

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE DAYTON POWER AND LIGHT
COMPANY D/B/A AES OHIO FOR
AUTHORITY TO ISSUE AND ASSUME
LIABILITY ON SHORT-TERM NOTES AND
OTHER EVIDENCES OF INDEBTEDNESS
PURSUANT TO SECTION 4905.401 OF THE
OHIO REVISED CODE.

CASE NO. 21-1128-EL-AIS

FINDING AND ORDER

Entered in the Journal on December 15, 2021

I. SUMMARY

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

II. DISCUSSION

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

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

{¶ 4} On November 2, 2021, AES Ohio filed an application for authority to issue notes, revolving loan agreement loans (RLA loans) and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the approximately \$28.7 million of statutorily exempted short-term debt issuable by the Company under R.C. 4905.401(A). AES Ohio states that the \$300 million requested for calendar year 2022 is an amount equal to or less than that requested by AES Ohio and approved by the Commission for the past 14 years; the Company's current authority to issue notes and RLA loans expires on December 31, 2021. In support of its application, AES Ohio provides its income statement, cash flow statement, and balance sheet as of June 30, 2021.

{¶ 5} On December 6, 2021, Staff filed its review and recommendations regarding AES Ohio's application. Initially, Staff observes that the application represents a renewal of the Company's existing \$300 million of authority granted by the Commission on December 16, 2020.¹ Continuing, Staff notes that AES Ohio proposes to use the proceeds from the debt to repay long-term debt, finance capital expenditures, and for other general corporate purposes. Staff states that, as of September 30, 2021, the Company could borrow approximately \$29 million without the Commission's prior approval under the statutory exemption, and remarks that AES Ohio's cash needs in 2022 include outlays for property taxes (\$76 million), interest payments (\$20.5 million), pension funding (\$7.5 million), and preparation for seasonal peaks. Additionally, Staff relates that the requested authority is sized to ensure preparation for unexpected disruption in cash flow while reliably providing service. Staff explains that the Company currently has the ability to increase the size of its unsecured, revolving credit facility to approximately \$275 million, which AES Ohio believes is an amount sufficient to ensure continuity of operations in the event of cash flow disruptions. As of September 30, 2021, the Company had \$140 million of short-term borrowings outstanding under this revolving credit facility. Finally, Staff reports that, in its most recent financial release, AES Ohio disclosed that capital expenditures were planned to be \$224 million in 2021 and \$268 million in 2022. Additionally, capital expenditures through

¹ *In re The Dayton Power and Light Co.*, Case No. 20-1698-EL-AIS, Finding and Order (Dec. 16, 2020).

nine months of 2021 were \$143.3 million. In conclusion, Staff asserts that the requested authority appears reasonable as described by the Company and recommends approval of the application.

{¶ 6} Having considered the application and Staff's review and recommendation, the Commission finds that the application is reasonable and should be approved. Thus, AES Ohio is authorized to issue notes, RLA loans, and other evidences of indebtedness for terms of less than 12 months in an aggregate amount not to exceed \$300 million, inclusive of the statutorily exempted amount of short-term debt issuable by the Company under R.C. 4905.401(A). Additionally, the Commission finds that no hearing is necessary in this matter.

III. ORDER

{¶ 7} It is, therefore,

{¶ 8} ORDERED, That AES Ohio's application is approved and that the Company be authorized to issue notes, revolving loan agreement loans, and other evidences of indebtedness for terms of less than 12 months up to \$300 million, inclusive of any statutorily exempted amount of short-term debt issuable by AES Ohio, through December 31, 2022. It is, further,

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

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

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

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

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

PAS/hac

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Case No(s). 21-1128-EL-AIS

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