

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.



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