DP&L Market Rate Option

March 30, 2012



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Ohio Regulatory Structure

History of Constructive Regulation for Electric Utilities

- Adjustment mechanisms for fuel, capacity, transmission, environmental investments and other costs

Hybrid Market

- Transmission and distribution follow traditional cost of service model
- Retail choice for generation since 2001
  - Non-regulated providers are called Competitive Retail Energy Service (CRES) providers
  - Regulated Utilities offer one of the following Standard Service Offers (SSO) to customers:
    - Electric Security Plan (ESP), which sets rates using a cost-plus approach
    - Market Rate Option (MRO), where rates are market-based by bidding out utility power supply requirements
- DP&L currently operates under an ESP which is effective through December 2012
- DP&L is required to file an ESP or MRO in March 2012 under a previously approved PUCO settlement
  - DP&L filed an MRO on March 30, 2012: https://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=12-426MRO filing

Key Elements of DP&L's Market Rate Option (MRO) Filing

- Proposed plan covers a 5 year and 5 month period beginning January 2013 and ending in May 2018
- Blends ESP with competitive market-based auction price to derive blended MRO rate
  - Initial auction of 10% of load to supply SSO, followed by 20% in May 2014, 30%, 40%, 50% and 100% in May of each subsequent year
- All rate components of current ESP to continue through the proposed plan
- Supports Ohio's move to competitive markets over time
- Provides an initial rate decrease for virtually all customers

Note: There can be no assurance that the MRO will be accepted or if accepted, that the MRO will be on the terms set forth above. For a discussion of regulatory risks at DP&L, see Item 1 – Regulatory Matters and Item 1A – Risk Factors in AES' Form 10-K.

Proposed Timeline



DP&L Generation Overview

DPL Service Territory



Key Highlights

- Totals 3,818 MW of generating capacity
  - Coal: 2,830 MW
  - Other: 988 MW of peaking assets
- Diversified generation fleet with partners:
  - Over 65% of generating capacity is owned in combination with other utilities
  - Diversifies operational risk
  - DP&L operates and purchases coal for 2 of 7 plants in which it has co-ownership
- Approximately 80% of coal fleet equipped with environmental controls

Station	Ownership*	Capacity (MW)**	%
Coal *Without* Environmental Controls			
Hutchings	W	365	
Beckjord	C	207	
Subtotal		*572*	*20%*
Coal *With* Environmental Controls			
Killen	C	402	
Stuart	C	808	
Conesville	C	129	
Miami Fort	C	368	
East Bend	C	186	
Zimmer	C	365	
Subtotal		*2,258*	*80%*
Total Coal		**2,830**	**100%**

*W = Wholly-Owned, C = Commonly Owned; **Capacity reflects DPL share

Source: DP&L company filings and investor presentations.