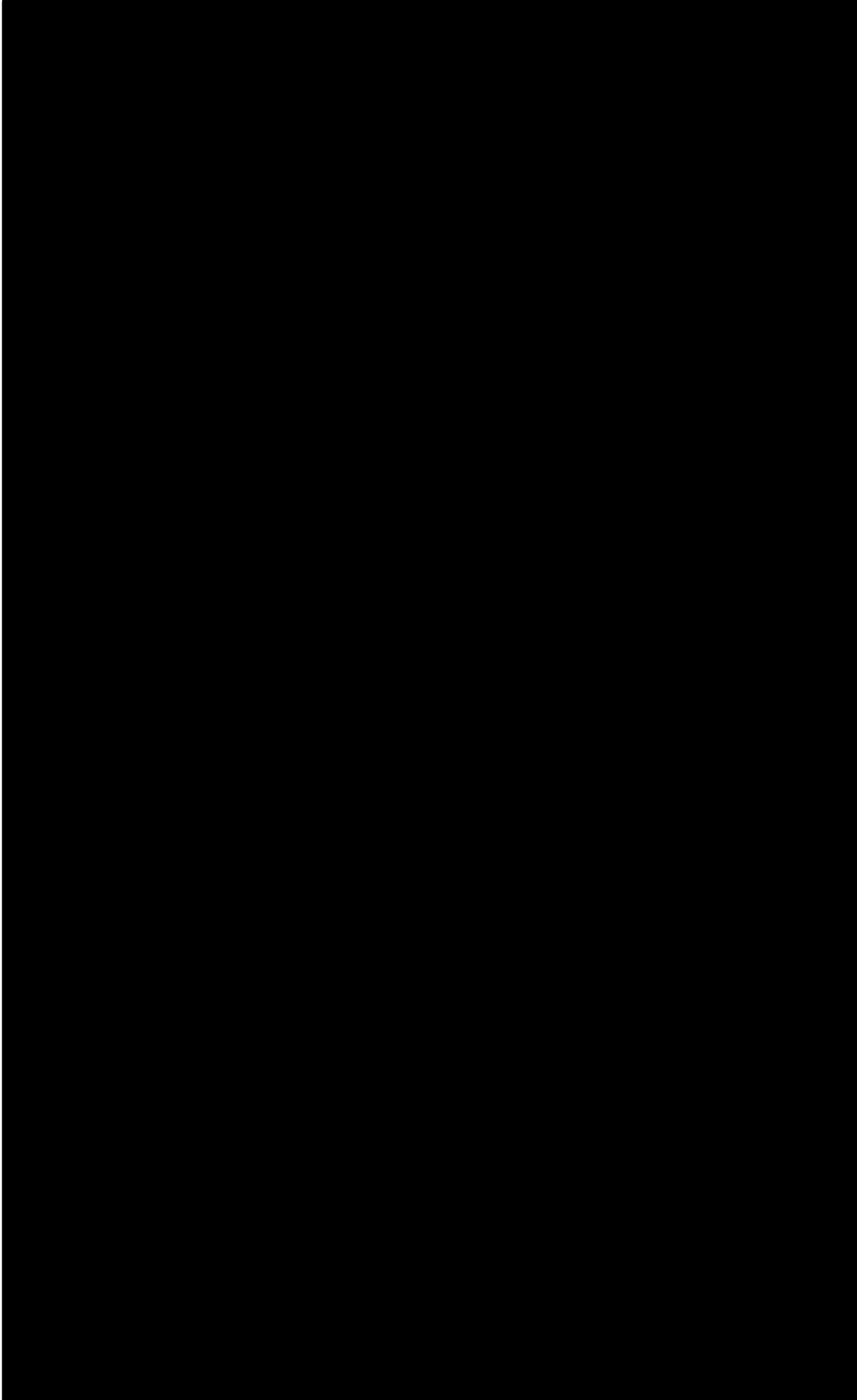
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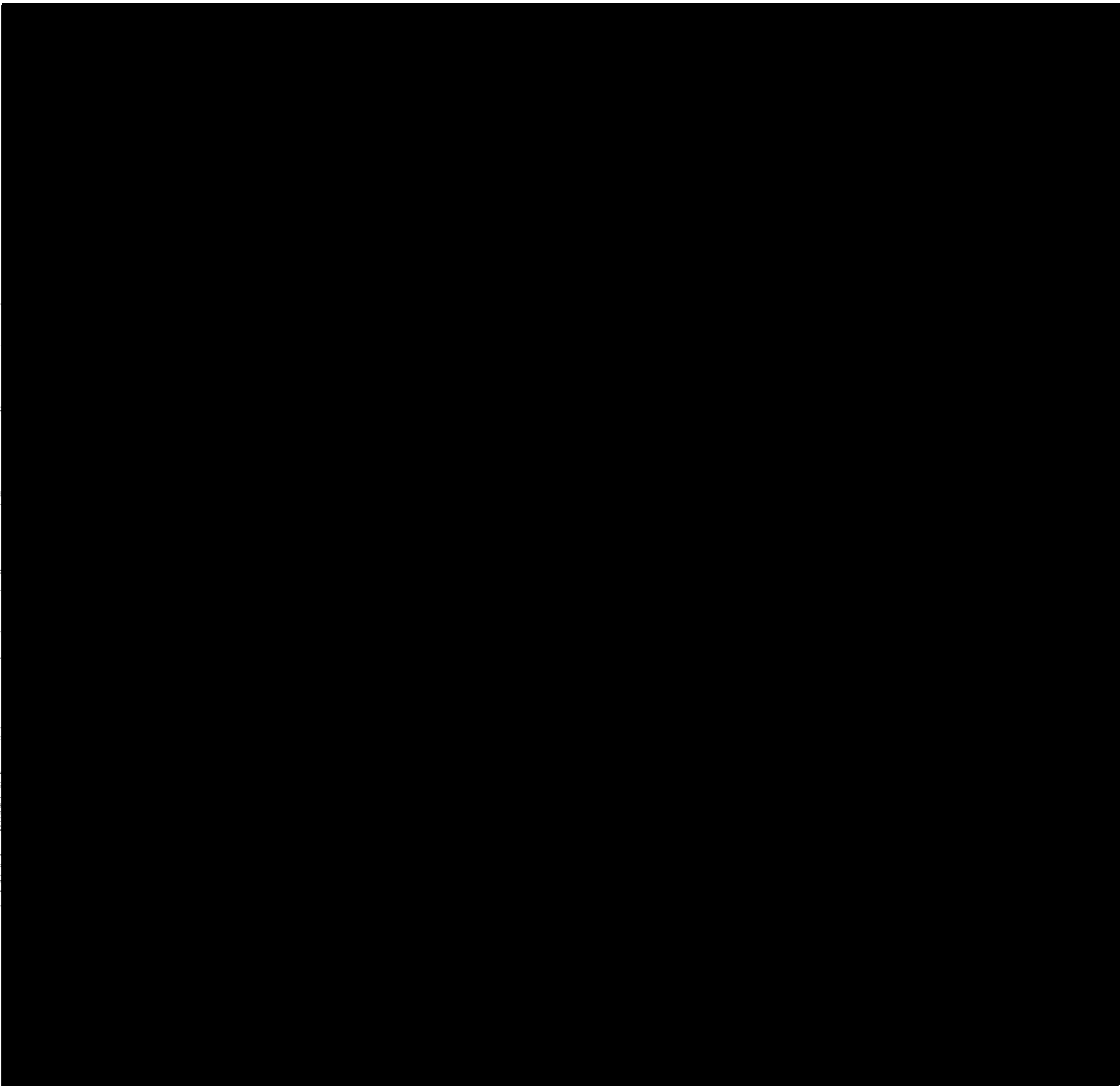
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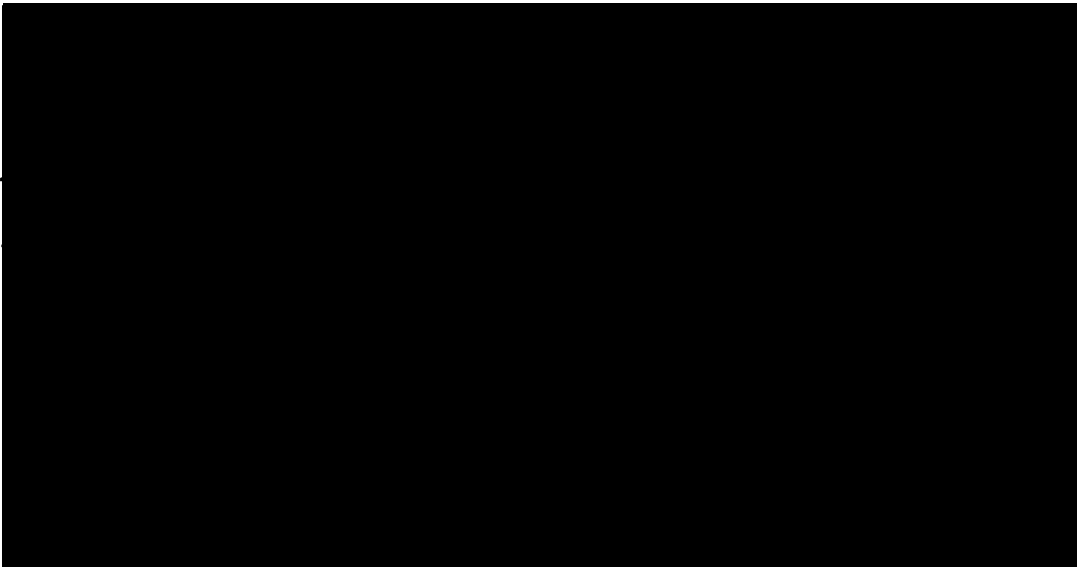
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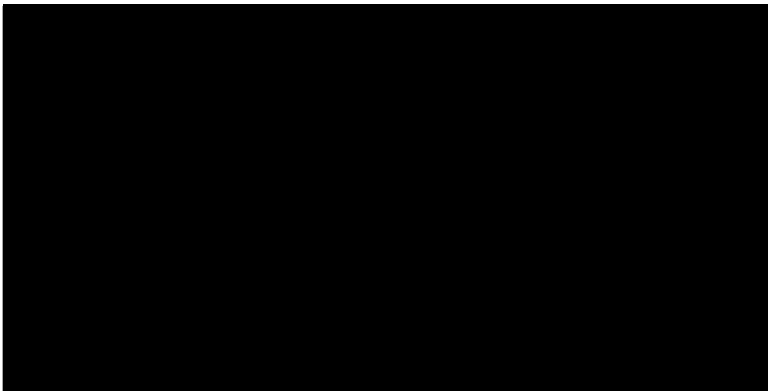
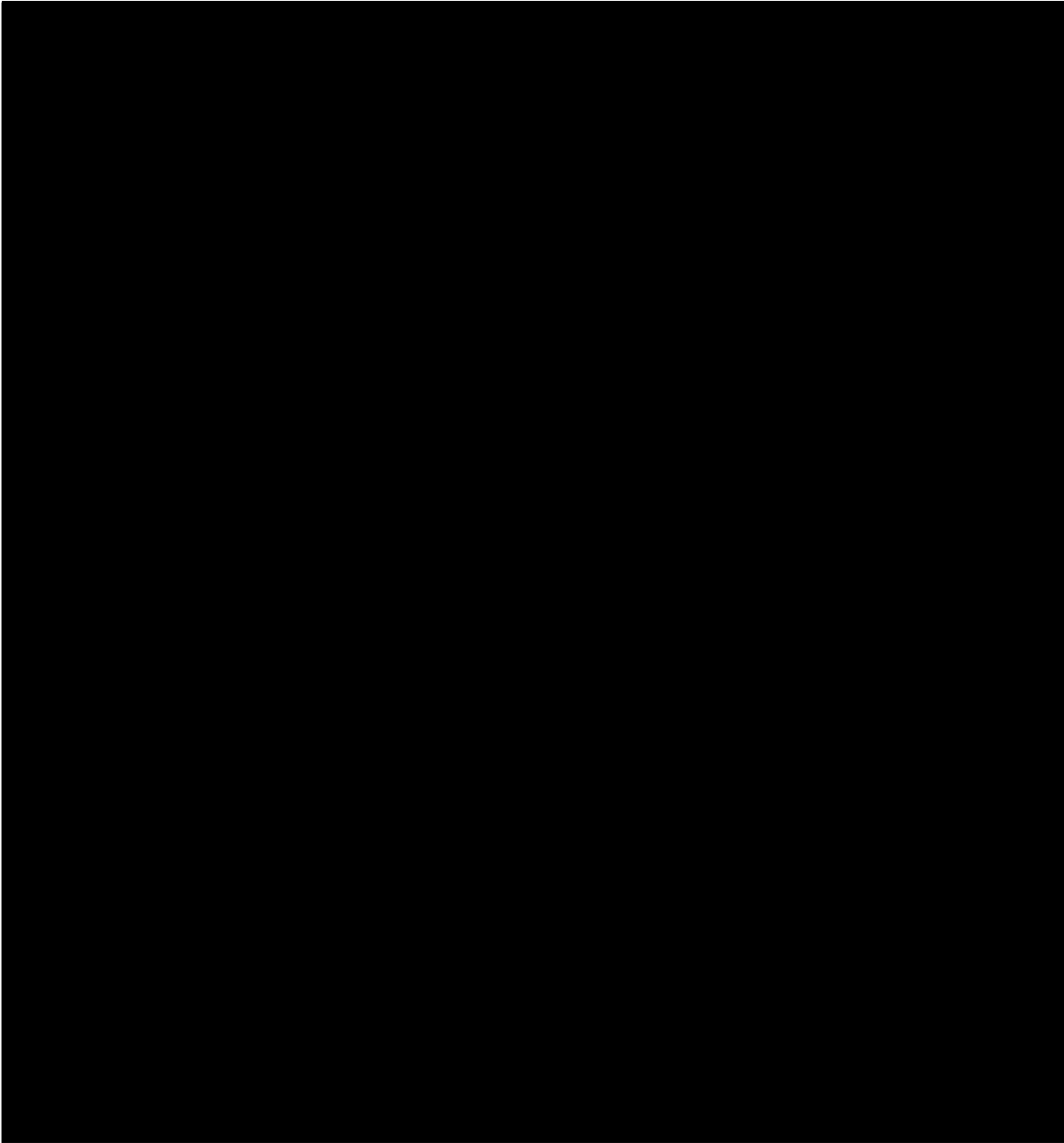
Spreads and Credit Rating Information





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JEH-8



**BEFORE THE**

**PUBLIC UTILITIES COMMISSION OF OHIO**

**THE DAYTON POWER AND LIGHT COMPANY**

**CASE NO. 15-1830-EL-AIR**  
**15-1831-EL-AAM**  
**15-1832-EL-ATA**

**TESTIMONY OF**  
**SHARON R. SCHRODER**  
**IN SUPPORT OF THE STIPULATION AND RECOMMENDATION**

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

Testimony of Sharon R. Schroder  
in Support of the Stipulation and Recommendation  
Page 6 of 16

1 term sheet or draft Stipulation. A telephone bridge was established for multiple  
2 sessions to accommodate those parties whose counsel could not travel to a particular  
3 session. At each session, DP&L answered questions from the parties and asked for  
4 feedback on DP&L's proposed settlement terms. Staff and other parties made  
5 extensive comments on DP&L's proposals, and all Signatory and Non-Opposing  
6 Parties made compromises.

7 In addition, DP&L invited all of the parties to contact DP&L directly if they wanted to  
8 engage in separate settlement discussions with the Company. Numerous parties took  
9 advantage of that opportunity, and DP&L had several conversations with individual  
10 parties, including but not limited to the Commission's Staff. The Signatory and Non-  
11 Opposing Parties to the Stipulation represent a wide spectrum of diverse interests. All  
12 of the Signatory and Non-Opposing Parties were represented by attorneys, most if not  
13 all of whom have years of experience in regulatory matters before this Commission  
14 and who possess extensive information. All of the negotiations were at arm's length.  
15 Numerous hours were devoted to the negotiating process and to the exchange of  
16 language and information associated with the terms of the Stipulation. The result of  
17 the negotiations was a compromise, as explained more fully below. Many parties and  
18 customers receive benefits under the Stipulation, but neither DP&L nor any other  
19 Signatory or Non-Opposing Party received everything that it may have wanted or  
20 desired. The Stipulation strikes a reasonable balance that benefits customers and the  
21 public interest.

**B. The Stipulation Benefits the Public Interest**

1           **B.    The Stipulation Benefits the Public Interest**  
2    **Q.    Turning to the second criterion or principle, does the Stipulation benefit**  
3           **customers and the public interest?**

4    **A.    Yes. As discussed in more detail below, the principal benefits of the Stipulation to**  
5           **DP&L's customers and the public interest are that the Stipulation will: (1) enable**  
6           **DP&L to continue to provide safe and reliable service by promoting its financial**  
7           **condition by implementing just and reasonable rates, which will support DP&L's**  
8           **ability to meet and maintain operational needs; (2) facilitate incremental distribution**  
9           **system investments; (3) improve reliability by authorizing a deferral for future**  
10          **recovery of certain annual expenses for vegetation management; (4) begin to**  
11          **implement the lowered federal income tax rate of the TCJA and establish a framework**  
12          **for returning benefits resulting from the TCJA to customers; (5) institute a new**  
13          **decoupling mechanism; (6) establish a rate of return that incorporates a return on**  
14          **equity below the mid-point of the range proposed in the Staff Report and a cost of debt**  
15          **lower than what was requested by the Company and recommended in the Staff Report;**  
16          **(7) provide direct benefits to members of a state-wide organization representing local**  
17          **hospitals; (8) commit to develop innovative electric vehicle charging infrastructure**  
18          **and a non-wires pilot program; and (9) avoid further costs of litigation.**

19   **Q.    How does the Stipulation allow DP&L to continue to provide safe and reliable**  
20          **service?**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-K**

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
 SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2017**

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
 THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
<b>1-9052</b>	<b>DPL INC.</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-259-7215	<b>31-1163136</b>
<b>1-2385</b>	<b>THE DAYTON POWER AND LIGHT COMPANY</b> (An Ohio Corporation) 1065 Woodman Drive Dayton, Ohio 45432 937-259-7215	<b>31-0258470</b>

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

DPL Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The Dayton Power and Light Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

DPL Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The Dayton Power and Light Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

**THE DAYTON POWER AND LIGHT COMPANY**  
**STATEMENTS OF OPERATIONS**

\$ in millions	Years ended December 31,		
	2017	2016	2015
<b>Revenues</b>	<b>\$ 720.0</b>	<b>\$ 808.0</b>	<b>\$ 857.0</b>
<b>Cost of revenues:</b>			
Net fuel costs	0.5	5.3	(9.0)
Net purchased power cost	289.8	316.7	317.4
<b>Total cost of revenues</b>	<b>290.3</b>	<b>322.0</b>	<b>308.4</b>
<b>Gross margin</b>	<b>429.7</b>	<b>486.0</b>	<b>548.6</b>
<b>Operating expenses:</b>			
Operation and maintenance	158.0	179.3	184.0
Depreciation and amortization	75.3	71.0	71.5
General taxes	76.3	68.0	70.8
Other, net	(0.5)	(0.4)	0.1
<b>Total operating expenses</b>	<b>309.1</b>	<b>317.9</b>	<b>326.4</b>
<b>Operating income</b>	<b>120.6</b>	<b>168.1</b>	<b>222.2</b>
<b>Other income / (expense), net</b>			
Investment income	0.3	0.4	0.3
Interest expense	(30.5)	(24.7)	(28.9)
Charge for early redemption of debt	(1.1)	(0.5)	(4.8)
Other income / (expense)	(0.8)	0.3	0.2
<b>Total other expense, net</b>	<b>(32.1)</b>	<b>(24.5)</b>	<b>(33.2)</b>
<b>Income from continuing operations before income tax</b>	<b>88.5</b>	<b>143.6</b>	<b>189.0</b>
Income tax expense from continuing operations	31.1	46.0	59.0
<b>Net income from continuing operations</b>	<b>57.4</b>	<b>97.6</b>	<b>130.0</b>
<b>Discontinued operations (Note 13)</b>			
Loss from discontinued operations	(56.3)	(1,338.7)	(47.5)
Income tax benefit from discontinued operations	(15.9)	(468.4)	(23.9)
<b>Net loss from discontinued operations</b>	<b>(40.4)</b>	<b>(870.3)</b>	<b>(23.6)</b>
<b>Net income / (loss)</b>	<b>17.0</b>	<b>(772.7)</b>	<b>106.4</b>
Dividends on preferred stock	—	0.7	0.9
<b>Income / (loss) attributable to common stock</b>	<b>\$ 17.0</b>	<b>\$ (773.4)</b>	<b>\$ 105.5</b>

See Notes to Financial Statements.

**THE DAYTON POWER AND LIGHT COMPANY**  
**BALANCE SHEETS**

\$ in millions	December 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5.2	\$ 1.6
Restricted cash	0.4	—
Accounts receivable, net (Note 2)	70.8	99.8
Inventories (Note 2)	7.3	9.3
Taxes applicable to subsequent years	71.1	67.9
Regulatory assets, current (Note 3)	23.9	0.1
Other prepayments and current assets	14.6	9.5
Assets held-for-sale - current (Note 13)	—	324.6
Total current assets	193.3	512.8
<b>Property, plant and equipment:</b>		
Property, plant and equipment	2,247.2	2,213.5
Less: Accumulated depreciation and amortization	(987.3)	(968.9)
	1,259.9	1,244.6
Construction work in process	41.5	39.3
Total net property, plant and equipment	1,301.4	1,283.9
<b>Other non-current assets:</b>		
Regulatory assets, non-current (Note 3)	163.2	203.9
Intangible assets, net of amortization	18.8	22.1
Other deferred assets	12.7	12.4
Total other non-current assets	194.7	238.4
<b>Total Assets</b>	<b>\$ 1,689.4</b>	<b>\$ 2,035.1</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities:</b>		
Current portion - long-term debt (Note 7)	\$ 4.6	\$ 4.6
Short-term debt	10.0	5.0
Accounts payable	46.6	55.7
Accrued taxes	70.1	72.2
Accrued interest	0.8	2.1
Customer security deposits	21.8	15.2
Regulatory liabilities, current (Note 3)	14.8	33.7
Other current liabilities	12.9	15.2
Liabilities held-for-sale - current (Note 13)	—	157.7
Total current liabilities	181.6	361.4
<b>Non-current liabilities:</b>		
Long-term debt (Note 7)	642.0	731.5
Deferred taxes (Note 8)	131.0	266.9
Taxes payable	75.8	72.8
Regulatory liabilities, non-current (Note 3)	221.2	130.4
Pension, retiree and other benefits (Note 9)	91.1	93.4
Unamortized investment tax credit	0.9	1.1
Asset retirement obligations	8.0	8.2
Other deferred credits	7.1	7.1
Total non-current liabilities	1,177.1	1,311.4
Commitments and contingencies (Note 11)		
<b>Common shareholder's equity:</b>		
Common stock, par value of \$0.01 per share	0.4	0.4
250,000,000 shares authorized, 41,172,173 shares issued and outstanding		
Other paid-in capital	685.8	810.7
Accumulated other comprehensive loss	(36.2)	(42.5)
Accumulated deficit	(319.3)	(406.3)
Total common shareholder's equity	330.7	362.3
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 1,689.4</b>	<b>\$ 2,035.1</b>

See Notes to Financial Statements.

Exhibit JEH 11

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Distribution</b>													
(1) Operating Income													
(2) Interest Expense													
(3) Operating Income less Interest Expense													
(4) Depreciation													
(5) Income Available for Investment													
(6) 2019 Estimated Capital Expenditures													
(7) Shortfall													
<b>Transmission</b>													
(1) Operating Income													
(2) Interest Expense													
(3) Operating Income less Interest Expense													
(4) Depreciation													
(5) Income Available for Investment													
(6) 2019 Estimated Capital Expenditures													
(7) Shortfall													
<b>Distribution and Transmission</b>													
(1) Operating Income													
(2) Interest Expense													
(3) Operating Income less Interest Expense													
(4) Depreciation													
(5) Income Available for Investment													
(6) 2019 Estimated Capital Expenditures													
(7) Shortfall													
<b>Net Plant in Service</b>													
(1) Distribution													
(2) Transmission													
(3) Total Plant in Service													
(4) Total Interest													

Source - DP&L's response to IGS's Sixth Set of Discovery, RPD-6-2



BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The	:	
Dayton Power and Light Company to	:	Case No. 15-1830-EL-AIR
Increase Its Rates for Electric Distribution	:	
	:	
In the Matter of the Application of The Dayton	:	
Power and Light Company for Accounting	:	Case No. 15-1831-EL-AAM
Authority	:	
	:	
In the Matter of the Application of Dayton	:	
Power and Light Company for Approval of	:	Case No. 15-1832-EL-ATA
Revised Tariffs	:	

**STIPULATION AND RECOMMENDATION**

Pursuant to Ohio Adm.Code 4901-1-30, any two or more parties may enter into a written stipulation concerning a proposed resolution of some or all of the issues in a proceeding of the Public Utilities Commission of Ohio ("Commission"). This Stipulation and Recommendation ("Stipulation") sets forth the understanding and agreement of the parties that have signed below ("Signatory Parties"), who recommend that the Commission approve and adopt this Stipulation without modification to resolve all of the issues in the above-captioned proceeding.

This Stipulation reflects a just and reasonable resolution of the issues in this proceeding. It is the product of serious, arms-length bargaining among the Signatory Parties and those parties who chose not to sign this Stipulation ("Non-Opposing Parties") (all of whom are capable, knowledgeable, and represented by counsel), with the participation of the Staff of the Commission ("Staff"). All parties were invited to discuss and negotiate this Stipulation, and it was openly negotiated among those parties that chose to participate; no party was excluded from

these negotiations. This Stipulation is supported by adequate data and information, and as a package, benefits customers and the public interest. This Stipulation violates no regulatory principle or practice; indeed, it complies with and promotes the policies and requirements of Title 49 of the Ohio Revised Code. This Stipulation accommodates the diverse interests represented by the Signatory Parties, and is entitled to careful consideration by the Commission.

WHEREAS, The Dayton Power and Light Company ("DP&L" or the "Company") is a public utility engaged in the business of supplying electric distribution service to more than 500,000 customers in West Central Ohio;

WHEREAS, DP&L's current base rates for electric distribution service were approved by the Commission using a date certain of March 31, 1991, and a test period of January 1 to December 31, 1991;<sup>1</sup>

WHEREAS, on November 30, 2015, DP&L filed the Application of The Dayton Power and Light Company to Increase Its Rates for Electric Distribution ("Application") using a date certain of September 30, 2015 ("Date Certain"), and a test period of June 1, 2015 to May 31, 2016 ("Test Period");

---

<sup>1</sup> In the Matter of the Application of The Dayton Power and Light Company for Authority to Amend Its Filed Tariffs to Increase the Rates and Charges for Electric Service, Case No. 91-414-EL-AIR (Jan. 22, 1992 Opinion and Order). The distribution rates approved in that case were later unbundled from rates for transmission and generation service and frozen through December 31, 2012 by a series of Stipulation and Recommendations that were approved by the Commission. In the Matter of the Application of The Dayton Power and Light Company for Approval of Transition Plan Pursuant to 4928.31, Revised Code and for the Opportunity to Receive Transition Revenues as Authorized Under 4928.31 to 4928.40, Revised Code, Case No. 99-1687-EL-ETP (Sept. 21, 2000 Opinion and Order); In the Matter of the Continuation of the Rate Freeze and Extension of the Market Development Period for The Dayton Power and Light Company, Case No. 02-2779-EL-ATA (Sept. 2, 2003 Opinion and Order); In the Matter of the Application of The Dayton Power and Light Company for Approval of its Electric Security Plan, Case No. 08-1094-EL-SSO (June 24, 2009 Opinion and Order).

WHEREAS, on March 12, 2018, the Staff of the Commission, pursuant to R.C. 4909.19(C), submitted the findings of its investigation regarding the facts set forth in the Application and the exhibits attached thereto, and of the matters connected therewith ("Staff Report"); and

WHEREAS, the Signatory Parties agree that this Stipulation represents a just and reasonable resolution of all of the issues in this proceeding;

NOW, THEREFORE, in order to resolve all of the issues raised in this proceeding, the Signatory Parties stipulate, agree, and recommend that the Commission issue an Opinion and Order in this proceeding accepting and adopting this Stipulation without modification.

**I. STAFF REPORT**

1. The Signatory Parties agree that the Commission should adopt the findings and recommendations of the Staff Report, except as otherwise agreed in this Stipulation.

**II. BASE DISTRIBUTION RATES**

1. The Signatory Parties agree that the revenue requirement for DP&L's base rates for electric distribution service is \$247,951,788 ("Stipulated Revenue Requirement"). The Signatory Parties further agree to the amounts set forth in Stipulated Schedule A-1, which is attached to this Stipulation as Exhibit 1.

2. The Signatory Parties, including Staff, recommend that the Commission adopt the proposal detailed in this paragraph. The Signatory Parties understand and agree that the full impact of the Tax Cuts and Jobs Act ("TCJA") has only been partially realized in these

proceedings and TCJA impacts will be resolved in their entirety in a subsequent proceeding(s) as described below. The Signatory Parties agree that the Stipulated Revenue Requirement includes necessary adjustments to implement the TCJA, with regard to the federal income tax expense and the gross revenue conversion factor. The Signatory Parties further agree that all excess accumulated deferred income taxes ("ADIT") resulting from the TCJA and the full balance of the regulatory liability ordered by the Commission effective January 1, 2018 in Case No. 18-47-AU-COI are not realized in these proceedings and TCJA impacts will be resolved in their entirety in a subsequent proceeding(s) as described below. The Company agrees that the savings from the TCJA, including the excess ADIT and the regulatory liability, constitute monies that must be returned to customers and the Company agrees to file an application in a subsequent proceeding(s) for the sole purpose of returning monies associated with the aforementioned items within the time periods described herein. By no later than January 1, 2019, DP&L shall calculate the net impact of the TCJA. By not later than March 1, 2019, the Company shall file an application to commence a proceeding limited to the sole issue of the TCJA refund as described herein (the "TCJA Application"). The distribution-related, eligible unprotected portion of the excess ADIT ("the Unprotected ADIT") and the regulatory liability relating to the January 10, 2018 Commission Order in Case No. 18-47-AU-COI will be returned to customers by the Company over an amortization period no greater than 10 years; however, the Company agrees that it will provide customers an aggregate refund of no less than \$4.0 million per year for the first five years of the amortization period unless the refund of the Unprotected ADIT and the aforementioned regulatory liability is fully returned within the first five years. If any balance remains after the first five years of the amortization period, such remainder shall be returned to customers over a maximum of an additional five years. The distribution-related eligible protected excess ADIT will be returned to customers in accordance with Federal law. In Case

No. 18-47-AU-COI, the aforementioned TCJA Application, and any other proceeding addressing a return of the tax savings from the TCJA to DP&L's customers, DP&L agrees to withdraw and waive its arguments that a refund or credit of deferred amounts would be unlawful or unreasonable for any of the following reasons: (a) retroactive ratemaking or the filed-rate doctrine; (b) that the refund or credit would constitute an unlawful refund; (c) DP&L's ROE is too low; and (d) that the issues can be addressed only in a rate case.

3. The Signatory Parties agree that, pursuant to R.C. 4909.15(A)(2), a fair and reasonable rate of return for DP&L on the Stipulated Rate Base is 7.27% ("Stipulated Rate of Return"), which incorporates a return on equity of 9.999% and a cost of long-term debt of 4.8% ("Stipulated Cost of Debt").

4. The Signatory Parties agree that, pursuant to R.C. 4909.15(A)(1), the valuation of property of DP&L used and useful in rendering electric distribution service as of the Date Certain was \$643,518,823 ("Stipulated Rate Base"). The Stipulated Rate Base includes the plant-in-service findings and recommendations in the Staff Report including a reduction of \$2,007,847 to deferred income taxes associated with Staff's net plant adjustments and flow-through adjustments related to cash working capital. See Stipulated Schedule B-1, which is attached to this Stipulation as Exhibit 2.

5. The Signatory Parties agree that, pursuant to R.C. 4909.15(A)(4), the adjusted operating income during the Test Period was \$23,424,847 ("Stipulated Operating Income"). In calculating the Stipulated Operating Income, the Signatory Parties implemented the following adjustment(s) to the recommendations in the Staff Report regarding DP&L's operating expenses:

- a. An addition of \$5,610,653 to reflect employee labor costs incurred by DP&L during the Test Period;
- b. An addition of \$1,910,790 to reflect property tax expense incurred by DP&L during the Test Period;
- c. An addition of \$5,000,000 included in the Stipulated Operating Expenses to reflect known increases in vegetation management; and
- d. A reduction of \$1,500,000 to test year revenues associated with Staff's adjustment for energy efficiency.
- e. A reduction of \$329,774 to test year expenses associated with Miscellaneous General Expenses.

### **III. RIDERS**

- 1. The Signatory Parties agree that pursuant to the October 20, 2017 Opinion and Order in Case No. 16-395-EL-SSO, the Commission shall populate DP&L's Distribution Investment Rider ("DIR") in this proceeding, as follows:
  - a. The DIR shall commence coincident with the update to DP&L's base rates for electric distribution service approved in this proceeding;
  - b. The beginning DIR balance will include the balance of qualifying incremental investments placed in service from October 1, 2015 to the Commission's approval of this Stipulation;

c. The DIR shall be calculated using the tax rates enacted as part of the TCJA;

d. The DIR shall be subject to the following revenue caps:

2018 \$1,200,000 per month effective with DIR commencement

2019 \$22,000,000

2020 \$29,000,000

2021 \$37,000,000

2022 \$44,000,000

2023 \$43,000,000 (reflects proration through October 31, 2023).

Should DP&L fail to file a base distribution rate case on or before October 31, 2022, the DIR will sunset, and the DIR rate shall be set to zero, on November 1, 2022. If DP&L files a base distribution rate case on or before October 31, 2022 the DIR will sunset, and the DIR rate shall be set to zero, on November 1, 2023, unless otherwise approved as part of a new standard service offer. Upon approval of a subsequent rate case application, the DIR revenue caps for the remainder of the current SSO period (16-395-EL-SSO) will be re-established on a pro-rated basis, and the collection of revenue under the rider could begin, based upon the outcome of the subsequent rate case.

e. DP&L shall file quarterly updates on or about January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup> and October 1<sup>st</sup>, with rates effective 60 days after filing unless otherwise suspended by the Commission. The filings shall be subject to annual Commission review, audit, and reconciliation. Such audit shall include a determination of whether the distribution investments made are used and useful in rendering utility service to customers;

f. DP&L shall include in the DIR tariff language the following provision:

"This Rider is subject to reconciliation or adjustment, including but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the 12-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission, or Supreme Court of Ohio in the docket those rates were approved, or the docket where the audit of those rates occurred."

- g. DP&L may file an application with the Commission for battery storage projects related to distribution service. Interested parties may submit to DP&L requests to consider battery storage projects related to distribution service. DP&L may install battery storage projects for the purpose of deferring distribution circuit investments or addressing distribution reliability issues, and include those distribution plant investments in the DIR. Prior to including a battery storage investment in the DIR, DP&L agrees to meet with Staff and Signatory Parties prior to filing an application for pre-approval of a battery project. In a battery application, DP&L must demonstrate that the battery (or batteries) will be used for a distribution service and will qualify as distribution equipment under the FERC uniform system of accounts authorized to be included in the DIR (specifically Accounts 360 to 374).
- h. The DIR shall be calculated using the same methodology reflected in Exhibit 3 to this Stipulation, which includes the after-tax weighted average cost of capital specified in Part II.3 above.
- i. DP&L shall work with Staff and OCC to develop an annual plan to emphasize proactive distribution maintenance that will focus spending on where it will have the greatest impact on maintaining and improving



reliability for customers. The plan shall specifically include identification of those expenditures that will help reduce customers' minutes interrupted. The plan shall be submitted to Staff and OCC annually starting on December 1, 2019. In lieu of the Staff Report recommendation that the DIR revenue caps be set to zero if the Company fails to comply with its Customer Average Interruption Duration Index ("CAIDI") and System Average Interruption Frequency Index ("SAIFI") performance standards, the Signatory Parties agree to the following. DP&L's CAIDI and SAIFI performance for 2018 will not be used to determine any penalty for non-compliance with Ohio Adm.Code 4901:1-10-10(E). Beginning with the 2019 CAIDI and SAIFI performance reported on or before March 31, 2020, if either performance standard is not achieved for two consecutive years, DP&L's DIR revenue cap increment will decrease by \$2.0 million rather than being assessed a penalty or forfeiture due to a violation of Ohio Adm.Code 4901:1-10-10.

2. DP&L will dedicate up to \$1.0 million in total capital investment eligible for DIR recovery, beginning in 2019, to fund distribution grid investments necessary to support installation of electric vehicle ("EV") charging infrastructure in the DP&L service territory. Specifically, through the DIR the Company may recover costs associated with investments for the meter and equipment in front of meter (i.e., on the Company's side of the meter) to support EV charging stations supported by grants awarded by the Ohio EPA pursuant to its Beneficiary Mitigation Plan for dollars allocated from the Volkswagen Mitigation Trust Fund. DP&L will commit to work with Ohio EPA and charging station host applicants within its service territory

to facilitate the installation of DC fast chargers under the Beneficiary Mitigation Plan, including but not limited to siting criteria. In consultation with the Staff and the Signatory Parties, the Company may develop a pilot EV tariff. This provision does not preclude DP&L from spending additional amounts in support of EV deployment and seeking cost recovery for such additional expenditures; however, this Stipulation does not provide any independent right for DP&L to obtain cost-recovery for amounts expended in support of EV deployment. DP&L further agrees to provide, upon reasonable request, information regarding the costs of these investments to any Signatory or Non-Opposing Party.

3. The Signatory Parties agree, that pursuant to the October 20, 2017 Opinion and Order in Case No. 16-395-EL-SSO, DP&L shall be permitted to implement Revenue Decoupling through its existing Decoupling Rider, as follows:

- a. Revenue Decoupling shall employ a revenue per customer ("RPC") methodology and is applicable to tariff classes D17, D18, and D19 only. The calculation of the allowed RPC allocates the Stipulated Revenue Requirement to each tariff class based on the revenue allocations in the Staff Report and divides the result by the test year number of customers as filed in DP&L's Application. The resulting RPC is shown and calculated on Exhibit 4;
- b. The Decoupling Rider will be set to zero with the implementation of this distribution rate case;
- c. Beginning on January 1, 2019, the Decoupling Rider will be effective with a rate (or credit) calculated by taking the difference between the Stipulated

Revenue Requirement applicable to tariff classes D17, D18, and D19 and the Allowed Revenue Requirement. The Allowed Revenue Requirement will be calculated by multiplying the number of customers as of September 30, 2018 by the RPC that is shown in Exhibit 4;

- d. For subsequent annual true-ups, the Decoupling Rider rate or credit will be calculated by taking the difference, whether positive or negative, between the updated Allowed Revenue Requirement (calculated by multiplying the updated number of customers by the RPC) and actual base distribution revenues for tariff classes D17, D18, and D19 in the calendar year. The Decoupling Rider will be reconciled on a calendar year basis and will be effective April 1<sup>st</sup> of each year;
- e. The Decoupling Rider deferral balance (whether over or under) will include carrying costs at DP&L's Stipulated Cost of Debt;
- f. The Decoupling Rider tariffs will be automatically implemented 60 days after the filing of the Company's Decoupling Rider filings, unless suspended by the Commission. The Decoupling Rider is subject to reconciliation or adjustment, including but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the twelve-month period upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission, or the Supreme Court of Ohio, in the docket those rates were approved or the docket where the audit of those rates occurred;

- g. The Decoupling Rider will be charged based on a percentage of base distribution revenue for each applicable tariff class individually; and
- h. Pursuant to the Stipulation approved by the Commission in Case No. 17-1398-EL-POR, with the implementation of this distribution rate case, DP&L shall not be entitled to double collect the same revenue reductions through lost distribution revenues and decoupling charges simultaneously.

#### IV. OTHER

1. The Signatory Parties agree that DP&L is authorized to defer as a regulatory asset, for future recovery, with no carrying costs, annual expenses for vegetation management performed by third-party vendors as follows: for calendar year 2018 annual expenses which are incremental to the baseline of \$10.7 million, subject to a \$4.6 million annual cap, and for calendar year 2019 and thereafter annual expenses which are incremental to the Test Year expenses of \$15.7 million, subject to a \$4.6 million annual cap. Annual spending of less than the vegetation management baseline amount listed above will result in a reduction to the regulatory asset or creation of a regulatory liability.

2. Prior to filing its Distribution Infrastructure Modernization Plan in accordance with Case Nos. 16-395-EL-SSO *et al.*, and within 60 days of the filing of this Stipulation, DP&L will meet with Staff; the Environmental Law & Policy Center, Natural Resources Defense Council, Ohio Environmental Council, and Environmental Defense Fund ("Environmental Parties"); OCC; and any other interested stakeholders at least once to seek input and information relevant to formulate a proposal to facilitate electric vehicle adoption and deployment of electric vehicle charging infrastructure.

3. DP&L will meet with Staff, the Environmental Parties, and any other interested stakeholders, within 60 days of the filing of this Stipulation, to collaborate on developing a pilot plan with a goal of identifying for potential implementation "non-wires alternatives" (NWA) (e.g. energy efficiency, demand response, distributed generation, storage, or other non-wires alternatives) that could cost-effectively result in the deferral or avoidance of a distribution investment project. In its Distribution Infrastructure Modernization Plan filing, DP&L will propose to continue the effort as a Non-Wires Alternatives Pilot Collaborative. Six months after the filing of this Stipulation, DP&L and the Environmental Parties will each file a status report with the Commission describing progress toward developing an NWA pilot plan. DP&L will work to finalize an NWA pilot plan within 12 months of the filing of this Stipulation. To the extent a final NWA pilot is developed, DP&L also commits to file and seek approval of the final NWA pilot plan with the Commission within three months of finalizing the NWA pilot plan for approval by the Commission prior to implementation. To the extent the final NWA may lawfully be included in an appropriate regulatory mechanism, and cost-recovery is legally permissible, DP&L may seek recovery of prudently incurred cost for any implementation of a final NWA pilot plan. DP&L shall not implement the NWA pilot plan until it receives Commission approval. The Signatory Parties agree that nothing in this paragraph shall limit or restrict in any manner the rights of any of the Signatory or Non-Opposing Parties to make whatever arguments they deem appropriate in any proceeding relevant to the NWA Pilot or any cost recovery related thereto requested by DP&L. To the extent no final NWA pilot is developed, DP&L and the Environmental Parties will file a status report with the Commission explaining DP&L's decision not to pursue the NWA pilot plan within three months of the decision not to file the plan.

4. Nothing in this Stipulation prohibits DP&L from filing its next distribution rate case at any time.

## **V. RATES AND TARIFFS**

1. The Signatory Parties agree that DP&L shall charge customers the rates set forth in the summary sheet for new rates attached to this Stipulation as Exhibit 5.

2. In accordance with Exhibit 5, the customer charge for residential customers shall be \$7.00.

3. In accordance with Exhibit 5, the allocations to customer classes represent the Staff Report recommendations with a modification to the Secondary, Primary, and Primary-Substation classes, which reflects a compromise allocation between the Company's Application and the Staff Report.

4. DP&L agrees to waive the Contract Capacity Charge related to Redundant Service (aka "Alternate Feed Service") described in DP&L's current Tariff No. D10, any other applicable tariff, or any equivalent service until a final order is issued in DP&L's next base distribution rate case in the following manner. This waiver is applied to all OHA members regardless of whether or not these members are currently paying Redundancy/Alternate Feed Service charges or whether these OHA members require Redundancy/Alternate Feed Service in the future. This waiver shall not exempt OHA members from the capital costs associated with supplying a new redundant service feed, including throw-over and protective equipment.

5. DP&L will conduct a distribution interconnect feasibility study for the solar farm at the 16-acre brownfield located in Edgemont on the former General Motors factory site at the

intersection of Miami Chapel Road and Wisconsin Boulevard, the costs of which will not be recovered from customers.

## **VI. OTHER PROVISIONS**

1. In arm's-length bargaining, the Signatory Parties have negotiated terms and conditions that are embodied in this Stipulation. This Agreement involves a variety of difficult, complicated issues that would otherwise be resolved only through expensive, complex, protracted litigation. This Stipulation contains the entire agreement among the Signatory Parties, and embodies a complete settlement of all claims, defenses, issues and objections in this proceeding. The Signatory Parties agree that this Stipulation is in the best interest of the public and urge the Commission to adopt it.

2. DP&L will rely on the Staff Report and may offer its testimony and exhibits as evidentiary support of this Stipulation. DP&L will file supplemental testimony in support of this Stipulation. Except as modified by this Stipulation or the Staff Report, DP&L's Application in this proceeding is approved. Nothing in this subsection prohibits any Signatory Party from filing testimony or submitting evidence in support of the Stipulation.

3. This Stipulation is a consensus among the Signatory Parties of an overall approach to ratemaking in this proceeding. It is submitted for the purposes of this case alone and should not be understood to reflect the positions that an individual Signatory Party may take as to any individual provision of the Stipulation standing alone, nor the position a Signatory Party may have taken if all of the issues in this proceeding had been litigated. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through the compromise reflected herein represent fully the objectives of any Signatory

Party. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, except as expressly provided herein, nor is it to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. The willingness of Signatory Parties to sponsor this document currently is predicated on the reasonableness of the Stipulation taken as a whole. The Signatory Parties will support this Stipulation if it is contested.

4. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies<sup>2</sup> all or any part of this Stipulation, any Signatory or Non-Opposing Party shall have the right to apply for rehearing. If the Commission does not adopt the Stipulation without material modification upon rehearing, or if the Commission makes a material modification to any Order adopting the Stipulation pursuant to any reversal, vacation and/or remand by the Supreme Court of Ohio, then within thirty (30) days of the Commission's Entry on Rehearing or Order on Remand any Signatory or Non-Opposing Party may withdraw from the Stipulation by filing a notice with the Commission ("Notice of Withdrawal"). No Signatory or Non-Opposing Party shall file a Notice of Withdrawal without first negotiating in good faith with the other Signatory and Non-Opposing Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement achieves such an outcome, the Signatory and Non-Opposing Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, and a Signatory or Non-Opposing Party files a Notice of Withdrawal, then the Commission will convene an evidentiary hearing to afford that Signatory or Non-Opposing Party

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<sup>2</sup> Each Signatory and Non-Opposing Party has the right, in its sole discretion, to determine whether the Commission's approval of this Stipulation constitutes a "material modification" thereof.



the opportunity to contest the Stipulation by presenting evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, then some or all of the Signatory and Non-Opposing Parties shall submit the amended Stipulation to the Commission for approval after a hearing if necessary.

IN WITNESS THEREOF, the undersigned Signatory Parties agree to this Stipulation and Recommendation this 18th day of June, 2018. The undersigned Signatory Parties request that the Commission issue an Opinion and Order approving and adopting this Stipulation.

THE DAYTON POWER AND LIGHT  
COMPANY

By: /s/ Jeffrey S. Sharkey  
Jeffrey S. Sharkey

THE OFFICE OF THE OHIO CONSUMERS'  
COUNSEL

By: /s/ Christopher Healey  
(per authorization)  
Christopher Healey

THE KROGER COMPANY

By: /s/ Angela Paul Whitfield  
(per authorization)  
Angela Paul Whitfield

STAFF OF THE PUBLIC UTILITIES  
COMMISSION OF OHIO

By: /s/ Thomas McNamee  
(per authorization)  
Thomas McNamee

OHIO ENERGY GROUP

By: /s/ Michael L. Kurtz  
(per authorization)  
Michael L. Kurtz

WAL-MART STORES EAST, LP and  
SAM'S EAST, INC.

By: /s/ Carrie M. Harris  
(per authorization)  
Carrie M. Harris

OHIO HOSPITAL ASSOCIATION

By: /s/ Devin D. Parram  
(per authorization)  
Devin D. Parram

OHIO ENVIRONMENTAL COUNCIL AND  
ENVIRONMENTAL DEFENSE FUND

By: /s/ Miranda Leppla  
(per authorization)  
Miranda Leppla

EDGEMONT NEIGHBORHOOD  
COALITION

By: /s/ Ellis Jacobs  
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Ellis Jacobs

NATURAL RESOURCES DEFENSE  
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By: /s/ Samantha Williams  
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Samantha Williams

ENVIRONMENTAL LAW & POLICY  
CENTER

By: /s/ Madeline Fleisher  
(per authorization)  
Madeline Fleisher

OHIO PARTNERS FOR AFFORDABLE  
ENERGY

By: /s/ Colleen L. Mooney  
(per authorization)  
Colleen L. Mooney

IN WITNESS THEREOF, the undersigned Non-Opposing Parties agree not to  
challenge this Stipulation and Recommendation this 18th day of June, 2018.

INDUSTRIAL ENERGY USERS-OHIO

By: /s/ Matthew R. Pritchard  
(per authorization)  
Matthew R. Pritchard

BUCKEYE POWER, INC.

By: /s/ Stephanie M. Chmiel  
(per authorization)  
Stephanie M. Chmiel

OHIO MANUFACTURERS'  
ASSOCIATION ENERGY GROUP

By: /s/ Kimberly W. Bojko  
(per authorization)  
Kimberly W. Bojko

ONE ENERGY ENTERPRISES, LLC

By: /s/ Katie Johnson Treadway  
(per authorization)  
Katie Johnson Treadway

### **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Stipulation and Recommendation has been served via electronic mail upon the following counsel of record, this 18th day of June, 2018.

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# **EXHIBIT 1**

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

**Overall Financial Summary**

Schedule A-1  
Page 1 of 1

Line No.	Description (B)	Stipulated Jurisdictional Test Year (C)
1	Stipulated Rate Base	<u>\$ 643,518,823</u>
2		
3	Stipulated Operating Income	<u>\$ 23,424,847</u>
4		
5	Earned Rate of Return	3.64%
6		
7	Stipulated Rate of Return	7.27%
8		
9	Required Operating Income	<u>\$ 46,783,818</u>
10		
11	Operating Income Deficiency	<u>\$ 23,358,972</u>
12		
13	Gross Revenue Conversion Factor	<u>1.275097</u>
14		
15	Revenue Deficiency	<u>\$ 29,784,955</u>
16		
17	Stipulated Revenue Increase	<u>\$ 29,784,955</u>
18		
19	Adjusted Operating Revenues	<u>\$ 218,166,833</u>
20		
21	Stipulated Revenue Requirement	<u>\$ 247,951,788</u>



# **EXHIBIT 2**

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

**Jurisdictional Rate Base Summary**  
**As of September 30, 2015**

Schedule B-1  
Page 1 of 1

Line No. (A)	Description (B)	Stipulated Amount (C)
1	Plant in Service	
2	Production	\$ -
3	Transmission	\$ -
4	Distribution	\$ 1,494,435,485
5	General	\$ 9,639,952
6	Other: Intangible	\$ 25,305,660
7	Total Plant In Service	\$ 1,529,381,097
8		
9	Reserve for Accumulated Depreciation	
10	Production	\$ -
11	Transmission	\$ -
12	Distribution	\$ 695,057,490
13	General	\$ (4,970,577)
14	Other: Intangible	\$ 11,715,900
15	Total Reserve for Accumulated Depreciation	\$ 701,802,813
16		
17	Net Plant In Service	\$ 827,578,284
18		
19	Construction Work In Progress 75% Complete	\$ -
20		
21	Working Capital Allowance	\$ 2,240,507
22		
23	Customers' Advances for Construction	\$ (466,036)
24		
25	Other Rate Base Items	\$ (185,833,933)
26		
27	Jurisdictional Rate Base	\$ 643,518,823

# **EXHIBIT 3**

**The Dayton Power and Light Company**

Case No. 15-1830-EL-AIR

Distribution Investment Rider

Revenue Requirement Calculation

Line No.	Description (B)	Stipulated Amounts as of	
		September 30, 2015 (C)	March 31, 2018 (D)
	<u>Rate Base</u>		
1	Gross Distribution Plant	\$ 1,345,230,954	\$ 1,422,599,647
2	Accumulated Depreciation on Distribution Plant	\$ 642,166,933	\$ 717,388,560
3	Net Distribution Plant In Service	\$ 703,064,021	\$ 705,211,087
			Line 1 - Line 2
4			
5	Accumulated Deferred Income Taxes on Distribution Plant	\$ (147,941,796)	(84,657,529)
6			
7	Distribution Rate Base for DIR	\$ 555,122,225	\$ 620,553,558
			Line 3 + Line 5
8			
9	Return on Rate Base	8.58%	8.58%
10	Return on Rate Base	\$ 47,629,487	\$ 53,243,495
			Line 7 * Line 9
11			
12	Incremental Return on Rate Base		\$ 5,614,008
			Line 10, Col (D) - Col (C)
13			
14	<u>Depreciation, Taxes Other than Income and O&amp;M</u>		
15	Depreciation Expense	\$ 38,359,093	\$ 40,280,597
16	Property Tax Expense	\$ 44,978,513	\$ 49,594,872
17			
18	Total Depreciation, Other Taxes and O&M Before CAT	\$ 83,337,606	\$ 89,875,469
			Line 15 + 16
19			
20	Incremental Depreciation, Taxes Other than Income and O&M (Pre Tax)		\$ 6,537,863
21	Incremental Commercial Activities Tax		1,0026
22			
23	Incremental Depreciation, Taxes Other than Income and O&M (Post Tax)		\$ 6,554,861
			Line 20 * Line 21
24			
25	<u>Revenue Requirement</u>		
26	Total DIR Revenue Requirement		\$ 12,168,870
			Line 12 + Line 23

# **EXHIBIT 4**

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

**Distribution Decoupling Rider – Calculation of Revenue Per Customer (RPC)**

Sheet No. (A)	Tariff Class Description (B)	Test Year Customers (C) (C-11)	Revenue Allocation (D)	Base Distribution Revenue (E) (E) = (G)*(D)	RPC (F) (F) = (E)/(C)
D22	High Voltage	9	0.05%	\$ 123,976	\$ -
D20	Primary	462	6.59%	\$ 16,340,023	\$ -
D21	Primary Substation	8	0.35%	\$ 867,831	\$ -
D24	Secondary	462	0.01%	\$ 123,976	\$ -
D25	Street Lighting	223	0.35%	\$ 867,831	\$ -
D23	Private Outdoor Lighting	-	1.12%	\$ 2,777,060	\$ -

# **EXHIBIT 5**

Line No. (A)	Description (B)	Billing Determinants				Rates				Revenue and Allocation %	
		Customer Bills (C)	kWh (D)	kW (E)	kVar (F)	Customer Charge (G)	kWh (H)	kW (I)	kVar (J)	Revenue Requirements (K)	% Allocation (L)
1	<u>RESIDENTIAL</u>										
2	Residential Non-Heating	4,173,016	3,425,120,929			\$ 7.00	\$ 0.0233154			\$ 109,069,332	
3	Residential Non-Heating-Employee	13,041	10,159,995			\$ 7.00	\$ 0.0233154			\$ 328,162	
4	Residential Heating	1,340,092	1,810,219,986			\$ 7.00	\$ 0.0233154			\$ 51,586,730	
5	Residential Heating-Employee	4,281	6,928,695			\$ 7.00	\$ 0.0233154			\$ 191,513	
6	Total Residential	5,530,430								\$ 161,175,737	86.38%
7											
8	<u>SECONDARY</u>										
9	Unmetered Secondary Service	27,260				\$ 14.16				\$ 385,873	
10	Secondary Single Phase	445,903				\$ 16.73				\$ 7,461,991	
11	Secondary Three Phase	184,555				\$ 25.77				\$ 4,755,648	
12		657,716		12,839,870				\$ 3.6569905		\$ 47,320,983	
13	Secondary Single Phase-MAX	22,639				\$ 16.73				\$ 378,854	
14	Secondary Three Phase-MAX	13,007				\$ 25.77				\$ 335,170	
15	Total Secondary	35,646	38,960,807				\$ 0.0112602			\$ 438,704	25.15%
16											
17											
18	<u>PRIMARY</u>										
19	Primary	5,492	2,820,450,998	5,984,586	3,498,042	\$ 242.12	\$ 0.0051169	\$ 2,032,5100	\$ 0.6984153	\$ 15,936,540	0.35%
20	Primary-MAX	232	3,457,805			\$ 242.12				\$ 73,917	
21	Total Primary									\$ 16,010,457	6.59%
22											
23	<u>PRIMARY SUBSTATION</u>										
24	Primary Substation	96		1,106,925	626,001	\$ 463.47		\$ 0.6144982	\$ 0.2058894	\$ 853,583	0.35%
25											
26	<u>TRANSMISSION VOLTAGE SERVICE</u>										
27	High Voltage	108	975,140,514			\$ 1,124.11				\$ 121,404	0.05%
28											
29	<u>STREET LIGHTING SERVICE</u>										
30	Street Lighting	2,656	54,279,372			\$ 8.60	\$ 0.0152357			\$ 849,827	0.35%
31											
32	<u>PRIVATE OUTDOOR LIGHTING SERVICE</u>										
33											
34	Pole Charges	116,246					Item Charge:			\$ 153,987	
35	Ornamental Pole Charges	1,320					\$ 1.32			\$ 1,749	
36	Aerial Spans	155,040					\$ 1.32			\$ 92,651	
37	Fixtures	331,080					\$ 0.60			\$ 350,945	
38	9500 Lumens High Pressure Sod.	10,740				\$ 9.11	\$ 1.06			\$ 97,825	
39	28000 Lumens High Pressure Sod.	5,784				\$ 9.11				\$ 52,683	
40	7000 Lumens Mercury	194,316				\$ 9.11				\$ 1,769,913	
41	21000 Lumens Mercury	21,228				\$ 9.11				\$ 193,354	
42	2500 Lumens Incandescent	36				\$ 9.11				\$ 328	
43	7000 Lumens Fluorescent	108				\$ 9.11				\$ 984	
44	4000 Lumens PT Mercury	552				\$ 9.11				\$ 5,028	
45	Total Private Outdoor Lighting Service									\$ 2,719,445	1.12%
46											
47	<u>BASE DISTRIBUTION REVENUE</u>									\$ 242,807,679	100.00%
48											
49	<u>OTHER MISCELLANEOUS REVENUE</u>										
50	Total Other Operating Revenue									\$ 5,113,684	
51	Off-peak Meter Surcharge									\$ 30,425	
52											
53	<u>TOTAL REVENUE</u>									\$ 247,951,788	
54											
55	Current Distribution Revenue 12 months April 2018 (Distribution & Decoupling)									\$ 240,939,397	
56	Increase to Current Revenue									\$ 7,012,391	
57	% Increase to Current Revenue										2.91%



**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA**

**Summary: Stipulation Stipulation and Recommendation electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light Company**

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**4/12/2019 3:11:32 PM**

**in**

**Case No(s). 16-0396-EL-ATA, 16-0395-EL-SSO, 16-0397-EL-AAM**

Summary: Testimony Testimony of Edward Hess (originally filed February 12, 2019)  
electronically filed by Mr. Joseph E. Olikier on behalf of IGS Energy