

The Dayton Power and Light Company

April 12, 2012 Technical Conference

DP&L

Rate Blending Plan

- Maintain current rate structure to the extent possible
 - CBP results allocated to demand and energy as generation rates are today (CB Rate, Tariff Sheet No. G19)
- Blend current SSO rates with CBP results
 - ESP rates adjust for changes in Fuel, RPM, AER, and TCRR-B

Period	ESP %	CB%
January '13 – May '14	90%	10%
June '14 – May '15	80%	20%
June '15 – May '16	70%	30%
June '16 – May '17	60%	40%
June '17 – May '18	50%	50%
Beginning June '18	0%	100%

Rate Blending Plan (continued)

- Rates included in the Blended SSO rate:
 - Base Generation
 - Includes current base generation and current environmental investment rider charges
 - FUEL
 - Costs of fuel and purchased power
 - RPM Rider
 - DP&L's net capacity costs associated with procuring capacity from RPM market
 - Transmission Cost Recovery Rider – Bypassable (TCRR-B)
 - DP&L's market-based transmission and ancillary service costs associated with supplying SSO
 - Competitive Bidding Rate
 - Results of the auction
 - Alternative Energy Rider (AER)
 - DP&L's costs associated with complying with ORC 4928.64 provisions

Rate Blending Plan (continued)

- Certain Rates not in the Blended SSO:
 - Electric Service Stability Charge
 - Set equal to the rate that was formerly charged as the rate stabilization charge; it remains non-bypassable
 - TCRR-N
 - Costs of transmission service; non-bypassable, the charges for the service will not be part of the CBP, nor will CRES providers have to supply these services
 - Reconciliation Rider
 - Transitions rate structure and functions from the ESP environment to the MRO environment
 - Competitive Bidding True-up (CBT) Rider
 - Reconciles costs of the CBP product and revenues from customers

True-up Rider Process

- True-up riders will be adjusted on a seasonal quarterly basis
 - Intended to comply with OAC§4901:1-35-03(B)(2)(j)
 - Reducing rate change frequency
 - Aligns with PJM year of June 1
 - Includes carrying costs
 - Each True-up rider will be subject to an annual audit by the PUCO
 - Appendix C is a diagram of the process

Competitive Bid Process

- Similar to other Ohio auctions
 - The product will include alternative energy requirements
 - Supplier must provide RECs for a given % of the MWh sales they provide
 - The percentage is based on the requirements for the next three years
- First auction in Oct-12 for load served Jan-13
 - 10 tranches, 17 month product
- Second auction in Mar-14
 - 20 tranches, 12 month product
- Third auction in Mar-15
 - 30 tranches
 - 10 as 12-month product
 - 10 as 24-month product
 - 10 as 36-month product

CBP Overview

- CBP will use a variation of a multiple-round, descending-price, clock auction format
 - Auctions may include a Sealed-Bid phase
- Potential bidders apply via a two-part process that includes:
 - Financial qualifications
 - Posting of pre-bid security

CBP Overview (continued)

- Winners are chosen on the basis of price only
- Auction prices tick down until supply and demand are in equilibrium for all products
- Least-cost suppliers are those that are still active when bidding ends
- Winning bidder(s) execute Master SSO Supply Agreement

CBP Overview (continued)

- Single procurement each year through the June 2018 – May 2019 delivery year
- Subsequent delivery years will have two procurements

Products to Be Procured

- Each product is a full requirements product, that includes:
 - energy
 - capacity
 - Ohio alternative energy requirements
 - certain transmission services and transmission ancillaries
- Each tranche represents one percent (1%) of what the actual hourly requirements for SSO load turn out to be for the delivery period

Other items

- **Dynamic Pricing**
 - Residential TOU option
- **Corporate Separation Plan**
 - Updated to reflect the acquisition of DPL Inc. by AES and the acquisition of MC Squared by DPLER

Distribution issues not in the MRO

- Typical bill comparisons do not show Distribution components because there are no changes to:
 - Distribution Base Rates
 - Energy Efficiency Rider
 - Economic Development Rider
 - Universal Service Fund
 - Excise Tax