

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NOS. 17-1213-EL-UNC & 18-873-EL-UNC

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**

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO
DIRECT TESTIMONY OF
NATHAN C. PARKE
ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

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

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

Q. What are your responsibilities in your current position?

A. I assumed my present position in January, 2018. Prior to that time, I held various positions in the Regulatory Operations division, including Manager, Supervisor, and Rate Analyst. Prior to Regulatory Operations, I spent over five years as an analyst in the Power Production division of DP&L. During that time, I was involved in O&M and Capital spending plans, generation forecasting including modeling for the Corporate Plan, power plant evaluations, and overall performance reporting of the generation fleet.

1 **Q. Have you previously provided testimony before the Public Utilities Commission of**
2 **Ohio (“PUCO” or “the Commission”)?**

3 A. Yes. I have sponsored testimony before the PUCO in the Company’s Fuel Rider Case Nos.
4 09-1012-EL-FAC and 11-5730-EL-FAC, Economic Development Rider Case No. 14-401-
5 EL-RDR, the Company’s Electric Security Plan Case No. 12-426-EL-SSO, as well as the
6 Company’s Electric Security Plan Case No 16-395-EL-SSO. I also provided live testimony
7 in Case No. 15-1830-EL-AIR, pursuant to a subpoena.

8 **II. PURPOSE OF TESTIMONY**

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

10 A. The purpose of my testimony is to discuss and support the reasonableness of the
11 Stipulation and Recommendation (“Stipulation”) entered into by DP&L and the Ohio
12 Energy Group (“OEG”) (collectively the “Signatory Parties”). The Commission should
13 approve the Stipulation filed in this matter on October 22, 2018 and issue its Opinion and
14 Order in accordance with the recommendations made in the Stipulation because the
15 Stipulation is the product of serious negotiations among knowledgeable parties, it benefits
16 customers and the public interest, and it does not violate any important regulatory
17 principle.

18 **Q. Can you please describe the principle terms of the Stipulation?**

19 A. Yes. The Stipulation provides that the Company has calculated its earned return on equity
20 for 2016, as adjusted by specific items contemplated by the Commission in Case No.
21 09-786-EL-UNC, to be 9.4 percent. The Stipulation further provides that the Company
22 has calculated its earned return on equity for 2017, as adjusted by specific items
23 contemplated by the Commission in Case No. 09-786-EL-UNC, to be 4.5 percent. The

Signatory Parties stipulate, and recommend that the Commission find that such returns do not constitute significantly excessive earnings for DP&L with respect to DP&L's ESP in 2016 or 2017.

Q. Why should the Commission approve this Stipulation?

A. As demonstrated below, the Commission should approve the Stipulation because it represents a fair and reasonable resolution to the issues raised in the Company's Applications and accompanying materials filed on May 15, 2017 and May 15, 2018, concerning DP&L's determination that significantly excessive earnings did not occur in 2016 or 2017. The PUCO Staff has filed testimony supporting the same conclusion.

III. COMMISSION'S CRITERIA FOR EVALUATING STIPULATIONS

Q. What criteria does this Commission use to evaluate and approve a Stipulation and Recommendation?

A. The Commission has applied in the past, and should use in considering this Stipulation, the following three regulatory criteria to evaluate and approve a stipulation: First, is the Stipulation a product of serious bargaining among capable, knowledgeable parties? Second, taken as a package, does the Stipulation benefit ratepayers and the public interest? Third, does the Stipulation violate any important regulatory principle?

Q. Does this Stipulation meet those criteria used by the Commission to evaluate and approve a Stipulation and Recommendation?

A. Yes, this Stipulation does meet the criteria applied by the Commission in past proceedings.

1 **Q. Turning to the first criterion, was the Stipulation the product of serious bargaining**
2 **among capable, knowledgeable parties?**

3 A. Yes. DP&L, OEG and Staff were represented by experienced, knowledgeable counsel,
4 who have appeared before the Commission in numerous other proceedings, and are
5 experienced negotiators and are knowledgeable about the subject matter at issue. The
6 Signatory Parties have participated in numerous proceedings before the Commission, are
7 knowledgeable in regulatory matters and represent a broad range of interests. While Staff
8 is not a Signatory Party to this Stipulation, they filed testimony indicating DP&L was well
9 below the SEET, and they were involved in the settlement process. Therefore, the
10 Stipulation represents a product of serious bargaining among capable and knowledgeable
11 parties.

12 **Q. Turning to the second criterion, does this Stipulation benefit the customers and**
13 **public interest?**

14 A. Yes. The Stipulation benefits DP&L customers and the public interest. This Stipulation
15 provides benefits to the public by allowing for a speedy and fair resolution of the case,
16 and avoids an unnecessary prolonged hearing when it is undisputed that DP&L's earnings
17 are not excessive.

18 **Q. With respect to the third criterion, does the Stipulation violate any important**
19 **regulatory principle?**

20 A. No. The Stipulation complies with all relevant and important regulatory practices and
21 principles. The Stipulation is consistent with Commission rules and is designed to
22 comply in all material respects with the requirements of Ohio Rev. Code § 4928.143(F).
23 Therefore, the Stipulation does not violate any important regulatory principle.

1 **Q.** **Does this conclude your testimony?**

2 **A.** Yes, it does.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing was served upon the persons listed below via electronic transmission this 22nd day of October 2018:

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Summary: Testimony in Support of the Stipulation and Recommendation electronically filed by Mrs. Jessica E Kellie on behalf of The Dayton Power and Light Company