

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Dayton Power and Light Company for)
Authority to Enter into an Assignment)
and Assumption Agreement with The) Case No. 05-1249-EL-AIS
Cincinnati Gas & Electric Company)
With Respect to the Assignment and)
Assumption of Certain Pollution)
Control Revenue Bonds.)

FINDING AND ORDER

The Commission finds:

- (1) Applicant, The Dayton Power and Light Company is a public utility as defined in Sections 4905.02 and 4905.03, Revised Code, and subject to the jurisdiction of this Commission.
- (2) This Application, as amended (hereinafter, the "Application"), is filed under the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) Applicant has previously received the necessary consent and authority of this Commission, in Case No. 05-767-EL-AIS, to borrow from, among others, The County of Boone, Kentucky ("Boone County") the proceeds of the sale by Boone County of Collateralized Pollution Control Revenue Refunding Bonds, 2005 Series A (the "Boone County 2005 Bonds") in the aggregate principal amount of \$35,275,000. The proceeds of the Boone County 2005 Bonds were to assist Applicant in refunding bonds originally issued in 1979 (and subsequently refinanced in 1992) by Boone County to finance a portion of the costs of certain pollution control and solid waste disposal facilities for the East Bend Generating Station, Unit 2 (East Bend).
- (4) At the time the bonds were issued in 1979, The Cincinnati Gas & Electric Company (CG&E) and Applicant owned East Bend as tenants in common with CG&E owning an undivided 51% interest and Applicant owning the remaining 49% interest. Pursuant to a 1981 agreement between CG&E and Applicant, the ownership interests in East Bend were realigned, with CG&E's ownership increasing to 69% and Applicant's ownership decreasing to 31%.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician *[Signature]* Date Processed 12-21-05

- (5) As part of the ownership realignment of East Bend, CG&E and Applicant entered into a repayment agreement approved by the Commission in Case No. 81-720-GE-AIS ("the 1981 Agreement") whereby CG&E assumed \$12,720,663 of Applicant's obligations under its 1979 Loan Agreement with Boone County. In accordance with Applicant's 1979 Loan Agreement with Boone County, Applicant remained primarily liable for the amounts specified in such Loan Agreement and for performance and observance of all other covenants therein provided to be performed and observed to the same extent as though the 1981 Agreement had not been entered into. CG&E's obligation under the 1981 Agreement was to provide sufficient funds to Applicant to pay all of the principal of, premium, if any, and interest on the \$12,720,663 of Applicant's 1979 Loan Agreement with Boone County, as described in the Application and Exhibits.
- (6) On November 12, 1992, the Commission approved Applicant's request in Case Nos. 92-1792-EL-AIS and 92-1974-GE-AIS to borrow \$48,000,000 from Boone County, Kentucky, for the purpose of refunding the original 1979 Bonds ("Boone County 1992 Bonds"). In the same Order, the Commission also authorized CG&E to enter into another repayment agreement (the "1992 Agreement") with the Applicant for the payment of debt service on \$12,720,663 of these 1992 bonds. This continued CG&E's financial responsibility for the Boone County pollution control bonds in a manner that mirrored CG&E's realigned ownership interest in the East Bend. In accordance with Applicant's 1992 Loan Agreement with Boone County, Applicant continued to be primarily liable for the amounts specified in such Loan Agreement and for performance and observance of all other covenants therein, as described in the Application and Exhibits.
- (7) Applicant in this proceeding requests Commission authority to enter into an Assignment and Assumption Agreement (the "New Agreement") with CG&E to more formally assign to CG&E \$12,720,663 of the Boone County 1992 Bonds (the "Specified Bonds"), including the obligation for the payment of debt service on the Boone County 1992 Bonds as described in the Application and Exhibits. The interest rate, maturity and other terms for CG&E's portion of the Boone County 1992 Bonds are identical with those contained in the Commission's Order in Case No. 92-1792-EL-AIS.

- (8) On December 7, 2005, CG&E filed its Motion to become a Joint Applicant (Motion) in this proceeding. In its Motion, CG&E requested the Commission's recognition and approval of its participation in the New Agreement.
- (9) When the New Agreement is consummated, the Specified Bonds will continue to be the secondary obligation of the Applicant. Applicant will be relieved of such secondary obligation after CG&E refinances this debt, redeems the old bonds and issues new bonds under its own name.
- (10) There will be no new proceeds or changes to the terms and conditions to Applicant or CG&E associated with the transactions proposed herein, as described in the Application and Exhibits.
- (11) Based on the information contained in the Application and the Exhibits attached thereto, the purposes to which the Specified Bonds shall be assigned to CG&E under the New Agreement appear to be reasonable and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant, The Dayton Power and Light Company is authorized to enter into an Assignment and Assumption Agreement with The Cincinnati Gas & Electric Company evidencing the assignment and assumption of the \$12,720,663 of the Boone County 1992 Bonds with CG&E, substantially in the form as described in the Application and Exhibits. It is, further,

ORDERED, That CG&E's Motion to become a Joint Applicant in this proceeding and CG&E's request for recognition and approval of its participation in the Assignment and Assumption Agreement is granted. It is, further,

ORDERED, That after the Specified Bonds authorized by this Order are formally assigned to CG&E, Applicant shall file an executed copy of the Assignment and Assumption Agreement with this Commission as soon as practicable. It is, further,

ORDERED, That Applicant and CG&E shall account for the assignment of the Specified Bonds as prescribed in the Federal Energy Regulatory Commission Uniform System of Accounts as currently in effect. It is, further,

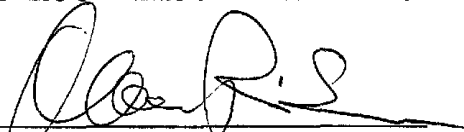
ORDERED, That the Specified Bonds shall be assigned in accordance with the Applicant's and CG&E transition plans as approved by this Commission in Case Nos. 99-1687-EL-ETP and 99-1658-EL-ETP. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission as to the transactions authorized herein on the part of the State of Ohio. It is, further,

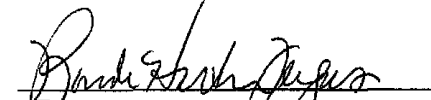
ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of the Applicant. It is, further,

ORDERED, That a copy of this Order be served upon all parties of record.


THE PUBLIC UTILITIES COMMISSION OF OHIO



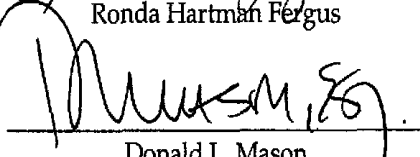
Alan R. Schriber, Chairman



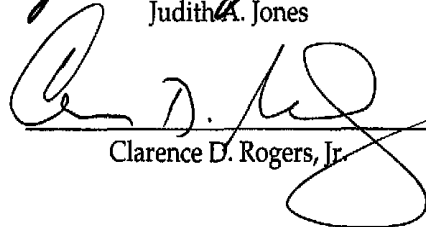
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason

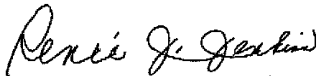


Clarence D. Rogers, Jr.

SUM:sm

Entered in the Journal

DEC 21 2005



Renee J. Jenkins
Secretary