

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 09-1012-EL-FAC

TESTIMONY OF
NATHAN C. PARKE
IN SUPPORT OF THE STIPULATION
AND RECOMMENDATION

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ☐ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ☐ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ☒ **OTHER**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Nathan C. Parke. My business address is 1065 Woodman Drive, Dayton,
4 Ohio 45432.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by The Dayton Power and Light Company ("DP&L" or "Dayton" or
7 the "Company") as Manager, Regulatory Operations.

8 **Q. Will you describe briefly your educational and business background?**

9 A. I received a Bachelor of Arts degree in Business Administration with a concentration
10 in Management from Wilmington College in Wilmington, Ohio in 2002. I have been
11 employed by DP&L since 2002.

12 **Q. How long have you been Manager of Regulatory Operations?**

13 A. I assumed my present position in November, 2010. Prior to that time, I held various
14 positions in the Regulatory Operations division including Supervisor and Rate
15 Analyst. Prior to Regulatory Operations, I spent over five years as an analyst in the
16 Power Production division. During that time, I was involved in O&M and Capital
17 spending plans, generation forecasting including modeling for the Corporate Plan,
18 power plant evaluations, and overall performance reporting of the generation fleet.

1 **Q. What are your responsibilities in your current position and to whom do you**
2 **report?**

3 A. I have overall responsibility for designing, tracking, and ensuring cost recovery for
4 several of DP&L's rate riders. I am involved in evaluating regulatory and legislative
5 initiatives, and regulatory commission orders that affect the Company's rates and
6 overall regulatory operations. I report to the Director of Regulatory Operations.

7 **Q. What is your involvement with the Fuel Rider specifically?**

8 A. I was one of the key members of a cross-functional team that implemented the Fuel
9 Rider in January 2010. I am the liaison for the Company to the Auditor and
10 Commission Staff regarding the Fuel Rider.

11 **Q. What is the purpose of this testimony?**

12 A. The purpose of this testimony is to support the Stipulation and Recommendation
13 ("Stipulation") filed in this matter on October 6, 2011, because it is the product of
14 serious negotiations among knowledgeable parties, benefits customers and the public
15 interest, and does not violate any important regulatory principle or practice.

16 **II. THE STIPULATION AND RECOMMENDATION**

17 **Q. Are you familiar with the Stipulation in this case?**

18 A. Yes. I was one of the negotiators for DP&L in the lengthy settlement negotiations in
19 which the following parties participated: the Company, the Commission's Staff, the

1 Office of the Ohio Consumers' Counsel ("OCC"), and the Industrial Energy Users -
2 Ohio ("IEU-OH"). Once FirstEnergy Solutions Corp ("FES") was granted
3 intervention, they were provided the opportunity to review and comment on draft
4 stipulation proposals.

5 **Q. Did FES sign the Stipulation?**

6 A. No, but FES stated that they would not oppose the Stipulation.

7 **Q. Can you describe the principal terms of the Stipulation?**

8 A. Yes. The Stipulation resolves all the findings and recommendations made in the
9 Management/Performance and Financial Audit of the Fuel and Purchased Power Rider
10 of The Dayton Power and Light Company filed on April 29, 2010 in this proceeding
11 (Audit Report). Additionally, the Stipulation addressed the Auditor's
12 recommendations contained in the Audit Report and provides clarity and scope for the
13 next audit. The Stipulation provides a credit to the Fuel Rider for the depreciation and
14 maintenance costs of fuel handling equipment. The Stipulation also clarifies DP&L's
15 fuel procurement process including more clarification around when a Request for
16 Proposal (RFP) is issued and the Company's procurement strategy. The Stipulation
17 also resolves a pending application in Case no 93-1000-EL-EFR, in which the current
18 balance of costs will be recovered through the Fuel Rider.

19 **Q. Why is Case No. 93-1000-EL-EFR included in this settlement?**

1 A. DP&L has been recovering emission fee costs that come from assessments by the
2 Ohio Environmental Protection Agency through a separate rider for several years. The
3 Company filed an application in March of 2009 to update the rider. DP&L is simply
4 moving recovery of these emission fees to the Fuel Rider instead of a separate
5 Emission Fee Rider to resolve the pending application.

6 **III. THE COMMISSION'S CRITERIA FOR EVALUATING**
7 **STIPULATIONS**

8 **Q. What criteria does the Commission use to decide whether to approve a**
9 **Stipulation and Recommendation?**

10 A. The Commission has in the past applied, and should use in considering this
11 Stipulation, the following three regulatory principles or criteria: First, is the
12 Stipulation a product of serious bargaining among capable, knowledgeable parties?
13 Second, taken as a package, does the Stipulation benefit ratepayers and the public
14 interest? Third, does the Stipulation violate any important regulatory principle or
15 practice?

16 **A. The Stipulation is the Product of Serious Bargaining**
17 **among Knowledgeable Parties**

18 **Q. For the first criterion or principle, was the Stipulation the product of serious**
19 **bargaining among capable, knowledgeable parties?**

20 A. Yes. The settlement negotiations involved a diverse group of experienced parties.
21 Numerous negotiating sessions were held. The Signatory Parties to the Stipulation

1 and the party that reviewed and is not opposed represent a wide spectrum of diverse
2 interests including, without limitation, the interests of a regulated utility, residential
3 customers, industrial and commercial customers, and a Competitive Retail Electric
4 Service (CRES) provider. The Commission's Staff, which has broad public interest
5 responsibilities, is a Signatory Party. All of the Signatory Parties were represented by
6 skilled individuals with years of experience in regulatory matters before this
7 Commission who possessed extensive information, and the negotiations were at arm's
8 length. All had the benefit of experienced legal counsel. Numerous hours were
9 devoted to the negotiating process.

10 **Q. Did all parties have an opportunity to participate in the negotiations?**

11 A. Yes. As described above, there were a series of settlement conferences and all
12 Commission approved intervenors were invited to participate. In addition, there were
13 a series of settlement proposals that were circulated to all parties.

14 **B. The Stipulation Benefits the Public Interest**

15 **Q. Turning to the second criterion or principle, can you describe the benefits of the**
16 **Stipulation to ratepayers and the public interest?**

17 A. Yes. As already mentioned, the Stipulation addresses the issues and recommendations
18 contained in the Audit Report. Among other benefits, the Stipulation provides a credit
19 to the Fuel Rider for past collections of Depreciation and Maintenance costs relating to
20 fuel handling equipment. The Stipulation also states that this will be removed from
21 the Fuel Rider going forward.

1 **C. The Stipulation Does Not Violate any Important**
2 **Regulatory Principle**

3 **Q. With respect to the third criterion or principle, does the Stipulation violate any**
4 **important regulatory principle or practice?**

5 **A. No. The Stipulation does not violate any important regulatory principle or practice.**

6 **IV. CONCLUSION AND RECOMMENDATION**

7 **Q. What is your recommendation with respect to the Stipulation?**

8 **A. I recommend that the Commission approve it in its entirety and without modification.**

9 **Q. Does this conclude your testimony in support of the Stipulation?**

10 **A. Yes, it does.**

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Summary: Testimony in support of the Stipulation electronically filed by Mrs. Jessica E Kellie on behalf of The Dayton Power and Light Company and Mr. Nathan C. Parke