

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

CASE NO. 20-1698-EL-AIS

FINDING AND ORDER

Entered in the Journal on December 16, 2020

I. SUMMARY

{¶ 1} The Commission authorizes The Dayton Power and Light Company to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable under R.C. 4905.401(A).

II. DISCUSSION

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

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

{¶ 4} On November 9, 2020, DP&L filed an application for authority to issue notes, revolving loan agreement loans (RLA loans) and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the approximately \$29 million of statutorily exempted short-term debt issuable by the Company under R.C. 4905.401(A). DP&L states that the \$300 million requested for calendar year 2021

is an amount equal to or less than that requested by DP&L and approved by the Commission for the past 14 years¹; the Company's current authority to issue notes and RLA loans expires on December 31, 2020. In support of its application, DP&L provides its income statement, cash flow statement, and balance sheet as of September 30, 2020.

{¶ 5} On December 9, 2020, Staff filed its review and recommendations regarding DP&L's application. Staff notes that the Company proposes to use the proceeds from the debt to repay long-term debt, finance capital expenditures, and for other general corporate purposes. Staff remarks that DP&L's cash needs in 2021 include outlays for property taxes (\$72 million), interest payments (\$20.5 million), and preparation for seasonal peaks. Staff states that the requested authority is sized to ensure preparation for unexpected disruption in cash flow while reliably providing service. Staff explains that the Company currently has the ability to increase the size of its unsecured, revolving credit facility to approximately \$275 million, which DP&L believes is an amount sufficient to ensure continuity of operations in the event of cash flow disruptions. Staff additionally reports that DP&L's last SEC Form 10-K report disclosed that capital expenditures were planned to be \$206 million in 2020 and \$209 million in 2021. Staff states that capital expenditures through nine months of 2020 were \$125 million; capital projects are subject to continuing review and are revised given changes in, among other factors, financial conditions, load forecasts, and regulatory developments. Finally, Staff asserts that the requested authority appears reasonable as described by the Company and recommends approval of the application.

{¶ 6} Having considered the application and Staff's review and recommendation, the Commission finds that the application is reasonable and should be approved. Thus, DP&L is authorized to issue notes, RLA loans, and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the

¹ In its application, DP&L indicates that the borrowing level has existed for the past 13 years, covering the period from 2006-2019. As the extension of borrowing authority was also provided in 2020, there is a continuous 14-year history of borrowing authority. See *In the Matter of the Application of The Dayton Power and Light Company for Authority to Issue and Assume Liability on Short-Term Notes and Other Evidences of Indebtedness*, Case No. 19-1979-EL-AIS, Finding and Order (Dec. 18, 2019).

statutorily exempted amount of short-term debt issuable by the Company under R.C. 4905.401(A). Additionally, the Commission finds that no hearing is necessary in this matter.

III. ORDER

{¶ 7} It is, therefore,

{¶ 8} ORDERED, That DP&L's application is approved and that DP&L be authorized to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms of less than 12 months up to \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable by DP&L, through December 31, 2021. It is, further,

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

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

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

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

COMMISSIONERS:

Approving:

M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

MLW/hac

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Case No(s). 20-1698-EL-AIS

Summary: Finding & Order authorizing The Dayton Power and Light Company to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable under R.C. 4905.401(A). electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio