

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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PUCO

In the Matter of the Application of)	
The Dayton Power and Light Company for)	Case No. 08-1094-EL-SSO
Approval of its Electric Security Plan)	
)	
)	
In the Matter of the Application of)	
The Dayton Power and Light Company for)	Case No. 08-1095-EL-ATA
Approval of Revised Tariffs)	
)	
)	
In the Matter of the Application of)	
The Dayton Power and Light Company for)	Case No. 08-1096-EL-AAM
Approval of Certain Accounting Authority)	
Pursuant to Ohio Rev. Code 4905.13)	
)	
)	
In the Matter of the Application of)	
The Dayton Power and Light Company for)	Case No. 08-1097-EL-UNC
Approval of its Amended Corporate)	
Separation Plan)	
)	

**DIRECT TESTIMONY OF
MARK R. FRYE OF PALMER ENERGY
ON BEHALF OF CARGILL, INCORPORATED IN
OPPOSITION TO THE FILED STIPULATION**

February 23, 2009

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1 DIRECT TESTIMONY OF MARK R. FRYE

2
3 I. INTRODUCTION AND QUALIFICATIONS

4 Q. Please state your name and business address.

5 A. My name is Mark Frye. My business address is 241 N. Superior Street, Toledo,
6 Ohio 43604.

7
8 Q. What is your occupation?

9 A. I am an energy consultant and the President of Palmer Energy Company in
10 Toledo, Ohio.

11
12 Q. Please describe your educational background and work experience.

13 A. I have worked in the energy field for 22 years and for clients in 18 states. I
14 earned a Bachelors of Science degree in Energy Technology from Pennsylvania
15 State University's Capitol College. I currently consult on energy procurement
16 and utilization matters for a number of industrial, commercial, educational,
17 institutional and governmental clients.

18
19 Q. Have you ever testified before the Public Utilities Commission of Ohio?

20 A. Yes. I have previously submitted direct testimony in several cases before the
21 Public Utilities Commission of Ohio ("Commission" or "PUCO"), including
22 FirstEnergy's Electric Security Plan ("ESP") Application [Case No. 08-935-EL-
23 SSO], FirstEnergy's Rate Stabilization Plan ("RSP") Application [Case No.03-
24 2144-EL-ATA], American Electric Power's ESP Application [Case No. 08-917-
25 EL-SSO], and American Electric Power's IGCC Application [Case No.05-376-
26 EL-ATA].

27
28 Q. On whose behalf are you testifying?

29 A. I am testifying on behalf of Cargill, Incorporated ("Cargill") (collectively
30 "Cargill"). Cargill is a large industrial consumer with facilities located in and
31 served by The Dayton Power and Light Company ("DP&L") or ("Company").

1 Cargill is a provider of food, agricultural and risk management products and
2 services with over 160,000 employees in 67 countries, with facilities in Dayton
3 and Sidney, Ohio served by DP&L. Cargill operates a corn wet mill in Dayton
4 producing corn syrup based products. In Sidney, Cargill operates a soybean crush
5 plant and refinery producing vegetable oil, salad dressings, mayonnaise and other
6 soybean based products. The Dayton facility of Cargill receives energy at a
7 primary substation voltage. The Sidney facility of Cargill receives energy at
8 distribution primary voltage. Finally, Cargill purchase their own generation and
9 thus only receives delivery service from DP&L.

10
11 Q. What is the purpose of your testimony in this case?

12 A. My testimony addresses certain aspects of the stipulated to Electric Security Plan
13 ("Plan" or "ESP"), which includes on page 4, at paragraph 3 that:

14
15 "3. The current RSS charge will continue as a nonbypassable charge through
16 December 31, 2012. Through December 31, 2012, shopping customers who return
17 to DP&L shall pay the Standard Service Offer ("SSO") rate under the applicable
18 tariff. In 2011 and 2012, governmental aggregation customers who elect not to
19 pay the RSS will return to DP&L at a market-based rate. DP&L will develop and
20 file for approval a market-based rate calculated consistent with Section
21 4928.20(J), Revised Code, by July 1, 2010."

22
23
24 Q. Should the RSS charge remain non-bypassable past 2010?

25 A. No, those customers shopping during 2011 and 2012 should have the opportunity
26 to elect whether or not they want to pay the RSS charge. Those who elect not to
27 pay the RSS charge and return to DP&L before the end of 2012 would do so at a
28 market-based rate filed with, and approved by, the Commission. Those who elect
29 to pay the RSS charge and return before the end of 2012 would return at the SSO
30 rates then in effect. Customers pay an RSS charge to receive the benefit of stable
31 rates. Customers forgoing the RSS charge allows DP&L to avoid the costs of
32 providing rate stability because those customers assume market volatility risks.

33
34 Q. Does the RSS compensate DP&L for being the provider of last resort?

1 A. Yes, Ms. Seger-Lawson testifies "When the Commission approved the RSS
2 Stipulation it was clear to all parties that the RSS rate was a charge designed to
3 compensate DP&L for being the provider of last resort." (Seger-Lawson
4 testimony, Book I, page 7 of 8, lines 142 -144.) This concept is reinforced by
5 DP&L's current tariff which states that the RSS fee is "intended to compensate
6 DP&L for providing stabilized rates for customers and Provider of Last Resort
7 Service." (DP&L Sheet G25 page 1 of 2.) It is clear the RSS provides the right to
8 return to the DP&L SSO. Therefore, it follows, forgoing that right allows
9 shopping customers to avoid the RSS by agreeing to return at market based rates
10 during years 2011 and 2012 of the extended DP&L rate plan.
11

12 Q. If the RSS is optional for shopping customers in 2011 and 2012, what happens in
13 2013?

14 A. Customers electing not to pay the RSS would only pay market based rates until
15 the current plan ends in 2012. All customers, regardless if they are purchasing
16 third party supplies, market based rates from DP&L, or DP&L SSO supply,
17 should have the opportunity to return to DP&L SSO supply in 2013. Shopping
18 customers should not forever forgo their rights to SSO service upon their return to
19 DP&L because they elected not to pay the RSS during 2011 and 2012.
20

21 Q. Does this complete your testimony?

22 A. Yes.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of this Testimony was served this 23 rd day of February 2009 by electronic mail upon the persons listed below.



Craig I. Smith

Judi L. Sobbecki
The Dayton Power and Light Company
1065 Woodman Drive
Dayton, OH 45432
judi.sobbecki@dpline.com

John W. Bentine
Mark S. Yurick
Matthew S. White
Chester, Willcox & Saxbe, LLP
65 East State Street, Ste. 1000
Columbus, OH 43215-4213
jbentine@cwslaw.com
myurick@cwslaw.com
mwhite@cwslaw.com

Henry W. Eckhart
50 West Broad Street, Ste. 2117
Columbus, OH 43215
henryeckhart@aol.com

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street, P.O. Box 1793
Findlay, OH 45839-1793
drinebolt@aol.com
cmooney2@columbus.rr.com

Jacqueline Lake Roberts / Ann Hotz
Michael E. Idzkowski / Rick Reese
Gregory J. Poulos
Assistant Consumers' Counsel
Office of Consumers' Counsel
10 West Broad Street, Ste. 1800
Columbus, Ohio 43215-3485
roberts@occ.state.oh.us
hotz@occ.state.oh.us
idzkowski@occ.state.oh.us
reese@occ.state.oh.us
poulos@occ.state.oh.us

Charles J. Faruki
Jeffrey S. Sharkey
Faruki Ireland & Cox P.L.L.
500 Court House Plaza S.W.
10 North Ludlow Street
Dayton, OH 45402
cfaruki@ficlaw.com
jsharkey@ficlaw.com

Samuel C. Randazzo
Lisa G. McAlister
Joseph M. Clark
McNees, Wallace & Nurick, LLC
21 East State Street, 17th Fl.
Columbus, OH 43215
sam@mwncmh.com
lmcalister@mwncmh.com
jclark@mwncmh.com

Robert Ukeiley
435 R Chestnut Street, Ste. 1
Berea, KY 40403
rukeiley@igc.org

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@BKLawfirm.com
[mkurtz@BKLawfirm.com](mailto:m Kurtz@BKLawfirm.com)

David I. Fein
Cynthia A. Fonner
550 W. Washington Blvd., Suite 300
Chicago, IL 60661
david.fein@constellation.com
cynthia.a.fonner@constellation.com

Richard L. Sites
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

Craig I. Smith
Attorney at Law
2824 Coventry Road
Cleveland, OH 44120
Wis29@yahoo.com

Thomas J. O'Brien
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291
tobrien@bricker.com

Christopher L. Miller
Gregory H. Dunn
Andre T. Porter
Nell B. Chambers
Schottenstein Zox & Dunn Co., LPA
250 West Street
Columbus, OH 43215
cmiller@szd.com
gdunn@szd.com
aporter@szd.com

Todd Williams
4534 Douglas Road
Toledo, OH 43613
williams.toddm@gmail.com

Ellis Jacobs
Advocates for Basic Legal Equality, Inc.
333 W. First St., Suite 500B
Dayton, OH 45402
ejacobs@ablelaw.org

Tasha Hamilton
Constellation Energy Group, Inc.
111 Market Place, Ste. 600
Baltimore, MD 21202
tasha.hamilton@constellation.com

Larry Gearhardt
Chief Legal Counsel
Ohio Farm Bureau Federation
280 North High Street
P.O. Box 182383
Columbus, OH 43218-2383
lgearhardt@ofbf.org

Barth E. Royer
Bell & Royer Co. LPA
33 South Grant Avenue
Columbus, OH 43215-3927
BarthRoyer@aol.com

Nolan Moser
Trent A. Dougherty
Evan Eschmeyer
The Ohio Environmental Council
1207 Grandview Avenue
Suite 201
Columbus, OH 43212-3449
nmoser@theOEC.org
trent@theOEC.org
eeschmeyer@elpc.org

Gary A. Jeffries
Dominion Resources Services
501 Martindale St., Suite 400
Pittsburgh, PA 15212-5817
Gary.A.Jeffries@dom.com

Thomas Lindgren
Thomas McNamee
Assistant Attorneys General
Public Utilities Section
180 E. Broad St., 9th Floor
Columbus, OH 43215
Thomas.Lindgren@puc.state.oh.us
Thomas.McNamee@puc.state.oh.us

M. Howard Petricoff
Stephen M. Howard
VORYS, SATER, SEYMOUR AND
PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
smhoward@vssp.com
mhpetricoff@vssp.com