UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended **September 30, 2020**

OR

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

DPL Inc.
(an Ohio corporation)

Commission File Number 1-9052

1065 Woodman Drive
Dayton, Ohio 45432

937-259-7215

IRS Employer Identification No. 31-1163136

THE DAYTON POWER AND LIGHT COMPANY
(an Ohio corporation)

Commission File Number 1-2385

1065 Woodman Drive
Dayton, Ohio 45432

937-259-7215

IRS Employer Identification No. 31-0258470

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
N/A	N/A	N/A

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 ☑	No ☐
The Dayton Power and Light Company	Yes ☑	No ☐

DPL Inc. and The Dayton Power and Light Company were voluntary filers until their March 6, 2020 Registration Statements on Form S-4/A filed with the Securities and Exchange Commission were declared effective on March 12, 2020. DPL Inc. and The Dayton Power and Light Company have filed all applicable reports under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.

Indicate by check mark whether each registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

DPL Inc.	Yes ☑	No ☐
The Dayton Power and Light Company	Yes ☑	No ☐

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

	Large accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller reporting company	Emerging growth company
DPL Inc.	☐	☐	☑	☐	☐
	Large accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller reporting company	Emerging growth company
The Dayton Power and Light 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.

DPL Inc.	☐
The Dayton Power and Light Company	☐

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

DPL Inc.	Yes ☐	No ☑
The Dayton Power and Light Company	Yes ☐	No ☑

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

As of November 5, 2020, 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**

This combined Form 10-Q 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.

DPL Inc. and The Dayton Power and Light Company
Quarter Ended September 30, 2020

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GLOSSARY OF TERMS

The following terms are used in this Form 10-Q:

Term	Definition
2017 ESP	DP&L's ESP - approved October 20, 2017, effective November 1, 2017
AES	The AES Corporation - a global power company and the ultimate parent company of DPL
AES Ohio Generation	AES Ohio Generation, LLC - a wholly-owned subsidiary of DPL, which previously operated EGUs and made wholesale sales
AOCI	Accumulated Other Comprehensive Income
AOCL	Accumulated Other Comprehensive Loss
ARO	Asset Retirement Obligation
ASU	Accounting Standards Update
CAA	U.S. Clean Air Act - the congressional act that directs the USEPA's regulation of stationary and mobile sources of air pollution to protect air quality and stratospheric ozone
CCR	Coal Combustion Residuals
Conesville	AES Ohio Generation's interest in Unit 4 at the Conesville EGU. This was sold on June 5, 2020.
COVID-19	The disease caused by the novel coronavirus that resulted in a global pandemic in 2020.
CSAPR	Cross-State Air Pollution Rule - the USEPA's rule to address interstate air pollution transport to decrease emissions to downwind states
DMR	Distribution Modernization Rider - established in the ESP as a non-bypassable rider to collect $105.0 million in revenue per year for the first three years of the ESP term
DPL	DPL Inc.
DP&L	The Dayton Power and Light Company - the principal subsidiary of DPL and a public utility that delivers electricity to residential, commercial, industrial and governmental customers in a 6,000-square mile area of West Central Ohio
DRO	Distribution Rate Order - the order issued by the PUCO on September 26, 2018 establishing new base distribution rates for DP&L, which became effective October 1, 2018
EBITDA	Earnings before interest, taxes, depreciation and amortization. EBITDA also excludes the Fixed-asset impairment
EGU	Electric Generating Unit
ERISA	The Employee Retirement Income Security Act of 1974
ESP	The Electric Security Plan - a plan that a utility must file with the PUCO to establish SSO rates pursuant to Ohio law
ESP 1	ESP originally approved by PUCO order dated June 24, 2009. After DP&L withdrew its 2017 ESP Application, the PUCO approved DP&L's request to revert to rates based on its ESP 1 rate plan effective December 19, 2019. DP&L is currently operating under this ESP 1 plan.
FASB	Financial Accounting Standards Board
FASC	FASB Accounting Standards Codification
FERC	Federal Energy Regulatory Commission
Form 10-K	DPL's and DP&L's combined Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which was filed on February 27, 2020
First and Refunding Mortgage	DP&L's First and Refunding Mortgage, dated October 1, 1935, as amended, with the Bank of New York Mellon as Trustee
GAAP	Generally Accepted Accounting Principles in the United States of America
Generation Separation	The transfer on October 1, 2017 to AES Ohio Generation of the DP&L-owned generating facilities and related liabilities pursuant to an asset contribution agreement with a subsidiary that was then merged into AES Ohio Generation
kWh	Kilowatt-hours - a measure of electrical energy equivalent to a power consumption of 1,000 watts for 1 hour
LIBOR	London Inter-Bank Offering Rate
Master Trust	DP&L established a Master Trust to hold assets that could be used for the benefit of employees participating in employee benefit plans
MATS	Mercury and Air Toxics Standards - the USEPA's rules for existing and new power plants under Section 112 of the CAA
Merger	The merger of DPL and Dolphin Sub, Inc., a wholly-owned subsidiary of AES. On November 28, 2011, DPL became a wholly-owned subsidiary of AES.
Miami Valley Lighting	Miami Valley Lighting, LLC is a wholly-owned subsidiary of DPL established in 1985 to provide street and outdoor lighting services to customers in the Dayton region. Miami Valley Lighting serves businesses, communities and neighborhoods in West Central Ohio with over 70,000 lighting solutions for more than 190 businesses and 180 local governments.
MRO	Market Rate Option - a market-based plan that a utility may file with PUCO to establish SSO rates pursuant to Ohio law

GLOSSARY OF TERMS (cont.)

Term	Definition
MVIC	Miami Valley Insurance Company is a wholly-owned insurance subsidiary of DPL that provides insurance services to DPL and its subsidiaries
MW	Megawatt, a unit of power equal to one million watts
NAAQS	National Ambient Air Quality Standards - the USEPA's health and environmental based standards for six specified pollutants, as found in the ambient air
NERC	North American Electric Reliability Corporation - a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the electric grid
Ohio EPA	Ohio Environmental Protection Agency
OVEC	Ohio Valley Electric Corporation - an electric generating company in which DP&L holds a 4.9% equity interest
Peaker assets	The generation and related assets for the 586.0 MW Tait combustion turbine and diesel generation facility, the 236.0 MW Montpelier combustion turbine generation facility, the 101.5 MW Yankee combustion turbine generation and solar facility, the 25.0 MW Hutchings combustion turbine generation facility, the 12.0 MW Monument diesel generation facility, and the 12.0 MW Sidney diesel generation facility that were sold on March 27, 2018
PJM	PJM Interconnection, LLC, an RTO
PUCO	Public Utilities Commission of Ohio
RSC	The Rate Stabilization Charge is a non-bypassable rider intended to compensate DP&L for providing stabilized rates to customers.
RTO	Regional Transmission Organization - an entity that is independent from all generation and power marketing interests and has exclusive responsibility for grid operations, short-term reliability, and transmission service within a region
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
Service Company	AES US Services, LLC - the shared services affiliate providing accounting, finance, and other support services to AES' U.S. SBU businesses
SSO	Standard Service Offer represents the regulated rates, authorized by the PUCO, charged to DP&L retail customers that take retail generation service from DP&L within DP&L's service territory
T&D	Transmission and distribution
TCJA	The Tax Cuts and Jobs Act of 2017, signed on December 22, 2017
U.S.	United States of America
USEPA	U.S. Environmental Protection Agency
USF	The Universal Service Fund is a statewide program which provides qualified low-income customers in Ohio with income-based bills and energy efficiency education programs
U.S. SBU	U.S. and Utilities Strategic Business Unit, AES' reporting unit covering the businesses in the United States, including DPL
Utility segment	DPL's Utility segment is made up of DP&L's electric transmission and distribution businesses, which distribute electricity to residential, commercial, industrial and governmental customers

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Matters discussed in this report that relate to events or developments that are expected to occur in the future, including management's expectations, strategic objectives, business prospects, anticipated economic performance and financial condition and other similar matters constitute forward-looking statements. Forward-looking statements are based on management's beliefs, assumptions and expectations of future economic performance, considering the information currently available to management. These statements are not statements of historical fact and are typically identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions. Such forward-looking statements are subject to risks and uncertainties and investors are cautioned that outcomes and results may vary materially from those projected due to various factors beyond our control, including but not limited to:

- growth in our service territory and changes in demand and demographic patterns;
- weather-related damage to our electrical system;
- performance of our suppliers;
- transmission and distribution system reliability and capacity;
- regulatory actions and outcomes, including, but not limited to, the review and approval of our rates and charges by the PUCO;
- federal and state legislation and regulations;
- changes in our credit ratings or the credit ratings of AES;

- fluctuations in the value of pension plan assets, fluctuations in pension plan expenses and our ability to fund defined benefit pension plans;
- changes in financial or regulatory accounting policies;
- environmental matters, including costs of compliance with, and liabilities related to, current and future environmental laws and requirements;
- interest rates and the use of interest rate hedges, inflation rates and other costs of capital;
- the availability of capital;
- the ability of subsidiaries to pay dividends or distributions to **DPL**;
- level of creditworthiness of counterparties to contracts and transactions;
- labor strikes or other workforce factors, including the ability to attract and retain key personnel;
- facility or equipment maintenance, repairs and capital expenditures;
- significant delays or unanticipated cost increases associated with construction projects;
- the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material;
- local economic conditions;
- costs and effects of legal and administrative proceedings, audits, settlements, investigations and claims and the ultimate disposition of litigation;
- industry restructuring, deregulation and competition;
- issues related to our participation in PJM, including the cost associated with membership, allocation of costs, costs associated with transmission expansion, the recovery of costs incurred and the risk of default of other PJM participants;
- changes in tax laws and the effects of our tax strategies;
- product development, technology changes and changes in prices of products and technologies;
- cyberattacks and information security breaches;
- the use of derivative contracts;
- catastrophic events such as fires, explosions, terrorist acts, acts of war, pandemic events, including the outbreak of COVID-19, or natural disasters such as floods, earthquakes, tornadoes, severe winds, ice or snowstorms, droughts or other similar occurrences; and
- the risks and other factors discussed in this report and other **DPL** and **DP&L** filings with the SEC.

Forward-looking statements speak only as of the date of the document in which they are made. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

All of the above factors are difficult to predict, contain uncertainties that may materially affect actual results, and many are beyond our control. See Item 1A - Risk Factors to Part I in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in such report and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, and June 30, 2020 and this Quarterly Report on Form 10-Q for a more detailed discussion of the foregoing and certain other factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook. These risks may also be specifically described in our Quarterly Reports on Form 10-Q in Part II - Item 1A, Current Reports on Form 8-K and other documents that we may file from time to time with the SEC.

Our SEC filings are available to the public from the SEC’s website at www.sec.gov.

COMPANY WEBSITES

DP&L’s public internet site is www.dpandl.com. The information on this website is not incorporated by reference into this report.

Part I – Financial Information

This report includes the combined filing of **DPL** and **DP&L.** Throughout this report, the terms “we,” “us,” “our” and “ours” are used to refer to both **DPL** and **DP&L**, respectively and altogether, unless the context indicates otherwise. Discussions or areas of this report that apply only to **DPL** or **DP&L** will be clearly noted in the applicable section.

Item 1 – Financial Statements

FINANCIAL STATEMENTS

DPL INC.

DPL INC.
Condensed Consolidated Statements of Operations
(Unaudited)

$ in millions	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues	**$ 178.8**	$ 192.9	**$ 505.1**	$ 576.5
Operating costs and expenses				
Net fuel cost	**0.4**	0.6	**1.3**	2.0
Net purchased power cost	**66.0**	66.3	**178.0**	194.2
Operation and maintenance	**47.9**	42.5	**138.7**	136.9
Depreciation and amortization	**18.6**	17.7	**54.8**	54.0
Taxes other than income taxes	**17.7**	20.8	**59.6**	58.3
Other, net	**0.1**	—	**0.1**	—
Total operating costs and expenses	**150.7**	147.9	**432.5**	445.4
Operating income	**28.1**	45.0	**72.6**	131.1
Other income / (expense), net:				
Interest expense	**(17.1)**	(18.3)	**(55.4)**	(63.7)
Loss on early extinguishment of debt	**(31.7)**	—	**(31.7)**	(44.9)
Other income	**1.0**	0.4	**0.9**	3.2
Total other expense, net	**(47.8)**	(17.9)	**(86.2)**	(105.4)
Income / (loss) from continuing operations before income tax	**(19.7)**	27.1	**(13.6)**	25.7
Income tax benefit from continuing operations	**(10.4)**	(9.1)	**(7.7)**	(11.8)
Net income / (loss) from continuing operations	**(9.3)**	36.2	**(5.9)**	37.5
Discontinued operations (Note 13):				
Income / (loss) from discontinued operations before income tax	**1.4**	(1.0)	**(0.6)**	30.1
Gain from disposal of discontinued operations	**—**	—	**4.5**	0.1
Income tax expense / (benefit) from discontinued operations	**0.3**	(0.2)	**0.8**	6.3
Net income / (loss) from discontinued operations	**1.1**	(0.8)	**3.1**	23.9
Net income / (loss)	**$ (8.2)**	$ 35.4	**$ (2.8)**	$ 61.4

See Notes to Condensed Consolidated Financial Statements.

DPL INC.
Condensed Consolidated Statements of Comprehensive Income / (Loss)
(Unaudited)

$ in millions	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income / (loss)	**$ (8.2)**	$ 35.4	**$ (2.8)**	$ 61.4
Derivative activity:				
Change in derivative fair value, net of income tax (expense) / benefit of $0.0, $(0.1), $0.0 and $0.1 for each respective period	**0.1**	(0.2)	**—**	(1.0)
Reclassification to earnings, net of income tax (benefit) / expense of $0.0, $(0.1), $0.1 and $0.0 for each respective period	**(0.3)**	(0.4)	**(0.8)**	(0.9)
Reclassification of earnings related to discontinued operations, net of income tax benefit of $0.0, $(0.4), $0.0 and $(0.4) for each respective period	**—**	(0.4)	**—**	(0.4)
Total derivative activity	**(0.2)**	(1.0)	**(0.8)**	(2.3)
Pension and postretirement activity:				
Reclassification to earnings, net of income tax benefit of $0.0, $(0.1), $(0.1) and $(0.1) for each respective period	**0.3**	—	**0.8**	0.1
Total change in unfunded pension and postretirement obligations	**0.3**	—	**0.8**	0.1
Other comprehensive income / (loss)	**0.1**	(1.0)	**—**	(2.2)
Net comprehensive income / (loss)	**$ (8.1)**	$ 34.4	**$ (2.8)**	$ 59.2

See Notes to Condensed Consolidated Financial Statements.

DPL INC.
Condensed Consolidated Balance Sheets
(Unaudited)

$ in millions	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 43.5**	$ 36.5
Restricted cash	**0.1**	10.5
Accounts receivable, net of allowance for credit losses of $3.2 and $0.4, respectively (Note 2)	**68.2**	67.9
Inventories (Note 2)	**8.2**	10.4
Taxes applicable to subsequent years	**20.0**	77.5
Regulatory assets, current	**20.9**	19.7
Taxes receivable	**11.6**	23.6
Prepayments and other current assets	**5.4**	7.6
Current assets of discontinued operations and held-for-sale businesses	**—**	22.3
Total current assets	**177.9**	276.0
Property, plant & equipment:		
Property, plant & equipment	**1,805.9**	1,701.9
Less: Accumulated depreciation and amortization	**(402.8)**	(362.6)
	1,403.1	1,339.3
Construction work in process	**112.0**	106.3
Total net property, plant & equipment	**1,515.1**	1,445.6
Other non-current assets:		
Regulatory assets, non-current	**177.0**	173.8
Intangible assets, net of amortization	**17.8**	19.3
Other non-current assets	**19.7**	20.0
Non-current assets of discontinued operations and held-for-sale businesses	**—**	1.1
Total other non-current assets	**214.5**	214.2
Total assets	**$ 1,907.5**	$ 1,935.8
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Short-term and current portion of long-term debt (Note 6)	**$ 90.2**	$ 283.8
Accounts payable	**54.8**	72.6
Accrued taxes	**83.3**	79.3
Accrued interest	**18.8**	11.4
Customer deposits	**18.7**	20.7
Regulatory liabilities, current	**19.8**	27.9
Accrued and other current liabilities	**21.6**	21.2
Current liabilities of discontinued operations and held-for-sale businesses	**—**	9.0
Total current liabilities	**307.2**	525.9
Non-current liabilities:		
Long-term debt (Note 6)	**1,392.9**	1,223.3
Deferred income taxes	**173.4**	133.7
Taxes payable	**2.9**	81.1
Regulatory liabilities, non-current	**220.5**	243.6
Accrued pension and other post-retirement benefits	**69.0**	79.9
Other non-current liabilities	**18.2**	11.8
Non-current liabilities of discontinued operations and held-for-sale businesses	**—**	8.4
Total non-current liabilities	**1,876.9**	1,781.8
Commitments and contingencies (Note 10)		
Common shareholder's deficit		
Common stock:		
1,500 shares authorized; 1 share issued and outstanding	**—**	—
Other paid-in capital	**2,468.8**	2,370.7
Accumulated other comprehensive loss	**(3.6)**	(3.6)
Accumulated deficit	**(2,741.8)**	(2,739.0)
Total common shareholder's deficit	**(276.6)**	(371.9)
Total liabilities and shareholder's deficit	**$ 1,907.5**	$ 1,935.8

See Notes to Condensed Consolidated Financial Statements.

DPL INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

$ in millions	Nine months ended September 30, 2020	2019
Cash flows from operating activities:		
Net income / (loss)	**$ (2.8)**	$ 61.4
Adjustments to reconcile net income / (loss) to net cash from operating activities:		
Depreciation and amortization	**55.1**	34.2
Amortization of deferred financing costs and debt discounts	**4.4**	4.3
Loss on early extinguishment of debt	**31.7**	44.9
Deferred income taxes	**32.3**	(8.7)
Gain on disposal and sale of business, net	**(4.5)**	(0.1)
Changes in certain assets and liabilities:		
Accounts receivable, net	**12.7**	18.0
Inventories	**5.5**	(3.2)
Taxes applicable to subsequent years	**57.8**	56.2
Deferred regulatory costs, net	**(17.1)**	2.9
Accounts payable	**(24.6)**	(5.1)
Accrued taxes payable / receivable	**(63.0)**	(71.0)
Accrued interest	**7.4**	12.9
Accrued pension and other post-retirement benefits	**(10.8)**	(9.3)
Other	**(2.4)**	(1.1)
Net cash provided by operating activities	**81.7**	136.3
Cash flows from investing activities:		
Capital expenditures	**(128.7)**	(122.4)
Payments on disposal and sale of business	**(1.0)**	—
Proceeds from sale of assets [(a)]	**5.1**	—
Other investing activities, net	**(0.8)**	(3.5)
Net cash used in investing activities	**(125.4)**	(125.9)
Cash flows from financing activities:		
Payments of deferred financing costs	**(7.8)**	(9.2)
Issuance of long-term debt, net of discount	**555.0**	821.7
Retirement of long-term debt, including early payment premium	**(550.8)**	(978.0)
Borrowings from revolving credit facilities	**165.0**	133.0
Repayment of borrowings from revolving credit facilities	**(219.0)**	(35.0)
Equity contribution from parent	**98.0**	—
Other financing activities, net	**(0.1)**	(0.2)
Net cash provided by / (used in) financing activities	**40.3**	(67.7)
Cash, cash equivalents, and restricted cash:		
Net change	**(3.4)**	(57.3)
Balance at beginning of period	**47.0**	111.7
Cash, cash equivalents, and restricted cash at end of period	**$ 43.6**	$ 54.4
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	**$ 49.7**	$ 47.1
Income taxes paid / (refunded), net	**$ (51.9)**	$ 1.3
Non-cash financing and investing activities:		
Accruals for capital expenditures	**$ 16.5**	$ 2.3
Accruals from sale of business	**$ 3.0**	$ —
Non-cash capital contribution (Note 9)	**$ —**	$ 2.7

(a) Proceeds from sale of assets include $5.1 million of proceeds received from AES during the nine months ended September 30, 2020 related to the 2019 sale of software previously recorded on AES Ohio Generation. There was no gain or loss recorded on the transaction.

See Notes to Condensed Consolidated Financial Statements.

DPL INC.
Condensed Consolidated Statements of Shareholder's Deficit
(Unaudited)

$ in millions	Common Stock [a] Outstanding Shares	Common Stock [a] Amount	Other Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, January 1, 2020	**1**	**$ —**	**$ 2,370.7**	**$ (3.6)**	**$ (2,739.0)**	**$ (371.9)**
Net comprehensive income				(0.3)	1.9	1.6
Balance, March 31, 2020	**1**	**—**	**2,370.7**	**(3.9)**	**(2,737.1)**	**(370.3)**
Net comprehensive income				0.2	3.5	3.7
Capital contributions from parent			98.0			98.0
Balance, June 30, 2020	**1**	**—**	**2,468.7**	**(3.7)**	**(2,733.6)**	**(268.6)**
Net comprehensive loss				0.1	(8.2)	(8.1)
Other			0.1			0.1
Balance, September 30, 2020	**1**	**$ —**	**$ 2,468.8**	**$ (3.6)**	**$ (2,741.8)**	**$ (276.6)**

(a) 1,500 shares authorized.

$ in millions	Common Stock [a] Outstanding Shares	Common Stock [a] Amount	Other Paid-in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total
Balance, January 1, 2019	**1**	**$ —**	**$ 2,370.5**	**$ 2.2**	**$ (2,844.4)**	**$ (471.7)**
Net comprehensive income				(0.4)	42.1	41.7
Capital contributions [b]			1.5			1.5
Other			0.1			0.1
Balance, March 31, 2019	**1**	**—**	**2,372.1**	**1.8**	**(2,802.3)**	**(428.4)**
Net comprehensive loss				(0.8)	(16.1)	(16.9)
Capital contributions [b]			(1.5)			(1.5)
Balance, June 30, 2019	**1**	**—**	**2,370.6**	**1.0**	**(2,818.4)**	**(446.8)**
Net comprehensive income				(1.0)	35.4	34.4
Capital contributions [b]			2.7			2.7
Other			0.1			0.1
Balance, September 30, 2019	**1**	**$ —**	**$ 2,373.4**	**$ —**	**$ (2,783.0)**	**$ (409.6)**

(a) 1,500 shares authorized.
(b) Represents the conversion of a tax sharing payable to AES to contributed capital, as **DP&L's** 2017 ESP restricted tax sharing payments to AES during the term of the ESP. See Note 9 – Shareholder's Deficit.

See Notes to Condensed Consolidated Financial Statements.

DPL Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 – Overview and Summary of Significant Accounting Policies

Description of Business

DPL is a regional energy company organized in 1985 under the laws of Ohio. **DPL** has one reportable segment: the Utility segment. See Note 11 – Business Segments for more information relating to this reportable segment. The terms “we,” “us,” “our” and “ours” are used to refer to **DPL** and its subsidiaries.

DPL is an indirectly wholly-owned subsidiary of AES.

DP&L, a wholly-owned subsidiary of **DPL**, is a public utility incorporated in 1911 under the laws of Ohio. Beginning in 2001, Ohio law gave Ohio consumers 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 approximately 530,000 customers located in West Central Ohio. Additionally, **DP&L** provides retail SSO electric service to residential, commercial, industrial and governmental customers in a 6,000-square mile area of West Central Ohio. Principal industries located in **DP&L’s** service territory include automotive, food processing, paper, plastic, health care, data management, manufacturing and defense. **DP&L's** sales typically reflect the seasonal weather patterns and the growth of energy efficiency initiatives. However, the impacts of weather, energy efficiency programs and economic changes in customer demand were largely offset in 2019 by **DP&L’s** Decoupling Rider, which was in place from January 1, 2019 until December 18, 2019. See Note 3 – Regulatory Matters for more information. **DP&L** sells its proportional share of energy and capacity from its investment in OVEC into the wholesale market.

DPL’s other primary subsidiary is MVIC. MVIC is our captive insurance company that provides insurance services to **DP&L** and our other subsidiaries. In prior periods, AES Ohio Generation was also a primary subsidiary. In 2020, AES Ohio Generation's only operating asset was an undivided interest in Conesville, which was sold in June 2020. See Note 13 – Discontinued Operations for more information. **DPL's** subsidiaries are all wholly-owned.

DPL also has a wholly-owned business trust, DPL Capital Trust II, formed for the purpose of issuing trust capital securities to investors.

DP&L’s electric transmission and distribution businesses are subject to rate regulation by federal and state regulators. Accordingly, **DP&L** applies the accounting standards for regulated operations to its electric transmission and distribution businesses and records regulatory assets when incurred costs are expected to be recovered in future customer rates, and regulatory liabilities when current cost recoveries in customer rates relate to expected future costs.

DPL and its subsidiaries employed 631 people as of September 30, 2020, of which 630 were employed by **DP&L.** Approximately 59% of all **DPL** employees are under a collective bargaining agreement, which expired October 31, 2020. On October 29, 2020, **DP&L** reached a tentative agreement with the union. The ratification vote is set for November 9, 2020. The parties currently plan to work under the terms of the expired agreement until a new agreement is ratified.

Financial Statement Presentation

DPL’s Condensed Consolidated Financial Statements include the accounts of **DPL** and its wholly-owned subsidiaries except for DPL Capital Trust II, which is not consolidated, consistent with the provisions of GAAP.

Certain immaterial amounts from prior periods have been reclassified to conform to the current period presentation.

All material intercompany accounts and transactions are eliminated in consolidation. We have evaluated subsequent events through the date this report is issued.

These financial statements have been prepared in accordance with GAAP for interim financial statements, the instructions of Form 10-Q and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been omitted from this interim report. Therefore, our

interim financial statements in this report should be read along with the annual financial statements included in our Form 10-K for the fiscal year ended December 31, 2019.

In the opinion of our management, the Condensed Consolidated Financial Statements presented in this report contain all adjustments necessary to fairly state our financial position as of September 30, 2020; our results of operations for the three and nine months ended September 30, 2020 and 2019, our cash flows for the nine months ended September 30, 2020 and 2019 and the changes in our equity for the three and nine months ended September 30, 2020 and 2019. Unless otherwise noted, all adjustments are normal and recurring in nature. Due to various factors, interim results for the three and nine months ended September 30, 2020 may not be indicative of our results that will be realized for the full year ending December 31, 2020.

The preparation of financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the revenues and expenses of the periods reported. Actual results could differ from these estimates. Significant items subject to such estimates and judgments include: recognition of revenue including unbilled revenues, the carrying value of property, plant and equipment; the valuation of derivative instruments; the valuation of insurance and claims liabilities; the valuation of allowances for credit losses and deferred income taxes; regulatory assets and liabilities; liabilities recorded for income tax exposures; litigation; contingencies; the valuation of AROs; and assets and liabilities related to employee benefits.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a summary of cash, cash equivalents, and restricted cash amounts reported on the Condensed Consolidated Balance Sheets that reconcile to the total of such amounts as shown on the Condensed Consolidated Statements of Cash Flows:

$ in millions	**September 30, 2020**	December 31, 2019
Cash and cash equivalents	**$ 43.5**	$ 36.5
Restricted cash	**0.1**	10.5
Cash, Cash Equivalents, and Restricted Cash, End of Period	**$ 43.6**	$ 47.0

Accounting for Taxes Collected from Customers and Remitted to Governmental Authorities

DP&L collects certain excise taxes levied by state or local governments from its customers. These taxes are accounted for on a net basis and not included in revenue. The amounts of such taxes collected for the three months ended September 30, 2020 and 2019 were $13.4 million and $13.0 million, respectively. The amounts of such taxes collected for the nine months ended September 30, 2020 and 2019 were $36.7 million and $37.3 million, respectively.

New accounting pronouncements adopted in 2020 – The following table provides a brief description of recently adopted accounting pronouncements that had an impact on our consolidated financial statements. Accounting pronouncements not listed below were assessed and determined to be either not applicable or did not have a material impact on our consolidated financial statements.

ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2016-13, 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, 2020-02, 2020-03 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	See discussion of the ASU below.	January 1, 2020	See impact upon adoption of the standard below.

On January 1, 2020, we adopted ASC 326 *Financial Instruments - Credit Losses* and its subsequent corresponding updates ("ASC 326"). The new standard updates the impairment model for financial assets measured at amortized cost, known as the Current Expected Credit Loss ("CECL") model. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities are required to use a new forward-looking "expected loss" model that generally results in the earlier recognition of an allowance for credit losses. For available-for-sale debt securities with unrealized losses, entities measure credit losses as it was done under previous GAAP, except that unrealized losses due to credit-related factors are now recognized as an allowance on the balance sheet with a corresponding adjustment to earnings in the income statement.

We applied the modified retrospective method of adoption for ASC 326. Under this transition method, we applied the transition provisions starting at the date of adoption. The new current expected credit loss model primarily impacts the calculation of expected credit losses on our trade accounts receivable. The adoption of ASC 326 and application of CECL on our trade accounts receivable did not have a material impact on our condensed consolidated financial statements.

New Accounting Pronouncements Issued But Not Yet Effective – The following table provides a brief description of recent accounting pronouncements that could have a material impact on our consolidated financial statements. Accounting pronouncements not listed below were assessed and determined to be either not applicable or are expected to have no material impact on our consolidated financial statements.

ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2020-04, Reference Rate Form (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	The standard provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference to LIBOR or another reference rate expected to be discontinued by reference rate reform. This standard is effective for a limited period of time (March 12, 2020 - December 21, 2022).	Effective for all entities March 12, 2020 - December 31, 2022	We are currently evaluating the impact of adopting the standard on our condensed consolidated financial statements.

Note 2 – Supplemental Financial Information

Accounts receivable are as follows at September 30, 2020 and December 31, 2019:

$ in millions	September 30, 2020	December 31, 2019
Accounts receivable, net:		
Customer receivables	**$ 52.2**	$ 45.7
Unbilled revenue	**15.1**	19.4
Amounts due from affiliates	**0.2**	0.3
Due from PJM transmission enhancement settlement	**1.8**	1.8
Other	**2.1**	1.1
Allowance for credit losses	**(3.2)**	(0.4)
Total accounts receivable, net	**$ 68.2**	$ 67.9

The following table is a rollforward of our allowance for credit losses related to the accounts receivable balances for the nine months ended September 30, 2020:

$ in millions	Beginning Allowance Balance at January 1, 2020	Current Period Provision	Write-offs Charged Against Allowances	Recoveries Collected	Ending Allowance Balance at September 30, 2020
Allowance for credit losses	$ 0.4	$ 2.7	$ (3.5)	$ 3.6	$ 3.2

The allowance for credit losses primarily relates to utility customer receivables, including unbilled amounts. Expected credit loss estimates are developed by disaggregating customers into those with similar credit risk characteristics and using historical credit loss experience. In addition, we also consider how current and future economic conditions are expected to impact collectability, as applicable, including the economic impacts of the COVID-19 pandemic on our receivable balance as of September 30, 2020. Amounts are written off when reasonable collections efforts have been exhausted. On March 12, 2020, the PUCO issued an emergency order prohibiting electric utilities, including us, from discontinuing electric utility service to customers through September 1, 2020 due to the economic impacts of COVID-19. This order along with the economic impacts of COVID-19 has resulted in an increase in past due customer receivable balances, and thus the current period provision and the allowance for credit losses have increased during 2020. See Note 14 – Risks and Uncertainties for additional discussion of the COVID-19 pandemic.

Inventories consist of materials and supplies at September 30, 2020 and December 31, 2019.

Accumulated other comprehensive loss

The amounts reclassified out of Accumulated Other Comprehensive Loss by component during the three and nine months ended September 30, 2020 and 2019 are as follows:

Details about Accumulated Other Comprehensive Loss components	Affected line item in the Condensed Consolidated Statements of Operations	Three months ended September 30,		Nine months ended September 30,	
$ in millions		**2020**	2019	**2020**	2019
Gains and losses on cash flow hedges (Note 5):					
	Interest expense	**$ (0.3)**	$ (0.3)	**$ (0.9)**	$ (0.9)
	Income tax expense / (benefit)	**—**	(0.1)	**0.1**	—
	Net of income taxes	**(0.3)**	(0.4)	**(0.8)**	(0.9)
	Income tax benefit from discontinued operations	**—**	(0.4)	**—**	(0.4)
Amortization of defined benefit pension items (Note 8):					
	Other expense	**0.3**	0.1	**0.9**	0.2
	Income tax benefit	**—**	(0.1)	**(0.1)**	(0.1)
	Net of income taxes	**0.3**	—	**0.8**	0.1
Total reclassifications for the period, net of income taxes		**$ —**	$ (0.8)	**$ —**	$ (1.2)

The changes in the components of Accumulated Other Comprehensive Loss during the nine months ended September 30, 2020 are as follows:

$ in millions	Gains / (losses) on cash flow hedges	Change in unfunded pension and postretirement benefit obligations	Total
Balance at January 1, 2020	**$ 14.5**	**$ (18.1)**	**$ (3.6)**
Other comprehensive income / (loss) before reclassifications	**—**	**—**	**—**
Amounts reclassified from AOCL to earnings	**(0.8)**	**0.8**	**—**
Net current period other comprehensive income / (loss)	**(0.8)**	**0.8**	**—**
Balance at September 30, 2020	**$ 13.7**	**$ (17.3)**	**$ (3.6)**

Note 3 – Regulatory Matters

ESP v. MRO and SEET Proceedings

Ohio law requires utilities to file either an ESP or MRO plan to establish SSO rates. From November 1, 2017 through December 18, 2019, **DP&L** operated pursuant to an approved ESP plan, which was initially approved on October 20, 2017 (ESP 3). On November 21, 2019, the PUCO issued a supplemental order modifying ESP 3, and as a result **DP&L** filed a Notice of Withdrawal of its ESP 3 Application and requested to revert to the ESP rates that were in effect prior to ESP 3. The Notice of Withdrawal was approved by the PUCO on December 18, 2019. The PUCO order required, among other things, **DP&L** to conduct both an ESP v. MRO Test to validate that the ESP is expected to be more favorable in the aggregate than what would be experienced under an MRO, and a prospective SEET, which were filed with the PUCO on April 1, 2020. **DP&L** is also subject to an annual retrospective SEET.

On October 23, 2020, **DP&L** entered into a Stipulation and Recommendation (settlement) with the staff of the PUCO and various customers, and organizations representing customers of **DP&L** and certain other parties with respect to, among other matters, **DP&L's** applications pending at the PUCO for (i) approval of **DP&L's** plan to modernize its distribution grid (the Smart Grid Plan), (ii) findings that **DP&L** passed the SEET for 2018 and 2019, and (iii) findings that **DP&L's** current ESP 1 satisfies the SEET and the more favorable in the aggregate (MFA) regulatory test. The settlement is subject to, and conditioned upon, approval by the PUCO. A hearing has been set for January 11, 2021 for consideration of this settlement. The settlement would provide, among other items, for the following:

- Approval of the Smart Grid Plan outlined in the Smart Grid Plan application filed by **DP&L** with the PUCO, as modified by the terms of the settlement, including, subject to offsetting operational benefits and certain

other conditions, a return on and recovery of up to $249.0 million of Smart Grid Plan Phase 1 capital investments and recovery of operational and maintenance expenses through **DP&L's** existing Infrastructure Investment Rider for a term of four years, under an aggregate cap of $267.6 million on the amount of such investments and expenses that is recoverable, and an acknowledgement that **DP&L** may file a subsequent application with the PUCO within three years seeking approvals for Phase 2 of the Smart Grid Plan;

- A commitment by **DP&L** to invest in a customer information system and supporting technologies during Phase 1 of the Smart Grid Plan, with **DP&L** recovering a return on and of prudently incurred capital investments and operational and maintenance expenses, including deferred operational and maintenance expense amounts, in a future rate case;
- A determination that **DP&L's** ESP 1 satisfies the prospective SEET and the MFA regulatory test;
- A recommendation by parties to the settlement that the PUCO also finds that **DP&L** satisfies the retrospective SEET for 2018 and 2019;
- A commitment by **DP&L** to file an application with the PUCO no later than October 1, 2023 for a new electric security plan that does not seek to implement certain non-bypassable charges, including those related to provider of last resort risks, stability, or financial integrity; and
- DP&L shareholder funding, in an aggregate amount of approximately $30.0 million over four years, for certain economic development discounts, incentives, and grants to certain commercial and industrial customers, including hospitals and manufacturers, assistance for low-income customers as well as the residents and businesses of the City of Dayton, and promotion of solar and resiliency development within **DP&L's** service territory.

Certain parties which intervened in the ESP proceedings have filed petitions for rehearing of the recent PUCO ESP orders; some of which seek to eliminate **DP&L's** RSC from the ESP 1 rates that are currently in place and others seek to re-implement the 2017 ESP, but without the DMR. We are unable to predict the outcomes of these petitions, but if these result in terms that are more adverse than **DP&L's** current ESP rate plan, it could have a material adverse effect on our results of operations, financial condition and cash flows. The parties signing the above-referenced settlement have agreed to withdraw their respective petitions if the settlement is approved by the PUCO without material modification.

Decoupling

On January 23, 2020 **DP&L** filed with the PUCO requesting approval to defer its decoupling costs consistent with the methodology approved in its Distribution Rate Case. If approved, deferral would be effective December 18, 2019 and going forward would reduce impacts of weather, energy efficiency programs and economic changes in customer demand.

COVID-19

In response to the PUCO's COVID-19 emergency orders, **DP&L** filed an Application on March 23, 2020, requesting waivers of certain rule and tariff requirements and deferral of certain costs and revenues including those related to deposits and reconnection fees, late payment fees, credit card fees; and waived or uncollected amounts associated with putting customers on payment plans. On May 20, 2020, the PUCO approved the application and required **DP&L** to file a plan outlining the timing and steps it plans to take in an effort to return to normal operations. The authorized deferral of those certain costs and revenues must be offset by COVID-19 related savings. **DP&L** filed its plan on July 15, 2020 and was approved by the PUCO on August 12, 2020. As a result, **DP&L** has recorded a $0.8 million regulatory asset as of September 30, 2020. Recovery of these deferrals will be addressed in a future rate proceeding.

FERC Proceedings

On November 15, 2018 the FERC issued a Notice of Proposed Rulemaking (NOPR) to address amortization of excess accumulated deferred income taxes resulting from the TCJA and their impact on transmission rates. Such notice requires all public utility transmission providers with stated transmission rates under an Open Access Transmission Tariff (OATT) to determine the amount of excess deferred income taxes caused by the TCJA. On March 3, 2020, **DP&L** filed an application before the FERC to change its transmission rate from a stated rate to a formula rate, which was accepted by the FERC and made effective as of May 3, 2020, subject to further proceeding and potential refunds. The formula rate includes adjustments to flow back over time the excess deferred income taxes caused by the TCJA. The NOPR, therefore, no longer applies to **DP&L**. The rate changes will increase revenues by approximately $4.1 million through the end of 2020 as of the effective date, subject to refund based on final approved rates.

Note 4 – Fair Value

The fair value of current financial assets and liabilities, debt service reserves and other deposits approximate their reported carrying amounts. The estimated fair values of our assets and liabilities have been determined using available market information. By virtue of these amounts being estimates and based on hypothetical transactions to sell assets or transfer liabilities, the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. For further information on our valuation techniques and policies, see Note 5—*Fair Value* in Item 8. — *Financial Statements and Supplementary Data* of our Form 10-K.

The following table presents the fair value, carrying value and cost of our non-derivative instruments at September 30, 2020 and December 31, 2019. Further information about the fair value of our derivative instruments can be found in Note 5 – Derivative Instruments and Hedging Activities.

	September 30, 2020		December 31, 2019	
$ in millions	**Cost**	**Fair Value**	Cost	Fair Value
Assets				
Money market funds	**$ 0.2**	**$ 0.2**	$ 0.3	$ 0.3
Equity securities	**2.1**	**3.9**	2.3	4.2
Debt securities	**4.0**	**4.1**	4.0	4.1
Hedge funds	**—**	**—**	0.1	0.1
Tangible assets	**—**	**—**	0.1	0.1
Total Assets	**$ 6.3**	**$ 8.2**	$ 6.8	$ 8.8
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Liabilities				
Long-term debt	**$ 1,393.1**	**$ 1,499.4**	$ 1,363.1	$ 1,404.0

These financial instruments are not subject to master netting agreements or collateral requirements and as such are presented in the Condensed Consolidated Balance Sheet at their gross fair value, except for Long-term debt, which is presented at amortized carrying value.

We did not have any transfers of the fair values of our financial instruments between Level 1, Level 2 or Level 3 of the fair value hierarchy during the nine months ended September 30, 2020 or 2019.

Master Trust Assets

DP&L established a Master Trust to hold assets that could be used for the benefit of employees participating in employee benefit plans and these assets are not used for general operating purposes. These assets are primarily comprised of open-ended mutual funds, which are valued using the net asset value per unit. These investments are recorded at fair value within Other deferred assets on the Condensed Consolidated Balance Sheets and classified as equity investments. We recorded net unrealized gains / (losses) of $0.3 million and $(0.1) million during the three months ended September 30, 2020 and 2019, respectively, and $0.0 million and $0.6 million during the during the nine months ended September 30, 2020 and 2019, respectively. These amounts are included in "Other income" in our Condensed Consolidated Statements of Operations.

Long-term debt

The fair value of debt is based on current public market prices for disclosure purposes only. Unrealized gains or losses are not recognized in the financial statements as long-term debt is presented at carrying value, net of unamortized premium or discount and unamortized deferred financing costs in the financial statements. The long-term debt amounts include the current portion payable in the next twelve months and have maturities that range from 2020 to 2061.

The fair value of assets and liabilities at September 30, 2020 and December 31, 2019 and the respective category within the fair value hierarchy for **DPL** is as follows:

$ in millions	**Fair value at September 30, 2020 (a)**				Fair value at December 31, 2019 (a)			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets								
Master Trust assets								
Money market funds	**$ 0.2**	**$ —**	**$ —**	**$ 0.2**	$ 0.3	$ —	$ —	$ 0.3
Equity securities	**—**	**3.9**	**—**	**3.9**	—	4.2	—	4.2
Debt securities	**—**	**4.1**	**—**	**4.1**	—	4.1	—	4.1
Hedge funds	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Tangible assets	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total Master Trust assets	**0.2**	**8.0**	**—**	**8.2**	0.3	8.5	—	8.8
Derivative assets								
Interest rate hedges	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total Derivative assets	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total Assets	**$ 0.2**	**$ 8.0**	**$ —**	**$ 8.2**	$ 0.3	$ 8.6	$ —	$ 8.9
Liabilities								
Long-term debt	**$ —**	**$ 1,482.0**	**$ 17.4**	**$ 1,499.4**	$ —	$ 1,386.5	$ 17.5	$ 1,404.0
Total Liabilities	**$ —**	**$ 1,482.0**	**$ 17.4**	**$ 1,499.4**	$ —	$ 1,386.5	$ 17.5	$ 1,404.0

(a) Includes credit valuation adjustment

All of the inputs to the fair value of our derivative instruments are from quoted market prices.

Our long-term debt is fair valued for disclosure purposes only and most of the fair values are determined using quoted market prices in inactive markets. These fair value inputs are considered Level 2 in the fair value hierarchy. As the Wright-Patterson Air Force Base note is not publicly traded, the fair value inputs are considered Level 3 in the fair value hierarchy as there are no observable inputs. Additional Level 3 disclosures are not presented since our long-term debt is not recorded at fair value.

Note 5 – Derivative Instruments and Hedging Activities

For further information on our derivative and hedge accounting policies, See Note 1 – *Overview and Summary of Significant Accounting Policies – Financial Derivatives* and Note 6 - *Derivative Instruments and Hedging Activities* of Item 8 – *Financial Statements and Supplementary Data* in our Form 10-K.

Cash Flow Hedges

In August 2020, the two interest rate swaps to hedge the variable interest on the $140.0 million variable interest rate tax-exempt First Mortgage Bonds expired, as the associated debt reached maturity. The interest rate swaps had a combined notional amount of $140.0 million and settled monthly based on a one-month LIBOR. The AOCL associated with the swaps was amortized out of AOCL into interest expense over the life of the underlying debt.

We had previously entered into interest rate derivative contracts to manage interest rate exposure related to anticipated borrowings of fixed-rate debt. These interest rate derivative contracts were settled in 2013 and we continue to amortize amounts out of AOCL into interest expense.

The following tables provide information concerning gains or losses recognized in AOCL for the cash flow hedges for the three and nine months ended September 30, 2020 and 2019:

	Three months ended		
	September 30, 2020	September 30, 2019	
$ in millions (net of tax)	**Interest Rate Hedge**	Interest Rate Hedge	Power
Beginning accumulated derivative gains in AOCL	**$ 13.9**	$ 15.3	$ 0.4
Net gains / (losses) associated with current period hedging transactions	**0.1**	(0.2)	—
Net gains reclassified to earnings			
Interest expense	**(0.3)**	(0.4)	—
Income from discontinued operations	**—**	—	(0.4)
Ending accumulated derivative gains in AOCL	**$ 13.7**	$ 14.7	$ —

	Nine months ended		
	September 30, 2020	September 30, 2019	
$ in millions (net of tax)	**Interest Rate Hedge**	Interest Rate Hedge	Power
Beginning accumulated derivative gains in AOCL	**$ 14.5**	$ 16.6	$ 0.4
Net losses associated with current period hedging transactions	**—**	(1.0)	—
Net gains reclassified to earnings			
Interest expense	**(0.8)**	(0.9)	—
Income from discontinued operations	**—**	—	(0.4)
Ending accumulated derivative gains in AOCL	**$ 13.7**	$ 14.7	$ —
Portion expected to be reclassified to earnings in the next twelve months	**$ (0.1)**		
Maximum length of time that we are hedging our exposure to variability in future cash flows related to forecasted transactions (in months)	**0**		

Financial Statement Effect

DPL has elected not to offset derivative assets and liabilities and not to offset net derivative positions against the right to reclaim cash collateral pledged (an asset) or the obligation to return cash collateral received (a liability) under derivative agreements. The fair value derivative position of **DPL's** interest rate swaps are as follows:

$ in millions (net of tax)	Hedging Designation	Balance sheet classification	**September 30, 2020**	December 31, 2019
Interest rate swap	**Cash Flow Hedge**	**Prepayments and other current assets**	**$ —**	$ 0.1

Note 6 – Long-term Debt

The following table summarizes **DPL's** long-term debt.

$ in millions	Interest Rate	Maturity	**September 30, 2020**	December 31, 2019
First Mortgage Bonds	3.95%	2049	**$ 425.0**	$ 425.0
First Mortgage Bonds	3.20%	2040	**140.0**	—
Tax-exempt First Mortgage Bonds - rates from 2.40% - 2.93% (a) and 1.15% - 2.47% (b)		2020	**—**	140.0
U.S. Government note	4.20%	2061	**17.4**	17.5
Unamortized deferred financing costs			**(5.7)**	(5.4)
Unamortized debt discounts and premiums, net			**(2.6)**	(2.7)
Total long-term debt at **DP&L**			**574.1**	574.4
Senior unsecured bonds	7.25%	2021	**—**	380.0
Senior unsecured bonds	4.125%	2025	**415.0**	—
Senior unsecured bonds	4.35%	2029	**400.0**	400.0
Note to DPL Capital Trust II (c)	8.125%	2031	**15.6**	15.6
Unamortized deferred financing costs			**(10.6)**	(5.9)
Unamortized debt discounts and premiums, net			**(1.0)**	(1.0)
Total long-term debt			**1,393.1**	1,363.1
Less: current portion			**(0.2)**	(139.8)
Long-term debt, net of current portion			**$ 1,392.9**	$ 1,223.3

(a) Range of interest rates for the nine months ended September 30, 2020.
(b) Range of interest rates for the year ended December 31, 2019.
(c) Note payable to related party.

Lines of credit

At September 30, 2020 and December 31, 2019, **DPL** had outstanding borrowings on its line of credit of $90.0 million and $104.0 million, respectively. At September 30, 2020 and December 31, 2019, **DP&L** had outstanding borrowings on its line of credit of $0.0 million and $40.0 million, respectively.

Significant transactions

On July 31, 2020, **DP&L** issued $140.0 million of taxable First Mortgage Bonds and on August 3, 2020 used the proceeds to purchase at par value the $140.0 million of outstanding tax-exempt Ohio Air Quality Development Authority (OAQDA) Collateralized Pollution Control Revenue Refunding Bonds that had been issued in 2015. The new taxable First Mortgage Bonds carry an interest rate of 3.20% and mature on July 31, 2040. The OAQDA Revenue bonds have not been legally cancelled and can be re-issued at the discretion of **DP&L** at any time. These bonds will be held in trust while we continue to evaluate market conditions and explore suitable long-term financing alternatives. Accordingly, at September 30, 2020, the $140.0 million variable rate OAQDA Revenue bonds are not treated as being outstanding in the Condensed Consolidated Balance Sheet.

On June 19, 2020 **DPL** closed a $415.0 million issuance of senior unsecured notes. These notes carry an interest rate of 4.125% and mature on July 1, 2025. Proceeds from the issuance and cash on hand were used to redeem in-full the remaining balance of $380.0 million of **DPL's** 7.25% senior unsecured notes. These bonds were redeemed at par plus accrued interest and a make-whole premium of $30.8 million on July 20, 2020.

On June 1, 2020 **DPL** amended its secured revolving credit facility. As a result of the amendment, the borrowing limit was reduced from $125.0 million to $110.0 million, the Total Debt to EBITDA covenant was eliminated, the EBITDA to Interest Expense covenant was reduced from 2.25 to 1.00 to 1.70 to 1.00, increasing to 1.75 to 1.00 as of September 30, 2022 and 2.00 to 1.00 as of December 31, 2022, and a trailing-twelve months minimum EBITDA covenant of $125.0 million was added, increasing to $130.0 million as of September 30, 2022 and $150.0 million as of December 31, 2022. Starting with the quarter ended September 30, 2021, the borrowing limit will be reduced by $5.0 million per quarter should **DPL's** Total Debt to EBITDA ratio calculated for the period of four consecutive quarters exceed 7.00 to 1.00.

Long-term debt covenants and restrictions

DPL's revolving credit agreement has two financial covenants. The first financial covenant, a minimum EBITDA, calculated at the end of each fiscal quarter for the four prior fiscal quarters, of $125.0 million is required, stepping up

to $130.0 million on September 30, 2022 and $150.0 million on December 31, 2022. As of September 30, 2020, this financial covenant was in compliance.

The second financial covenant is an EBITDA to Interest Expense ratio that is calculated, at the end of each fiscal quarter, by dividing EBITDA for the four prior fiscal quarters by the consolidated interest charges for the same period. The ratio, per the agreement, is to be not less than 1.70 to 1.00, and steps up to 1.75 to 1.00 on September 30, 2022 and 2.00 to 1.00 as of December 31, 2022. As of September 30, 2020, this financial covenant was met with a ratio of 2.72 to 1.00.

DPL's secured revolving credit agreement also restricts dividend payments from **DPL** to AES, such that **DPL** cannot make dividend payments unless at the time of, and/or as a result of the distribution, (i) **DPL's** leverage ratio does not exceed 0.67 to 1.00 and **DPL's** interest coverage ratio is not less than 2.50 to 1.00 or, if such ratios are not within the parameters, (ii) **DPL's** senior long-term debt rating from two of the three major credit rating agencies is at least investment grade. As a result, as of September 30, 2020, **DPL** was prohibited from making a distribution to its shareholder or making a loan to any of its affiliates (other than its subsidiaries).

DP&L's unsecured revolving credit facility and Bond Purchase Agreement (financing document entered into in connection with the issuance of **DP&L's** First Mortgage Bonds, on July 31, 2020) has one financial covenant. The covenant measures Total Debt to Total Capitalization and is calculated, at the end of each fiscal quarter, by dividing total debt at the end of the quarter by total capitalization at the end of the quarter. **DP&L's** Total Debt to Total Capitalization ratio shall not be greater than 0.67 to 1.00. This financial covenant was met with a ratio of 0.48 to 1.00 as of September 30, 2020.

As of September 30, 2020, **DPL** and **DP&L** were in compliance with all debt covenants, including the financial covenants described above.

DP&L does not have any meaningful restrictions in its debt financing documents prohibiting dividends to its parent, **DPL.**

Substantially all property, plant & equipment of **DP&L** is subject to the lien of the mortgage securing **DP&L's** First and Refunding Mortgage.

Note 7 – Income Taxes

The following table details the effective tax rates for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
DPL	**55.2%**	(35.6)%	**71.1%**	(9.8)%

DPL's effective combined state and federal income tax rate for all operations was 55.2% and 71.1% for the three and nine months ended September 30, 2020, respectively. This rate is higher than the combined federal and state statutory rate of 22.3% primarily due to the flowthrough of the net tax benefit related to the reversal of excess deferred taxes of **DP&L** and the reversal of an uncertain tax position; these benefits were partially offset by an adjustment to the deferred tax balances. For the nine months ended September 30, 2020, **DPL's** current period tax benefit was calculated using the limitations prescribed in ASC 740-270-30-28 as **DPL's** year-to-date pre-tax loss exceeded the amount of the anticipated full-year pre-tax loss.

DPL's income tax expense for the nine months ended September 30, 2019 was calculated using the estimated annual effective income tax rates for 2019 of (10.1)%. Management estimates the annual effective tax rate based on its forecast of annual pre-tax income.

AES files federal and state income tax returns which consolidate **DPL** and its subsidiaries. Under a tax sharing agreement with AES, **DPL** is responsible for the income taxes associated with its own taxable income and records the provision for income taxes using a separate return method. Effective with the approval of **DP&L's** 2017 ESP, through November 21, 2019, **DPL** was restricted from making tax sharing payments to AES throughout the term of the DMR and amounts that would otherwise have been tax sharing liabilities were converted to deemed capital

contributions. With the November 21, 2019 order from the PUCO that removed the DMR, this requirement was eliminated.

During the nine months ended September 30, 2020, **DPL** received a payment from AES of $52.0 million against its tax receivable balance as part of a $150.0 million payment from AES. See Note 9 – Shareholder's Deficit for additional information.

Note 8 – Benefit Plans

DP&L sponsors a defined benefit pension plan for the majority of its employees.

We generally fund pension plan benefits as accrued in accordance with the minimum funding requirements of ERISA and, in addition, make voluntary contributions from time to time. There were $7.5 million in employer contributions during each of the nine-month periods ended September 30, 2020 and 2019.

The amounts presented in the following tables for pension include the collective bargaining plan formula, the traditional management plan formula, the cash balance plan formula and the SERP, in the aggregate. The pension costs below have not been adjusted for amounts billed to the Service Company for former **DP&L** employees who are now employed by the Service Company that are still participants in the **DP&L** plan.

The net periodic benefit cost of the pension benefit plans for the three and nine months ended September 30, 2020 and 2019 was:

	Three months ended September 30,		**Nine months ended September 30,**	
$ in millions	**2020**	**2019**	**2020**	2019
Service cost	**$ 0.9**	$ 0.9	**$ 2.8**	$ 2.7
Interest cost	**2.9**	3.7	**8.8**	11.2
Expected return on plan assets	**(4.6)**	(5.0)	**(14.0)**	(15.0)
Amortization of unrecognized:				
Prior service cost	**0.3**	0.3	**0.8**	0.9
Actuarial loss	**1.5**	1.1	**4.6**	3.2
Net periodic benefit cost	**$ 1.0**	$ 1.0	**$ 3.0**	$ 3.0

In addition, **DP&L** provides postretirement health care and life insurance benefits to certain retired employees, their spouses and eligible dependents. We have funded a portion of the union-eligible benefits using a Voluntary Employee Beneficiary Association Trust. These postretirement health care benefits and the related unfunded obligation of $9.1 million at September 30, 2020 and $9.6 million at December 31, 2019 were not material to the financial statements in the periods covered by this report.

Note 9 – Shareholder's Deficit

Capital Contributions from AES

In **DP&L's** six-year 2017 ESP, the PUCO imposed restrictions on **DPL** making dividend payments to its parent company, AES, during the term of the ESP, as well as on making tax-sharing payments to AES during the term of the DMR. The PUCO also required that existing tax payments owed by **DPL** to AES, and similar tax payments that accrue during the term of the DMR, be converted into equity investments in **DPL**. With the November 21, 2019 order from the PUCO that removed the DMR and the subsequent approval of **DP&L's** ESP 1 rate plan, these requirements were eliminated. See Note 3 – Regulatory Matters in Item 8. — *Financial Statements and Supplementary Data* of our Form 10-K for additional information on changes to **DP&L's** ESP and the removal of the DMR.

For the nine months ended September 30, 2019, AES made a capital contribution of $2.7 million by converting the amount owed to it by **DPL** related to tax-sharing payments for current tax liabilities.

During the nine months ended September 30, 2020, **DPL** received $150.0 million in a cash contribution from AES, which **DPL** then used to make a $150.0 million capital contribution to **DP&L**. The contribution at **DPL** represented an equity capital contribution of $98.0 million and a payment of $52.0 million against its tax receivable. The proceeds from the capital

contribution at **DP&L** will primarily be used for funding needs to support **DP&L's** capital expenditure program, mainly new investments in and upgrades to **DP&L's** transmission and distribution system.

Note 10 – Contractual Obligations, Commercial Commitments and Contingencies

Guarantees

In the normal course of business, **DPL** enters into various agreements with its wholly-owned subsidiary, AES Ohio Generation, providing financial or performance assurance to third parties. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to this subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish this subsidiary's intended commercial purposes.

At September 30, 2020, **DPL** had $1.9 million of guarantees on behalf of AES Ohio Generation to third parties for future financial or performance assurance under such agreements. The guarantee arrangements entered into by **DPL** with these third parties cover select present and future obligations of AES Ohio Generation to such beneficiaries and are terminable by **DPL** upon written notice to the beneficiaries within a certain time. At September 30, 2020 and December 31, 2019, we had no outstanding balance of obligations covered by these guarantees.

To date, **DPL** has not incurred any losses related to the guarantees of AES Ohio Generation'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.

Equity Ownership Interest

DP&L has a 4.9% equity ownership interest in OVEC, which is recorded using the cost method of accounting under GAAP. **DP&L**, along with several non-affiliated energy companies party to an OVEC arrangement, receive and pay for OVEC capacity and energy and are responsible for OVEC debt obligations and other fixed costs in proportion to their power participation ratios under the arrangement which, for **DP&L,** is the same as its equity ownership interest. At September 30, 2020, **DP&L** could be responsible for the repayment of 4.9%, or $63.4 million, of $1,294.3 million OVEC debt obligations if they came due, comprised of both fixed and variable rate securities with maturities from 2022 to 2040. OVEC could also seek additional contributions from **DP&L** to avoid a default in the event that other OVEC members defaulted on their respective OVEC obligations. One of the other OVEC members had filed for bankruptcy protection and the bankruptcy court had approved that member's rejection of the OVEC arrangement and its related obligations. Subsequent to that decision, another entity has assumed that member's ownership interest and all related liabilities.

Contingencies

In the normal course of business, we are subject to various lawsuits, actions, proceedings, claims and other matters asserted under various laws and regulations. We believe the amounts provided in our Condensed Consolidated Financial Statements, as prescribed by GAAP, are adequate considering the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our Condensed Consolidated Financial Statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of September 30, 2020, cannot be reasonably determined.

Environmental Matters

DPL's and **DP&L's** current and previously-owned facilities and operations are subject to a wide range of federal, state and local environmental regulations and laws. The environmental issues that may affect us include:

- The federal CAA and state laws and regulations (including State Implementation Plans) which require compliance, obtaining permits and reporting as to air emissions;
- Litigation with federal and certain state governments and certain special interest groups;
- Rules and future rules issued by the USEPA, the Ohio EPA or other authorities associated with the federal Clean Water Act, which prohibits the discharge of pollutants into waters of the United States except pursuant to appropriate permits; and
- Solid and hazardous waste laws and regulations, which govern the management and disposal of certain waste. The majority of solid waste created from the combustion of coal and fossil fuels consists of fly ash and other coal combustion by-products.

In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. In the normal course of business, we have investigatory and remedial activities underway at our facilities to comply, or to determine compliance, with such regulations. We record liabilities for loss contingencies related to environmental matters when a loss is probable of occurring and can be reasonably estimated in accordance with the provisions of GAAP. Accordingly, we have immaterial accruals for loss contingencies for environmental matters. We also have several environmental matters for which we have not accrued loss contingencies because the risk of loss is not probable, or a loss cannot be reasonably estimated. We evaluate the potential liability related to environmental matters quarterly and may revise our estimates. Such revisions in the estimates of the potential liabilities could have a material adverse effect on our results of operations, financial condition and cash flows.

We have several pending environmental matters associated with our previously-owned coal-fired generation units. Some of these matters could have a material adverse effect on our results of operations, financial condition and cash flows.

Note 11 – Business Segments

DPL manages its business through one reportable operating segment, the Utility segment. The primary segment performance measure is income / (loss) from continuing operations before income tax as management has concluded that this measure best reflects the underlying business performance of **DPL** and is the most relevant measure considered in **DPL's** internal evaluation of the financial performance of its segment. The Utility segment is discussed further below.

Utility Segment

The Utility segment is comprised of **DP&L's** electric transmission and distribution businesses, which distribute electricity to residential, commercial, industrial and governmental customers. **DP&L** distributes electricity to approximately 530,000 retail customers located in a 6,000-square mile area of West Central Ohio. **DP&L's** electric transmission and distribution businesses are subject to rate regulation by federal and state regulators. Accordingly, **DP&L** applies the accounting standards for regulated operations to its electric transmission and distribution businesses recording regulatory assets when incurred costs are expected to be recovered in future customer rates and regulatory liabilities when current cost recoveries in customer rates relate to expected future costs. The Utility segment includes revenues and costs associated with our investment in OVEC and **DP&L's** Hutchings Coal generating facility, which was closed in 2013. This facility did not transfer to AES Ohio Generation as part of **DP&L's** Generation Separation on October 1, 2017. Thus, it is grouped within the Utility segment for segment reporting purposes. In addition, regulatory deferrals and collections, which include collections and amortization of fuel deferrals from historical periods, are included in the Utility segment.

Included within the "Other" column are other businesses that do not meet the GAAP requirements for disclosure as reportable segments as well as certain corporate costs, which include interest expense and loss on early extinguishment of debt on **DPL's** long-term debt as well as adjustments related to purchase accounting from the Merger. The accounting policies of the reportable segment are the same as those described in Note 1 – Overview and Summary of Significant Accounting Policies of our 10-K. Intersegment sales, costs of sales and expenses are eliminated in consolidation. Certain shared and corporate costs are allocated between "Other" and the Utility reporting segment.

The following tables present financial information for **DPL's** Utility reportable business segment:

$ in millions	**Utility**	**Other**	**Adjustments and Eliminations**	**DPL Consolidated**
Three months ended September 30, 2020				
Revenues from external customers	**$ 176.8**	**$ 2.0**	**$ —**	**$ 178.8**
Intersegment revenues	**0.2**	**1.0**	**(1.2)**	**—**
Total revenues	**$ 177.0**	**$ 3.0**	**$ (1.2)**	**$ 178.8**
Depreciation and amortization	**$ 18.2**	**$ 0.4**	**$ —**	**$ 18.6**
Interest expense	**$ 5.9**	**$ 11.2**	**$ —**	**$ 17.1**
Loss on early extinguishment of debt	**$ —**	**$ 31.7**	**$ —**	**$ 31.7**
Income / (loss) from continuing operations before income tax	**$ 21.3**	**$ (41.0)**	**$ —**	**$ (19.7)**
Capital expenditures	**$ 44.6**	**$ 0.1**	**$ —**	**$ 44.7**

$ in millions	Utility	Other	Adjustments and Eliminations	DPL Consolidated
Three Months Ended September 30, 2019				
Revenues from external customers	$ 190.9	$ 2.0	$ —	$ 192.9
Intersegment revenues	0.2	0.8	(1.0)	—
Total revenues	$ 191.1	$ 2.8	$ (1.0)	$ 192.9
Depreciation and amortization	$ 17.4	$ 0.3	$ —	$ 17.7
Interest expense	$ 6.1	$ 12.2	$ —	$ 18.3
Income / (loss) from continuing operations before income tax	$ 37.7	$ (10.6)	$ —	$ 27.1
Capital expenditures	$ 58.9	$ 0.1	$ —	$ 59.0

$ in millions	**Utility**	**Other**	**Adjustments and Eliminations**	**DPL Consolidated**
Nine months ended September 30, 2020				
Revenues from external customers	**$ 498.4**	**$ 6.7**	**$ —**	**$ 505.1**
Intersegment revenues	**0.7**	**2.7**	**(3.4)**	**—**
Total revenues	**$ 499.1**	**$ 9.4**	**$ (3.4)**	**$ 505.1**
Depreciation and amortization	**$ 53.7**	**$ 1.1**	**$ —**	**$ 54.8**
Interest expense	**$ 18.5**	**$ 36.9**	**$ —**	**$ 55.4**
Loss on early extinguishment of debt	**$ —**	**$ 31.7**	**$ —**	**$ 31.7**
Income / (loss) from continuing operations before income tax	**$ 49.7**	**$ (63.3)**	**$ —**	**$ (13.6)**
Capital expenditures	**$ 125.1**	**$ 3.6**	**$ —**	**$ 128.7**

$ in millions	Utility	Other	Adjustments and Eliminations	DPL Consolidated
Nine months ended September 30, 2019				
Revenues from external customers	$ 569.4	$ 7.1	$ —	$ 576.5
Intersegment revenues	0.8	2.4	(3.2)	—
Total revenues	$ 570.2	$ 9.5	$ (3.2)	$ 576.5
Depreciation and amortization	$ 52.9	$ 1.1	$ —	$ 54.0
Interest expense	$ 19.9	$ 43.8	$ —	$ 63.7
Loss on early extinguishment of debt	$ —	$ 44.9	$ —	$ 44.9
Income / (loss) from continuing operations before income tax	$ 108.8	$ (83.1)	$ —	$ 25.7
Capital expenditures	$ 121.1	$ 1.3	$ —	$ 122.4

Total Assets	September 30, 2020	December 31, 2019
Utility	$ 1,890.5	$ 1,883.2
All Other [(a)]	17.0	52.6
DPL Consolidated	$ 1,907.5	$ 1,935.8

(a) "All Other" includes Total assets related to the assets of discontinued operations and held-for-sale businesses and Eliminations for all periods presented. "All Other" Total assets at June 30, 2020 is primarily cash on hand from debt issuances.

Note 12 – Revenue

Revenue is primarily earned from retail and wholesale electricity sales and electricity transmission and distribution delivery services. Revenue is recognized upon transfer of control to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Revenue is recorded net of any taxes assessed on and collected from customers, which are remitted to the governmental authorities. For further discussion of our Retail, Wholesale, RTO ancillary, and Capacity revenues, see Note 14 — *Revenue* in Item 8.—*Financial Statements and Supplementary Data* of our Form 10-K.

DPL's revenue from contracts with customers was $177.0 million and $188.9 million for the three months ended September 30, 2020 and 2019, respectively, and $492.3 million and $560.8 million for the nine months ended September 30, 2020 and 2019, respectively.

The following table presents our revenue from contracts with customers and other revenue by segment for the three and nine months ended September 30, 2020 and 2019:

$ in millions	Utility	Other	Adjustments and Eliminations	Total
	Three Months Ended September 30, 2020			
Retail revenue				
Retail revenue from contracts with customers				
Residential revenue	$ 99.3	$ —	$ —	$ 99.3
Commercial revenue	32.2	—	—	32.2
Industrial revenue	14.5	—	—	14.5
Governmental revenue	9.9	—	—	9.9
Other [(a)]	3.7	—	—	3.7
Total retail revenue from contracts with customers	159.6	—	—	159.6
Other retail revenue [(b)]	0.1	—	—	0.1
Wholesale revenue				
Wholesale revenue from contracts with customers	3.2	—	(0.2)	3.0
RTO ancillary revenue	11.5	(0.1)	—	11.4
Capacity revenue	0.9	—	—	0.9
Miscellaneous revenue				
Miscellaneous revenue from contracts with customers [(c)]	—	2.1	—	2.1
Other miscellaneous revenue	1.7	1.0	(1.0)	1.7
Total revenues	$ 177.0	$ 3.0	$ (1.2)	$ 178.8

$ in millions	Utility	Other	Adjustments and Eliminations	Total
	Three Months Ended September 30, 2019			
Retail revenue				
Retail revenue from contracts with customers				
Residential revenue	$ 107.5	$ —	$ —	$ 107.5
Commercial revenue	34.8	—	—	34.8
Industrial revenue	13.7	—	—	13.7
Governmental revenue	11.4	—	—	11.4
Other [(a)]	3.1	—	—	3.1
Total retail revenue from contracts with customers	170.5	—	—	170.5
Other retail revenue [(b)]	3.8	—	—	3.8
Wholesale revenue				
Wholesale revenue from contracts with customers	4.4	—	(0.2)	4.2
RTO ancillary revenue	11.0	0.1	—	11.1
Capacity revenue	1.1	—	—	1.1
Miscellaneous revenue				
Miscellaneous revenue from contracts with customers [(c)]	—	2.0	—	2.0
Other miscellaneous revenue	0.3	0.7	(0.8)	0.2
Total revenues	$ 191.1	$ 2.8	$ (1.0)	$ 192.9
	Nine months ended September 30, 2020			
Retail revenue				
Retail revenue from contracts with customers				
Residential revenue	**$ 279.9**	**$ —**	**$ —**	**$ 279.9**
Commercial revenue	**87.6**	**—**	**—**	**87.6**
Industrial revenue	**38.2**	**—**	**—**	**38.2**
Governmental revenue	**27.7**	**—**	**—**	**27.7**
Other [(a)]	**9.7**	**—**	**—**	**9.7**
Total retail revenue from contracts with customers	**443.1**	**—**	**—**	**443.1**
Other retail revenue [(b)]	**8.8**	**—**	**—**	**8.8**
Wholesale revenue				
Wholesale revenue from contracts with customers	**7.7**	**—**	**(0.7)**	**7.0**
RTO ancillary revenue	**32.3**	**—**	**—**	**32.3**
Capacity revenue	**3.2**	**—**	**—**	**3.2**
Miscellaneous revenue				
Miscellaneous revenue from contracts with customers [(c)]	**—**	**6.7**	**—**	**6.7**
Other miscellaneous revenue	**4.0**	**2.7**	**(2.7)**	**4.0**
Total revenues	**$ 499.1**	**$ 9.4**	**$ (3.4)**	**$ 505.1**
	Nine months ended September 30, 2019			
Retail revenue				
Retail revenue from contracts with customers				
Residential revenue	$ 313.9	$ —	$ —	$ 313.9
Commercial revenue	103.7	—	—	103.7
Industrial revenue	43.5	—	—	43.5
Governmental revenue	33.3	—	—	33.3
Other [(a)]	9.4	—	—	9.4
Total retail revenue from contracts with customers	503.8	—	—	503.8
Other retail revenue [(b)]	14.9	—	—	14.9
Wholesale revenue				
Wholesale revenue from contracts with customers	12.8	—	(0.8)	12.0
RTO ancillary revenue	32.8	0.1	—	32.9
Capacity revenue	5.0	—	—	5.0
Miscellaneous revenue				
Miscellaneous revenue from contracts with customers [(c)]	—	7.1	—	7.1
Other miscellaneous revenue	0.9	2.3	(2.4)	0.8
Total revenues	$ 570.2	$ 9.5	$ (3.2)	$ 576.5

(a) "Other" primarily includes Wright-Patterson Air Force Base revenues, billing service fees from CRES providers and other miscellaneous retail revenues from contracts with customers.
(b) Other retail revenue primarily includes alternative revenue programs not accounted for under FASC 606.
(c) Miscellaneous revenue from contracts with customers primarily includes revenues for various services provided by Miami Valley Lighting.

The balances of receivables from contracts with customers were $67.3 million and $65.1 million as of September 30, 2020 and December 31, 2019, respectively. Payment terms for all receivables from contracts with customers are typically within 30 days, though during the third quarter of 2020 **DP&L** implemented and offered extended payment plans to customers as a result of the pandemic.

Note 13 – Discontinued Operations

Conesville - In May 2020, AEP, the operator of the formerly co-owned Conesville EGU, retired Conesville Unit 4 as planned. On June 5, 2020, **DPL** and AES Ohio Generation, together with AEP, completed the transfer of their interests in the retired Unit 4, including the associated environmental liabilities, to an unaffiliated third-party purchaser. As a result, **DPL** recognized a gain on the transfer of $4.5 million for the nine months ended September 30, 2020. For the transaction, **DPL** will make quarterly cash expenditures, totaling $4.0 million, through July 2022, of which $1.0 million has been paid through September 30, 2020. The transfer of Conesville Unit 4 was the last step in **DPL's** plan to exit its AES Ohio Generation business operations.

Stuart and Killen - On May 31, 2018, **DPL** and AES Ohio Generation retired the Stuart Station coal-fired and diesel-fired generating units and the Killen Station coal-fired generating unit and combustion turbine, as planned. On December 20, 2019, **DPL** and AES Ohio Generation, together with AES Ohio Generation's joint owners in the retired Stuart and Killen generating facilities, completed the transfer of the retired generating facilities, including the associated environmental liabilities, to an unaffiliated third-party purchaser.

DPL determined that the transfers of Conesville, Stuart and Killen along with the sales of the Peaker Assets in 2018 and Miami Fort and Zimmer in 2017 constitute the disposal of a group of components, which, as a whole, represent a strategic shift to exit its AES Ohio Generation business. As such, the disposal of this group of components qualifies to be presented as discontinued operations. Therefore, the results of operations, assets and liabilities of this group of components were reported as such in the Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets for all periods presented.

The following table summarizes the major categories of assets and liabilities at the date indicated:

$ in millions	December 31, 2019
Accounts receivable, net	$ 18.0
Inventories	3.7
Taxes applicable to subsequent years	0.3
Prepayments and other current assets	0.3
Intangible assets, net of amortization	0.1
Other non-current assets	1.0
Total assets of the disposal group classified as assets of discontinued operations and held-for-sale businesses in the balance sheets	$ 23.4
Accounts payable	$ 5.6
Accrued taxes	0.3
Accrued and other current liabilities	3.1
Deferred income taxes [(a)]	(6.5)
Taxes payable	0.3
Asset retirement obligations	8.3
Other non-current liabilities	6.3
Total liabilities of the disposal group classified as liabilities of discontinued operations and held-for-sale businesses in the balance sheets	$ 17.4

(a) Deferred income taxes represent the tax asset position of the discontinued group of components, which were netted with liabilities on **DPL** prior to classification as discontinued operations.

The following table summarizes the revenues, operating costs, other expenses and income tax of discontinued operations for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
$ in millions	**2020**	2019	**2020**	2019
Revenues	**$ 0.9**	$ 16.2	**$ 23.3**	$ 56.7
Operating costs and other expenses	**0.5**	(17.2)	**(23.9)**	(26.6)
Income from discontinued operations	**1.4**	(1.0)	**(0.6)**	30.1
Gain from disposal of discontinued operations	**—**	—	**4.5**	0.1
Income tax expense from discontinued operations	**0.3**	(0.2)	**0.8**	6.3
Net income from discontinued operations	**$ 1.1**	$ (0.8)	**$ 3.1**	$ 23.9

Cash flows related to discontinued operations are included in our Condensed Consolidated Statements of Cash Flows. Cash flows from operating activities for discontinued operations were $1.5 million and $(1.7) million for the three months ended September 30, 2020 and 2019, respectively, and $5.1 million and $9.9 million for the nine months ended September 30, 2020 and 2019, respectively. Cash flows from investing activities for discontinued operations were $(0.4) million and $4.0 million, respectively, for the three and nine months ended September 30, 2020. There were no material cash flows from investing activities for the three and nine months ended September 30, 2019.

AROs of Discontinued Operations

Prior to the transfer of the retired Stuart and Killen generating facilities, the facilities carried ARO liabilities consisting primarily of river intake and discharge structures, coal unloading facilities, landfills and ash disposal facilities. In the first quarter of 2019, **DPL** reduced the ARO liability related to the Stuart and Killen ash ponds and landfills by $22.5 million based on updated internal analyses that reduced estimated closure costs associated with these ash ponds and landfills. As these plants were no longer in service, the reduction to the ARO liability was recorded as a credit to depreciation and amortization expense in the same amount. The credit to depreciation and amortization expense is included in operating and other expenses of discontinued operations for the nine months ended September 30, 2019 in the table above.

Note – 14 Risks and Uncertainties

COVID-19 Pandemic

The COVID-19 pandemic has severely impacted global economic activity, including electricity and energy consumption, and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and social distancing measures as well as restricting travel. The State of Ohio has implemented, among other things, stay-at-home and other social distancing measures to slow the spread of the virus, which has impacted energy demand within our service territory, though the stay-at-home restrictions have now been lifted in our service territory. On March 12, 2020, the PUCO also issued an emergency order prohibiting electric utilities, including us, from discontinuing electric utility service to customers. This prohibition ended for **DP&L** on September 1, 2020. We are taking a variety of measures in response to the spread of COVID-19 to ensure our ability to transmit, distribute and sell electric energy, ensure the health and safety of our employees, contractors, customers and communities and provide essential services to the communities in which we operate. In addition to the impacts to demand within our service territory, we also have incurred and expect to continue to incur expenses relating to COVID-19, and such expenses may include those that relate to events outside of our control.

As the economic impact of the COVID-19 pandemic started to materialize in Ohio in the second half of March and continued in the second and third quarters of 2020, the COVID-19 pandemic primarily impacted our retail sales demand as shown by the changes in weather-normalized volumes of kWh sold:

Customer class	For the three months ended September 30, 2020 compared to the same period in 2019	For the six months ended September 30, 2020 compared to the same period in 2019 [(a)]	For the nine months ended September 30, 2020 compared to the same period in 2019
Commercial	(4.8)%	(9.4)%	(7.0)%
Industrial	0.9%	(9.3)%	(6.8)%
Residential	11.0%	9.8%	6.0%

(a) This period most closely approximates the duration of the economic impact on our sales demand as a result of the COVID-19 pandemic.

We also have incurred, and expect to continue to incur, expenses relating to COVID-19; however, see Note 3 – Regulatory Matters for a discussion of regulatory measures, which partially mitigate the impact of these expenses. The magnitude and duration of the COVID-19 pandemic is unknown at this time and may have material and adverse effects on our results of operations, financial condition and cash flows in future periods.

FINANCIAL STATEMENTS

The Dayton Power and Light Company

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Operations
(Unaudited)

$ in millions	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues	**$ 177.0**	$ 191.1	**$ 499.1**	$ 570.2
Operating costs and expenses				
Net fuel cost	**0.4**	0.6	**1.3**	2.0
Net purchased power cost	**65.7**	65.9	**177.1**	193.3
Operation and maintenance	**47.8**	42.2	**137.7**	135.2
Depreciation and amortization	**18.2**	17.4	**53.7**	52.9
Taxes other than income taxes	**17.8**	20.8	**59.6**	58.2
Other, net	**0.1**	(0.1)	**0.1**	—
Total operating costs and expenses	**150.0**	146.8	**429.5**	441.6
Operating income	**27.0**	44.3	**69.6**	128.6
Other income / (expense), net:				
Interest expense	**(5.9)**	(6.1)	**(18.5)**	(19.9)
Other income / (expense)	**0.2**	(0.5)	**(1.4)**	0.1
Total other expense, net	**(5.7)**	(6.6)	**(19.9)**	(19.8)
Income before income tax	**21.3**	37.7	**49.7**	108.8
Income tax expense / (benefit)	**3.5**	(7.2)	**2.4**	5.1
Net income	**$ 17.8**	$ 44.9	**$ 47.3**	$ 103.7

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Comprehensive Income
(Unaudited)

$ in millions	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income	**$ 17.8**	$ 44.9	**$ 47.3**	$ 103.7
Derivative activity:				
Change in derivative fair value, net of income tax benefit of $0.0, $0.0, $0.0 and $0.2 for each respective period	**0.2**	(0.1)	**0.1**	(0.9)
Reclassification to earnings, net of income tax benefit of $(0.1), $0.0, $(0.1) and $0.0 for each respective period	**(0.1)**	—	**(0.3)**	(0.1)
Total derivative activity	**0.1**	(0.1)	**(0.2)**	(1.0)
Pension and postretirement activity:				
Reclassification to earnings, net of income tax (benefit) / expense of $(0.2), $0.9, $(0.6) and $(0.5) for each respective period	**0.8**	1.7	**2.4**	2.1
Total change in unfunded pension and postretirement obligations	**0.8**	1.7	**2.4**	2.1
Other comprehensive income	**0.9**	1.6	**2.2**	1.1
Net comprehensive income	**$ 18.7**	$ 46.5	**$ 49.5**	$ 104.8

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Balance Sheets
(Unaudited)

$ in millions	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 26.1**	$ 10.8
Restricted cash	**0.1**	10.5
Accounts receivable, net of allowance for credit losses of $3.2 and $0.4, respectively (Note 2)	**69.2**	70.9
Inventories (Note 2)	**8.2**	10.4
Taxes applicable to subsequent years	**19.7**	77.4
Regulatory assets, current	**20.9**	19.7
Taxes receivable	**32.8**	35.7
Prepayments and other current assets	**6.7**	10.8
Total current assets	**183.7**	246.2
Property, plant & equipment:		
Property, plant & equipment	**2,409.5**	2,333.6
Less: Accumulated depreciation and amortization	**(1,025.2)**	(1,012.7)
	1,384.3	1,320.9
Construction work in process	**109.4**	104.5
Total net property, plant & equipment	**1,493.7**	1,425.4
Other non-current assets:		
Regulatory assets, non-current	**177.0**	173.8
Intangible assets, net of amortization	**16.8**	18.2
Other non-current assets	**19.3**	19.6
Total other non-current assets	**213.1**	211.6
Total assets	**$ 1,890.5**	$ 1,883.2
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt (Note 6)	**$ 0.2**	$ 179.8
Accounts payable	**53.7**	74.4
Accrued taxes	**84.3**	79.4
Accrued interest	**6.0**	1.4
Customer deposits	**18.5**	20.6
Regulatory liabilities, current	**19.8**	27.9
Accrued and other current liabilities	**28.7**	16.3
Total current liabilities	**211.2**	399.8
Non-current liabilities:		
Long-term debt (Note 6)	**573.9**	434.6
Deferred income taxes	**172.1**	158.1
Taxes payable	**2.8**	82.3
Regulatory liabilities, non-current	**220.5**	243.6
Accrued pension and other post-retirement benefits	**69.0**	79.9
Other non-current liabilities	**10.7**	11.5
Total non-current liabilities	**1,049.0**	1,010.0
Commitments and contingencies (Note 9)		
Common shareholder's equity:		
Common stock, at par value of $0.01 per share	**0.4**	0.4
50,000,000 shares authorized, 41,172,173 shares issued and outstanding		
Other paid-in capital	**724.4**	617.0
Accumulated other comprehensive loss	**(34.7)**	(36.9)
Accumulated deficit	**(59.8)**	(107.1)
Total common shareholder's equity	**630.3**	473.4
Total liabilities and shareholder's equity	**$ 1,890.5**	$ 1,883.2

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Cash Flows
(Unaudited)

$ in millions	Nine months ended September 30, 2020	2019
Cash flows from operating activities:		
Net income	**$ 47.3**	$ 103.7
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	**53.7**	52.9
Amortization of deferred financing costs and debt discounts	**2.9**	2.8
Deferred income taxes	**(0.1)**	(17.2)
Changes in certain assets and liabilities:		
Accounts receivable, net	**1.7**	18.9
Inventories	**2.1**	(2.1)
Taxes applicable to subsequent years	**57.7**	54.3
Deferred regulatory costs, net	**(17.1)**	2.9
Accounts payable	**(20.6)**	(4.8)
Accrued taxes payable / receivable	**(71.6)**	(65.6)
Accrued interest	**4.6**	6.0
Accrued pension and other post-retirement benefits	**(10.8)**	(9.3)
Other	**(0.1)**	(3.6)
Net cash provided by operating activities	**49.7**	138.9
Cash flows from investing activities:		
Capital expenditures	**(125.1)**	(121.1)
Other investing activities, net	**(0.7)**	(3.5)
Net cash used in investing activities	**(125.8)**	(124.6)
Cash flows from financing activities:		
Payments of deferred financing costs	**(1.2)**	(4.6)
Returns of capital paid to parent	**(27.7)**	(90.0)
Capital contributions from parent	**150.0**	—
Borrowings from revolving credit facilities	**75.0**	60.0
Repayment of borrowings from revolving credit facilities	**(115.0)**	—
Issuance of long-term debt, net of discount	**140.0**	422.3
Retirement of long-term debt, including early payment premium	**(140.0)**	(436.1)
Other financing activities, net	**(0.1)**	(0.1)
Net cash provided by / (used in) financing activities	**81.0**	(48.5)
Cash, cash equivalents, and restricted cash:		
Net change	**4.9**	(34.2)
Balance at beginning of period	**21.3**	66.2
Cash, cash equivalents, and restricted cash at end of period	**$ 26.2**	$ 32.0
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	**$ 10.5**	$ 10.8
Income taxes paid, net	**$ 0.1**	$ 19.0
Non-cash financing and investing activities:		
Accruals for capital expenditures	**$ 16.4**	$ 2.0

See Notes to Condensed Financial Statements.

THE DAYTON POWER AND LIGHT COMPANY
Condensed Statements of Shareholder's Equity
(Unaudited)

$ in millions	Common Stock [a] Outstanding Shares	Common Stock [a] Amount	Other Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, January 1, 2020	**41,172,173**	**$ 0.4**	**$ 617.0**	**$ (36.9)**	**$ (107.1)**	**$ 473.4**
Net comprehensive income				0.4	11.7	12.1
Balance, March 31, 2020	**41,172,173**	**0.4**	**617.0**	**(36.5)**	**(95.4)**	**485.5**
Net comprehensive income				0.9	17.8	18.7
Return of capital			(14.2)			(14.2)
Capital contribution from parent			150.0			150.0
Other			0.1			0.1
Balance, June 30, 2020	**41,172,173**	**0.4**	**752.9**	**(35.6)**	**(77.6)**	**640.1**
Net comprehensive income				0.9	17.8	18.7
Return of capital			(28.5)			(28.5)
Balance, September 30, 2020	41,172,173	$ 0.4	$ 724.4	$ (34.7)	$ (59.8)	$ 630.3

(a) $0.01 par value, 50,000,000 shares authorized.

$ in millions	Common Stock [a] Outstanding Shares	Common Stock [a] Amount	Other Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, January 1, 2019	41,172,173	$ 0.4	$ 711.8	$ (35.3)	$ (231.6)	$ 445.3
Net comprehensive income				0.4	29.0	29.4
Other					(0.3)	(0.3)
Balance, March 31, 2019	41,172,173	0.4	711.8	(34.9)	(202.9)	474.4
Net comprehensive income				(0.9)	29.8	28.9
Return of capital			(70.0)			(70.0)
Balance, June 30, 2019	41,172,173	0.4	641.8	(35.8)	(173.1)	433.3
Net comprehensive income				1.6	44.9	46.5
Return of capital			(20.0)			(20.0)
Other			0.1		(0.1)	—
Balance, September 30, 2019	41,172,173	$ 0.4	$ 621.9	$ (34.2)	$ (128.3)	$ 459.8

(a) $0.01 par value, 50,000,000 shares authorized.

See Notes to Condensed Financial Statements.

The Dayton Power and Light Company
Notes to Condensed Financial Statements (Unaudited)

Note 1 – Overview and Summary of Significant Accounting Policies

Description of Business

DP&L is a public utility incorporated in 1911 under the laws of Ohio. Beginning in 2001, Ohio law gave Ohio consumers 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 approximately 530,000 customers located in West Central Ohio. Additionally, **DP&L** provides retail SSO electric service to residential, commercial, industrial and governmental customers in a 6,000-square mile area of West Central Ohio. **DP&L** has one reportable segment, the Utility segment. In addition to **DP&L's** electric transmission and distribution businesses, the Utility segment includes revenues and costs associated with **DP&L's** investment in OVEC and the historical results of **DP&L's** Hutchings Coal generating facility, which is now closed. Principal industries located in **DP&L's** service territory include automotive, food processing, paper, plastic, health care, data management, manufacturing and defense. **DP&L's** sales typically reflect the seasonal weather patterns and the growth of energy efficiency initiatives. However, the impacts of weather, energy efficiency programs and economic changes in customer demand were largely offset in 2019 by **DP&L's** Decoupling Rider, which was in place from January 1, 2019 until December 18, 2019. See Note 3 – Regulatory Matters for more information. **DP&L** sells its proportional share of energy and capacity from its investment in OVEC into the wholesale market. **DP&L** is a subsidiary of **DPL.** The terms “we,” “us,” “our” and “ours” are used to refer to **DP&L**.

DP&L's electric transmission and distribution businesses are subject to rate regulation by federal and state regulators. Accordingly, **DP&L** applies the accounting standards for regulated operations to its electric transmission and distribution businesses and records regulatory assets when incurred costs are expected to be recovered in future customer rates, and regulatory liabilities when current cost recoveries in customer rates relate to expected future costs.

DP&L employed 630 people as of September 30, 2020. Approximately 59% of **DP&L** employees are under a collective bargaining agreement, which expired October 31, 2020. On October 29, 2020, **DP&L** reached a tentative agreement with the union. The ratification vote is set for November 9, 2020. The parties currently plan to work under the terms of the expired agreement until a new agreement is ratified.

Financial Statement Presentation

DP&L does not have any subsidiaries.

We have evaluated subsequent events through the date this report is issued.

Certain immaterial amounts from prior periods have been reclassified to conform to the current period presentation.

These financial statements have been prepared in accordance with GAAP for interim financial statements, the instructions of Form 10-Q and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been omitted from this interim report. Therefore, our interim financial statements in this report should be read along with the annual financial statements included in our Form 10-K for the fiscal year ended December 31, 2019.

In the opinion of our management, the Condensed Financial Statements presented in this report contain all adjustments necessary to fairly state our financial position as of September 30, 2020; our results of operations for the three and nine months ended September 30, 2020 and 2019, our cash flows for the nine months ended September 30, 2020 and 2019 and the changes in our equity for the three and nine months ended September 30, 2020 and 2019. Unless otherwise noted, all adjustments are normal and recurring in nature. Due to various factors, interim results for the three and nine months ended September 30, 2020 may not be indicative of our results that will be realized for the full year ending December 31, 2020.

The preparation of financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the revenues and

expenses of the periods reported. Actual results could differ from these estimates. Significant items subject to such estimates and judgments include: recognition of revenue including unbilled revenues, the carrying

value of property, plant and equipment; the valuation of derivative instruments; the valuation of insurance and claims liabilities; the valuation of allowances for credit losses and deferred income taxes; regulatory assets and liabilities; liabilities recorded for income tax exposures; litigation; contingencies; the valuation of AROs; and assets and liabilities related to employee benefits.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a summary of cash, cash equivalents, and restricted cash amounts reported on the Condensed Balance Sheets that reconcile to the total of such amounts as shown on the Condensed Statements of Cash Flows:

$ in millions	**September 30, 2020**	December 31, 2019
Cash and cash equivalents	**$ 26.1**	$ 10.8
Restricted cash	**0.1**	10.5
Cash, Cash Equivalents, and Restricted Cash, End of Period	**$ 26.2**	$ 21.3

Accounting for Taxes Collected from Customers and Remitted to Governmental Authorities

DP&L collects certain excise taxes levied by state or local governments from its customers. These taxes are accounted for on a net basis and not included in revenue. The amounts of such taxes collected for the three months ended September 30, 2020 and 2019 were $13.4 million and $13.0 million, respectively. The amounts of such taxes collected for the nine months ended September 30, 2020 and 2019 were $36.7 million and $37.3 million, respectively.

New accounting pronouncements adopted in 2020 – The following table provides a brief description of recently adopted accounting pronouncements that had an impact on our financial statements. Accounting pronouncements not listed below were assessed and determined to be either not applicable or did not have a material impact on our financial statements.

ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2016-13, 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, 2020-02, 2020-03 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	See discussion of the ASU below.	January 1, 2020	See impact upon adoption of the standard below.

On January 1, 2020, we adopted ASC 326 *Financial Instruments - Credit Losses* and its subsequent corresponding updates ("ASC 326"). The new standard updates the impairment model for financial assets measured at amortized cost, known as the Current Expected Credit Loss ("CECL") model. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities are required to use a new forward-looking "expected loss" model that generally results in the earlier recognition of an allowance for credit losses. For available-for-sale debt securities with unrealized losses, entities measure credit losses as it was done under previous GAAP, except that unrealized losses due to credit-related factors are now recognized as an allowance on the balance sheet with a corresponding adjustment to earnings in the income statement.

We applied the modified retrospective method of adoption for ASC 326. Under this transition method, we applied the transition provisions starting at the date of adoption. The new current expected credit loss model primarily impacts the calculation of expected credit losses on our trade accounts receivable. The adoption of ASC 326 and application of CECL on our trade accounts receivable did not have a material impact on our condensed financial statements.

New Accounting Pronouncements Issued But Not Yet Effective – The following table provides a brief description of recent accounting pronouncements that could have a material impact on our financial statements. Accounting pronouncements not listed below were assessed and determined to be either not applicable or are expected to have no material impact on our financial statements.

ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2020-04, Reference Rate Form (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	The standard provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference to LIBOR or another reference rate expected to be discontinued by reference rate reform. This standard is effective for a limited period of time (March 12, 2020 - December 21, 2022).	Effective for all entities March 12, 2020 - December 31, 2022	We are currently evaluating the impact of adopting the standard on our condensed financial statements.

Note 2 – Supplemental Financial Information

Accounts receivable are as follows at September 30, 2020 and December 31, 2019:

$ in millions	September 30, 2020	December 31, 2019
Accounts receivable, net:		
Customer receivables	**$ 51.2**	$ 45.0
Unbilled revenue	**15.1**	19.4
Amounts due from affiliates	**2.0**	3.9
Due from PJM transmission enhancement settlement	**1.8**	1.8
Other	**2.3**	1.2
Allowance for credit losses	**(3.2)**	(0.4)
Total accounts receivable, net	**$ 69.2**	$ 70.9

The following table is a rollforward of our allowance for credit losses related to the accounts receivable balances for the nine months ended September 30, 2020:

$ in millions	Beginning Allowance Balance at January 1, 2020	Current Period Provision	Write-offs Charged Against Allowances	Recoveries Collected	Ending Allowance Balance at September 30, 2020
Allowance for credit losses	$ 0.4	$ 2.7	$ (3.5)	$ 3.6	$ 3.2

The allowance for credit losses primarily relates to utility customer receivables, including unbilled amounts. Expected credit loss estimates are developed by disaggregating customers into those with similar credit risk characteristics and using historical credit loss experience. In addition, we also consider how current and future economic conditions are expected to impact collectability, as applicable, including the economic impacts of the COVID-19 pandemic on our receivable balance as of September 30, 2020. Amounts are written off when reasonable collections efforts have been exhausted. On March 12, 2020, the PUCO issued an emergency order prohibiting electric utilities, including us, from discontinuing electric utility service to customers through September 1, 2020 due to the economic impacts of COVID-19. This order along with the economic impacts of COVID-19 has resulted in an increase in past due customer receivable balances, and thus the current period provision and the allowance for credit losses have increased during 2020. See Note 12 – Risks and Uncertainties for additional discussion of the COVID-19 pandemic.

Inventories consist of materials and supplies at September 30, 2020 and December 31, 2019.

Accumulated Other Comprehensive Loss

The amounts reclassified out of Accumulated Other Comprehensive Loss by component during the three and nine months ended September 30, 2020 and 2019 are as follows:

Details about Accumulated Other Comprehensive Loss components	Affected line item in the Condensed Statements of Operations	Three months ended September 30,		Nine months ended September 30,	
$ in millions		**2020**	2019	**2020**	2019
Gains and losses on cash flow hedges (Note 5):					
	Interest expense	**$ —**	$ —	**$ (0.2)**	$ (0.1)
	Income tax benefit	**(0.1)**	—	**(0.1)**	—
	Net of income taxes	**(0.1)**	—	**(0.3)**	(0.1)
Amortization of defined benefit pension items (Note 8):					
	Other expense	**1.0**	0.8	**3.0**	2.6
	Income tax expense / (benefit)	**(0.2)**	0.9	**(0.6)**	(0.5)
	Net of income taxes	**0.8**	1.7	**2.4**	2.1
Total reclassifications for the period, net of income taxes		**$ 0.7**	$ 1.7	**$ 2.1**	$ 2.0

The changes in the components of Accumulated Other Comprehensive Loss during the nine months ended September 30, 2020 are as follows:

$ in millions	Gains / (losses) on cash flow hedges	Change in unfunded pension and postretirement benefit obligations	Total
Balance at January 1, 2020	**$ (0.4)**	**$ (36.5)**	**$ (36.9)**
Other comprehensive income before reclassifications	**0.1**	**—**	**0.1**
Amounts reclassified from AOCL to earnings	**(0.3)**	**2.4**	**2.1**
Net current period other comprehensive income / (loss)	**(0.2)**	**2.4**	**2.2**
Balance at September 30, 2020	**$ (0.6)**	**$ (34.1)**	**$ (34.7)**

Note 3 – Regulatory Matters

ESP v. MRO and SEET Proceedings

Ohio law requires utilities to file either an ESP or MRO plan to establish SSO rates. From November 1, 2017 through December 18, 2019, **DP&L** operated pursuant to an approved ESP plan, which was initially approved on October 20, 2017 (ESP 3). On November 21, 2019, the PUCO issued a supplemental order modifying ESP 3, and as a result **DP&L** filed a Notice of Withdrawal of its ESP 3 Application and requested to revert to the ESP rates that were in effect prior to ESP 3. The Notice of Withdrawal was approved by the PUCO on December 18, 2019. The PUCO order required, among other things, **DP&L** to conduct both an ESP v. MRO Test to validate that the ESP is expected to be more favorable in the aggregate than what would be experienced under an MRO, and a prospective SEET, which were filed with the PUCO on April 1, 2020. **DP&L** is also subject to an annual retrospective SEET.

On October 23, 2020, **DP&L** entered into a Stipulation and Recommendation (settlement) with the staff of the PUCO and various customers, and organizations representing customers of **DP&L** and certain other parties with respect to, among other matters, **DP&L's** applications pending at the PUCO for (i) approval of **DP&L's** plan to modernize its distribution grid (the Smart Grid Plan), (ii) findings that **DP&L** passed the SEET for 2018 and 2019, and (iii) findings that **DP&L's** current ESP 1 satisfies the SEET and the more favorable in the aggregate (MFA) regulatory test. The settlement is subject to, and conditioned upon, approval by the PUCO. A hearing has been set for January 11, 2021 for consideration of this settlement. The settlement would provide, among other items, for the following:

- Approval of the Smart Grid Plan outlined in the Smart Grid Plan application filed by **DP&L** with the PUCO, as modified by the terms of the settlement, including, subject to offsetting operational benefits and certain other conditions, a return on and recovery of up to $249.0 million of Smart Grid Plan Phase 1 capital investments and recovery of operational and maintenance expenses through **DP&L's** existing Infrastructure Investment Rider for a term of four years, under an aggregate cap of $267.6 million on the amount of such

investments and expenses that is recoverable, and an acknowledgement that **DP&L** may file a subsequent application with the PUCO within three years seeking approvals for Phase 2 of the Smart Grid Plan;
- A commitment by **DP&L** to invest in a customer information system and supporting technologies during Phase 1 of the Smart Grid Plan, with **DP&L** recovering a return on and of prudently incurred capital investments and operational and maintenance expenses, including deferred operational and maintenance expense amounts, in a future rate case;
- A determination that **DP&L's** ESP 1 satisfies the prospective SEET and the MFA regulatory test;
- A recommendation by parties to the settlement that the PUCO also finds that **DP&L** satisfies the retrospective SEET for 2018 and 2019;
- A commitment by **DP&L** to file an application with the PUCO no later than October 1, 2023 for a new electric security plan that does not seek to implement certain non-bypassable charges, including those related to provider of last resort risks, stability, or financial integrity; and
- DP&L shareholder funding, in an aggregate amount of approximately $30.0 million over four years, for certain economic development discounts, incentives, and grants to certain commercial and industrial customers, including hospitals and manufacturers, assistance for low-income customers as well as the residents and businesses of the City of Dayton, and promotion of solar and resiliency development within **DP&L's** service territory.

Certain parties which intervened in the ESP proceedings have filed petitions for rehearing of the recent PUCO ESP orders; some of which seek to eliminate **DP&L's** RSC from the ESP 1 rates that are currently in place and others seek to re-implement the 2017 ESP, but without the DMR. We are unable to predict the outcomes of these petitions, but if these result in terms that are more adverse than **DP&L's** current ESP rate plan, it could have a material adverse effect on our results of operations, financial condition and cash flows. The parties signing the above-referenced settlement have agreed to withdraw their respective petitions if the settlement is approved by the PUCO without material modification.

Decoupling
On January 23, 2020 **DP&L** filed with the PUCO requesting approval to defer its decoupling costs consistent with the methodology approved in its Distribution Rate Case. If approved, deferral would be effective December 18, 2019 and going forward would reduce impacts of weather, energy efficiency programs and economic changes in customer demand.

COVID-19
In response to the PUCO's COVID-19 emergency orders, **DP&L** filed an Application on March 23, 2020, requesting waivers of certain rule and tariff requirements and deferral of certain costs and revenues including those related to deposits and reconnection fees, late payment fees, credit card fees; and waived or uncollected amounts associated with putting customers on payment plans. On May 20, 2020, the PUCO approved the application and required **DP&L** to file a plan outlining the timing and steps it plans to take in an effort to return to normal operations. The authorized deferral of those certain costs and revenues must be offset by COVID-19 related savings. **DP&L** filed its plan on July 15, 2020 and was approved by the PUCO on August 12, 2020. As a result, **DP&L** has recorded a $0.8 million regulatory asset as of September 30, 2020. Recovery of these deferrals will be addressed in a future rate proceeding.

FERC Proceedings
On November 15, 2018 the FERC issued a Notice of Proposed Rulemaking (NOPR) to address amortization of excess accumulated deferred income taxes resulting from the TCJA and their impact on transmission rates. Such notice requires all public utility transmission providers with stated transmission rates under an Open Access Transmission Tariff (OATT) to determine the amount of excess deferred income taxes caused by the TCJA. On March 3, 2020, **DP&L** filed an application before the FERC to change its transmission rate from a stated rate to a formula rate, which was accepted by the FERC and made effective as of May 3, 2020, subject to further proceeding and potential refunds. The formula rate includes adjustments to flow back over time the excess deferred income taxes caused by the TCJA. The NOPR, therefore, no longer applies to **DP&L**. The rate changes will increase revenues by approximately $4.1 million through the end of 2020 as of the effective date, subject to refund based on final approved rates.

Note 4 – Fair Value

The fair value of current financial assets and liabilities, debt service reserves and other deposits approximate their reported carrying amounts. The estimated fair values of our assets and liabilities have been determined using

available market information. By virtue of these amounts being estimates and based on hypothetical transactions to sell assets or transfer liabilities, the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. For further information on our valuation techniques and policies, see Note 5— *Fair Value* in Item 8. — *Financial Statements and Supplementary Data* of our Form 10-K.

The following table presents the fair value, carrying value and cost of our non-derivative instruments at September 30, 2020 and December 31, 2019. Further information about the fair value of our derivative instruments can be found in Note 5 – Derivative Instruments and Hedging Activities.

	September 30, 2020		December 31, 2019	
$ in millions	**Cost**	**Fair Value**	Cost	Fair Value
Assets				
Money market funds	**$ 0.2**	**$ 0.2**	$ 0.3	$ 0.3
Equity securities	**2.1**	**3.9**	2.3	4.2
Debt securities	**4.0**	**4.1**	4.0	4.1
Hedge funds	**—**	**—**	0.1	0.1
Tangible assets	**—**	**—**	0.1	0.1
Total assets	**$ 6.3**	**$ 8.2**	$ 6.8	$ 8.8
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Liabilities				
Long-term debt	**$ 574.1**	**$ 615.2**	$ 574.4	$ 600.5

These financial instruments are not subject to master netting agreements or collateral requirements and as such are presented in the Condensed Balance Sheet at their gross fair value, except for Long-term debt, which is presented at amortized carrying value.

We did not have any transfers of the fair values of our financial instruments between Level 1, Level 2 or Level 3 of the fair value hierarchy during the nine months ended September 30, 2020 or 2019.

Master Trust Assets

DP&L established a Master Trust to hold assets that could be used for the benefit of employees participating in employee benefit plans and these assets are not used for general operating purposes. These assets are primarily comprised of open-ended mutual funds, which are valued using the net asset value per unit. These investments are recorded at fair value within Other deferred assets on the Condensed Balance Sheets and classified as equity investments. We recorded net unrealized gains / (losses) of $0.3 million and $(0.1) million during the three months ended September 30, 2020 and 2019, respectively, and $0.0 million and $0.6 million during the during the nine months ended September 30, 2020 and 2019, respectively. These amounts are included in "Other income" in our Condensed Statements of Operations.

Long-term debt

The fair value of debt is based on current public market prices for disclosure purposes only. Unrealized gains or losses are not recognized in the financial statements as long-term debt is presented at carrying value, net of unamortized premium or discount and unamortized deferred financing costs in the financial statements. The long-term debt amounts include the current portion payable in the next twelve months and have maturities that range from 2020 to 2061.

The fair value of assets and liabilities at September 30, 2020 and December 31, 2019 and the respective category within the fair value hierarchy for **DP&L** is as follows:

$ in millions	**Fair value at September 30, 2020 (a)**				Fair value at December 31, 2019 (a)			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets								
Master Trust assets								
Money market funds	**$ 0.2**	**$ —**	**$ —**	**$ 0.2**	$ 0.3	$ —	$ —	$ 0.3
Equity securities	**—**	**3.9**	**—**	**3.9**	—	4.2	—	4.2
Debt securities	**—**	**4.1**	**—**	**4.1**	—	4.1	—	4.1
Hedge funds	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Tangible assets	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total Master Trust assets	**0.2**	**8.0**	**—**	**8.2**	0.3	8.5	—	8.8
Derivative assets								
Interest rate hedges	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total derivative assets	**—**	**—**	**—**	**—**	—	0.1	—	0.1
Total assets	**$ 0.2**	**$ 8.0**	**$ —**	**$ 8.2**	$ 0.3	$ 8.6	$ —	$ 8.9
Liabilities								
Long-term debt	**$ —**	**$ 597.8**	**$ 17.4**	**$ 615.2**	$ —	$ 583.0	$ 17.5	$ 600.5
Total liabilities	**$ —**	**$ 597.8**	**$ 17.4**	**$ 615.2**	$ —	$ 583.0	$ 17.5	$ 600.5

(a) Includes credit valuation adjustment

All of the inputs to the fair value of our derivative instruments are from quoted market prices.

Our long-term debt is fair valued for disclosure purposes only and most of the fair values are determined using quoted market prices in inactive markets. These fair value inputs are considered Level 2 in the fair value hierarchy. As the Wright-Patterson Air Force Base note is not publicly traded, the fair value inputs are considered Level 3 in the fair value hierarchy as there are no observable inputs. Additional Level 3 disclosures are not presented since our long-term debt is not recorded at fair value.

Note 5 – Derivative Instruments and Hedging Activities

For further information on our derivative and hedge accounting policies, See Note 1 – *Overview and Summary of Significant Accounting Policies – Financial Derivatives* and Note 6 - *Derivative Instruments and Hedging Activities* of Item 8 – *Financial Statements and Supplementary Data* in our Form 10-K.

Cash Flow Hedges

In August 2020, the two interest rate swaps to hedge the variable interest on the $140.0 million variable interest rate tax-exempt First Mortgage Bonds expired, as the associated debt reached maturity. The interest rate swaps had a combined notional amount of $140.0 million and settled monthly based on a one-month LIBOR. The AOCL associated with the swaps was amortized out of AOCL into interest expense over the life of the underlying debt.

The following tables provide information concerning gains or losses recognized in AOCL for the cash flow hedges for the three and nine months ended September 30, 2020 and 2019:

	Three months ended	
	September 30, 2020	September 30, 2019
$ in millions (net of tax)	**Interest Rate Hedge**	Interest Rate Hedge
Beginning accumulated derivative losses in AOCL	**$ (0.7)**	$ (0.3)
Net gains / (losses) associated with current period hedging transactions	**0.2**	(0.1)
Net gains reclassified to earnings		
Interest expense	**(0.1)**	—
Ending accumulated derivative losses in AOCL	**$ (0.6)**	$ (0.4)

	Nine months ended	
	September 30, 2020	September 30, 2019
$ in millions (net of tax)	**Interest Rate Hedge**	Interest Rate Hedge
Beginning accumulated derivative gains / (losses) in AOCL	**$ (0.4)**	$ 0.6
Net gains / (losses) associated with current period hedging transactions	**0.1**	(0.9)
Net gains reclassified to earnings		
Interest expense	**(0.3)**	(0.1)
Ending accumulated derivative losses in AOCL	**$ (0.6)**	$ (0.4)
Portion expected to be reclassified to earnings in the next twelve months	**$ 0.6**	
Maximum length of time that we are hedging our exposure to variability in future cash flows related to forecasted transactions (in months)	**0**	

Financial Statement Effect

DP&L has elected not to offset derivative assets and liabilities and not to offset net derivative positions against the right to reclaim cash collateral pledged (an asset) or the obligation to return cash collateral received (a liability) under derivative agreements. The fair value derivative position of **DP&L's** interest rate swaps are as follows:

$ in millions (net of tax)	Hedging Designation	Balance sheet classification	**September 30, 2020**	December 31, 2019
Interest rate swap	**Cash Flow Hedge**	**Prepayments and other current assets**	**$ —**	**$ 0.1**

Note 6 – Long-term Debt

The following table summarizes **DP&L's** long-term debt.

$ in millions	Interest Rate	Maturity	**September 30, 2020**	December 31, 2019
First Mortgage Bonds	3.95 %	2049	**$ 425.0**	$ 425.0
First Mortgage Bonds	3.20 %	2040	**140.0**	—
Tax-exempt First Mortgage Bonds - rates from 2.40% - 2.93% (a) and 1.15% - 2.47% (b)		2020	**—**	140.0
U.S. Government note	4.20 %	2061	**17.4**	17.5
Unamortized deferred financing costs			**(5.7)**	(5.4)
Unamortized debt discounts and premiums, net			**(2.6)**	(2.7)
Total long-term debt			**574.1**	574.4
Less: current portion			**(0.2)**	(139.8)
Long-term debt, net of current portion			**$ 573.9**	$ 434.6

(a) Range of interest rates for the nine months ended September 30, 2020.
(b) Range of interest rates for the year ended December 31, 2019.

Line of credit

At September 30, 2020 and December 31, 2019, **DP&L** had outstanding borrowings on its line of credit of $0.0 million and $40.0 million, respectively.

Significant transactions
On July 31, 2020, **DP&L** issued $140.0 million of taxable First Mortgage Bonds and on August 3, 2020 used the proceeds to purchase at par value the $140.0 million of outstanding tax-exempt Ohio Air Quality Development Authority (OAQDA) Collateralized Pollution Control Revenue Refunding Bonds that had been issued in 2015. The new taxable First Mortgage Bonds carry an interest rate of 3.20% and mature on July 31, 2040. The OAQDA Revenue bonds have not been legally cancelled and can be re-issued at the discretion of **DP&L** at any time. These bonds will be held in trust while we continue to evaluate market conditions and explore suitable long-term financing alternatives. Accordingly, at September 30, 2020, the $140.0 million variable rate OAQDA Revenue bonds are not treated as being outstanding in the Condensed Balance Sheet for **DP&L.**

Long-term debt covenants and restrictions
DP&L's unsecured revolving credit facility and Bond Purchase Agreement (financing document entered into in connection with the issuance of **DP&L's** First Mortgage Bonds, on July 31, 2020) has one financial covenant. The covenant measures Total Debt to Total Capitalization and is calculated, at the end of each fiscal quarter, by dividing total debt at the end of the quarter by total capitalization at the end of the quarter. **DP&L's** Total Debt to Total Capitalization ratio shall not be greater than 0.67 to 1.00. This financial covenant was met with a ratio of 0.48 to 1.00 as of September 30, 2020.

As of September 30, 2020, **DP&L** was in compliance with all debt covenants, including the financial covenants described above.

DP&L does not have any meaningful restrictions in its debt financing documents prohibiting dividends to its parent, **DPL.**

Substantially all property, plant & equipment of **DP&L** is subject to the lien of the mortgage securing **DP&L's** First and Refunding Mortgage.

Note 7 – Income Taxes

The following table details the effective tax rates for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
DP&L	**16.4%**	(19.1)%	**4.8%**	4.7%

DP&L's effective combined state and federal income tax rate was 16.4% and 4.8% for the three and nine months ended September 30, 2020, respectively. This is different from the combined federal and state statutory rate of 22.3% primarily due to the net tax benefit related to the reversal of excess deferred taxes and the reversal of an uncertain tax position, which were partially offset by an adjustment to the deferred tax balances.

DP&L's income tax expense for the nine months ended September 30, 2019 was calculated using the estimated annual effective income tax rates for 2019 of 4.5%. Management estimates the annual effective tax rate based on its forecast of annual pre-tax income.

Note 8 – Benefit Plans

DP&L sponsors a defined benefit pension plan for the majority of its employees.

We generally fund pension plan benefits as accrued in accordance with the minimum funding requirements of ERISA and, in addition, make voluntary contributions from time to time. There were $7.5 million in employer contributions during each of the nine-month periods ended September 30, 2020 and 2019.

The amounts presented in the following tables for pension include the collective bargaining plan formula, the traditional management plan formula, the cash balance plan formula and the SERP, in the aggregate. The pension costs below have not been adjusted for amounts billed to the Service Company for former **DP&L** employees who are now employed by the Service Company or for amounts billed to AES Ohio Generation for former employees that were employed by AES Ohio Generation that are still participants in the **DP&L** plan.

The net periodic benefit cost of the pension benefit plans for the three and nine months ended September 30, 2020 and 2019 was:

	Three months ended September 30,		Nine months ended September 30,	
$ in millions	**2020**	2019	**2020**	2019
Service cost	**$ 0.9**	$ 0.9	**$ 2.8**	$ 2.7
Interest cost	**2.9**	3.7	**8.8**	11.2
Expected return on plan assets	**(4.6)**	(5.0)	**(14.0)**	(15.0)
Amortization of unrecognized:				
Prior service cost	**0.3**	0.4	**1.0**	1.3
Actuarial loss	**2.2**	1.8	**6.5**	5.3
Net periodic benefit cost	**$ 1.7**	$ 1.8	**$ 5.1**	$ 5.5

In addition, **DP&L** provides postretirement health care and life insurance benefits to certain retired employees, their spouses and eligible dependents. We have funded a portion of the union-eligible benefits using a Voluntary Employee Beneficiary Association Trust. These postretirement health care benefits and the related unfunded obligation of $9.1 million at September 30, 2020 and $9.6 million at December 31, 2019 were not material to the financial statements in the periods covered by this report.

Note 9 – Shareholder's Equity

Capital Contribution and Returns of Capital

During the nine months ended September 30, 2020, **DPL** made a capital contribution of $150.0 million to **DP&L.** The proceeds will primarily be used for funding needs to support **DP&L**'s capital expenditure program, mainly new investments in and upgrades to **DP&L's** transmission and distribution system. Additionally, **DP&L** declared return of capital payments of $42.7 million to **DPL,** of which $27.7 million was paid during the period.

During the nine months ended September 30, 2019, **DP&L** made returns of capital payments of $90.0 million to **DPL**.

Note 10 – Contractual Obligations, Commercial Commitments and Contingencies

Equity Ownership Interest

DP&L has a 4.9% equity ownership interest in OVEC, which is recorded using the cost method of accounting under GAAP. **DP&L**, along with several non-affiliated energy companies party to an OVEC arrangement, receive and pay for OVEC capacity and energy and are responsible for OVEC debt obligations and other fixed costs in proportion to their power participation ratios under the arrangement which, for **DP&L,** is the same as its equity ownership interest. At September 30, 2020, **DP&L** could be responsible for the repayment of 4.9%, or $63.4 million, of $1,294.3 million OVEC debt obligations if they came due, comprised of both fixed and variable rate securities with maturities from 2022 to 2040. OVEC could also seek additional contributions from **DP&L** to avoid a default in the event that other OVEC members defaulted on their respective OVEC obligations. One of the other OVEC members had filed for bankruptcy protection and the bankruptcy court had approved that member's rejection of the OVEC arrangement and its related obligations. Subsequent to that decision, another entity has assumed that member's ownership interest and all related liabilities.

Contingencies

In the normal course of business, we are subject to various lawsuits, actions, proceedings, claims and other matters asserted under various laws and regulations. We believe the amounts provided in our Condensed Financial Statements, as prescribed by GAAP, are adequate considering the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our Condensed Financial Statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of September 30, 2020, cannot be reasonably determined.

Environmental Matters

DP&L's current and previously-owned facilities and operations are subject to a wide range of federal, state and local environmental regulations and laws. The environmental issues that may affect us include:

- The federal CAA and state laws and regulations (including State Implementation Plans) which require compliance, obtaining permits and reporting as to air emissions;
- Litigation with federal and certain state governments and certain special interest groups;
- Rules and future rules issued by the USEPA, the Ohio EPA or other authorities associated with the federal Clean Water Act, which prohibits the discharge of pollutants into waters of the United States except pursuant to appropriate permits; and
- Solid and hazardous waste laws and regulations, which govern the management and disposal of certain waste.

In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. In the normal course of business, we have investigatory and remedial activities underway at our facilities to comply, or to determine compliance, with such regulations. We record liabilities for loss contingencies related to environmental matters when a loss is probable of occurring and can be reasonably estimated in accordance with the provisions of GAAP. Accordingly, we have immaterial accruals for loss contingencies for environmental matters. We also have several environmental matters for which we have not accrued loss contingencies because the risk of loss is not probable, or a loss cannot be reasonably estimated. We evaluate the potential liability related to environmental matters quarterly and may revise our estimates. Such revisions in the estimates of the potential liabilities could have a material adverse effect on our results of operations, financial condition and cash flows.

Note 11 – Revenue

Revenue is primarily earned from retail and wholesale electricity sales and electricity transmission and distribution delivery services. Revenue is recognized upon transfer of control to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Revenue is recorded net of any taxes assessed on and collected from customers, which are remitted to the governmental authorities. For further discussion of our Retail, Wholesale, RTO ancillary, and Capacity revenues, see Note 13 — *Revenue* in Item 8.—*Financial Statements and Supplementary Data* of our Form 10-K.

DP&L's revenue from contracts with customers was $175.2 million and $187.0 million for the three months ended September 30, 2020 and 2019, respectively, and $486.3 million and $554.4 million for the nine months ended September 30, 2020 and 2019, respectively.

The following table presents our revenue from contracts with customers and other revenue for the three and nine months ended September 30, 2020 and 2019:

	Three months ended September 30,		Nine months ended September 30,	
$ in millions	**2020**	2019	**2020**	2019
Retail revenue				
Retail revenue from contracts with customers				
Residential revenue	**$ 99.3**	$ 107.5	**$ 279.9**	$ 313.9
Commercial revenue	**32.2**	34.8	**87.6**	103.7
Industrial revenue	**14.5**	13.7	**38.2**	43.5
Governmental revenue	**9.9**	11.4	**27.7**	33.3
Other [(a)]	**3.7**	3.1	**9.7**	9.4
Total retail revenue from contracts with customers	**159.6**	**170.5**	**443.1**	**503.8**
Other retail revenue [(b)]	**0.1**	3.8	**8.8**	14.9
Wholesale revenue				
Wholesale revenue from contracts with customers	**3.2**	4.4	**7.7**	12.8
RTO ancillary revenue	**11.5**	11.0	**32.3**	32.8
Capacity revenue	**0.9**	1.1	**3.2**	5.0
Miscellaneous revenue	**1.7**	0.3	**4.0**	0.9
Total revenues	**$ 177.0**	$ 191.1	**$ 499.1**	$ 570.2

(a) "Other" primarily includes Wright-Patterson Air Force Base revenues, billing service fees from CRES providers and other miscellaneous retail revenues from contracts with customers.
(b) Other retail revenue primarily includes alternative revenue programs not accounted for under FASC 606.

The balances of receivables from contracts with customers were $66.3 million and $64.4 million as of September 30, 2020 and December 31, 2019, respectively. Payment terms for all receivables from contracts with customers are typically within 30 days, though during the third quarter of 2020 **DP&L** implemented and offered extended payment plans to customers as a result of the pandemic.

Note – 12 Risks and Uncertainties

COVID-19 Pandemic

The COVID-19 pandemic has severely impacted global economic activity, including electricity and energy consumption, and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and social distancing measures as well as restricting travel. The State of Ohio has implemented, among other things, stay-at-home and other social distancing measures to slow the spread of the virus, which has impacted energy demand within our service territory, though the stay-at-home restrictions have now been lifted in our service territory. On March 12, 2020, the PUCO also issued an emergency order prohibiting electric utilities, including us, from discontinuing electric utility service to customers. This prohibition ended for **DP&L** on September 1, 2020. We are taking a variety of measures in response to the spread of COVID-19 to ensure our ability to transmit, distribute and sell electric energy, ensure the health and safety of our employees, contractors, customers and communities and provide essential services to the communities in which we operate. In addition to the impacts to demand within our service territory, we also have incurred and expect to continue to incur expenses relating to COVID-19, and such expenses may include those that relate to events outside of our control.

As the economic impact of the COVID-19 pandemic started to materialize in Ohio in the second half of March and continued in the second and third quarters of 2020, the COVID-19 pandemic primarily impacted our retail sales demand as shown by the changes in weather-normalized volumes of kWh sold:

Customer class	For the three months ended September 30, 2020 compared to the same period in 2019	For the six months ended September 30, 2020 compared to the same period in 2019 [(a)]	For the nine months ended September 30, 2020 compared to the same period in 2019
Commercial	(4.8)%	(9.4)%	(7.0)%
Industrial	0.9%	(9.3)%	(6.8)%
Residential	11.0%	9.8%	6.0%

(a) This period most closely approximates the duration of the economic impact on our sales demand as a result of the COVID-19 pandemic.

We also have incurred, and expect to continue to incur, expenses relating to COVID-19; however, see Note 3 – Regulatory Matters for a discussion of regulatory measures, which partially mitigate the impact of these expenses. The magnitude and duration of the COVID-19 pandemic is unknown at this time and may have material and adverse effects on our results of operations, financial condition and cash flows in future periods.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

This report includes the combined filing of **DPL** and **DP&L. DP&L** is a wholly-owned subsidiary of **DPL** and is a public utility incorporated in 1911 under the laws of Ohio. On November 28, 2011, **DPL** became an indirectly wholly-owned subsidiary of AES, a global power company. Throughout this report, the terms “we,” “us,” “our” and “ours” are used to refer to both **DPL** and **DP&L**, respectively and together, unless the context indicates otherwise. Discussions or areas of this report that apply only to **DPL** or **DP&L** will clearly be noted in the section.

FORWARD-LOOKING INFORMATION

The following discussion contains forward-looking statements and should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and related footnotes of **DPL** and the Condensed Financial Statements and related footnotes of **DP&L** included in Part I – Financial Information, the risk factors in Item 1A to Part I of our Form 10-K for the fiscal year ended December 31, 2019, in Part II, Item 1A of this Form 10-Q and our “Forward-Looking Statements” section of this Form 10-Q. For a list of certain abbreviations or acronyms in this discussion, see the Glossary at the beginning of this Form 10-Q.

OVERVIEW OF OUR BUSINESS

DPL is an indirectly wholly-owned subsidiary of AES.

DPL has two primary subsidiaries, **DP&L** and MVIC. **DP&L** is a public utility providing electric transmission and distribution services in West Central Ohio. MVIC is our captive insurance company that provides insurance services to **DP&L** and our other subsidiaries. For additional information, see Item 1 – Business of our Form 10-K. All of **DPL's** subsidiaries are wholly-owned.

As an electric public utility in Ohio, **DP&L** provides regulated transmission and distribution services to its customers as well as retail SSO electric service. **DP&L's** sales reflect the general economic conditions, seasonal weather patterns and the growth of energy efficiency initiatives.

EXECUTIVE SUMMARY

DPL

Compared with the prior year, **DPL's** net income from continuing operations before income taxes was lower by $46.8 million, or 173% for the three months ended September 30, 2020 and lower by $39.3 million, or 153% for the nine months ended September 30, 2020, primarily due to factors including, but not limited to:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Increase (decrease) due to losses on early extinguishment of debt recorded in Q3 2020 and Q2 2019 (see Part I, Item 1, Note 6 - Long-term Debt in the Notes to **DPL's** Condensed Consolidated Financial Statements for further discussion)	$ (31.7)	$ 13.2
Impact of changes to **DP&L's** ESP in December 2019, primarily removal of the DMR, DIR, and Decoupling Rider and reinstatement of the RSC Rider	(13.4)	(45.9)
Net decrease in the volume of retail kWh sold primarily driven by unfavorable weather, partially offset by the purchased power volume variance	(3.5)	(11.7)
Increase due to lower interest expense from debt refinancings in 2019 and 2020	1.2	8.3
Other	0.6	(3.2)
Net change in income / (loss) from continuing operations before income tax	**$ (46.8)**	**$ (39.3)**

DP&L

Compared with the prior year, **DP&L's** net income from continuing operations before income taxes was lower by $16.4 million, or 44% for the three months ended September 30, 2020 and lower by $59.1 million, or 54% for the nine months ended September 30, 2020, primarily due to factors including, but not limited to:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Impact of changes to **DP&L's** ESP in December 2019, primarily removal of the DMR, DIR, and Decoupling Rider and reinstatement of the RSC Rider	$ (13.4)	$ (45.9)
Net decrease in the volume of retail kWh sold primarily driven by unfavorable weather, partially offset by the purchased power volume variance	(3.5)	(11.7)
Other	0.5	(1.5)
Net change in income before income tax	**$ (16.4)**	**$ (59.1)**

RESULTS OF OPERATIONS HIGHLIGHTS – DPL

DPL's results of operations include the results of its subsidiaries, including its principal subsidiary **DP&L.** All material intercompany accounts and transactions have been eliminated in consolidation. A separate discussion of the results of operations for **DP&L** is presented elsewhere in this report.

	Three months ended September 30,				Nine months ended September 30,			
$ in millions	**2020**	2019	$ change	% change	**2020**	2019	$ change	% change
Revenues:								
Retail	**$ 159.7**	$ 174.3	$ (14.6)	(8)%	**$ 451.9**	$ 518.7	$ (66.8)	(13)%
Wholesale	**3.0**	4.2	(1.2)	(29)%	**7.0**	12.0	(5.0)	(42)%
RTO ancillary	**11.4**	11.1	0.3	3%	**32.3**	32.9	(0.6)	(2)%
Capacity revenues	**0.9**	1.1	(0.2)	(18)%	**3.2**	5.0	(1.8)	(36)%
Miscellaneous revenues	**3.8**	2.2	1.6	73%	**10.7**	7.9	2.8	35%
Total revenues	**178.8**	192.9	(14.1)	(7)%	**505.1**	576.5	(71.4)	(12)%
Operating costs and expenses								
Net fuel cost	**0.4**	0.6	(0.2)	(33)%	**1.3**	2.0	(0.7)	(35)%
Purchased power:								
Purchased power	**55.7**	60.5	(4.8)	(8)%	**156.3**	176.0	(19.7)	(11)%
RTO charges	**10.3**	5.8	4.5	78%	**21.7**	18.2	3.5	19%
Net purchased power cost	**66.0**	66.3	(0.3)	—%	**178.0**	194.2	(16.2)	(8)%
Operation and maintenance	**47.9**	42.5	5.4	13%	**138.7**	136.9	1.8	1%
Depreciation and amortization	**18.6**	17.7	0.9	5%	**54.8**	54.0	0.8	1%
Taxes other than income taxes	**17.7**	20.8	(3.1)	(15)%	**59.6**	58.3	1.3	2%
Other, net	**0.1**	—	0.1	—%	**0.1**	—	0.1	—%
Total operating costs and expenses	**150.7**	147.9	2.8	2%	**432.5**	445.4	(12.9)	(3)%
Operating income	**28.1**	45.0	(16.9)	(38)%	**72.6**	131.1	(58.5)	(45)%
Other income / (expense), net:								
Interest expense	**(17.1)**	(18.3)	1.2	(7)%	**(55.4)**	(63.7)	8.3	(13)%
Loss on early extinguishment of debt	**(31.7)**	—	(31.7)	—%	**(31.7)**	(44.9)	13.2	(29)%
Other income / (expense)	**1.0**	0.4	0.6	150%	**0.9**	3.2	(2.3)	(72)%
Total other expense, net	**(47.8)**	(17.9)	(29.9)	167%	**(86.2)**	(105.4)	19.2	(18)%
Income / (loss) from continuing operations before income tax (a)	**$ (19.7)**	$ 27.1	$ (46.8)	(173)%	**$ (13.6)**	$ 25.7	$ (39.3)	(153)%

(a) For purposes of discussing operating results, we present and discuss Income / (loss) from continuing operations before income tax. This format is useful to investors because it allows analysis and comparability of operating trends and includes the same information that is used by management to make decisions regarding our financial performance.

DPL – Revenues

Retail customers, especially residential and commercial customers, consume more electricity on warmer and colder days. Therefore, our retail sales demand is affected by the number of heating and cooling degree-days occurring during a year. Cooling degree-days typically have a more significant effect than heating degree-days since some residential customers do not use electricity to heat their homes. Because of the impact of the Decoupling Rider (effective January 1, 2019 through December 18, 2019), weather had a minimal impact on our 2019 net operating results. Additionally, our retail revenues are affected by regulated rates and riders including the changes to our ESP described in Note 3 - Regulatory Matters of our Form 10-K and Note 3 – Regulatory Matters of Notes to **DPL's** Condensed Consolidated Financial Statements.

Factors affecting **DPL's** wholesale sales volume include wholesale market prices; retail demand throughout the entire wholesale market area; unit availability to sell into the wholesale market; and weather conditions.

HEATING AND COOLING DEGREE-DAYS [(a)]

	Three months ended September 30,				Nine months ended September 30,			
	2020	2019	change	% change	**2020**	2019	change	% change
Actual								
Heating degree-days	**61**	—	61	— %	**3,040**	3,206	(166)	(5)%
Cooling degree-days	**845**	975	(130)	(13)%	**1,200**	1,361	(161)	(12)%
30-year average [(b)]								
Heating degree-days	**79**	80			**3,464**	3,461		
Cooling degree-days	**671**	663			**976**	965		

(a) Heating and cooling degree-days are a measure of the relative heating or cooling required for a home or business. The heating degrees in a day are calculated as the degrees that the average actual daily temperature is below 65 degrees Fahrenheit. For example, if the average temperature on March 20th was 40 degrees Fahrenheit, the heating degrees for that day would be the 25-degree difference between 65 degrees and 40 degrees. Similarly, cooling degrees in a day are calculated as the degrees that the average actual daily temperature is above 65 degrees Fahrenheit.
(b) 30-year average is computed from observed degree-days in the Dayton area on a trailing 30-year basis.

DPL's electric sales and billed customers were as follows:

ELECTRIC SALES AND CUSTOMERS [(a)]

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Retail electric sales [(b)]				
Residential	**1,461**	1,461	**4,067**	4,081
Commercial and other	**973**	1,044	**2,616**	2,820
Industrial	**987**	995	**2,643**	2,854
Governmental	**319**	355	**872**	965
Other	**4**	4	**13**	12
Total retail electric sales	**3,744**	3,859	**10,211**	10,732
Wholesale electric sales [(c)]	**123**	151	**323**	421
Total electric sales	**3,867**	4,010	**10,534**	11,153
Billed electric customers (end of period)			**529,674**	523,915

(a) Electric sales are presented in millions of kWh.
(b) **DPL** retail electric sales represent the total transmission and distribution retail sales for the periods presented. SSO sales were 1,057 kWh and 2,937 kWh for the three and nine months ended September 30, 2020, respectively, and 1,041 kWh and 2,982 kWh for the three and nine months ended September 30, 2019, respectively.
(c) Wholesale electric sales are **DP&L's** 4.9% share of the generation output of OVEC.

During the three months ended September 30, 2020, revenue decreased $14.1 million to $178.8 million compared to $192.9 million in the same period of the prior year, and, during the nine months ended September 30, 2020, revenue decreased $71.4 million to $505.1 million compared to $576.5 million in the same period of the prior year. These changes were primarily the result of changes in the components of revenue shown below:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Retail		
Rate		
Decrease due to removal of DMR	$ (28.2)	$ (79.4)
Decrease due to removal of DIR	(5.6)	(16.7)
Decrease in energy efficiency revenue rate rider	(3.0)	(8.7)
Increase / (decrease) due to removal of decoupling rider	0.4	(4.7)
Increase / (decrease) due to the TCRR rider	4.5	(1.2)
Increase due to reinstatement of RSC rider	20.0	54.9
Other	1.2	3.5
Net change in retail rate	(10.7)	(52.3)
Volume		
Net decrease in the volume of kWh sold primarily due to unfavorable weather as compared to the same periods in the prior year and lower demand from commercial customers due to the impacts of COVID-19, partially offset by higher demand from residential customers due to the impacts of COVID-19	(4.5)	(14.6)
Other miscellaneous	0.6	0.1
Total retail change	**(14.6)**	**(66.8)**
Wholesale		
Decrease due to lower wholesale prices and lower volumes at OVEC	**(1.2)**	**(5.0)**
RTO ancillary and capacity revenues		
RTO ancillary and capacity revenues	**0.1**	**(2.4)**
Other		
Miscellaneous revenues	**1.6**	**2.8**
Net change in revenues	**$ (14.1)**	**$ (71.4)**

DPL – Net Purchased Power

During the three months ended September 30, 2020, Net purchased power decreased $0.3 million to $66.0 million compared to $66.3 million in the same period of the prior year, and, during the nine months ended September 30, 2020, Net purchased power decreased $16.2 million to $178.0 million compared to $194.2 million in the same period of the prior year. These changes were primarily the result of changes in the cost of purchased power shown below.

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Net purchased power		
Purchased power		
Rate		
Decrease due to pricing in the competitive bid process	(3.8)	(16.8)
Volume		
Decrease due to lower retail load served primarily driven by weather, partially offset by COVID-19 demand impacts	(1.0)	(2.9)
Total purchased power change	(4.8)	(19.7)
RTO charges		
Increase primarily due to higher rates in 2020	4.5	3.5
Net change in purchased power	**$ (0.3)**	**$ (16.2)**

DPL – Operation and Maintenance

During the three and nine months ended September 30, 2020, Operation and maintenance expense increased $5.4 million and $1.8 million, respectively, compared to the same periods in the prior year. The main drivers of these changes are as follows:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Increase in uncollectible expenses for the low-income payment program, which is funded by the USF revenue rate rider [(a)]	2.5	6.0
Increase in deferred storm costs [(a)]	1.6	4.9
Decrease in alternative energy and energy efficiency programs [(a)]	$ (3.0)	$ (9.1)
Increase / (decrease) in legal expenses, primarily due to an insurance reimbursement in September 2019	2.0	(0.8)
Other, net	2.3	0.8
Net change in operation and maintenance expense	**$ 5.4**	**$ 1.8**

(a) There is a corresponding offset in Revenues associated with these programs.

DPL - Taxes Other Than Income Taxes

During the three months ended September 30, 2020, Taxes other than income taxes decreased $3.1 million compared to the same period in the prior year. The decrease was primarily due to an updated Ohio property tax assessment in September 2020, which resulted in a favorable adjustment to property tax expense during the quarter.

During the nine months ended September 30, 2020, Taxes other than income taxes increased $1.3 million compared to the same period in the prior year. The increase was primarily from higher property taxes due to an increase in assessed values for Ohio properties for 2020.

DPL – Interest Expense

During the three and nine months ended September 30, 2020, Interest expense decreased $1.2 million and $8.3 million, respectively, compared to the same periods in the prior year. The decrease was primarily the result of the reduction and refinancing of debt at **DPL** in 2020 and 2019**.**

DPL – Loss on Early Extinguishment of Debt
During the three and nine months ended September 30, 2020, **DPL** recorded Loss on early extinguishment of debt of $31.7 million primarily due to the make-whole premium payment of $30.8 million related to the redemption of the $380.0 million 7.25% Notes due 2021 in the third quarter of 2020.

During the nine months ended September 30, 2019, **DPL** recorded Loss on early extinguishment of debt of $44.9 million primarily due to the make-whole premium payment of $41.4 million related to the $400.0 million partial redemption of the $780.0 million 7.25% Notes due 2021 in the second quarter of 2019.

DPL – Other Income / (Expense)
During the nine months ended September 30, 2020, Other income / (expense) decreased $2.3 million compared to the same period in the prior year. The decrease was primarily the result of unrealized losses on **DP&L's** Master Trust assets due to decreased fair value of investments, as compared to unrealized gains in the prior year, as well as well as higher interest income on bank deposits in the prior year.

DPL – Income Tax Benefit From Continuing Operations
Income tax benefit of $9.1 million during the three months ended September 30, 2019 increased to a benefit of $10.4 million during the three months ended September 30, 2020. The $1.3 million increase of benefit was primarily due to the tax effect of changes in pre-tax income offset by the impact of the benefit recorded in the prior year related to the September 26, 2019 PUCO order.

Income tax benefit of $11.8 million during the nine months ended September 30, 2019 decreased to a benefit of $7.7 million during the nine months ended September 30, 2020. The decrease of $4.1 million was primarily due to the tax impact of changes in pre-tax income offset by the benefit recorded in 2019 for the September 26, 2019 PUCO order.

See Note 7 – Income Taxes in the Notes to **DPL's** Condensed Consolidated Financial Statements for further discussion.

DPL – Discontinued Operations
Net income / (loss) from discontinued operations was $1.1 million and $3.1 million for the three and nine months ended September 30, 2020, respectively, compared to $(0.8) million and $23.9 million for the three and nine months ended September 30, 2019, respectively. This income relates to the generation components of Stuart and Killen, which were retired in 2018 and sold in 2019, and Conesville, which was retired in May 2020 and sold in June 2020. See Part I, Item 1, Note 13 – Discontinued Operations in the Notes to **DPL's** Condensed Consolidated Financial Statements for further discussion.

RESULTS OF OPERATIONS BY SEGMENT - DPL

DPL manages its business through one reportable operating segment, the Utility segment. The primary segment performance measure is income / (loss) from continuing operations before income tax as management has concluded that this measure best reflects the underlying business performance of **DPL** and is the most relevant measure considered in **DPL's** internal evaluation of the financial performance of its segment. The Utility segment is discussed further below.

Utility Segment
The Utility segment is comprised of **DP&L's** electric transmission and distribution businesses, which distribute electricity to residential, commercial, industrial and governmental customers. **DP&L** distributes electricity to approximately 530,000 retail customers located in a 6,000-square mile area of West Central Ohio. **DP&L's** electric transmission and distribution businesses are subject to rate regulation by federal and state regulators. Accordingly, **DP&L** applies the accounting standards for regulated operations to its electric transmission and distribution businesses recording regulatory assets when incurred costs are expected to be recovered in future customer rates and regulatory liabilities when current cost recoveries in customer rates relate to expected future costs. The Utility segment includes revenues and costs associated with our investment in OVEC and **DP&L's** Hutchings Coal generating facility, which was closed in 2013. This facility did not transfer to AES Ohio Generation as part of **DP&L's** Generation Separation on October 1, 2017. Thus, it is grouped within the Utility segment for segment reporting purposes. In addition, regulatory deferrals and collections, which include collections and amortization of fuel deferrals from historical periods, are included in the Utility segment.

Included within the “Other” column are other businesses that do not meet the GAAP requirements for disclosure as reportable segments as well as certain corporate costs, which include interest expense and loss on early extinguishment of debt on **DPL's** long-term debt as well as adjustments related to purchase accounting from the Merger. The accounting policies of the reportable segment are the same as those described in Note 1 – Overview and Summary of Significant Accounting Policies of our 10-K. Intersegment sales, costs of sales and expenses are eliminated in consolidation. Certain shared and corporate costs are allocated between "Other" and the Utility reporting segment.

See Part I, Item 1, Note 11 – Business Segments of Notes to **DPL's** Condensed Consolidated Financial Statements for additional information regarding **DPL’s** reportable segment.

The following table presents **DPL’s** Income / (loss) from continuing operations before income tax by business segment:

	Three months ended September 30,		**Nine months ended September 30,**	
$ in millions	**2020**	2019	**2020**	2019
Utility	**$ 21.3**	$ 37.7	**$ 49.7**	$ 108.8
Other	**(41.0)**	(10.6)	**(63.3)**	(83.1)
Income / (loss) from continuing operations before income tax (a)	**$ (19.7)**	$ 27.1	**$ (13.6)**	$ 25.7

(a) For purposes of discussing operating results, we present and discuss Income / (loss) from continuing operations before income tax. This format is useful to investors because it allows analysis and comparability of operating trends and includes the same information that is used by management to make decisions regarding our financial performance.

RESULTS OF OPERATIONS HIGHLIGHTS – DPL – Utility Segment

The results of operations of the Utility segment for **DPL** are identical in all material respects and for all periods presented to those of **DP&L,** which are included in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations (**RESULTS OF OPERATIONS HIGHLIGHTS – DP&L**) of this Form 10-Q.

RESULTS OF OPERATIONS HIGHLIGHTS – DP&L

	Three months ended September 30,				Nine months ended September 30,			
$ in millions	**2020**	2019	$ change	% change	**2020**	2019	$ change	% change
Revenues:								
Retail	**$ 159.7**	$ 174.3	$ (14.6)	(8)%	**$ 451.9**	$ 518.7	$ (66.8)	(13)%
Wholesale	**3.2**	4.4	(1.2)	(27)%	**7.7**	12.8	(5.1)	(40)%
RTO ancillary	**11.5**	11.0	0.5	5 %	**32.3**	32.8	(0.5)	(2)%
Capacity revenues	**0.9**	1.1	(0.2)	(18)%	**3.2**	5.0	(1.8)	(36)%
Miscellaneous revenues	**1.7**	0.3	1.4	467 %	**4.0**	0.9	3.1	344 %
Total revenues	**177.0**	191.1	(14.1)	(7)%	**499.1**	570.2	(71.1)	(12)%
Operating costs and expenses								
Net fuel cost	**0.4**	0.6	(0.2)	(33)%	**1.3**	2.0	(0.7)	(35)%
Purchased power:								
Purchased power	**55.7**	60.4	(4.7)	(8)%	**156.3**	175.7	(19.4)	(11)%
RTO charges	**10.0**	5.5	4.5	82 %	**20.8**	17.6	3.2	18 %
Net purchased power cost	**65.7**	65.9	(0.2)	— %	**177.1**	193.3	(16.2)	(8)%
Operation and maintenance	**47.8**	42.2	5.6	13 %	**137.7**	135.2	2.5	2 %
Depreciation and amortization	**18.2**	17.4	0.8	5 %	**53.7**	52.9	0.8	2 %
Taxes other than income taxes	**17.8**	20.8	(3.0)	(14)%	**59.6**	58.2	1.4	2 %
Other, net	**0.1**	(0.1)	0.2	(200)%	**0.1**	—	0.1	— %
Total operating costs and expenses	**150.0**	146.8	3.2	2 %	**429.5**	441.6	(12.1)	(3)%
Operating income	**27.0**	44.3	(17.3)	(39)%	**69.6**	128.6	(59.0)	(46)%
Other income / (expense), net:								
Interest expense	**(5.9)**	(6.1)	0.2	(3)%	**(18.5)**	(19.9)	1.4	(7)%
Other income / (expense)	**0.2**	(0.5)	0.7	(140)%	**(1.4)**	0.1	(1.5)	(1,500)%
Total other expense, net	**(5.7)**	(6.6)	0.9	(14)%	**(19.9)**	(19.8)	(0.1)	1 %
Income before income tax (a)	**$ 21.3**	$ 37.7	$ (16.4)	(44)%	**$ 49.7**	$ 108.8	$ (59.1)	(54)%

(a) For purposes of discussing operating results, we present and discuss Income before income tax. This format is useful to investors because it allows analysis and comparability of operating trends and includes the same information used by management to make decisions regarding our financial performance.

DP&L – Revenues

Retail customers, especially residential and commercial customers, consume more electricity on warmer and colder days. Therefore, our retail sales demand is affected by the number of heating and cooling degree-days occurring during a year. Cooling degree-days typically have a more significant effect than heating degree-days since some residential customers do not use electricity to heat their homes. Because of the impact of the Decoupling Rider (effective January 1, 2019 through December 18, 2019), weather had a minimal impact on our 2019 net operating results. Additionally, our retail revenues are affected by regulated rates and riders including the changes to our ESP described in Note 3 - Regulatory Matters of our Form 10-K and Note 3 – Regulatory Matters of Notes to **DP&L's** Condensed Financial Statements.

DP&L's electric sales and billed customers were as follows:

ELECTRIC SALES AND CUSTOMERS [a]

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Retail electric sales [b]				
Residential	**1,461**	1,461	**4,067**	4,081
Commercial and other	**973**	1,044	**2,616**	2,820
Industrial	**987**	995	**2,643**	2,854
Governmental	**319**	355	**872**	965
Other	**4**	4	**13**	12
Total retail electric sales	**3,744**	3,859	**10,211**	10,732
Wholesale electric sales [c]	**123**	151	**323**	421
Total electric sales	**3,867**	4,010	**10,534**	11,153
Billed electric customers (end of period)			**529,674**	523,915

(a) Electric sales are presented in millions of kWh.
(b) **DP&L** retail electric sales represent the total transmission and distribution retail sales for the periods presented. SSO sales were 1,057 kWh and 2,937 kWh for the three and nine months ended September 30, 2020, respectively, and 1,041 kWh and 2,982 kWh for the three and nine months ended September 30, 2019, respectively.
(c) Wholesale electric sales are **DP&L's** 4.9% share of the generation output of OVEC.

During the three months ended September 30, 2020, revenue decreased $14.1 million to $177.0 million compared to $191.1 million in the same period of the prior year, and, during the nine months ended September 30, 2020, revenue decreased $71.1 million to $499.1 million compared to $570.2 million in the same period of the prior year. These changes were primarily the result of changes in the components of revenue shown below:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Retail		
Rate		
Decrease due to removal of DMR	$ (28.2)	$ (79.4)
Decrease due to removal of DIR	(5.6)	(16.7)
Decrease in energy efficiency revenue rate rider	(3.0)	(8.7)
Increase / (decrease) due to removal of decoupling rider	0.4	(4.7)
Increase / (decrease) due to the TCRR rider	4.5	(1.2)
Increase due to reinstatement of RSC rider	20.0	54.9
Other	1.2	3.5
Net change in retail rate	(10.7)	(52.3)
Volume		
Net decrease in the volume of kWh sold primarily due to unfavorable weather as compared to the same periods in the prior year and lower demand from commercial customers due to the impacts of COVID-19, partially offset by higher demand from residential customers due to the impacts of COVID-19	(4.5)	(14.6)
Other miscellaneous	0.6	0.1
Total retail change	**(14.6)**	**(66.8)**
Wholesale		
Decrease due to lower wholesale prices and lower volumes at OVEC	**(1.2)**	**(5.1)**
RTO ancillary and capacity revenues		
RTO ancillary and capacity revenues	**0.3**	**(2.3)**
Other		
Miscellaneous revenues	**1.4**	**3.1**
Net change in revenues	**$ (14.1)**	**$ (71.1)**

DP&L – Net Purchased Power

During the three months ended September 30, 2020, net purchased power decreased $0.2 million to $65.7 million compared to $65.9 million in the same period of the prior year, and, during the nine months ended September 30, 2020, net purchased power decreased $16.2 million to $177.1 million compared to $193.3 million in the same period of the prior year. These changes were primarily the result of changes in the cost of purchased power shown below.

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Net purchased power		
Purchased power		
Rate		
Decrease due to pricing in the competitive bid process	$ (3.7)	$ (16.5)
Volume		
Decrease due to lower retail load served primarily driven by weather, partially offset by COVID-19 demand impacts	(1.0)	(2.9)
Total purchased power change	(4.7)	(19.4)
RTO charges		
Increase primarily due to higher rates in 2020	4.5	3.2
Net change in purchased power	**$ (0.2)**	**$ (16.2)**

DP&L – Operation and Maintenance

During the three and nine months ended September 30, 2020, Operation and Maintenance expense increased $5.6 million and $2.5 million, respectively, compared to the same periods in the prior year. The main drivers of these changes are as follows:

$ in millions	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
Increase in uncollectible expenses for the low-income payment program, which is funded by the USF revenue rate rider [(a)]	2.5	6.0
Increase in deferred storm costs [(a)]	1.6	4.9
Decrease in alternative energy and energy efficiency programs [(a)]	(3.0)	(9.1)
Increase / (decrease) in legal expenses, primarily due to an insurance reimbursement in September 2019	2.0	(0.8)
Other, net	2.5	1.5
Net change in operation and maintenance expense	**$ 5.6**	**$ 2.5**

(a) There is a corresponding offset in Revenues associated with these programs.

DP&L - Taxes Other Than Income Taxes

During the three months ended September 30, 2020, Taxes other than income taxes decreased $3.0 million compared to the same period in the prior year. The decrease was primarily due to an updated Ohio property tax assessment in September 2020, which resulted in a favorable adjustment to property tax expense during the quarter.

During the nine months ended September 30, 2020, Taxes other than income taxes increased $1.4 million compared to the same period in the prior year. The increase was primarily from higher property taxes due to an increase in assessed values for Ohio properties for 2020.

DP&L – Income Tax Expense / (Benefit)
Income tax benefit of $7.2 million during the three months ended September 30, 2019 changed to an income tax expense of $3.5 million during the three months ended September 30, 2020. The change of $10.7 million was primarily due to the impact of the benefit recorded in the prior year related to the September 26, 2019 PUCO order and the net tax benefit related to the reversal of excess deferred taxes, which were partially offset by the reversal of an uncertain tax position and an adjustment to the deferred tax balances.

Income tax expense of $5.1 million during the nine months ended September 30, 2019 changed to an income tax expense of $2.4 million during the nine months ended September 30, 2020. The decrease of $2.7 million of expense was primarily due to a decrease in pre-tax income offset by changes in the full year forecasted rate.

See Note 7 – Income Taxes of Notes to **DP&L's** Condensed Financial Statements for further discussion.

KEY TRENDS AND UNCERTAINTIES

Following the issuance of the DRO in September 2018 and the resulting changes to the Decoupling Rider effective January 1, 2019, our financial results were not driven by retail demand and weather but were impacted by customer growth within our service territory. However, the Decoupling Rider was removed with the approved withdrawal of the 2017 ESP and reversion to **DP&L's** ESP 1 rate plan in December 2019. As such, our results are again primarily impacted by retail demand and weather. In addition, **DPL's** and **DP&L's** financial results are likely to be driven by other factors including, but not limited to:

- regulatory outcomes;
- the passage of new legislation, implementation of regulations or other changes in regulation; and
- the timely recovery of transmission and distribution expenditures.

COVID-19 Pandemic
Since December 2019, the COVID-19 pandemic has impacted global economic activity, including electricity and energy consumption, and caused significant volatility and negative pressure in financial markets. In response to the COVID-19 pandemic, the PUCO issued an emergency order prohibiting electric utilities, including us, from discontinuing electric utility service to customers. This prohibition ended for **DP&L** on September 1, 2020.

In addition to the impacts to demand within our service territory, we also have incurred and expect to continue to incur expenses relating to COVID-19, and such expenses may include those that relate to events outside of our control. For the quarter ending September 30, 2020, we continued to experience impacts from the pandemic and expect to continue to experience impacts for the remainder of 2020, and any such impacts during that time or in other future periods could have a material adverse effect on our results of operations, financial condition and cash flows. The following discussion highlights our assessment of the impacts of the pandemic on our current financial and operating status, and our financial and operational outlook based on information known as of this filing. Also see Part II, Item 1A-Risk Factors of this Form 10-Q.

Business Continuity - As the COVID-19 pandemic progresses, we are taking a variety of measures to ensure our ability to transmit, distribute and sell electric energy, to ensure the health and safety of our employees, contractors, customers and communities and to provide essential services to the communities in which we operate. We continue to respond to this global crisis through comprehensive measures to protect our employees and others while fulfilling our vital role in providing our customers with electric energy. While stay-at-home restrictions have been lifted in our service territory, most of our management and administrative personnel are able to work remotely, and we have not experienced significant issues affecting our operations or ability to maintain effective internal controls and produce reliable financial information.

Demand - The economic impact of the pandemic started to materialize in Ohio in the second half of March and more so in the second and third quarters of 2020. See Note 12 – Revenue and Note 14 – Risks and Uncertainties of Notes to **DPL's** Condensed Consolidated Financial Statements and Note 11 – Revenue and Note 12 – Risks and Uncertainties of Notes to **DP&L's** Condensed Financial Statements for further discussion of how the COVID-19 pandemic has impacted our sales demand and a disaggregation of retail revenues by customer class. The declines for commercial and industrial customers were more severe in April and May, and partially recovered starting in June and into the third quarter as stay-at-home orders were lifted. While we cannot predict the length and magnitude of the pandemic or how it could ultimately impact global or local economic conditions, continuous and/or further declines in future demand would adversely impact our financial results for 2020 and beyond.

Liquidity - We anticipate having sufficient liquidity to make all required payments, including payments for salaries and wages owed to our employees, during the pandemic. We do not foresee a significant impact to our access to capital or our liquidity position as a result of the pandemic. On June 19, 2020, **DPL** closed a $415.0 million issuance of senior unsecured notes, and the proceeds from this issuance together with cash on hand were used to redeem in-full the remaining balance of $380.0 million of **DPL's** 7.25% senior unsecured notes. These bonds were redeemed at par plus accrued interest and a make-whole premium of $30.8 million on July 20, 2020. Additionally, on July 31, 2020 **DP&L** issued $140.0 million of taxable First Mortgage Bonds and used the proceeds to purchase at par value the $140.0 million of outstanding tax-exempt Ohio Air Quality Development Authority Collateralized Pollution Control Revenue Refunding Bonds that had been issued in 2015. For further discussion of our financial condition, liquidity, and capital requirements, see Part I, Item 2-

Management’s Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity of this Form 10-Q.

Credit Exposures - We continue to monitor and manage our credit exposures in a prudent manner. During the three and nine months ended September 30, 2020, we experienced credit-related impacts from utility customers due to the prohibition of electric utilities, including us, from discontinuing electric utility service to customers through September 1, 2020 and due to the economic impacts of the COVID-19 pandemic. This has resulted in an increase in past due customer receivable balances, and our allowance for credit losses has increased $2.8 million for both **DPL** and **DP&L** during the nine months ended September 30, 2020. During the third quarter of 2020, **DP&L** implemented and offered extended payment plans to customers as a result of the pandemic. We expect significant economic disruptions from the COVID-19 pandemic potentially for the remainder of 2020 and beyond. If these disruptions occur, further deterioration in our credit exposures and customer collections could result. However, as discussed in Note 3 – Regulatory Matters of Notes to **DPL's** Consolidated Financial Statements and Note 3 – Regulatory Matters of Notes to **DP&L's** Financial Statements in Item 8. - Financial Statements and Supplementary Data of our Form 10-K, **DP&L's** uncollectible expense is deferred for future collection. The prohibition from discontinuing electric utility service ended for **DP&L** on September 1, 2020.

Supply Chain - Our supply chain management has remained robust during this challenging time and we continue to closely manage and monitor developments.

Capital Projects - During the COVID-19 pandemic, our construction projects are proceeding without material delays. For further discussion of our capital requirements, see Part I, Item 2 **–** Management's Discussion and Analysis of Financial Condition and Results of Operations **–** Capital Resources and Liquidity of this Form 10-Q.

CARES Act - The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by the U.S. Congress and signed into law on March 27, 2020. While we currently expect a limited impact from this legislation on our business, certain elements, primarily the deferral of payroll taxes, may provide some cash benefits in the near term.

See Note 14 – Risks and Uncertainties of Notes to **DPL's** Condensed Consolidated Financial Statements and Note 12 – Risks and Uncertainties of Notes to **DP&L's** Condensed Financial Statements for more information and Part II, Item 1a - Risk Factors of this Form 10-Q for more information.

Regulatory Environment

DPL's, **DP&L's** and our other subsidiaries' facilities and operations are subject to a wide range of regulations and laws by federal, state and local authorities. As well as imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. In the normal course of business, we have investigatory and remedial activities underway at these facilities and operations in an effort to comply, or to determine compliance, with such regulations. We record liabilities for losses that are probable and can be reasonably estimated. In addition to matters discussed or updated herein, our 2019 Form 10-K and Forms 10-Q previously filed with the SEC during 2020 describe other regulatory matters which have not materially changed since those filings. See Part I, Item 1, Note 3 – Regulatory Matters of Notes to **DPL's** Condensed Consolidated Financial Statements and Part I, Item 1, Note 3 – Regulatory Matters of Notes to **DP&L's** Condensed Financial Statements for further information regarding regulatory matters.

Stipulation and Recommendation - On October 23, 2020, **DP&L** entered into a Stipulation and Recommendation with the staff of the PUCO and various customers and other organizations, which is subject to PUCO approval. This Stipulation and Recommendation would provide resolution on several matters pending before the PUCO. See additional information in Note 3 – Regulatory Matters of Notes to **DPL's** Condensed Consolidated Financial Statements and Note 3 – Regulatory Matters of Notes to **DP&L's** Condensed Financial Statements.

Distribution Rate Case - On October 30, 2020 **DP&L** filed a Pre-filing Notice of Intent to file an application to increase rates for distribution service. The Distribution Rate Case Application will be filed on November 30, 2020.

Ohio House Bill 6 - Legislation, such as Senate Bill 346 and House Bill 738, has been introduced in the Ohio General Assembly seeking to repeal Ohio House Bill 6. Ohio House Bill 6, among other things, does the following: beginning January 1, 2020, permitted **DP&L** to defer, recover or credit the net proceeds from selling energy and capacity received as part of **DP&L's** interest in OVEC and its OVEC-related costs through a non-bypassable recovery mechanism for recovery of prudently incurred OVEC costs through 2030; eliminates the annual energy efficiency targets for Ohio utilities after

2020; and allows Ohio utilities to construct customer-sited renewable generation for mercantile customers or groups of mercantile customers, the costs of which may only be recovered

from those customers. If Ohio House Bill 6 is repealed without a replacement with comparable provisions, it could have a material adverse effect on our results of operations, financial condition and cash flows.

Reference Rate Reform
As discussed in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Form 10-K, in July 2017, the U.K. Financial Conduct Authority announced that it intends to phase out LIBOR by the end of 2021. In the U.S., the Alternative Reference Rate Committee at the Federal Reserve identified the Secured Overnight Financing Rate (SOFR) as its preferred alternative rate for LIBOR; alternative reference rates in other key markets are under development. We maintain financial instruments that use LIBOR as an interest rate benchmark and have begun to engage with our counterparties to discuss specific action items to be undertaken in order to prepare for amendments when they become due.

Environmental Matters
In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. In the normal course of business, we have investigatory and remedial activities underway at our facilities to comply, or to determine compliance, with such regulations. We record liabilities for loss contingencies related to environmental matters when a loss is probable of occurring and can be reasonably estimated in accordance with the provisions of GAAP. Accordingly, we have immaterial accruals for loss contingencies for environmental matters. We also have several environmental matters for which we have not accrued loss contingencies because the risk of loss is not probable, or a loss cannot be reasonably estimated. We evaluate the potential liability related to environmental matters quarterly and may revise our estimates. Such revisions in the estimates of the potential liabilities could have a material adverse effect on our results of operations, financial condition and cash flows. We refer to the discussion in “Item 1. Business - Environmental Matters” in our 2019 Form 10-K for a discussion of certain recent developments in environmental laws and regulations.

We have several pending environmental matters associated with our previously-owned stations. Some of these matters could have a material adverse effect on our results of operations, financial condition and cash flows.

As a result of **DPL’s** retirement and subsequent sale of its Stuart and Killen generating stations, the sale of its ownership interest in the Miami Fort and Zimmer generating stations and the retirement and subsequent sale of Conesville, the following environmental matters, regulations and requirements are now not expected to have a material impact on **DPL**:

- CSAPR and associated updates;
- MATS and any associated regulatory or judicial processes;
- NAAQS; and
- the Affordable Clean Energy Rule.

Regulation of CCR
On October 19, 2015, a USEPA rule regulating CCR under the Resource Conservation and Recovery Act as nonhazardous solid waste became effective (CCR Rule). The CCR Rule established nationally applicable minimum criteria for the disposal of CCR in new and currently operating landfills and surface impoundments, including location restrictions, design and operating criteria, groundwater monitoring, corrective action and closure requirements and post-closure care. The primary enforcement mechanisms under this regulation would be actions commenced by the states and private lawsuits. On December 16, 2016, President Obama signed into law the Water Infrastructure Improvements for the Nation Act (WIIN Act), which includes provisions to implement the CCR Rule through a state permitting program, or if the state chooses not to participate, a possible federal permit program. The USEPA has indicated that they will implement a phased approach to amending the CCR Rule which is in process. On February 20, 2020, the US EPA published a proposed rule to establish a federal CCR permit program that would operate in states without approved CCR permit programs. On August 28, 2020, the USEPA published final amendments to the CCR Rule titled “A Holistic Approach to Closure Part A: Deadline to Initiate Closure”, which amends certain regulatory provisions that govern CCR. On October 16, 2020, the USEPA released a pre-publication version of final amendments to the CCR rule titled “A Holistic Approach to Closure Part B”. The CCR Rule, current or proposed amendments to the CCR Rule, the results of groundwater monitoring data or the outcome of CCR-related litigation could have a material adverse effect on our results of operations, financial condition and cash flows.

Litigation Involving Previously Co-Owned Stations
As a result of a 2008 consent decree entered into with the Sierra Club and approved by the U.S. District Court

for the Southern District of Ohio, **DPL** and the other previous owners of the Stuart generating station were subject to certain specified emission targets related to NOX, SO2 and particulate matter. The consent decree also includes commitments for energy efficiency and renewable energy activities. An amendment to the consent decree was entered into and approved in 2010 to clarify how emissions would be computed during startups. Given that all of the commitments have been met and with the retirement of the Stuart generating station, **DPL** and the other previous owners submitted a request for termination of the consent decree to the U.S. District Court. On July 14, 2020, the U.S. District Court granted the request and terminated the Consent Decree.

Clean Water Act - Regulation of Water Discharge
DP&L and other utilities at times apply the Nationwide Permit 12 (NWP 12) issued by the U.S. Army Corps of Engineers (Corps) in completing transmission and distribution projects that may involve waters of the U.S. NWP 12 is the nationwide permit for Utility Line Activities, specifically those required for construction and maintenance, provided the activity does not result in the loss of greater than 1/2-acre of waters of the U.S. for each single and complete project.

On April 15, 2020, in a proceeding involving the construction of the Keystone XL pipeline, the U.S. District Court for the District of Montana (Montana District Court) vacated NWP 12 and enjoined its application. On April 27, 2020, the Corps moved for the Montana District Court to stay pending appeal those portions of the April 15, 2020 order that vacate NWP 12 and enjoin its application. In the alternative, the Corps asked the Montana District Court to stay its vacatur and injunction as they relate to anything other than the Keystone XL pipeline. On May 11, 2020, following a request from the Corps, the Montana District Court amended its order to vacate NWP 12 only for oil and gas pipeline construction projects, allowing electric utility T&D projects to continue. On May 13, the Corps appealed the Montana District Court decision with the Ninth Circuit Court and requested a stay. On May 28, 2020, the Ninth Circuit denied a motion to stay. On June 16, 2020, the U.S. Solicitor General, on behalf of the U.S. Army Corps of Engineers, filed an application with the U.S. Supreme Court asking the Court to stay the district court order that vacated and enjoined the Corps from issuing authorizations under NWP 12 as it relates to the construction of new oil and gas pipelines. On July 6, 2020, the U.S. Supreme Court stayed the district court order, allowing the use of NWP 12 for oil and gas pipeline projects except for Keystone XL. It is too early to determine whether future outcomes or decisions related to this matter could have a material adverse effect on our results of operations, financial condition and cash flows.

On April 23, 2020, the U.S. Supreme Court issued a decision in the *Hawaii Wildlife Fund v. County of Maui* case related to whether a Clean Water Act permit is required when pollutants originate from a point source but are conveyed to navigable waters through a nonpoint source such as groundwater. The U.S. Supreme Court held that discharges to groundwater require a permit if the addition of the pollutants through groundwater is the functional equivalent of a direct discharge from the point source into navigable waters. It is too early to determine whether this decision may have a material impact on our business, financial condition or results of operations.

CAPITAL RESOURCES AND LIQUIDITY

DPL and **DP&L** had unrestricted cash and cash equivalents of $43.5 million and $26.1 million, respectively, at September 30, 2020. At that date, neither **DPL** nor **DP&L** had short-term investments. **DPL** and **DP&L** had aggregate principal amounts of long-term debt outstanding of $1,413.0 million and $582.4 million, respectively.

At September 30, 2020, approximately $0.2 million of **DPL's** long-term debt, including $0.2 million of **DP&L's** long-term debt, matures within twelve months of the balance sheet date.

In May 2020, **DP&L** received approval to, among other things, issue up to $140.0 million in aggregate principal amount of long-term indebtedness for a term not to exceed 30 years. On July 31, 2020, **DP&L** issued $140.0 million of taxable First Mortgage Bonds and on August 3, 2020 used the proceeds to purchase at par value the $140.0 million of outstanding tax-exempt Ohio Air Quality Development Authority (OAQDA) Collateralized Pollution Control Revenue Refunding Bonds that had been issued in 2015. The new taxable First Mortgage Bonds carry an interest rate of 3.20% and mature on July 31, 2040.

From time to time, we may elect to repurchase our outstanding debt through cash purchases, privately negotiated transactions or otherwise when management believes such repurchases are favorable to make. The amounts involved in any such repurchases may be material.

We depend on timely and continued access to capital markets to manage our liquidity needs. The inability to raise capital on favorable terms, to refinance existing indebtedness or to fund operations and other commitments during

times of political or economic uncertainty could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, changes in the timing of tariff increases or delays in regulatory determinations could affect the cash flows and results of operations of our businesses.

Our discussion of **DPL's** financial condition, liquidity and capital requirements include the results of its principal subsidiary **DP&L**.

CASH FLOWS

DPL's financial condition, liquidity and capital requirements include the consolidated results of its principal subsidiary **DP&L.** All material intercompany accounts and transactions have been eliminated in consolidation.

Cash Flow Analysis - DPL

The following table summarizes the cash flows of **DPL**:

	Nine months ended September 30,	
$ in millions	**2020**	2019
Net cash provided by operating activities	**$ 81.7**	$ 136.3
Net cash used in investing activities	**(125.4)**	(125.9)
Net cash provided by / (used in) financing activities	**40.3**	(67.7)
Net change	**(3.4)**	(57.3)
Balance at beginning of period	**47.0**	111.7
Cash, cash equivalents, and restricted cash at end of period	**$ 43.6**	$ 54.4

DPL – Net cash from operating activities

	Nine months ended September 30,		$ change
$ in millions	**2020**	2019	2020 vs. 2019
Net income / (loss)	**$ (2.8)**	$ 61.4	$ (64.2)
Depreciation and amortization	**55.1**	34.2	20.9
Deferred income taxes	**32.3**	(8.7)	41.0
Loss on early extinguishment of debt	**31.7**	44.9	(13.2)
Other adjustments to Net income	**(0.1)**	4.2	(4.3)
Net income, adjusted for non-cash items	**116.2**	136.0	(19.8)
Net change in operating assets and liabilities	**(34.5)**	0.3	(34.8)
Net cash provided by operating activities	**$ 81.7**	$ 136.3	$ (54.6)

The net change in operating assets and liabilities during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was driven by the following:

$ in millions	**$ Change**
Decrease from deferred regulatory costs, net primarily due to a decrease in regulatory liabilities as we return certain benefits to customers	(20.0)
Decrease from accounts payable primarily due to timing of payments	(19.5)
Increase from accrued taxes payable / receivable primarily due to tax payment of $52.0 million from AES, partially offset by an increase in the current tax benefit in the current year	8.0
Other	(3.3)
Net decrease in cash from changes in operating assets and liabilities	$ (34.8)

DPL – Net cash from investing activities

Net cash used in investing activities was $(125.4) million for the nine months ended September 30, 2020 compared to $(125.9) million for the nine months ended September 30, 2019. This $0.5 million decrease in cash used primarily relates to $5.1 million of proceeds received from the sale of software in the current year and a $2.9 million decrease in the purchase of renewable energy credits, partially offset by a $6.3 million increase in capital expenditures due to an increase in cost of removal payments.

DPL – Net cash from financing activities

Net cash provided by / (used in) financing activities was $40.3 million for the nine months ended September 30, 2020 compared to $(67.7) million from financing activities for the nine months ended September 30, 2019. This $108.0 million

increase is primarily due to a $160.5 million increase in net issuances of long-term debt ($4.2 million

net issuance of long-term debt in 2020 compared to net retirements on long-term debt of $156.3 million in 2019) and a $98.0 million capital contribution in the current year, partially offset by increased net payments on revolving credit facilities of $152.0 million in the current year.

Cash Flow Analysis - DP&L

The following table summarizes the cash flows of **DP&L:**

	Nine months ended September 30,	
$ in millions	**2020**	2019
Net cash provided by operating activities	**$ 49.7**	$ 138.9
Net cash used in investing activities	**(125.8)**	(124.6)
Net cash provided by / (used in) financing activities	**81.0**	(48.5)
Net change	**4.9**	(34.2)
Balance at beginning of period	**21.3**	66.2
Cash, cash equivalents, and restricted cash at end of period	**$ 26.2**	$ 32.0

DP&L – Net cash from operating activities

	Nine months ended September 30,		$ change
$ in millions	**2020**	2019	2020 vs. 2019
Net income	**$ 47.3**	$ 103.7	$ (56.4)
Depreciation and amortization	**53.7**	52.9	0.8
Deferred income taxes	**(0.1)**	(17.2)	17.1
Other adjustments to Net income	**2.9**	2.8	0.1
Net income, adjusted for non-cash items	**103.8**	142.2	(38.4)
Net change in operating assets and liabilities	**(54.1)**	(3.3)	(50.8)
Net cash provided by operating activities	**$ 49.7**	$ 138.9	$ (89.2)

The net change in operating assets and liabilities during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was driven by the following:

$ in millions	**$ Change**
Decrease from deferred regulatory costs, net, primarily due to a decrease in regulatory liabilities as we return certain benefits to customers	(20.0)
Decrease from accounts receivable due to PJM transmission enhancement settlement collections in the prior year	(17.2)
Decrease from accounts payable primarily due to timing of payments	(15.8)
Other	2.2
Net decrease in cash from changes in operating assets and liabilities	$ (50.8)

DP&L – Net cash from investing activities

Net cash used in investing activities was $(125.8) million for the nine months ended September 30, 2020 compared to $(124.6) million for the nine months ended September 30, 2019. This $1.2 million increase in cash used primarily relates to a $4.0 million increase in capital expenditures due to an increase in cost of removal payments in the current year, partially offset by a $2.9 million decrease in the purchase of renewable energy credits.

DP&L – Net cash from financing activities

Net cash provided by / (used in) financing activities was $81.0 million for the nine months ended September 30, 2020 compared to $(48.5) million from financing activities for the nine months ended September 30, 2019. This $129.5 million increase primarily relates to a $150.0 million capital contribution from **DPL** in the current year and a $62.3 million decrease in return of capital payments compared to the prior year, partially offset by a $100.0 million increase in net payments on revolving credit facilities in the current year.

LIQUIDITY

We expect our existing sources of liquidity to remain sufficient to meet our anticipated operating needs. Our business is capital intensive, requiring significant resources to fund operating expenses, construction expenditures, scheduled debt maturities and carrying costs, taxes and dividend payments. For 2020 and subsequent years, we expect to satisfy these

requirements with cash from operations, funds from debt financing and/or equity capital contributions as our internal liquidity needs and market conditions warrant. We also expect that the borrowing

capacity under bank credit facilities will continue to be available to manage working capital requirements during those periods. During the nine months ended September 30, 2020, **DPL** received $150.0 million in a cash contribution from AES, which DPL then used to make a $150.0 million capital contribution to **DP&L**. The contribution at **DPL** represented an equity capital contribution of $98.0 million and a payment of $52.0 million against its tax receivable. The proceeds from the capital contribution at **DP&L** will primarily be used for funding needs to support **DP&L's** capital expenditure program, mainly new investments in and upgrades to **DP&L's** transmission and distribution system.

At September 30, 2020, **DP&L** and **DPL** have access to the following revolving credit facilities:

$ in millions	Type	Maturity	Commitment	Amounts available as of September 30, 2020
DP&L	Revolving	June 2024	$ 175.0	$ 173.9
DPL	Revolving	June 2023	110.0	15.0
			$ 285.0	$ 188.9

DP&L has an unsecured revolving credit agreement with a syndicated bank group with a borrowing limit of $175.0 million and a $75.0 million letter of credit sublimit, as well as a feature that provides **DP&L** the ability to increase the size of the facility by an additional $100.0 million. This facility expires in June 2024. At September 30, 2020, there was one letter of credit in the amount of $1.1 million outstanding under this facility, and $0.0 million in borrowings, with the remaining $173.9 million available to **DP&L.** Fees associated with this letter of credit facility were not material during the nine months ended September 30, 2020 or 2019.

DPL has a revolving credit facility of $110.0 million, with a $75.0 million letter of credit sublimit and a feature that provides **DPL** the ability to increase the size of the facility by an additional $50.0 million. This facility is secured by a pledge of common stock that **DPL** owns in **DP&L**, limited to the amount permitted to be pledged under certain Indentures dated October 3, 2011 and April 17, 2019 between **DPL** and Wells Fargo Bank, NA and U.S. Bank National Association, respectively, as Trustee. The facility expires in June 2023. At September 30, 2020, there was one letters of credit in the aggregate amount of $5.0 million outstanding and $90.0 million in borrowings, with the remaining $15.0 million available to **DPL.** Fees associated with this facility were not material during the nine months ended September 30, 2020 or 2019.

Capital Requirements

Planned construction additions for 2020 relate primarily to new investments in and upgrades to **DP&L's** transmission and distribution system. Capital projects are subject to continuing review and are revised considering changes in financial and economic conditions, load forecasts, legislative and regulatory developments and changing environmental requirements, among other factors.

DPL is projecting to spend an estimated $615.0 million in capital projects for the period 2020 through 2022, of which $608.0 million is projected to be spent by **DP&L**. **DP&L's** projection includes expected spending under **DP&L's** Smart Grid Plan included in the Stipulation and Recommendation entered into on October 23, 2020 as well as new transmission projects. See additional information in Note 3 – Regulatory Matters of Notes to **DPL's** Condensed Consolidated Financial Statements and Note 3 – Regulatory Matters of Notes to **DP&L's** Condensed Financial Statements.

DP&L is subject to the mandatory reliability standards of NERC and ReliabilityFirst Corporation, one of the six NERC regions, of which **DP&L** is a member. **DP&L** anticipates spending approximately $73.0 million within the next five years to reinforce its transmission system to comply with mandatory NERC and FERC Form 715 planning requirements. These anticipated costs are included in the overall capital projections above.

Long-term debt covenants

For information regarding our long-term debt covenants, see Part I, Item 1, Note 6 – Long-term Debt of Notes to **DPL's** Condensed Consolidated Financial Statements and Part I, Item 1, Note 6 – Long-term Debt of Notes to **DP&L's** Condensed Financial Statements.

Debt and Credit Ratings
The following table presents, as of the filing of this report, the debt ratings and outlook for **DPL** and **DP&L**, along with the effective or affirmed date of each rating.

	DPL	DP&L	Outlook	Effective or Affirmed
Fitch Ratings	BB+[(a)] / BB [(b)]	BBB+[(c)]	Negative	April 2020
Moody's Investors Service, Inc.	Ba1 [(b)]	A3 [(c)]	Negative	December 2019
Standard & Poor's Financial Services LLC	BB+ [(b)]	BBB+ [(c)]	Developing	November 2020

(a) Rating relates to **DPL's** Senior secured debt.
(b) Rating relates to **DPL's** Senior unsecured debt.
(c) Rating relates to **DP&L's** Senior secured debt.

The following table presents, as of the filing of this report, the credit ratings (issuer/corporate rating) and outlook for **DPL** and **DP&L**, along with the effective or affirmed date of each rating.

	DPL	DP&L	Outlook	Effective or Affirmed
Fitch Ratings	BB	BBB-	Negative	April 2020
Moody's Investors Service, Inc.	Ba1	Baa2	Negative	December 2019
Standard & Poor's Financial Services LLC	BB+	BB+	Developing	November 2020

If the rating agencies were to reduce our debt or credit ratings, our borrowing costs may increase, our potential pool of investors and funding resources may be reduced, and we may be required to post additional collateral under selected contracts. These events could have an adverse effect on our results of operations, financial condition and cash flows. In addition, any such reduction in our debt or credit ratings may adversely affect the trading price of our outstanding debt securities.

Off-Balance Sheet Arrangements
For information on guarantees, commercial commitments, and contractual obligations, see Part I, Item 1, Note 10 – Contractual Obligations, Commercial Commitments and Contingencies of Notes to **DPL's** Condensed Consolidated Financial Statements and Part I, Item 1, Note 10 – Contractual Obligations, Commercial Commitments and Contingencies of Notes to **DP&L's** Condensed Financial Statements.

MARKET RISK

We are subject to certain market risks including, but not limited to, changes in commodity prices for electricity and fluctuations in interest rates. Our Risk Management Committee (RMC), comprised of members of senior management, is responsible for establishing risk management policies and the monitoring and reporting of risk exposures. The RMC meets on a regular basis with the objective of identifying, assessing and quantifying material risk issues and developing strategies to manage these risks.

The disclosures presented in this section are based upon a number of assumptions; actual effects may differ. The safe harbor provided in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 shall apply to the disclosures contained in this section. For further information regarding market risk, see Item 1A.—Risk Factors and Item 7A - Quantitative and Qualitative Disclosures about Market Risk of our Form 10-K. Our businesses may incur substantial costs and liabilities and be exposed to price volatility as a result of risks associated with the electricity markets, which could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, we may not be adequately hedged against our exposure to changes in interest rates.

Interest Rate Risk
Because of our normal investing and borrowing activities, our financial results are exposed to fluctuations in interest rates which we manage through our regular financing activities. We maintain both cash on deposit and investments in cash equivalents that may be affected by adverse interest rate fluctuations. **DPL** has fixed-rate long-term debt. After the refinancing of the tax-exempt first mortgage bonds, **DP&L** only has fixed-rate long-term debt.

Long-term debt maturities and repayments occurring in the next twelve months are discussed under "CAPITAL RESOURCES AND LIQUIDITY".

Critical Accounting Estimates

DPL's Condensed Consolidated Financial Statements and **DP&L's** Condensed Financial Statements are prepared in accordance with GAAP. In connection with the preparation of these financial statements, our management is required to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosure of contingent liabilities. These assumptions, estimates and judgments are based on our historical experience and assumptions that we believe to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. Our critical accounting estimates are those which require assumptions to be made about matters that are highly uncertain.

Different estimates could have a material effect on our financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions or circumstances. Historically, however, recorded estimates have not differed materially from actual results. Significant items subject to such judgments include: the carrying value of property, plant and equipment; unbilled revenues; the valuation of derivative instruments; the valuation of insurance and claims liabilities; the valuation of allowances for credit losses and deferred income taxes; regulatory assets and liabilities; liabilities recorded for income tax exposures; litigation; contingencies; the valuation of AROs; assets and liabilities related to employee benefits and intangible assets. Refer to our Form 10-K for the year ended December 31, 2019 for a complete listing of our critical accounting policies and estimates. We have reviewed and determined that these remain as critical accounting policies as of and for the nine months ended September 30, 2020.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

See the "MARKET RISK" section in Item 2 of this Part I, which is incorporated by reference into this item.

Item 4 – Controls and Procedures

Disclosure Controls and Procedures
DPL and **DP&L**, under the supervision and with the participation of its management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of our "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2020, to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting — There were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

Part II – Other Information

Item 1 – Legal Proceedings

In the normal course of business, we are subject to various lawsuits, actions, claims, and other proceedings. We are also, from time to time, involved in other reviews, investigations and proceedings by governmental and regulatory agencies regarding our business, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. We have accrued in our Financial Statements for litigation and claims where it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We believe the amounts provided in our Financial Statements, as prescribed by GAAP, for these matters are adequate considering the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to

satisfy alleged liabilities from various legal proceedings, claims and other matters (including those matters noted below), and to comply with applicable laws and regulations will not exceed the amounts reflected in our Financial Statements. As such, costs, if any, that may be incurred in excess of those amounts provided for in our Financial Statements, cannot be reasonably determined, but could be material.

Our Form 10-K for the fiscal year ended December 31, 2019 and Forms 10-Q for the quarters ended March 31, and June 30, 2020 and the Notes to **DPL's** Consolidated Financial Statements and **DP&L's** Financial Statements included therein contain descriptions of certain legal proceedings in which we are or were involved. The information in or incorporated by reference into this Item 1 to Part II is limited to certain recent developments concerning our legal proceedings and new legal proceedings, since the filing of such Forms 10-K and 10-Q, and should be read in conjunction with such Forms 10-K and 10-Q.

The following information is incorporated by reference into this Item: information about the legal proceedings contained in Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations and Part I, Item 1, Note 3 – Regulatory Matters of Notes to **DPL's** Condensed Consolidated Financial Statements and Part I, Item 1, Note 3 – Regulatory Matters of Notes to **DP&L's** Condensed Financial Statements of this Quarterly Report on Form 10-Q.

Item 1A – Risk Factors

A listing of the risk factors that we consider to be the most significant to a decision to invest in our securities is provided in our Form 10-K as supplemented in our Form 10-Q for each of the three month periods ended March 31 and June 30, 2020. Except as described below, there has been no material change in our risk factors as previously disclosed in our Form 10-K. If any of the events described in our risk factors occur, it could have a material adverse effect on our results of operations, financial condition and cash flows.

The risks and uncertainties described in our risk factors are not the only ones we face. In addition, new risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our business or financial performance. Our risk factors should be read in conjunction with the other detailed information concerning **DPL** and **DP&L** set forth in the Notes to **DPL's** and **DP&L's** Financial Statements found in Part I, Item 1, and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections included in our filings.

As part of the filing of this Quarterly Report Form on Form 10-Q, we are further revising, clarifying and supplementing our risk factors. The risk factor below amends and supersedes the risk factor that we filed in connection with our 2020 first and second quarter Form 10-Qs and should be considered together with the other risk factors described in our Form 10-K:

The current outbreak of the novel coronavirus, or COVID-19, has adversely affected, and it or the future outbreak of any other highly infectious or contagious diseases could materially and adversely affect, our generation facilities, transmission and distribution systems, results of operations, financial condition and cash flows. Further, the spread of the COVID-19 outbreak has caused severe disruptions in the U.S. and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 180 countries, including every state in the United States. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19.

The outbreak of COVID-19 has severely impacted global economic activity, caused significant volatility and negative pressure in financial markets and reduced the demand for energy in our service territory. In addition to reduced revenues and lower margins resulting from decreased energy demand within our service territory, we also will incur expenses relating to COVID-19, and such expenses may include those that relate to events outside of our control. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures as well as restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession. COVID-19 or another pandemic could have material and adverse effects on our results of operations, financial condition and cash flows due to, among other factors:

- further decline in customer demand as a result of general decline in business activity;
- further destabilization of the markets and decline in business activity negatively impacting our customer growth or the number of customers in our service territory as well as our customers' ability to pay for our services when due (or at all);
- delay or inability in obtaining regulatory actions and outcomes that could be material to our business, including for recovery of COVID-19 related expenses and losses, such as uncollectible customer amounts, and the review and approval of our applications, rates and charges by the PUCO;
- difficulty accessing the capital and credit markets on favorable terms, or at all, and a severe disruption and instability in the global financial markets, or deteriorations in credit and financing conditions which could affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis;
- negative impacts on the health of our essential personnel, especially if a significant number of them are affected, and on our operations as a result of implementing stay-at-home, quarantine and other social distancing measures;
- a deterioration in our ability to ensure business continuity during a disruption, including increased cybersecurity attacks related to the work-from-home environment;
- delays or inability to access, transport and deliver materials to our facilities due to restrictions on business operations or other factors affecting us and our third-party suppliers;
- delays or inability to access equipment or the availability of personnel to perform planned and unplanned maintenance, which can, in turn, lead to disruption in operations;
- delays or inability in achieving our financial goals, growth strategy and digital transformation; and
- delays in the implementation of expected rules and regulations, including with respect to the TCJA.

We will continue to review and modify our plans as conditions change. Despite our efforts to manage and remedy these impacts to us, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of this outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 presents material uncertainty which could materially and adversely affect our transmission and distribution systems, results of operations, financial condition and cash flows.

To the extent COVID-19 adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

Item 2 – Unregistered Sale of Equity Securities and Use of Proceeds

None

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

Not applicable.

Item 5 – Other Information

None

Item 6 – Exhibits

DPL	DP&L	Exhibit Number	Exhibit	Location
X	X	4.1	53rd Supplemental Indenture, dated July 1, 2020, between The Dayton Power and Light Company and The Bank of New York Mellon.	Exhibit 4.1 to Report on Form 8-K filed August 5, 2020 (File No. 1-2385)
X	X	10.1	Stipulation and Recommendation dated October 23, 2020.	Exhibit 10.1 to Report on Form 8-K filed October 23, 2020 (File No. 1-2385)
X		31(a)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 31(a)
X		31(b)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 31(b)
	X	31(c)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 31(c)
	X	31(d)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 31(d)
X		32(a)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 32(a)
X		32(b)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 32(b)
	X	32(c)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 32(c)
	X	32(d)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith as Exhibit 32(d)
X	X	101.INS	XBRL Instance	Filed herewith as Exhibit 101.INS
X	X	101.SCH	XBRL Taxonomy Extension Schema	Filed herewith as Exhibit 101.SCH
X	X	101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith as Exhibit 101.CAL
X	X	101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith as Exhibit 101.DEF
X	X	101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith as Exhibit 101.LAB
X	X	101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith as Exhibit 101.PRE

Exhibits referencing File No. 1-9052 have been filed by **DPL Inc.** and those referencing File No. 1-2385 have been filed by **The Dayton Power and Light Company**.

SIGNATURES

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

		DPL Inc.
		(Registrant)
Date:	November 5, 2020	/s/ Gustavo Garavaglia
		Gustavo Garavaglia Chief Financial Officer (principal financial officer)
	November 5, 2020	/s/ Karin M. Nyhuis
		Karin M. Nyhuis Controller (principal accounting officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Dayton Power and Light Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Dayton Power and Light Company

(Registrant)

Date: November 5, 2020 /s/ Gustavo Garavaglia

Gustavo Garavaglia
Vice President and Chief Financial Officer
(principal financial officer)

November 5, 2020 /s/ Karin M. Nyhuis

Karin M. Nyhuis
Controller
(principal accounting officer)

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Case No(s). 18-1875-EL-GRD, 18-1876-EL-WVR, 18-1877-EL-AAM, 19-1121-EL-UNC, 20-0680-EL-UNC

Summary: Exhibit OCC Exhibit 39 electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.